

FOR IMMEDIATE RELEASE

Kyowa Hakko Kirin Announces Q1 Results and Revises Forecasts Upward

Tokyo, July 29, 2009-- Kyowa Hakko Kirin Co., Ltd. (Kyowa Hakko Kirin) today announced its consolidated financial results for the first quarter of the fiscal period ending December 2009 (the three-month period from April 1, 2009 to June 30, 2009). Results were affected by the exclusion of the Food business from consolidation, a deterioration in results from the Chemicals business and a decrease in revenues from one-off payments from out-licensing in the Pharmaceuticals business. Consolidated net sales for the period were ¥96.8 billion, a decrease of 22.8% compared to the first three months of the previous fiscal year. Operating income decreased 35.3% to ¥11.0 billion and recurring income decreased 33.2% to ¥12.5 billion. Net income was affected by extraordinary losses due to a loss from changes in holdings of equity affiliates and other items and decreased 40.6% to ¥5.6 billion.

Commenting on the results, Yuzuru Matsuda, President and CEO of Kyowa Hakko said, *“As expected our overall results have been significantly affected by the effects of worldwide recession, the stronger yen, the exclusion from consolidation of the Food business and other factors. Nevertheless, we expect continued progress particularly in the Pharmaceuticals business and we have revised our forecasts upwards. Based on our strong financial foundations we will continue to evolve from our foundations in biotechnology to become a world-class R&D-based life sciences Group, focused on pharmaceuticals.”*

Summary of operating results for the three months ended June 30, 2009

(Amounts less than ¥100 million have been ignored)

	Billions of yen		%
	Three months to June 30, 2009	Three months to June 30, 2008	
Net sales	96.8	125.4	(22.8%)
Operating income	11.0	17.0	(35.3%)
Recurring income	12.5	18.7	(33.2%)
Net income	5.6	9.5	(40.6%)
Net income per share (¥)	¥9.94	¥16.69	(40.4%)

Segmental performance

In the Pharmaceuticals business, consolidated net sales decreased 11.8% to ¥52.2 billion and operating income decreased 10.0% to ¥11.5 billion. Core domestic pharmaceuticals products for the treatment of anemia, Nesp and Espo, grew steadily benefiting from the launch in May of the Nesp injection plastic syringe. Steady sales growth was also achieved for antiallergic agent Allelock, antiallergic ophthalmic solution Patanol, and Regpara tablets, a treatment for secondary hyperthyroidism during dialysis therapy.

In the licensing-out of technologies and export of pharmaceutical products, in May a one-off contract payment following the completion of a licensing agreement for anti-LIGHT fully human monoclonal antibody with the French company sanofi-aventis was received, however sales were lower compared to the same period of the previous fiscal year when a large one-off contract payment for an outlicensing agreement with Amgen was recorded.

In new drug development in Japan, in April KW-3902, a treatment for acute congestive heart failure, began Phase I clinical trials, and in June KW-0761, a promising anti-body pharmaceutical for Adult T-cell leukemia/lymphoma (ATL) began Phase II clinical trials. Clinical trials for KW-7158, a treatment for irritable bowel syndrome, were discontinued after receiving results from Phase II clinical trials.

In new drug development overseas, in April KW-2449 molecular target therapeutic drug for leukemia and others, and anticancer agent KRN 330, a fully human monoclonal antibody for solid tumors, began Phase I/IIa clinical trials in the USA, and in June KW-2450, the promising molecular target therapeutic drug for solid tumors and others, began Phase I clinical trials.

In the Bio-Chemicals business sales decreased 7.8% to ¥21.1 billion and operating income decreased 57.0% to ¥1.2 billion compared to the same period of the previous fiscal year. Sales of pharmaceutical and industrial use raw materials, mainly amino acids, nucleic acids and related compounds, were lower due to the significant impact of the stronger yen. However, sales of amino acids for pharmaceutical and intravenous liquids use, primarily in Europe, were steady. Sales of Daiichi Fine Chemical were lower due to a sluggish vitamin market.

