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Stock market code: 4151

Listed on stock markets in: Tokyo, Osaka, Nagoya, Fukuoka, and Sapporo

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Kyowa Hakko Revises Earnings Forecasts for Year Ending March 2002

March 26, 2002 – Kyowa Hakko Kogyo Co., Ltd. announced that its earnings forecasts for the year ending March 2002 will be lower than the previous estimates announced on November 14, 2001, due to recent fluctuations in the business environment. Details are as follows.

1. Revised Consolidated Results Forecasts for fiscal year April 1, 2001 – March 31, 2002)

(Unit: millions of yen, %)

	Net Sales	Operating Income	Recurring Profit	Net Income
Previous forecast (A) (Announced on November 14, 2001)	387,000		20,000	8,000
New forecast (B)	381,000	21,000	18,000	5,500
Difference (B)-(A)	(6,000)		(2,000)	(2,500)
Relative Difference	(1.6)		(10.0)	(31.3)
FY2001 Figure	375,609	17,712	16,611	9,395

2. Revised Non-consolidated Results Forecasts for FY2002

(Unit: Millions of yen, %)

	Net Sales	Operating Income	Recurring Profit	Net Income
Previous Forecast (A) (Announced on November 14, 2001)	315,000	-	20,000	8,500
New Forecast (B)	310,000	19,000	18,500	5,000
Difference (B)-(A)	(5,000)	-	(1,500)	(3,500)
Relative Difference	(1.6)	-	(7.5)	(41.2)
FY2001 Figure	306,653	17,264	17,970	9,894

3. Reasons for the Revisions

(1) During the current fiscal year, Kyowa Hakko recorded losses on the valuation of fixed assets as part of its overseas business restructuring. Fluctuations in foreign exchange rates since the previous results forecast caused these losses to be greater than expected. In addition, the Company will also book losses associated with the decision to cease the corporate entity of U.S. subsidiary Kyowa Foods Inc. during the current fiscal year. Therefore extraordinary losses on a consolidated basis look set to rise to 20 billion yen, about 2 billion yen more than previous forecast. Extraordinary losses on a non-consolidated basis are expected to rise 5 billion yen to 26 billion yen.

(2) For the most part, the Pharmaceuticals business has performed well throughout the current year. However, sales at the Bio-Chemical business fell due to the withdrawal from certain unprofitable products in this area, and sales at the Chemicals business also fell due to the weakness of domestic demand and a general slump in the market. Falling prices and the mad cow disease scare affected earnings in the Liquor and Food business. Net sales will also fall short of previous forecasts due to these factors. However, net sales are still predicted to rise 1.4% on a consolidated basis and 1.1% on a non-consolidated basis from the year before.

The decline in net sales will impact upon operating income, which is also expected to fall short of the forecasts made on October 25, 2001. Consolidated operating income was expected to be 23 billion yen, while non-consolidated operating income was forecast to be 20.5 billion yen. However, operating income is expected to rise 18.6% from the year before on a consolidated basis and to rise 10.1% on a non-consolidated basis. Recurring profit is also due to fall short of forecasts for the same reasons as operating income, though it will rise 8.4% on a consolidated basis and 2.9% on a non-consolidated basis from the year before

(3) As a result of these considerations, net income forecasts have also been adjusted as shown above.

Note: Results forecasts represent the conclusions reached by the management of Kyowa Hakko after careful consideration of the information available at the time. Readers should be aware that actual results can differ from forecasts for a wide variety of reasons.

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