

KYOWA KIRIN

FOR IMMEDIATE RELEASE

Kyowa Hakko Kirin Announces First Half Results for Fiscal 2012

Tokyo, July 27, 2012-- Kyowa Hakko Kirin Co., Ltd. (Kyowa Hakko Kirin; TSE 4151) today announced its consolidated financial results for the first half of the fiscal year ending December 2012 (the six-month period from January 1, 2012 to June 30, 2012).

Net sales for the first half were ¥166.2 billion (down 10.8% compared to the first half of the previous fiscal year), while operating income was ¥25.5 billion (down 14.5%), recurring income was ¥23 billion (down 23.6%) and net income was ¥11.5 billion (down 35.0%).

These figures include the effect of the disposal of the chemical business completed in March 2011. The chemical business contributed net sales of ¥33.5 billion and operating profit of ¥2.1 billion to first half results last fiscal year. On a like-for-like basis with the chemical business excluded from the comparison figures, net sales rose by 8.7% while operating income declined by 8.3%.

The sale of Kyowa Hakko Chemical was completed in March 2011, allowing us to focus our group resources on our Pharmaceuticals business. Notable achievements in the period under review were the new launch of POTELIGEO[®] (adult T-cell leukemia-lymphoma) and Apokyn[®] (Parkinson's disease), the full integration of the ProStrakan Group into Kyowa Hakko Kirin, the out-licensing of our proprietary POTELLIGENT[®] and COMPLEGENT[®] technologies as well as royalty income from our joint venture in biosimilar agents, FUJIFILM KYOWA KIRIN BIOLOGICS.

Forecasts for the full year results to December 31, 2012 are unchanged from the upwardly revised figures announced on July 19, 2012. Forecast consolidated net sales of ¥333.0 billion represent a decline of 3.1% compared to the previous fiscal year, mainly due to the exclusion of the Chemicals segment from consolidation in April 2011. Operating income is forecast to rise by 11.6% to ¥52.0 billion while net income is forecast to decline by 10.2% to ¥23.0 billion.

Commenting on the results, Nobuo Hanai, President and CEO of Kyowa Hakko Kirin said, *"The year-on-year comparisons in the first half were affected by the sale of Kyowa Hakko Chemical, which was consolidated until the first quarter of last fiscal year. For the full year, however, we expect operating income to post a year-on-year increase, reflecting our recent successful acquisition of the ProStrakan Group, the international licensing of our POTELLIGENT[®] technology, continued strong growth in core products such as NESP[®] as well as the contribution of newly approved medicines including POTELIGEO[®], the world's first antibody based on the POTELLIGENT[®] technology to be commercialized.*

These achievements show that Kyowa Hakko Kirin is progressing towards its goal of becoming a world-class, R&D-based life sciences company, founded on biotechnology with the pharmaceuticals business at its core".

Pharmaceuticals

In the Pharmaceutical business segment, consolidated net sales were ¥122.8 billion (up 9.2% compared to the same period of the previous year), while operating income was ¥23.3 billion (down 7.1%).

Domestic sales of pharmaceuticals were affected by the drug price revisions implemented on April 1, 2012 and overall domestic revenues declined despite a better-than-expected performance by core ethical pharmaceutical products. Sales of NESP[®], a treatment for renal anemia, were robust while those of REGPARA[®], a treatment for secondary hyperparathyroidism during dialysis therapy, Fentos[®], a transdermal analgesic for persistent cancer pain, and ASACOL[®], an ulcerative colitis treatment also posted solid growth. Furthermore, we began sales of POTELIGEO[®] for adult T-cell leukemia-lymphoma in May 2012. However, sales of ALLELOCK[®], an antiallergic agent, and Patanol[®] antiallergic eye drops were lower than the same period of last fiscal year due to a decline in airborne pollen counts.

Exports and royalty income in the pharmaceutical segment posted good gains over last year and were buoyed by royalty income from the FUJIFILM KYOWA KIRIN BIOLOGICS joint venture. In addition, the ProStrakan Group plc and its 11 subsidiaries, consolidated from the end of June 2011, performed favorably and in line with expectations, contributing net sales of ¥7.7 billion and an operating loss (after amortization of goodwill) of ¥2.0 billion.

As regards research and development activities, in oncology we obtained approval for the adult T-cell leukemia-lymphoma agent POTELIGEO[®] in March and launched the product in May. In addition, Kyowa Medex won approval in March for POTELIGEO[®] TEST, an in vitro diagnostic used to determine whether administration of POTELIGEO[®] is indicated, and this product was also launched in May. In South Korea, we secured approval in May for pegfilgrastim (brand name Neulasta).

In nephrology, we began Japanese phase II trials in February on RTA 402 for chronic kidney disease associated with Type 2 diabetes. In the central nervous system field we won domestic approval in March for Apokyn[®], a treatment for Parkinson's disease, and began domestic phase II trials in May on KHK6188, an agent for neuropathic pain in post-herpes zoster patients.

In the field of antibody R&D, we continued to pursue both the expansion of our in-house pipeline of antibody products as well as our strategy of promoting the fastest possible development of antibody-based medicines incorporating our original technology and the global out-licensing of the POTELLIGENT[®] and COMPLEGENT[®] technologies through our US subsidiary, BioWa Inc.

Bio-Chemicals

In the Bio-Chemicals business, consolidated net sales were ¥40.0 billion (down 0.7% compared to the same period of the previous year), while operating income was ¥2.0 billion (down 19.0%). Volume demand for pharmaceutical and industrial use raw materials, mainly amino acids, nucleic acids and related compounds, continued to be strong overseas, but net sales fell compared with the same period of last fiscal year due to the large impact of the European financial crisis and the strength of the Yen against the Euro.

In healthcare products, mail order revenues advanced helped by sales of *Remake Ornithine* and

other products, but sales of raw materials for food and drinks were sluggish with the result that overall sales were unchanged from the same period of the previous year.

Sales at Daiichi Fine Chemical advanced sharply over the same period of last fiscal year as the new production facilities for tranexamic acid completed last year came fully online. Tranexamic acid is used as an active ingredient in both pharmaceutical and non-pharmaceutical products.

Other Businesses

In the Other Businesses segment, consolidated net sales were ¥5.1 billion (down 2.5% compared to the same period of the previous year), while operating income was ¥0.1 billion (up 5.1%).

Consolidated results forecasts

No revisions have been made to the latest forecasts of consolidated results as announced on July 19, 2012.

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

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