

FOR IMMEDIATE RELEASE

## Kyowa Hakko Kirin Reports Interim Results in line with Revised Forecasts

**Tokyo, October 29, 2009--** Kyowa Hakko Kirin Co., Ltd. (Kyowa Hakko Kirin) today announced its consolidated financial results for the interim period of fiscal 2009 (the six-month period ended September 30, 2009). Results were affected by the exclusion of the Food business from consolidation, a deterioration in results from the Chemicals business and the stronger yen. Consolidated net sales for the period were ¥194.3 billion, a decrease of 21.5% compared to the interim period of the previous fiscal year. Operating income decreased 28.7% to ¥20.7 billion and recurring income decreased 26.9% to ¥22.2 billion while net income increased ¥2.5 billion or 30.5% to ¥10.8 billion.

Commenting on the results, Yuzuru Matsuda, President and CEO of Kyowa Hakko Kirin said, *"We were pleased to have recently announced an upward revision to our full year forecasts based in part on the strength of our Pharmaceuticals business. We have seen signs of improvements in various areas of our business and we expect to realize further integration benefits. Nevertheless, we expect the challenges posed by a strong yen and a slow recovery of the global economy to remain. 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 six months ended September 30, 2009

(Amounts less than ¥100 million have been ignored)

	Billions of yen		%
	Consolidated results for the period ended September 30, 2009	Consolidated results for the period ended September 30, 2008	
Net sales	194.3	247.7	(21.5%)
Operating income	20.7	29.1	(28.7%)
Recurring income	22.2	30.3	(26.9%)
Net income	10.8	8.2	30.5%
Net income per share (¥)	¥18.91	¥14.43	31.1%

### Segmental performance

In the Pharmaceuticals business, consolidated net sales decreased 4.4% to ¥103.9 billion but operating income increased 8.4% to ¥21.3 billion, supported primarily by strong sales of core domestic pharmaceutical products. By product, sales of anemia treatments Nesp and Espo, Allelock, an antiallergic agent and Patanol, an antiallergic ophthalmic solution, grew. Further, since the start of sales in January 2008, Regpara tablets, a treatment for secondary hyperthyroidism during dialysis therapy, have penetrated the market and contributed to results.

In the licensing-out of technologies and export of pharmaceutical products, revenues were significantly lower compared to the interim period of the previous year, which benefited from a one-off contract payment for licensing of KW-0761, an anti-CCR4 humanized monoclonal antibody.

At subsidiary Kyowa Medex, which is responsible for the manufacture and sale of diagnostic reagents, sales of both clinical chemistry reagents and immunological reagents grew, and sales were higher than in the interim period of the previous fiscal year.

In new drug development in Japan, we have filed applications for additional treatments for Nesp, a treatment of anemia, and having received results from Phase III clinical trials of KW-2246, an analgesic for cancer pain, preparations to file a new drug application have begun. Meanwhile, Phase III clinical trials for KW-6002, an anti-Parkinson's disease treatment, began in August. Phase II clinical trials for KRN125, a treatment for neutropenia, and KW-6500, an anti-Parkinson's disease treatment, are progressing, while Phase II clinical trials for KW-0761, a blood cancer treatment (an antibody pharmaceutical) began in June. Phase I clinical trials for KW-3357, an agent for inhibiting blood coagulation and ARQ 197, an anticancer agent are progressing, and Phase I clinical trials for KRN951, an anticancer agent, began in September.

In new drug development overseas, in the US, anticancer agents KW-2449 and KRN330 (an antibody pharmaceutical) are in Phase I/IIa clinical trials, while antibody pharmaceuticals KRN-23, a hypophosphatemic treatment and anticancer agent BIW-8962 are in Phase I trials. In June, Phase I clinical trials began for KW-2450, an anticancer agent, and in July, for KW-0761, a blood cancer treatment (an antibody pharmaceutical). In Europe, Phase I trials are progressing for anticancer agent KW-2478, and in August, Phase I trials for KW-3357, an agent for inhibiting blood coagulation have begun. In China, we have filed applications for approval of Allelock, an antiallergic agent and for Phosblock, a hyperphosphatemia treatment, and Phase II trials have begun for Nesp, a treatment for anemia.

In the Bio-Chemicals business sales decreased 9.4% to ¥41.4 billion and operating income decreased 68.1% to ¥1.6 billion compared to the same period of the previous fiscal year. Sales for pharmaceutical and industrial use raw materials, primarily amino acids, nucleic acids and related compounds were significantly lower than the interim period of the previous fiscal year due to the considerable impact of a stronger yen and despite efforts to expand sales, particularly those of high value added pharmaceuticals and intravenous liquids.

In healthcare products, mail-order sales of the *Remake series* were strong, however sales of healthcare food products such as amino acids, nucleic acids and related compounds, primarily in the US were affected by the global economic recession and were lower compared to the same period of the previous year.

In agrochemicals and products for the livestock and fisheries industry, sales decreased due to intensifying competition in agrochemicals in overseas markets and sluggish sales in the livestock and fisheries industries.

In alcohol, revenues were higher than in the same period of the previous year due to a sharp increase in demand for industrial use alcohol due to the prevalence of influenza and despite sales of beverage use alcohol trending lower.

Sales of Daiichi Fine Chemical were lower than the previous fiscal year due to sluggish vitamin markets and other factors.

In the Chemicals business, sales declined 42.6% to ¥32.8 billion and an operating loss of ¥2.4 billion was recorded compared to an operating income of ¥2.9 billion in the same period of the previous fiscal year. Although there have been indications of a partial recovery in the domestic economy, a full-fledged recovery is still a long way off and both sales and sales volumes are below the level of those of the interim period of the previous year. In particular, there was a significant decrease in revenues from the drop in sales prices following the sharp depreciation in the price of raw materials. Regarding exports, sales were lower than the same period of the previous fiscal year due to the large decline in global markets and despite an increase in sales volumes due to growth in demand from China and others. Overall, the difficult operating environment has continued in the interim period although we have begun to see improvements such as recovering sales volumes of functional products to the same level as in the interim period of the previous fiscal year. The second quarter also saw improvements in both sales and sales volumes in all areas compared to the first three months of the current fiscal period.

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 interim period of the previous fiscal year consolidated net sales in the Food business was ¥20.8 billion and operating income was ¥0.5 billion.

### **Consolidated results forecasts**

There has been no change to the consolidated results forecast announced October 22, 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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### **Contact:**

Mr. Kenshiro Honda, Corporate Communications Department Tel: 81 3 3282 0969  
kenshiro.honda@kyowa-kirin.co.jp

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.*