

**FOR IMMEDIATE RELEASE**

**Contact**

**Tetsuo Hanai**

**General Manager, Corporate Communications Dept.**

**Kyowa Hakko Kogyo Co., Ltd.**

**1-6-1 Otemachi, Chiyoda-ku, Tokyo**

**Phone: 81-3-3282-0009**

**Kyowa Hakko Announces Dissolution of Its Subsidiary,  
FERMENTACIONES MEXICANAS, S.A. DE C.V.**

Tokyo -- July 29, 2003 -- Kyowa Hakko Kogyo Co., Ltd. announces that a resolution to dissolve one of its consolidated subsidiaries was adopted by its board of directors at a meeting held on July 29, 2003.

**1. Information about the company to be dissolved**

- 1) Name: FERMENTACIONES MEXICANAS, S.A. DE C.V.**
- 2) Location of head office: The State of Veracruz, the United States of Mexico**
- 3) Representative: Michinobu Inoue, President**

**2. Reason for Dissolution**

FERMENTACIONES MEXICANAS, S.A. DE C.V. has been attempting to improve its profitability by such means as the introduction of new technology, in an intensified competitive environment in feed-grade amino acid business. However, given high price volatility in raw materials and other commodity prices, prospect of the company being able to secure stable profitability and improve its competitiveness appears limited. As a result, through careful assessment, Kyowa Hakko reached a decision to dissolve the company as part of its efforts to rationalize its overseas business operations.

Kyowa Hakko will continue to strengthen its high value-added amino acid business.

3. Outline of FERMENTACIONES MEXICANAS, S.A. DE C.V.

- 1) Lines of Business: Production and distribution of feed-grade amino acids
- 2) Established: February, 1975
- 3) Capital: 30,521 thousand pesos
- 4) Shares issued and outstanding: 30,521,577 shares
- 5) Total Assets: 893,142 thousand pesos (as of the end of December 2002)
- 6) Fiscal Year-end: December
- 7) Number of Employees: 286
- 8) Ownership: 100% owned by Kyowa Hakko Kogyo Co., Ltd.

4. Operating Results for the Last 3 Years

in 1,000 pesos

	2000	2001	2002
Net Sales	515,155	539,365	511,478
Operating profit	-68,103	-42,199	-127,677
Net income	-50,549	-20,887	-199,252

(Note: 1 peso is equivalent to 11.35 yen as of July 28, 2003)

5. Schedule of Dissolution

Dissolution of FERMENTACIONES MEXICANAS, S.A. DE C.V. is scheduled to be completed by the end of March 2004.

6. Impact of the Dissolution on the Performance of Kyowa Hakko

In view of its recent performance, revaluation losses on the investment in FERMENTACIONES MEXICANAS, S.A. DE C.V. were recognized as extraordinary losses as part of losses related to restructuring of overseas operations, in Kyowa Hakko's financial statements, both consolidated and non-consolidated, for the previous term. Revision, if any, of the fiscal 2003 earnings projections announced on May 14, 2003 on both consolidated and non-consolidated basis, will be made when the amounts of additional costs and expenses incurred in the process of liquidation is known to us.

**Note:**

*This document is an English translation of the original Japanese press release that was filed at the Tokyo Stock Exchange in Japan at 15:00 on July 29, 2003.*