KYOWA KIRIN

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Kyowa Hakko Kirin Nine-month Sales and Profits Up: Full-year Sales and Operating Income Forecasts Raised

Tokyo, October 28, 2010--Kyowa Hakko Kirin Co., Ltd. (Kyowa Hakko Kirin) today announced its consolidated financial results for the first nine months of the fiscal year ending December 2010 (the nine-month period from January 1, 2010 to September 30, 2010).

Note: Comparisons shown below with the previous comparable fiscal period are with figures for the nine-month period January 1 to September 30, 2009. Due to a change in the fiscal year end in fiscal 2009, figures for the January-September period of 2009 were obtained by subtracting results for the first nine months of the fiscal year ended March 2009 from figures for the twelve-month period ended March 31, 2009, and adding figures for the April to September period of the nine- month period ended December 2009.

In the first nine months of 2010, consolidated net sales were ¥304.4 billion, up by 4.2% compared to the first nine months of the previous year, operating income was ¥33.2 billion (up 41.6%), and non-operating income was ¥34.0 billion (up 34.2%). Net income was ¥14.4 billion (up 19.6%).
Following the strong performance in the first nine months, particularly in Pharmaceuticals business licensing income and in the Chemicals business, sales and operating income forecasts for the year to December 2010 have been raised by 0.2% and 10.7% respectively, compared to the previous forecast announced on July 28, 2010. However, due to a tax effect related to the planned sale of shares in Kyowa Hakko Chemical, forecast net income for the year to December 2010 has been reduced by 5.0%.

Commenting on the results, Yuzuru Matsuda, President and CEO of Kyowa Hakko Kirin said, *"I am pleased to report higher sales and profits for the first nine months of 2010. Despite a continuing gentle recovery in Japan's economy the outlook remains uncertain due to risks of weaker than expected economic performance, particularly in the US and Europe, and exchange rate fluctuations. Nevertheless, results were ahead of forecast and we have raised sales and operating income forecasts for the full year. Separately we have also announced the planned sale of Kyowa Hakko Chemical, which will allow Kyowa Hakko Kirin* to *continue to focus on growth of our pharmaceuticals business, and promote the rapid realization of our strengths in antibody pharmaceuticals with the aim of becoming a world-class, R&D based life sciences company, founded on biotechnology with the pharmaceutical business at its core."*

Segmental performance

Note: Segmental results shown below exclude figures for the Food business that was consolidated in the comparable period of the previous year.

In the Pharmaceuticals business, consolidated net sales were ¥154.0 billion (up by 0.7% compared to the same period of the previous year), while operating income was ¥26.4 billion (down 0.3%). Domestic sales of pharmaceutical products declined due to the effects of reductions in National Health reimbursement prices in April.
By product, the anemia treatments Nesp and Espo (for which new product Nesp injection plastic syringe was launched in August), and Regpara, a treatment for secondary

hyperparathyroidism during dialysis therapy, continued to grow. Parkinson's disease treatment Permax, launched in April, and Fentos, a transdermal analgesic for persistent cancer pain launched in June, each performed well. However, due in part to the effects of reductions in National Health reimbursement prices in April, sales of products including Coniel a treatment for hypertension and angina pectoris, and Allelock, an antiallergic agent, were lower than in the comparable period. In the licensing-out of technologies and export of pharmaceutical products, revenues increased significantly due to an increase in one-time income from outlicensing, and a strong performance in royalty income, mainly from antiallergenic olopatidine hydrochloride.

In new drug development in Japan, in the cancer and hematology area new drug applications were filed in March for AMG 531, a treatment for ideopathic thrombocytopenic purpura, while ARQ197 commenced Phase II trials as a gastric cancer treatment in July. An application was filed in February for KW-2246, an analgesic for cancer pain, but the application was temporarily withdrawn in August and it was decided to conduct additional Phase III clinical trials. In addition, in September, KW-0761 entered late Phase II clinical trials as a joint therapy with mLSG15 for recurrent or exacerbated CCR4-positive Adult T-Cell Lymphoma and also entered late Phase II trials as a treatment for peripheral T/NK cell lymphoma.

