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Kyowa Hakko Kirin Interim Results - *Integration on schedule* -

Tokyo, October 30, 2008-- Kyowa Hakko Kirin Co., Ltd. (Kyowa Hakko Kirin)(TOKYO: 4151) today announced its consolidated financial results for the interim period of fiscal 2008 (the six-month period ended September 30, 2008).

Consolidated net sales for the interim period were JPY 247.7 billion, 28.6% higher than in the interim period of the previous fiscal year. Consolidated operating income was JPY 29.1 billion (up 59.8%), recurring income was JPY 30.3 billion (up 67.9%) and net income was JPY 8.2 billion, (down 25.0%). Consolidated net income was affected by the recording of extraordinary losses of JPY 4.7 billion due to impairment losses and integration related expenses, as well as a corporate tax adjustment of JPY 5.6 billion in respect of a timing difference* (see note below) resulting from the decision to sell shares in consolidated subsidiary Kyowa Hakko Food Specialties Co., Ltd.

Please also note that in accordance with accounting regulations for business combinations the share exchange with Kirin Pharma implemented on April 1, 2008 has been accounted for as a reverse acquisition resulting in the recording of JPY 191.9 billion of goodwill. In respect of the interim period of fiscal 2008 a goodwill amortization expense of JPY 4.7 billion has been recorded.

Commenting on the results, Yuzuru Matsuda, President and CEO of Kyowa Hakko Kirin said, "Our reported results were affected significantly by the consolidation of Kirin Pharma. As we announced on October 21, 2008, for the full year, in our core Pharmaceuticals segment we forecast lower than expected sales of certain pharmaceutical products as seen for the interim period. Also, the environment for the Chemicals and other segments is expected to worsen due to the worldwide slowdown in economic growth and other factors."

"Despite this background, Kyowa Hakko Kirin was created on schedule on October 1, 2008 and we are moving ahead rapidly to integrate the businesses of Kyowa Hakko and Kirin Pharma. Building on its strong financial base Kyowa Hakko Kirin aims to leverage the respective strengths of two of Japan's leaders in antibody drug technology-centered biotechnology, provide new medical value and compete globally as a top-class, R&D based life sciences company. We will also promote the business collaboration arising from our strategic alliance, enhance competitiveness and management efficiency, and maximize synergy, and will aim to improve corporate value through further development."

* In accordance with tax effect accounting rules we are required to recognize the tax effect of the one-time difference (the difference between the amount of the investment in the consolidated balance sheets and the book value of the investment in the non-consolidated balance sheets) in respect of this investment in our consolidated financial statements.

Summary of operating results for the interim period

(Amounts less than JPY 1 million have been ignored)

	Billions of yen		%
	Consolidated results for the period ended September 30, 2008	Consolidated results for the period ended September 30, 2007	Change
Net sales	247.7	192.6	+28.6%
Operating income	29.1	18.2	+59.8%
Recurring income	30.3	18.0	+67.9%
Net income	8.2	11.0	-25.0%
Net income per share	JPY 14.43	JPY 27.77	-48.0%

Segmental performance

In the Pharmaceuticals business, consolidated sales increased significantly to JPY 108.7 billion (up 57.8%) and operating income increased by 102.4% to JPY 19.6 billion. Sales of ethical pharmaceutical products in Japan in particular were significantly higher due to the consolidation of Kirin Pharma and despite reductions in National Health reimbursement prices.

As regards Kyowa Hakko products, despite a decline in sales of *Durotep*, an analgesic for persistent cancer pain, due to the ending of a joint sales contract, strong sales were maintained by *Allelock*, an antiallergic agent, *Depakene*, an anti-epileptic agent, and *Patanol*, an antiallergic ophthalmic solution, while sales of *Coversyl*, an ACE inhibitor for treatment of hypertension, that commenced in April, 2008, also performed well and contributed to growth in sales. At Kirin Pharma, in a severe competitive environment for core anemia products NESP and ESPO we are actively providing information on them to medical practitioners, while efforts are being made to achieve rapid market penetration of REGPARA Tablets, a treatment for secondary hyperthyroidism during dialysis therapy that was launched in January 2008.

In the licensing-out of technologies and export of pharmaceutical products a large one-off contract payment for the outlicensing to Amgen of anti-CCR4 humanized monoclonal antibody KW-0761 was recorded, resulting in a large increase in sales. At subsidiary Kyowa Medex, which is responsible for the manufacture and sale of diagnostic reagents, sales of both clinical chemistry reagents and immunological reagents increased, and its sales grew compared to the first half of last fiscal year.

