KYOWA

PRESS RELEASE

Kyowa Hakko Revises Consolidated and Non-Consolidated Full-year Forecasts

Tokyo, March 23, 2004 – Kyowa Hakko Kogyo Co., Ltd. (“Kyowa Hakko”) today issued revised consolidated and non-consolidated forecasts for the year ending March 31, 2004. The revisions are principally due to the effect of recent business trends on performance. Details of the revised forecasts are as follows, along with the previous forecasts that were issued on November 12, 2003.

1. Revised consolidated forecasts for the period from April 1, 2003 to March 31, 2004

Millions of yen

	Net sales	Operating income	Recurring income	Net income
Previous forecast	348,000	26,000	24,000	6,000
Revised forecast	347,000	25,500	24,000	9,000
Difference in forecasts	(1,000)	(500)	0	3,000
Percentage change	(0.3%)	(1.9%)	0	50.0%
Previous year’s results	359,284	16,088	11,675	8,484

2. Revised non-consolidated forecasts for the period from April 1, 2003 to March 31, 2004

Millions of yen

	Net sales	Operating income	Recurring income	Net income
Previous forecast	287,000	18,500	17,500	2,000
Revised forecast	283,000	18,000	17,000	2,000
Difference in forecasts	(4,000)	(500)	(500)	0
Percentage change	(1.4%)	(2.7%)	(2.9%)	0
Previous year’s results	294,277	12,214	11,436	6,718

3. Reasons for revision to full-year consolidated results forecast

Net sales for the current consolidated fiscal year are expected to decline compared to the previous fiscal year following the transfer in September 2002 of the alcoholic beverage business, (which had sales of approximately ¥14.3 billion in the food segment), and are now expected to be in line with the previous forecast. Operating income and recurring income are both expected to be similar to the previous forecast and to be significantly higher than in the previous fiscal year.

Net income is expected to be significantly higher than previously forecast following a revision to the extraordinary losses relating to the liquidation of a Mexican subsidiary, which were assumed in the interim results, and following a sale of investment securities in the second half of the fiscal year. These factors also helped to offset losses stemming from a product recall whereby fine copper wiring contaminated bread flour at Asahi Foods Products Co., Ltd., a consolidated subsidiary.
As a result the consolidated forecasts have been revised.

Non-consolidated net sales, operating income, and recurring income are expected to be slightly lower than previously forecast because of a decline in sales in the Pharmaceutical Business. Non-consolidated net income, however, is expected to be in line with the previous forecast.

For reference: Changes to consolidated forecasts for each business segment

Millions of yen

	Net sales			**Operating income**		
	Year to March 31, 2003 (Actual)	Year to March 31, 2004 (Forecast)	Difference	Year to March 31, 2003 (Actual)	Year to March 31, 2004 (Forecast)	Difference
Pharmaceuticals	140,593	142,000	1,407	11,014	11,100	86
Bio-Chemicals	58,525	60,500	1,975	1,974	8,500	6,526
Chemicals	65,157	65,000	(157)	1,099	2,200	1,101
Food	72,321	56,000	(16,321)	(367)	1,700	2,067
Others	63,485	64,000	515	2,596	2,000	(596)
Elimination	(40,799)	(40,500)	299	(229)	--	229
Total	359,284	347,000	(12,284)	16,088	25,500	9,412

Comparisons with previous forecast

(1) Pharmaceutical business

Sales of *Coniel,* a treatment for hypertension and angina, and *Durotep Patch*, which relieves persistent cancer pain, rose. However revenue is expected to be below that of previous forecasts mainly because of changes in demand in the anti-allergy market.

(2) Bio-Chemicals business

Sales are expected to be in line with expectations because of increased sales of pharmaceutical-, food-, and industrial-use amino acids and pharmaceutical raw materials. Operating income is expected to be higher than originally forecast because of improvements to the structure of overseas subsidiaries, improved business results, and other factors.

(3) Chemical business

Sales are expected to be in line with the previous forecast. Sales of ultra-pure solvents and functional products rose, however after including the effect of a rapid rise in raw material prices, operating income is expected to be slightly lower than previously forecast.

(4) Food business

Both sales and operating income are expected to be lower than previously forecast because of the effect of product price declines and other factors.

(5) Other business

Both sales and operating income are expected to be higher than previously forecast.

Official consolidated and non-consolidated forecasts for the year ending March 31, 2005 will be made at the release of the financial statements for the year ending March 31, 2004. The outlook for the each business segment is as follows:

In the Pharmaceuticals Business, although there will be some impact from the lowering of National Health Insurance reimbursement prices, increased sales of *Allelock*, an anti-allergy agent, and *Durotep Patch* mean that consolidated sales and operating income are expected to be slightly higher than the consolidated forecasts for the current fiscal year.

In the Bio-Chemicals Business, the exclusion from consolidation of the liquidated Mexican subsidiary will reduce revenue by about ¥5 billion. However, overall revenue is expected to be higher than that of the current fiscal year because of an increase in sales of amino acids, and the transfer and integration of the healthcare and alcohol businesses into the Bio-Chemicals Business. Including the impact of foreign exchange rates and lower product prices, operating income is expected to decline.

Sales in the Chemicals Business are expected to be broadly the same as in the current fiscal year. Operating income is expected to rise because of increased sales of functional products and other factors.

In the Food Business, sales are expected to fall following the planned transfer of the healthcare and alcohol businesses to the Bio-Chemicals Business. In addition, taking into account the effect of a decline in product prices, operating income is expected to be below that of this year's consolidated forecasts.

As a result, consolidated net sales for the year ending March 31, 2005 are expected to be slightly lower than consolidated forecasts for the current fiscal year, while consolidated operating income is expected to be roughly in line with this year's forecasts. Recurring income and net income are both expected to rise because a reduction in interest-bearing liabilities is expected to improve non-operating income, and because we do not, currently, expect to record any extraordinary losses.

*The above forecasts and business outlook have been produced based on information available at the time of the release of this document and contain many undetermined factors. Please be aware that, as a result of economic conditions and other features of the markets in which the Company operates, actual results can differ materially from these forecasts.