

## Kyowa Hakko Revises Consolidated and Non-Consolidated Forecasts

**Tokyo, October 22, 2004** – Kyowa Hakko Kogyo Co., Ltd. (“Kyowa Hakko”) today issued revised consolidated and non-consolidated forecasts for the interim and full year periods of the fiscal year ending March 31, 2005. The revisions are principally due to the effect of recent business trends on performance. Details of the revised forecasts, along with the previous forecasts announced on May 12, 2004, are as follows:

### I. Revised forecasts

#### 1. Revised forecasts (Interim period)

Revised consolidated forecasts for the period from April 1, 2004 to September 30, 2004

	<i>Millions of yen</i>			
	<b>Net sales</b>	<b>Operating income</b>	<b>Recurring income</b>	<b>Net income</b>
Previous forecast	167,000	11,000	11,000	6,000
Revised forecast	180,000	15,500	16,000	9,000
Difference in forecasts	13,000	4,500	5,000	3,000
Percentage change	7.8%	40.9%	45.5%	50.0%
Reference: Previous interim period results	177,572	12,660	11,677	- 4,070

Revised non-consolidated forecasts for the period from April 1, 2004 to September 30, 2004

	<i>Millions of yen</i>			
	<b>Net sales</b>	<b>Operating income</b>	<b>Recurring income</b>	<b>Net income</b>
Previous forecast	110,000	7,000	7,000	4,000
Revised forecast	115,000	11,000	11,700	8,200
Difference in forecasts	5,000	4,000	4,700	4,200
Percentage change	4.5%	57.1%	67.1%	105.0%
Reference: Previous interim period results	143,071	8,811	8,578	- 6,321

## 2. Revised forecasts (Full-year)

Revised consolidated forecasts for the period from April 1, 2004 to 31 March, 2005

*Millions of yen*

	<b>Net sales</b>	<b>Operating income</b>	<b>Recurring income</b>	<b>Net income</b>
Previous forecast	335,000	27,000	27,000	15,000
Revised forecast	355,000	28,000	28,000	15,000
Difference in forecasts	20,000	1,000	1,000	-
Percentage change	6.0%	3.7%	3.7%	-
Reference: Previous year's results	348,838	26,836	24,792	10,017

Revised non-consolidated forecasts for the period from April 1, 2004 to 31 March, 2005

*Millions of yen*

	<b>Net sales</b>	<b>Operating income</b>	<b>Recurring income</b>	<b>Net income</b>
Previous forecast	220,000	18,000	18,000	10,000
Revised forecast	230,000	19,000	19,000	11,000
Difference in forecasts	10,000	1,000	1,000	1,000
Percentage change	4.5%	5.6%	5.6%	10.0%
Reference: Previous year's results	285,867	19,202	17,584	2,097

## II. Main reasons for revised forecasts

Consolidated and non-consolidated net sales for the interim period are expected to exceed our previous forecast due in particular to growth in the pharmaceuticals business. Operating income and recurring income are also each expected to exceed the previous forecast and to be higher than results for the interim period of the previous fiscal year.

In the Pharmaceutical Business, despite effects from the lowering of National Health reimbursement prices implemented in April 2004, consolidated and non-consolidated net sales are expected to be higher than our initial projection due to growth in prescription pharmaceuticals including *Allelock*, an antiallergic agent, *Durotep Patch*, an analgesic for persistent cancer pain, and *Itrizole*, an oral antimycological agent. Operating income is expected to be significantly higher than our initial projection reflecting the aforementioned increase in revenue and delays in the recognition of expenses.



In the Bio-Chemicals Business, the strong demand for amino acids used in health foods (beverages) seen up until last year did not continue and non-consolidated net sales and operating income are expected to be below initial forecasts. However consolidated net sales are expected to be in line with our initial forecasts and consolidated operating income is expected to slightly exceed our initial forecast.

In the Chemicals Business, net sales and operating income are expected to be higher than previously forecast because of increases in shipment volumes and product prices, and growth in functional product lines amid recovering conditions in foreign and domestic petrochemical markets driven by demand in a robust Chinese market.

In the Foods Business, despite the effects of sluggish personal consumption and a very hot summer, as a result of our success in reducing costs, both net sales and operating income are expected to be maintained at around previously forecast levels.

As a result of these factors, consolidated and non-consolidated operating income, recurring income, and net income for the interim period are each expected to significantly exceed our previous forecast so we have revised our interim period forecast.

In addition, as results for the interim period are expected to exceed our initial projection, forecasts for the fiscal year have also been revised.

\*The above consolidated and non-consolidated forecasts 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.

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