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## Kyowa Hakko Kirin Q3 (9 months) Operating Profit up 15.8%

**Tokyo, October 27, 2011--** Kyowa Hakko Kirin Co., Ltd. (Kyowa Hakko Kirin; TSE 4151) today announced its consolidated financial results for the third quarter of the fiscal year ending December 31, 2011 (the nine-month period from January 1, 2011 to September 30, 2011).

Due to the effects of the removal from consolidation of the Chemicals business, consolidated net sales for the nine-month period were ¥262.3 billion (down 13.8% compared to the first nine-months of the previous fiscal year). Despite a challenging operating environment, operating income was ¥38.5 billion (up 15.8%), recurring income was ¥38.5 billion (up 13.3%), and net income was ¥22.6 billion (up 57.3%).

Forecasts for the full year results to December 31, 2011 are unchanged from those announced on July 20, 2011.

Commenting on the results, Yuzuru Matsuda, President and CEO of Kyowa Hakko Kirin said, *“Group sales for the nine-month period were affected by the sale of Kyowa Hakko Chemical, which was consolidated only for the first quarter of the year. Despite a tough operating environment, group profits were up strongly driven by continued profit growth from our core Pharmaceuticals and Bio-Chemicals businesses. ProStrakan Group was consolidated from July 1 and we are collaborating closely to accelerate our global drug development and sales.”*

### Segmental performance

*Note: As of the second quarter of the current fiscal year, the Accounting Standards for Disclosure about Segments of an Enterprise and Related Information (ASBJ statement No. 17, March 27, 2009) and the Guidance on Accounting Standard for Disclosures about Segments of an Enterprise and Related Information (ASBJ Guidance No. 20, March 21, 2008) have been applied. Year-on-year comparisons are provided since the segmental classification following application of these accounting standards is the same as that previously used.*

### Pharmaceuticals

In the Pharmaceuticals business, consolidated net sales were ¥168.2 billion (up by 9.2% compared to the same period of the previous year), while operating income was ¥33.1 billion (up 25.1%). Domestic sales of core ethical pharmaceutical products including Nesp, a treatment for renal anemia, were robust while sales of Allelock, an antiallergic agent, and Patanol antiallergic eye drops, were significantly higher than the previous comparable period due to the effects of higher amounts of airborne pollen and other factors. In addition, sales of Fentos, a transdermal analgesic for persistent cancer pain, Asacol, an ulcerative colitis treatment, Regpara, a treatment for secondary hyperparathyroidism during dialysis therapy, and Romiplate, a treatment for chronic idiopathic thrombocytopenic purpura launched in April, also grew steadily. ProStrakan Group plc, a UK-based specialty pharmaceuticals company, was acquired on April 21, 2011 and as June 30, 2011 is considered as the acquisition date its results have been consolidated from that date. Therefore, the results of ProStrakan and its ten subsidiaries for the period July 1, 2011 to September 30, 2011 (sales of ¥3.7 billion) have been included in these consolidated financial results.

In the licensing-out of technologies and export of pharmaceutical products, revenues from licensing-out of technologies were lower than in the same period of the previous fiscal year while exports, primarily those to Asia, performed strongly.

In new drug development in Japan, in the cancer therapeutic area, KRN125 began Phase III clinical trials in February targeting chemotherapy induced febril neutropenia. In April, we submitted an NDA for anti-CCR4 antibody KW-0761 that targets adult T-cell leukemia-lymphoma. In August, ARQ 197, in combination with Erlotinib, began comparative international Phase 3 trials in Asia (Japan, Korea and Taiwan) for patients diagnosed with non-squamous, non-small cell lung cancer. In addition, Pegfilgrastim (product name Neulasta) was approved in Taiwan in September.

In therapeutic antibody research and development, while strengthening our in-house development pipeline of antibody pharmaceuticals, we also developed the global outlicensing of our POTELLIGENT<sup>®</sup> and COMPLEGENT<sup>®</sup> technologies via our U.S. subsidiary BioWa, Inc. To date, we have licensing agreements with 19 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.

### **Bio-Chemicals**

In the Bio-Chemicals business, consolidated net sales were ¥58.9 billion (down by 7.8% compared to the same period of the previous year), while operating income was ¥3.0 billion (up 6.0%). Sales volumes of pharmaceutical and industrial use raw materials, mainly amino acids, nucleic acids and related compounds showed steady growth due to active efforts to expand sales and strong overseas demand but sales declined, affected significantly by the strength of the yen.

In healthcare products, we achieved steady growth through initiatives to strengthen mail-order sales of our *Remake Series*, primarily those of own brand materials such as ornithine. However sales were lower than in the previous comparable period due to the delay of the planned April renewal of Kirin Health Project *KIRIN Plus-i* related products, resulting from the earthquake disaster.

Sales at Daiichi Fine Chemical declined due to drops in sales volumes and sales prices of certain bulk pharmaceuticals and intermediate products.

### **Chemicals**

*On March 31, 2011, Kyowa Hakko Kirin sold all outstanding shares of Kyowa Hakko Chemical. Since there are no longer any consolidated subsidiaries in the Chemicals business, the Chemicals segment results includes only the consolidated results of the first quarter of the consolidated fiscal year (January 1, 2011 to March 31, 2011).*

In the Chemicals business, consolidated net sales were ¥33.5 billion (up by 10.8% compared to the first quarter of the previous year), and operating income was ¥2.1 billion (up 216.6%). In the previous comparable period, the nine-month period from January 1, 2010 to September 30, 2010, net sales in the Chemicals business were ¥94.6 billion and operating income was ¥3.5 billion.

### **Other**

In the Other segment, consolidated net sales were ¥7.8 billion (up by 1.9% compared to the same period of the previous year), while operating income was ¥0.2 billion (up 1.5 %).

## Consolidated results forecasts

No revisions have been made to the consolidated results forecasts that were announced on July 20, 2011.

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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.*