

## Kyowa Hakko Kirin Announces Q1 results

**Tokyo, April 26, 2012--** Kyowa Hakko Kirin Co., Ltd. (Kyowa Hakko Kirin) today announced its consolidated financial results for the first quarter of the fiscal year ending December 2012 (the three-month period from January 1, 2012 to March 31, 2012).

Net sales for the first quarter were ¥87.1 billion (down 24.2% compared to the first quarter of the previous fiscal year) due to the effects of the exclusion of the chemical business from consolidated results as of March 31, 2011, reducing sales by ¥33.5 billion and operating income by ¥2.1 billion. Operating income was ¥18.0 billion (down 17.7%) and ordinary income was ¥16.5 billion (down 25.5%). Net income was ¥8.5 billion (down 42.2%) in comparison to the same period of the previous fiscal year which was affected by profits recorded from the sale of shares in affiliated companies.

Fujifilm Kyowa Kirin Biologics, a joint venture company established on March 27, 2012 with FUJIFILM Corporation for the development, manufacture and sale of biosimilar products, was newly included in the accounts as an equity method affiliate.

No revisions have been made to the consolidated results forecast that were announced on January 31, 2012.

Commenting on the results, Nobuo Hanai, President and CEO of Kyowa Hakko Kirin said, *“Consolidated results were impacted by the sale of the Chemicals business as well as ongoing challenges in the operating environment, a mild pollen season in Japan and the strong yen, but I am pleased to report an increase in sales in both the Pharmaceuticals and Bio-Chemicals’ Businesses. In line with our aim to develop ground-breaking biopharmaceutical technology and achieve a leading position in the global market for biosimilars we established Fujifilm Kyowa Kirin Biologics during the period. 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.*

### Performance by segment

#### Pharmaceuticals

In the Pharmaceuticals business, consolidated net sales were ¥64.8 billion (up 2.3% compared to the same period of the previous year), while operating income was ¥16.6 billion (down 9.7%).

In the domestic pharmaceuticals business, sales of *NESP*<sup>®</sup>, a treatment for renal anemia, *REGPARA*<sup>®</sup>, a agent to treat secondary hyperparathyroidism associated with dialysis, *FENTOS*<sup>®</sup>, a transdermal analgesic for persistent cancer pain, and *ASACOL*<sup>®</sup>, for ulcerative colitis, all advanced, but revenues of *ALLELOCK*<sup>®</sup>, an anti-allergy agent, and *Patanol*<sup>®</sup> anti-allergy eye drops, both fell sharply compared with the same quarter of last fiscal year. This was due to a decline in airborne pollen counts and a normalization of shipment patterns, which were temporarily boosted after last year’s earthquake.

Revenues from pharmaceutical exports and licensing revenues increased due to firm exports and the booking of licensing revenue from Fujifilm Kyowa Kirin Biologics.

The ProStrakan Group plc (the parent company and its 10 subsidiaries) was newly consolidated as of June 30, 2011 and performed satisfactorily and broadly in line with our plans, contributing net sales of ¥3.5 billion with an operating loss (after amortization of goodwill) of ¥1.0 billion.

In new drug development in oncology, in Japan we received approval in March for *POTELIGEO*<sup>®</sup> for adult T-cell leukemia-lymphoma (ATL). Kyowa Medex also secured approval in March for *POTELIGEO*<sup>®</sup> TEST, an in vitro diagnostic reagent designed to identify patients most likely to respond to *POTELIGEO*<sup>®</sup>. In nephrology, in Japan we began phase II studies in February on RTA 402 for chronic kidney disease patients with Type2 diabetes mellitus. In the CNS area, in Japan we obtained approval in March for *Apokyn*<sup>®</sup> for the treatment of Parkinson's disease, and filed in March for approval of KW-6002, also for Parkinson's disease.

### **Bio-Chemicals**

In the Bio-Chemicals business, consolidated net sales were ¥20.5 billion (up 4.6% compared to the same period of the previous year), while operating income was ¥1.3 billion (up 2.4%). Sales of pharmaceutical and industrial use raw materials, mainly amino and nucleic acids and related compounds, rose compared to the same period last fiscal year despite the strong yen, due to strong demand from Asia for amino acids for infusions and pharmaceutical raw materials.

Sales of healthcare products also increased due to a strong performance by the mail order *Remake Series*, notably ornithine.

Sales at Daiichi Fine Chemical increased due to growth in bulk pharmaceuticals and intermediate products.

### **Other**

In the Other segment, consolidated net sales were ¥2.5 billion (down 3.5% compared to the same period of the previous year), while operating income was ¥0 billion (up 13.9%).

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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.*