

FOR IMMEDIATE RELEASE

Kyowa Hakko Kirin Fiscal 2008 Sales up 17.4%, Operating Income up 15.2%

Tokyo, April 28, 2009 --- Kyowa Hakko Kirin Co., Ltd. (Kyowa Hakko Kirin) today announced its consolidated financial results for the year ended March 31, 2009 (Fiscal 2008). Consolidated net sales were ¥460.1 billion, up 17.4% and consolidated operating income was ¥45.3 billion, an increase of 15.2% compared to fiscal 2007. Recurring income increased 22.2% to ¥46.4 billion. Net income decreased by 50% to ¥11.7 billion, as extraordinary losses of ¥21.5 billion were recorded due to valuation losses on investment securities, impairment losses and other factors.

Operating income in the Pharmaceuticals segment grew by 74.5%, supported by the consolidation of Kirin Pharma in April 2008, while in the Bio-Chemicals segment, operating income was affected by the strong yen and decreased 13.9%. In the Chemicals segment operating income declined to zero as demand fell rapidly due to the worldwide decline in economic growth against a background of large fluctuations in crude oil and naphtha prices, resulting in a major deterioration in product markets. In the Food segment operating income decreased by 31.1% in an increasingly severe business environment, affected by the high prices of raw materials, sluggish consumer demand, and other factors.

As Kyowa Hakko Kirin plans to change its fiscal year end to December, our business forecasts are for the nine-month period ending December 31, 2009. Accordingly, the following percentage changes are as compared to the nine-month period ended December 31, 2008.

For the nine-month period ending December 31, 2009 (fiscal 2009) Kyowa Hakko Kirin forecasts a 17.2% decrease in net sales, a 36.8% decrease in operating income and a 36.4% decrease in recurring income, while net income is forecast to grow by 24.0%.

For the nine-month period ending December 31, 2009 Kyowa Hakko Kirin forecasts a dividend per share of ¥15 (interim dividend ¥10, final dividend ¥5) as compared to the dividend per share for the twelve-month period ending March 31, 2009 of ¥20 (interim dividend ¥10, final dividend ¥10).

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, one-off licensing payments, the global recession and other factors. We expect that the environment for some of our businesses will continue to be severely affected by the ongoing global recession, highly volatile commodity prices, and currency movements. Nevertheless Kyowa Hakko Kirin has secure and strong financial foundations and we expect that core products in the Pharmaceutical and Bio-Chemicals businesses will continue to perform well. We are moving rapidly ahead with our initiatives to enhance competitiveness and management efficiency, maximize synergies, and further develop our position as a world-leading in antibody pharmaceuticals and other core biotechnologies."*

I. Fiscal 2008 Results

(Amounts less than ¥1 million have been ignored)

Results for the fiscal year ended March 31, 2009

(Billions of Yen)

	FY ended March 31, 2009	FY ended March 31, 2008	YOY Change (%)
Net sales	460.1	392.1	+17.4%
Operating income	45.3	39.3	+15.2%
Recurring income	46.4	37.9	+22.2%
Net income	11.7	23.4	-50.0%

Segmental results for the fiscal year ended March 31, 2009

Sales

(Billions of Yen)

	FY ended March 31, 2009	FY ended March 31, 2008	YOY Change (%)
Pharmaceuticals	210.4	138.3	+52.1%
Bio-Chemicals	88.4	86.8	+1.9%
Chemicals	89.2	108.0	-17.4%
Food	42.4	43.3	-2.0%
Other	68.7	48.9	+40.3%

Operating Income

(Billions of Yen)

	FY ended March 31, 2009	FY ended March 31, 2008	YOY Change (%)
Pharmaceuticals	34.8	19.9	+74.5%
Bio-Chemicals	8.3	9.6	-13.9%
Chemicals	(0.0)	7.1	--
Food	1.0	1.5	-31.1%
Other	1.0	0.8	+30.5%

Segmental performance

In the Pharmaceuticals business, consolidated net sales increased 52.1% to ¥210.4 billion and operating income increased 74.5% to ¥34.8 billion. Sales of pharmaceutical products in Japan were significantly higher compared to the previous fiscal year due to the consolidation of Kirin Pharma from April 2008 and despite the effect of reductions in National Health reimbursement prices.

As regards products, despite a decline in sales of *Durotep*, an analgesic for persistent cancer pain due to the ending of a joint sales contract, strong sales were maintained by *Allelock*, an antiallergic agent, *Depakene*, an anti-epileptic agent, and *Patanol*, an antiallergic ophthalmic solution, 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. In addition, the combined market share of Kirin Pharma's two core anemia products, *NESP* and *ESPO*, increased steadily following integration with Kirin Pharma in October 2008. Meanwhile, *REGPARA* Tablets, a treatment for secondary hyperthyroidism during dialysis therapy, are achieving steady market penetration.