In healthcare products, mail-order sales of the *Remake series* were steady, however sales of healthcare food products such as amino acids, nucleic acids and related compounds were affected by the global economic recession and decreased primarily in the US.

In the Chemicals business, sales declined 40.2% to ¥15.0 billion and an operating loss of ¥2.0 billion was recorded compared to an operating income of ¥0.5 billion in the first three months of the previous fiscal year. Demand for products remained sluggish due to the global economic downturn and sales volumes decreased. Sales in the Chemicals business have fallen considerably and profitability remains very difficult due to a significant worsening of product markets following the sharp depreciation in the price of crude oil and naphtha since last autumn and the effects of a stronger yen.

Following the partial sale of shares held in consolidated subsidiary Kyowa Hakko Food Specialties (now Kirin Kyowa Foods) and its three consolidated subsidiaries (Kyowa F.D. Foods Co., Ltd., Ohland Foods Co., Ltd., Kyowa Hifoods Co., Ltd.) became equity-accounted affiliates as of the end of the previous fiscal year. Accordingly, as of the first quarter of this fiscal period there are no consolidated subsidiaries in the Food business and the Food segment has been eliminated. As a result, net sales and operating income for the Food business in respect of the period under review have not been recorded. In the first three months of the previous fiscal year consolidated net sales in the Food business was ¥10.3 billion and operating income was ¥0.3 billion.

Consolidate results forecasts

In the consolidated results for the first quarter of the fiscal period ending December 31, 2009, overall revenues, primarily in the Pharmaceuticals business performed well and exceeded plans, although results for the Chemicals business were lower than initially planned. Looking ahead, in the Chemicals business, we forecast a continuation of the difficult earnings environment, however we expect results from the Pharmaceutical and Bio-chemical

business to progress steadily and as a result, consolidated results forecasts for the interim and the nine-month fiscal period have been upwardly revised.

Revisions to the consolidated results forecasts for the interim and nine month period ending December 31, 2009 that were announced on April 28, 2009 are as follows:

Consolidated forecasts for the interim period ending September 30, 2009

Millions of yen

	Net sales	Operating income	Recurring income	Net income	Net income per share (¥)
Previously announced forecasts (A)	185,000	14,500	15,000	6,500	¥11.33
Revised forecasts (B)	190,000	17,500	19,000	8,000	¥13.99
Change (B – A)	5,000	3,000	4,000	1,500	--
Change (%)	2.7%	20.7%	26.7%	23.1%	--
Interim results from the previous consolidated fiscal year	247,769	29,164	30,357	8,285	¥14.43

Consolidated forecasts for the nine-month period ending December 31, 2009

Millions of yen

	Net sales	Operating income	Recurring income	Net income	Net income per share (¥)
Previously announced forecasts (A)	300,000	27,000	27,500	13,000	¥22.65
Revised forecasts (B)	305,000	30,000	31,500	14,000	¥24.51
Change (B – A)	5,000	3,000	4,000	1,000	--
Change (%)	1.7%	11.1%	14.5%	7.7%	--
Full year results from the previous consolidated fiscal year	460,183	45,387	46,412	11,726	¥20.43

Note: Due to the change in financial year-end to December 31, the forecast figures are for the 9-month period from April 1, 2009 to December 31, 2009. However, results for the previous fiscal year are for the 12-month period from April 1, 2008 to March 31, 2009.

**The above forecasts are based on information available and assumptions made at the time of release of this document about a number of uncertain factors that can affect results in the future. It is possible that actual results are materially different for a wide variety of reasons.*

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For further information please access: <http://www.kyowa-kirin.co.jp/english/index.html>

This document is an English translation of parts of the Japanese-language original. All financial information has been prepared in accordance with generally accepted accounting principles in Japan. It contains forward-looking statements based on a number of assumptions and beliefs made by management in light of information currently available. Actual financial results may differ materially depending on a number of factors, including fluctuations in exchange rates, changing economic conditions, legislative and regulatory developments, delays in new product launches, and pricing and product initiatives of competitors.