In new drug development in Japan, Phase III clinical trials are progressing for additional indications for anemia treatment NESP, and for KW-2246, an analgesic for cancer pain. Kyowa Hakko Kirin is also carrying out Phase II clinical trials on KRN125 a treatment for neutropenia, KW-6002, an anti-Parkinson's disease treatment, KW-6500, also an anti-Parkinson's disease treatment, and KW-7158, a candidate treatment for irritable bowel syndrome. KW-0761, a therapeutic antibody that utilizes our Potelligent[®] technology, is in Phase I clinical trials as a blood cancer treatment, and KW-3357, an agent for inhibiting blood coagulation, and ARQ 197, an anticancer agent for the treatment of malignant tumors, are also in Phase I clinical trials.

Overseas, Phase I trials are progressing for anticancer agents KRN330 (an antibody pharmaceutical) and KW-2449 in the U.S., and for anticancer agent KW-2478 in Europe.

In Australia, joint Phase I trials with Nuvelo, Inc. of the U.S. for inflammatory bowel disease treatment NU-206 were commenced in July, while in China we received approval in September for the additional indication of angina pectoris for *Coniel*, and filed applications for approval of hyperphosphatemia treatment *Phosblock* in June, and for *Allelock*, an antiallergic agent, in July.

In the Bio-Chemicals business, sales increased 4.3%, to JPY 45.7 billion, while operating income increased 29.0%, to JPY 5.2 billion. In pharmaceuticals and industrial use raw materials, mainly amino acids, nucleic acids, and related compounds, strong demand continued, primarily in overseas markets, for amino acids for pharmaceutical use raw materials and intravenous liquids, but sales growth was limited partly due to a rise in the yen exchange rate. In addition, sales at Daiichi Fine Chemical declined slightly, affected by a softening vitamin market.

In healthcare products, sales increased compared to the first half of last fiscal year driven by increasing mail-order sales of the *Remake* series and strong sales of health food ingredients.

Sales of agrochemicals and products for the livestock and fisheries industry increased slightly, and sales of alcohol increased as efforts to expand sales of industrial-use alcohol bore fruit.

In R&D, focus was placed on research to raise the productivity of fermentation production as well as on the integration of Kyowa Hakko's existing fermentation technology with Daiichi Fine Chemical's synthesis technology in order to develop higher value-added pharmaceutical raw materials and intermediates. We are also seeking to raise the efficiency of fermentation by developing improved microbial strains and production processes.

In the Chemicals business net sales increased 12.1%, to JPY 57.2 billion, but operating income declined by 9.6%, to JPY 2.9 billion. In Japan, sales volumes declined significantly, compared to the first half of the previous fiscal year, partly due to our withdrawal of certain products from this fiscal year, but sales increased as revisions of core product prices were implemented as a significant rise in the naphtha and crude oil markets led to a background of higher raw materials and fuel prices. Meanwhile, export shipment volumes and sales both increased significantly due to high prices for our core products in overseas markets and continued steady operation of production facilities. By product category, volumes and sales of high-purity solvents for the IT industry increased. Specialty chemical product volumes and sales were higher than in the first half of last fiscal year driven mainly by exports and supported by strong growth in core refrigerant oil raw materials.

In the Food business, sales decreased 0.7%, to JPY 20.8 billion, while operating income decreased 16.2%, to JPY 0.5 billion. In seasonings, sales increased as although higher raw material prices led to difficult market conditions and a sluggish performance for natural seasonings, sales of fermented seasonings through new channels were actively expanded and *Umami* seasonings performed well. In bakery products and ingredients, sales declined partly due to our decision to halt sales of certain processed milk products due to the rapid rise in raw material prices, and despite strong growth in core flavor enhancers driven by high product approval ratings by customers.

In processed foods, sales were slightly higher than in the first half of last fiscal year, partly as a result of an increase in OEM products.

In the Other business segment, sales increased 48.4%, to JPY 36.5 billion, while operating income increased by 50.4% to JPY 0.6 billion.

Forecasts for the fiscal year ending March 31, 2009

There are no changes to the forecasts for fiscal 2008 that were previously announced on October 21, 2008.

Fiscal 2008 forecasts (April 1, 2008 to March 31, 2009)

Consolidated	<i>Millions of yen</i>				
	Net sales	Operating income	Recurring income	Net income	Net income per share (JPY)
Forecasts	490,000	50,000	50,000	17,000	JPY 29.60
Reference: Results for fiscal year ended March 2008	392,119	39,390	37,996	23,477	JPY 59.03

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