In the licensing-out of technologies and export of pharmaceutical products a large one-off contract payment for the outlicensing to Amgen of anti-CCR4 humanized monoclonal antibody KW-0761 was recorded, resulting in a large increase in sales. At subsidiary Kyowa Medex, which is responsible for the manufacture and sale of diagnostic reagents, sales of both clinical chemistry reagents and immunological reagents increased, and its sales grew

compared to the previous fiscal year.

In new drug development in Japan, applications in respect of anemia treatment NESP were made for additional indications for anemia for cancer chemotherapy in November 2008 and for additional indications for pre-dialysis renal anemia in December 2008. Phase III clinical trials are progressing for KW-2246, an analgesic for cancer pain and Phase II clinical trials are being carried out on KRN125 a treatment for neutropenia, KW-6002, an anti-Parkinson's disease treatment, KW-6500, also an anti-Parkinson's disease treatment, and KW-7158, a candidate treatment for irritable bowel syndrome. KW-0761, a blood cancer treatment (an antibody pharmaceutical), KW-3357, an agent for inhibiting blood coagulation, and ARQ 197, an anticancer agent, are in Phase I clinical trials.

Overseas, in the U.S. Phase I trials are progressing for anticancer agents KRN330 (an antibody pharmaceutical) and KW-2449, while Phase I trials for hypophosphatemic treatment KRN-23 (an antibody pharmaceutical), organ transplant immunological rejection depression treatment ASKP 1240 (an antibody pharmaceutical) and anticancer agent BIW-8962 (an antibody pharmaceutical) have begun. In Europe, Phase I trials are progressing for anticancer agent KW-2478. In Australia, joint Phase I trials with ARCA biopharma, Inc. (formerly Nuvelo, Inc.) of the U.S., for inflammatory bowel disease treatment NU-206 have begun, while in China we received approval in September 2008 for the additional indication of angina pectoris for *Coniel*, and filed applications for approval of hyperphosphatemia treatment *Phosblock* in June 2008, and for *Allelock*, an antiallergic agent, in July 2008.

In the Bio-Chemicals business, net sales increased 1.9% to ¥88.4 billion, while operating income decreased 13.9% to ¥8.3 billion. Sales volumes of pharmaceutical and industrial use raw materials, particularly amino acids, nucleic acids and related compounds continued to grow steadily, but sales declined slightly due to the stronger yen in the second half of the fiscal year.

In healthcare products, revenues increased over the previous consolidated fiscal year due to firm growth of sales of dietary supplement amino acids overseas and steady growth in mail-order sales of the *Remake* series. In agrochemicals and products for the livestock and fisheries industry, sales decreased due to intensifying competition in agrochemicals in overseas markets and sluggish sales in the livestock and fisheries industries due to a rapid appreciation of the price of feed and raw materials and fuel. In alcohol, revenues were lower than in the previous year despite efforts to expand sales primarily in industrial use alcohol.

In R&D, we focused on R&D of new products and continued to pursue efficiencies for research in fermentation production technology aimed at reducing the production cost of amino acids, nucleic acids and related compounds. Further, we continued to focus on synthesis process research at Daiichi Fine Chemical, and on the discovery of functionalities and the development of applications for a wide-range of amino acids and other compounds at the Healthcare Products Development Center.

In the Chemicals business, net sales decreased 17.4% to ¥89.2 billion, while operating income was ¥0.0 billion (operating income for the previous fiscal year was ¥7.1 billion). In the first half of the year product prices were adjusted in response to higher raw materials and fuel prices and there was steady growth in functional environmental products such as refrigerant oil raw materials and high-purity solvents for electronic materials. In the second half of the fiscal year, both domestic and overseas sales volumes decreased significantly as demand rapidly dropped against a backdrop of global recession stemming from the financial

crisis in the U.S. In addition, a sharp drop in sales resulting from a major downturn in the product market due to a rapid fall in the price of raw materials and fuel, including naphtha and crude oil, caused an extremely severe operating environment.

In the Food business, sales decreased 2.0% to ¥42.4 billion, while operating income decreased 31.1% to ¥1.0 billion. In seasonings, sales of natural seasonings declined due to a rise in the price of raw materials and sluggish consumer spending, but growth in sales of *Umami* seasonings led to an increase in sales.

