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Kyowa Hakko Kirin Announces Q1 Growth in Sales, Profits and Net Income

Tokyo, April 27, 2011-- Kyowa Hakko Kirin Co., Ltd. (Kyowa Hakko Kirin) today announced its consolidated financial results for the first quarter of the fiscal year ending December 2011 (the three-month period from January 1, 2011 to March 31, 2011).

Net sales for the first quarter were ¥114.8 billion (up 15.7% compared to the first quarter of the previous fiscal year). Due a surge in pharmaceutical product shipments following the Great East Japan Earthquake and other factors, operating income was ¥21.9 billion (up 90.1%), and recurring income was ¥22.2 billion (up 86.4%). Net income was ¥14.7 billion, a sharp 144.2% rise due to the recording of profits on the sale of shares in affiliate companies, and despite recording a valuation loss on investment securities.

Also, on February 21, 2011, Kyowa Hakko Kirin agreed to acquire all issued and outstanding shares of ProStrakan Group, a UK specialty pharmaceuticals company listed on the London Stock Exchange and on April 21, 2011 the acquisition was completed. ProStrakan's development and sales network in the US and Europe in cancer therapies and other areas are an excellent fit with our vision and strategy for our pharmaceutical business. By combining the business resources of Kyowa Hakko Kirin with those of ProStrakan, we expect to significantly advance our global strategy.

Commenting on the results, Yuzuru Matsuda, President and CEO of Kyowa Hakko Kirin said, *"Sales and profits were up strongly driven by a strong performance from core pharmaceutical products. Results were also affected by the profit on sale of Kyowa Hakko Chemical Co., Ltd., and the Great East Japan Earthquake, which led to front-loaded demand for pharmaceutical and other products, boosting sales for the quarter.*

Although none of our facilities sustained significant damage from the earthquake, some operations were temporarily disrupted but all operations are now running smoothly again. In addition, the acquisition of ProStrakan Group plc was completed on April 21, 2011. Through this acquisition we will gain a much broader reach across Europe and the US, and the sale of Kyowa Hakko Chemical has provided us with significant financial resources. Kyowa Hakko Kirin aims to pursue its vision of becoming a world-class, R&D based life sciences company, founded on biotechnology with the pharmaceutical business at its core."

Segmental performance

Pharmaceuticals

In the Pharmaceuticals business, consolidated net sales were ¥63.3 billion (up by 27.6% compared to the same period of the previous year), while operating income was ¥18.4 billion (up 90.3%). Domestic sales of core ethical pharmaceutical products including Nesp, a treatment for renal anemia, and Regpara, a treatment for secondary hyperparathyroidism during dialysis therapy, continued to grow and sales of Allelock, an antiallergic agent, and Patanol antiallergic eye drops, were strong due to the effects of higher amounts of airborne pollen and other factors. Sales of Permax, a Parkinson's disease treatment launched in 2010, and Fentos, a transdermal analgesic for persistent cancer pain were also strong. Further, following the earthquake an ongoing high level of shipments were boosted sales of core products compared to same period of the previous fiscal year.

In the licensing-out of technologies and export of pharmaceutical products, milestone revenues increased and sales were higher than in the same period of the previous fiscal year.

In new drug development in cancer areas in Japan, KRN 125 began Phase III clinical trials in March targeting chemotherapy induced febril neutropenia. In the renal anemia area in Japan, renal anemia treatment Nesp began Phase III clinical trials in March to seek approval for pediatric indications. In other therapeutic areas in Japan AMG531 (product name Romiplate), a treatment for chronic idiopathic thrombocytopenic purpura, received approval in January and launched sales in April.

On February 21, 2011, Kyowa Hakko Kirin agreed to begin the acquisition process of ProStrakan Group plc, a UK-based specialty pharmaceuticals company with a pharmaceuticals development and sales network throughout the US and Europe for cancer-related and other products. The acquisition was executed on April 21, 2011 and ProStrakan Group plc. became a wholly owned subsidiary of our Group.

Bio-Chemicals

In the Bio-Chemicals business, consolidated net sales were ¥19.6 billion (down by 11.4% compared to the same period of the previous year), while operating income was ¥1.2 billion (up 25.9%). Sales of pharmaceutical and industrial use raw materials, primarily amino acids, nucleic acids and related compounds, decreased partly due to the effects of a strong yen. Sales at Daiichi Fine Chemical declined due to a drop in sales of bulk pharmaceuticals, intermediate products and others.

In healthcare products, sales of health food materials decreased although sales of mail order *Remake Series* increased.

Chemicals

In the Chemicals business, consolidated net sales were ¥33.5 billion (up by 10.8% compared to the same period of the previous year), and operating income was ¥2.1 billion (up 216.6%).

In Japan, demand has continued on its recovery trend while compared to the same period of the previous fiscal year sales prices improved and sales volumes and net sales increased. In exports, shipments were strong and sales volumes and net sales were higher than in the same period of the previous fiscal year supported by vigorous demand from Asia.

Other

In the Other segment, consolidated net sales were ¥2.6 billion (up by 6.3% compared to the same period of the previous year), while operating income was ¥82 million (down 0.3%).

No revisions have been made to the consolidated results forecasts that were announced on January 28, 2011.

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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.