KYOWA KIRIN

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Kyowa Hakko Kirin First Half Sales and Profits Up: Full-year Sales and Operating Profit Forecast Raised

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

Note: Comparisons shown below with the previous comparable fiscal period are with figures for the six-month period January 1 to June 30, 2009. Due to a change in the fiscal year end in fiscal 2009, figures for the January-June 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 June period of the nine- month period ended December 2009.

In the first half of 2010, consolidated net sales were ¥203.4 billion, up by 4.5% compared to the first half of the previous year, operating income was ¥21.6 billion (up 58.0%), and recurring income was ¥22.3 billion (up 42.3%). Net income was ¥9.9 billion (up 42.6%) and the dividend per share for the interim period is ¥10.

Following the generally strong results in the first half of 2010, and in particular results from the Chemicals business that significantly exceeded expectations, sales and operating profit forecasts for the year to December 2010 have been raised by 1.8% and 4.2% respectively, compared to the previous forecast announced on January 29, 2010. However, due to extraordinary losses, including valuation losses on investment securities, forecast net income, net income per share and dividend per share for the year to December 2010 remain unchanged.

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 half of 2010, despite the effects of reductions in National Health reimbursement prices in April. Results were ahead of forecast and we have raised forecasts for the full year, due in particular to the strong performance of our Chemicals business. Despite somewhat better economic conditions in Japan and overseas the outlook remains uncertain. However, Kyowa Hakko Kirin will continue to focus on growing sales of our core pharmaceutical and other products, and promoting 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 ¥103.4 billion (up by 2.1% compared to the same period of the previous year), while operating income was ¥17.9 billion (up 7.5%). Domestic sales of pharmaceutical products declined due to the effects of reductions in National Health reimbursement prices in April, and other factors, although sales of core products including the anemia treatments Nesp and Espo, and Regpara, a treatment for secondary hyperparathyroidism during dialysis therapy, continued to grow.

However, sales of Allelock, an antiallergic agent, and Patanol antiallergic eyedrops, were lower than in the comparable period due to lower amounts of airborne pollen in Japan compared to the previous year. New initiatives included the start of sales of Parkinson's disease treatment Permax in April, and the commencement in June of joint sales with Hisamitsu Pharmaceutical of Fentos, a transdermal analgesic for persistent cancer pain. In the licensing-out of technologies and export of pharmaceutical products, revenues increased significantly due to an increase in one-time income from outlicensing, as well as a strong performance in exports, mainly to Asia. Sales at subsidiary Kyowa Medex, which is responsible for the manufacture and sale of diagnostic reagents, were up on the same period of the previous year as sales of clinical chemistry diagnostic reagents and exports both performed well.

In new drug development in Japan, new drug applications were filed in February for KW-2246, an analgesic for cancer pain, and in March for AMG 531, a treatment for ideopathic thrombocytopenic purpura. In the renal therapeutic area, approval was received in April for Nesp, a long-acting enythropoiesis stimulating agent, a treatment for anemia of CKD patients not on dialysis (Nesp injection plastic syringe).
Overseas, in March approval was received in South Korea and Taiwan for Regpara, a treatment for secondary hyperthyroidism during dialysis therapy. In 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 fourteen 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 ¥44.1 billion (up by 5.0% compared to the same period of the previous year), while operating income was ¥1.8 billion (down 15.5%). Sales of pharmaceutical and industrial use raw materials, mainly amino acids, nucleic acids and related compounds, were significantly ahead of sales in the same period of the previous year, primarily due to strong volume growth of sales to Asia of amino acids for pharmaceuticals and intravenous liquids. In health care products, sales also increased due to strong sales of materials related to Kirin Health Project *KIRIN Plus-i*, that was launched in April, as well as strong growth in the number of customers of our mail order *Remake* series.
In agrochemicals and products for the livestock and fisheries industries, sales were down due to the transfer in April of domestic livestock and fisheries product sales to Asuka Pharmaceuticals. Alcohol sales were down due to lower refined alcohol sales and also as a result of a falling off in demand for industrial alcohol following the rapid increase in demand was seen since May 2009 in response to the pig flu epidemic. In July the raw material alcohol business of Kyowa Hakko Bio was transferred to Daiichi Alcohol, a joint venture with Mercian Corporation.
Daiichi Fine Chemical sales declined due to sluggish sales of bulk pharmaceuticals and intermediate products.

In the Chemicals business, consolidated net sales were ¥61.2 billion (up by 127.7% compared to the same period of the previous year), and operating income was ¥1.5 billion (compared to an operating loss of ¥5.6 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 half of last year, results improved significantly. In Japan, sales volumes and sales revenues both showed large increases as economic recovery led to increased demand for core products and price revisions were implemented in response to higher fuel and raw material prices. Export volumes and sales revenues also increased due to strong sales of environment-friendly specialty chemicals and strong overseas market conditions for core products. All product areas, including solvents, plasticizer raw materials and specialty chemicals, recorded higher sales volumes and sales revenues. Particularly strong growth was recorded by raw materials for refrigerant oils and by high purity solvents for electronic materials. Miyako Kagaku and Kashiwagi Corporation, which were included in the Chemicals segment from the first quarter, also performed strongly.

Due to changes in segment classifications, sales in the Other segment were ¥5.0 billion (down by 82.1% compared to the same period of the previous year), while operating income was ¥0.1 billion (down 31.1%).

Revised forecasts for the year ending December 31, 2010 (January 1, 2010 to December 31, 2010)
Business results for the first half of the fiscal year were generally good, and in particular results for chemical products businesses are significantly above forecast. However, net income has been affected by extraordinary losses, including valuation losses on investment securities recorded in the first half. Based on these trends, full year forecasts have been revised. The revised forecasts and changes compared to the previous forecasts announced on January 29, 2010 are as follows:

(Millions of yen)

Consolidated	**Net sales**	**Operating income**	**Recurring income**	**Net income**	**Net income per share (¥)**
Previous forecasts	400,000	36,000	37,500	20,000	¥35.12
Revised forecasts	407,000	37,500	39,000	20,000	¥35.12
Change in forecasts	7,000	1,500	1,500	--	--
Percentage change	+1.8%	+4.2%	+4.0%	--	--
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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Contact:
Mr. Hidenori Ishii, Corporate Communications Department　　Tel: 81 3 3282 0247
hidenori.ishii@kyowa-kirin.co.jp

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