In bakery products and ingredients, sales were lower than in the previous year as a result of factors such as the suspension of product sales due to high raw material prices for processed dairy foods and others, and despite growth in sales of core products including yeast and flavor enhancers. In processed foods sales were lower than the previous year due to a decrease in instant noodle ingredients and others.

In the Other business segment, due partly to the new consolidation of Kashiwagi Corporation, sales increased 40.3% to ¥68.7 billion, while operating income increased 30.5% to ¥1.0 billion.

II. Forecasts for the fiscal period ending December 31, 2009

	<i>Billions of Yen</i>	%
	FORECAST	Change compared to
	Nine-months to	nine-months to
	December 31, 2009	December 31, 2008
Net sales	300.0	-17.2%
Operating income	27.0	-36.8%
Recurring income	27.5	-36.4%
Net income	13.0	+24.0%
Net income per share (¥)	¥22.65	+24.0%

1. These forecasts assume average exchange rates for fiscal 2009 of ¥90/US\$ and ¥120/euro.

2. Kyowa Kirin plans to change its fiscal year end from March 31 to December 31. As a result of this change, the forecasts for the next fiscal period (ending December 2009) are the consolidated results forecasts for an irregular period of 9-months (April 1, 2009 to December 31, 2009). The percentage changes above are as compared to the financial results for the nine-month period ended December 31, 2008 (April 1, 2008 to December 31, 2008).

In the nine-month period of fiscal 2009 we expect the domestic economy to continue to worsen. Furthermore, concerns that the global financial crisis may worsen and the global economy may perform below current expectations, as well as the effects of volatility on the equity and foreign exchange markets, etc., mean that there remains the risk of further downward pressure on the economy, and the outlook remains very uncertain.

In this environment, the Kyowa Hakko Kirin Group will undertake business reform initiatives to enhance competitiveness and strengthen operations, enhance R&D efficiencies while proactively investing business resources in our core Pharmaceuticals and Bio-Chemicals businesses and aiming for further growth to strengthen revenues.

Our consolidated financial results forecasts for the next term (the nine-month period from April 1, 2009 to December 31, 2009) are for net sales of ¥300.0 billion, a decrease of 17.2%, operating income of ¥27.0 billion, a decrease of 36.8% and recurring income of ¥27.5 billion, a decrease of 36.4%. As extraordinary losses are expected to decline significantly, net income is forecast to increase 24.0% to ¥13.0 billion.

In the Pharmaceuticals business, we forecast a decrease in both sales and profits compared to the previous fiscal period. We forecast an increase in sales of domestic pharmaceutical products over the previous year due to growth of core products such as anemia products *NESP* and *ESPO*, *REGPARA* Tablets, a treatment for secondary hyperthyroidism during dialysis therapy, *Allelock*, an antiallergic agent, and *Patanol*, an antiallergic ophthalmic solution. However, regarding the export of pharmaceutical products and licensing out of technology, the absence of a large one-off contract payment from a licensing contract with Amgen that was recorded under sales in the previous fiscal period, will have a significant impact, as will the expected decrease in revenues from the effects of a strong yen.

In the Bio-Chemicals business, we are forecasting growth in domestic and overseas sales volumes of core amino acids, nucleic acids and related compounds, however due to expected downward pressure on revenues from a strong yen and other factors, we expect revenues to be higher but profits to be lower than in the previous period. In addition, following the planned change of the Kyowa Hakko Kirin fiscal year end, there will no longer be a three-month disparity in consolidation of overseas subsidiaries with a December year end. As a result, financial results of the corresponding overseas subsidiaries for the 12-month period (January 1, 2009 to December 31, 2009) will be consolidated in the fiscal period ending December 2009.

In the Chemicals business we are forecasting a continued difficult operating environment, as demand remains depressed due to the global economic downturn. As regards product prices, compared to the previous period when price revisions were implemented following a steep rise of crude oil and naphtha prices, we expect lower price levels, so we are forecasting a significant decrease in sales and operating income compared to the previous nine-month period.

In the Food business, following the sale of a portion of the shares held by Kyowa Hakko Kirin in Kyowa Hakko Foods on March 31, 2009, Kyowa Hakko Foods and three of its consolidated subsidiaries are no longer consolidated subsidiaries of Kyowa Hakko Kirin and are now affiliated companies accounted for using the equity method. As a result, net sales and operating income for the Food business will not be reported for the nine-month period ending December 31, 2009. For the nine-month period ended December 31, 2008 net sales for the Food business was ¥32.8 billion and operating income was ¥0.9 billion.

**The above forecasts are based on information available and assumptions made at the time of release of this document about a number of uncertain factors that can affect results in the future. It is possible that actual results are materially different for a wide variety of reasons.*

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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.
