

FOR IMMEDIATE RELEASE

Kyowa Hakko Kirin Third Quarter Results; Revision of full year forecasts; Planned change of fiscal year end

Tokyo, January 30, 2009-- Kyowa Hakko Kirin Co., Ltd. (Kyowa Hakko Kirin) today announced its consolidated financial results for the third quarter of fiscal 2008 (the nine-month period ended December 31, 2008).

Partly as a result of the new consolidation of Kirin Pharma from April 2008, Kyowa Hakko Kirin consolidated net sales for the nine-month period were ¥362.2 billion, 21.7% higher than in the same period of the previous fiscal year. Consolidated operating income was ¥42.6 billion (up 31.8%), recurring income was ¥43.2 billion (up 32.1%), and net income was ¥10.4 billion (down 56.5%). Net income was affected by the recording of extraordinary losses of ¥13.9 billion, including losses on revaluation of investments in securities and integration related expenses, as well as increased corporate tax adjustments. In addition, full year forecasts for sales and operating income were revised downward, by 6.7% and 7.0% respectively, reflecting the deteriorating global economic environment.

Separately, Kyowa Hakko Kirin also announced a proposed change in its fiscal year end from March 31 to December 31, subject to approval by the general meeting of shareholders planned for June 2009, and also published forecasts for the nine-month period from April 2009 to December 2009.

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 and the environment for some of our businesses is being severely affected by the ongoing global recession, highly volatile commodity prices and large currency movements. Despite these negative factors our core Pharmaceutical business continues to perform well and we are moving rapidly ahead with our initiatives to enhance competitiveness and management efficiency, maximize synergies, and improve corporate value through further development. As part of our integration initiatives we plan to change the year end of Kyowa Hakko Kirin and its consolidated subsidiaries.”*

Summary of operating results for the nine-month period ended December 31, 2008

(Amounts less than ¥1 million have been ignored)

	Billions of yen	%
	Consolidated results for the period ended December 31, 2008	Consolidated results for the period ended December 31, 2007 Change
Net sales	362,278	297,681 +21.7%
Operating income	42,696	32,405 +31.8%
Recurring income	43,265	32,750 +32.1%
Net income	10,483	24,084 -56.5%
Net income per share	18.26	60.55 -69.8%

Segmental Performance

In the Pharmaceuticals business, sales increased substantially to ¥161.3 billion (up 52.1%) and operating income increased to ¥29.6 billion (up 71.0%). Despite reductions in National Health reimbursement prices, sales of ethical pharmaceutical products in Japan were significantly higher due to the new consolidation of Kirin Pharma, and other factors.

As regards sales by product, sales of *Durotep*, an analgesic for persistent cancer pain declined, due to the ending of a joint sales contract, but strong sales were maintained by *Allelock*, an antiallergic agent, *Patanol*, an antiallergic ophthalmic solution and others, 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. We are actively supplying information to medical practitioners on NESP and ESPO, the core anemia products of Kirin Pharma, which merged with Kyowa Hakko in October 2008, which has been an effective approach enabling us to achieve a steady increase in the combined market share of these products.

In the licensing-out of pharmaceutical products, a large one-off contract payment for the outlicensing to Amgen of anti-CCR4 humanized monoclonal antibody KW-0761 was recorded. In addition we in-licensed an RNAi therapeutic product, and also acquired a license for collaborative research and development of an antibody pharmaceutical product and a license for the collaborative sales of an analgesic for persistent cancer pain.

In the Bio-Chemicals business, sales increased 2.1% to ¥67.5 billion, while operating income increased 11.7% to ¥7.4 billion. In pharmaceutical and industrial use raw materials, mainly amino acids, nucleic acids, and related compounds, there was strong demand, primarily in overseas markets for amino acids for intravenous liquids and pharmaceutical use raw materials, but sales growth was limited partly due to the rapid appreciation of the yen. In addition sales at Daiichi Fine Chemical declined, affected by a softening vitamin market.

In healthcare products, sales were strong, driven by increasing mail-order sales of the *Remake* series.

In the Chemicals business net sales decreased 3.5%, to ¥77.3 billion and operating income declined by 42.0%, to ¥3.5 billion.

Sales in the first half of the fiscal year were strong as a significant rise in market prices of naphtha and crude oil led to higher raw material prices and revisions of core product prices were implemented, while stable operations of production facilities continued. However, since the beginning of Autumn 2008 the worldwide economic downturn has led to a rapid decline in demand in Japan and overseas, and sharp falls in the prices of crude oil and naphtha have led to a drastic worsening of product markets. As a result, segmental sales and sales volumes for the period under review were lower than in the first nine months of the previous fiscal year.

In the Food business, sales decreased 1.3%, to ¥32.8 billion, while operating income decreased 26.2%, to ¥0.9 billion. In seasonings, sales increased due to an increase in sales of *Umami* seasonings despite ongoing difficult market conditions for our core natural seasonings, which were affected by sluggish consumer spending and higher raw material prices. 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 growth in flavor enhancers and baking improvers. Sales of processed food products also declined.

In the Other business segment, sales increased 44.8%, to ¥54.5 billion, while operating income increased by 39.2% to ¥1.0 billion.

Forecasts for the fiscal year ending March 31, 2009

Although the Pharmaceuticals business has performed well and broadly in line with plans, our results for the first nine months of the fiscal year were considerably lower than planned due to a deteriorating market for the Chemicals business against a backdrop of a global economic slowdown and rapid falls in the prices of crude oil and naphtha. As regards the outlook we have revised down our forecast for full year results as we expect a continued difficult earnings environment for the Chemicals business and we also expect that the Bio-Chemicals business will perform below plan due to the effects of a strong yen against a weak euro, and other factors. In addition, we have revised down our forecast for net

income after recording a ¥5.0 billion loss on revaluation of investments in securities as of the end of the third quarter.

Revisions to the consolidated forecasts announced on October 30, 2008 and differences with the previously announced forecasts are as follows:

	Millions of yen				
	Net sales	Operating income	Recurring income	Net income	Income per share (¥)
Previously announced forecast (A)	490,000	50,000	50,000	17,000	¥29.60
Revised forecast (B)	457,000	46,500	47,000	13,000	¥22.64
Amount change (B – A)	(33,000)	(3,500)	(3,000)	(4,000)	--
Percentage change	(6.7)%	(7.0)%	(6.0)%	(23.5)%	--
Results for the fiscal year ended March 31, 2008	392,119	39,390	37,996	23,477	¥59.03

Change of fiscal year end

At a meeting of the Board of Directors held on January 30, 2009 it was decided to present a resolution at the 86th Regular Shareholders' Meeting scheduled for June 2009 to change the fiscal year end of Kyowa Hakko Kirin from March 31 to December 31 in order to improve the efficiency of business administration by matching our fiscal year to that of our parent company Kirin Holdings. As a result, the fiscal year of Kyowa Hakko Kirin would be from January 1 to December 31. It is also planned to change the fiscal year end of all consolidated subsidiaries of Kyowa Hakko Kirin to December 31.

As a result of this planned change the period from April 1, 2009 to December 31, 2009 will be a transitional nine-month period and our consolidated forecasts for business results for that period are as follows:

	Millions of yen			
	Net sales	Operating income	Recurring income	Net income
Forecast results for the fiscal period from April 1, 2009 to December 31, 2009	310,000	27,000	27,000	13,000

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

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