In the renal therapeutic area, approval was received in April for Nesp injection plastic syringe, a long-acting enythropoiesis stimulating agent, a treatment for anemia of CKD patients not on dialysis. Overseas, in March approval was received in South Korea and Taiwan for Regpara, a treatment for secondary hyperthyroidism during dialysis therapy.

In the areas of immunology and allergy in Japan, antiallergenic Allelock received additional approvals for children aged seven and above regarding effect/efficacy and dosing method and amount. In overseas markets, in July antiallergenic Allelock received approval in China.

In therapeutic antibody research and development, while strengthening our in-house development pipeline of antibody pharmaceuticals we also developed the global outlicensing of our Potelligent® and Complegent® technologies via our US subsidiary BioWa, Inc. To date, we have licensing agreements with fifteen companies for these technologies and we are actively pursuing our strategy of promoting the fastest possible development of antibody pharmaceuticals that utilize our original technology.

In the Bio-Chemicals business, consolidated net sales were ¥63.9 billion (up by 2.6% compared to the same period of the previous year), while operating income was ¥2.8 billion (up 10.2%). Sales of pharmaceutical and industrial use raw materials, mainly amino acids, nucleic acids and related compounds, were ahead of sales in the same period of the previous year, primarily due to strong volume growth of sales of amino acids for pharmaceuticals and intravenous liquids, in Japan and overseas.

In health care products, sales increased benefiting from strong sales of materials related to Kirin Health Project *KIRIN Plus-i*, and continued strength in sales of our mail order *Remake* series.

In agrochemicals and products for the livestock and fisheries industries, sales were down due to the transfer of domestic livestock and fisheries product sales to Asuka Pharmaceuticals in April, and in alcohol, sales were down due to the transfer of raw material alcohol sales to Daiichi Alcohol in July.

In the Chemicals business, consolidated net sales were ¥94.6 billion, up by 111.6% compared to the same period of the previous year, due in part to changes in segment classification, and operating income was ¥3.5 billion (compared to an operating loss of ¥6.0 billion in the same period of the previous year). Compared to the large fall in demand due to the effects of the global economic recession experienced in the first nine-months of last year, domestic and overseas sales volumes and sales revenues both showed large increases, and product prices, on the whole, have risen. In exports, overseas market conditions for core products were steady while sales of environment-friendly specialty chemicals were strong.

Due to changes in segment classifications, sales in the Other segment were ¥7.7 billion (down by 82.1% compared to the same period of the previous year), while operating income was ¥0.2 billion (down 23.6%).

Revised forecasts for the year ending December 31, 2010
(January 1, 2010 to December 31, 2010)
In our consolidated results for the nine-month period to September 2010, licensing income in the Pharmaceuticals business was ahead of plan and the Chemicals business continued to perform strongly. However, our forecast net income is lower than previously expected due to a tax effect recognized following our decision to sell our entire holding of Kyowa Hakko Chemical shares. This tax effect is in respect of a temporary difference between the amount of the investment in our consolidated balance sheet and the book value amount recorded on our non-consolidated balance sheet. Reflecting these factors we have revised our full year forecasts.

The revised forecasts and changes compared to the previous forecasts announced on July 28, 2010 are as follows:

(Millions of yen)

Consolidated	Net sales	Operating income	Non-operating income	Net income	Net income per share (¥)
Previous forecasts	407,000	37,500	39,000	20,000	¥35.12
Revised forecasts	408,000	41,500	43,000	19,000	¥33.35
Change in forecasts	1,000	4,000	4,000	-1,000	
Percentage change	+0.2%	+10.7%	+10.3%	-5.0%	
Reference*: Results for the fiscal period ended December 31, 2009	309,111	28,243	29,479	8,797	¥15.41

*Results for the period ended December 31, 2009 are for the nine-month period April 1, 2009 to December 31, 2009.

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

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