



FOR IMMEDIATE RELEASE

Kyowa Hakko Announces 18.1% Increase in YTD Operating Income and Upward Revision of Its Full Year Forecasts

Tokyo, February 7, 2005 --- Kyowa Hakko Kogyo Co., Ltd. (Kyowa Hakko) today announced continued strong growth in consolidated operating income for the nine-month period ended December 31, 2004 compared to the first nine months of the previous fiscal year. Consolidated net sales also grew and Kyowa Hakko has raised its forecasts for consolidated net sales, recurring income and net income for the full year to March 31, 2005.

In the nine months to December 31, 2004 operating income was 26.0 billion yen, up 4 billion yen, or 18.1%, and net sales were 274.8 billion yen, up 4.9 billion yen, or 1.8%, from the comparable period the year before. Consolidated net income was 15.3 billion yen and net income per share was 35.66 yen. Kyowa Hakko also performed a share buy-back during the third quarter of fiscal 2004, purchasing 7 million shares for 5.2 billion yen.

In the Pharmaceuticals Business, despite the influence of the National Health Insurance reimbursement price reductions in April 2004, sales of such products as Allelock, an antiallergic agent and Durotep Patch, an analgesic for persistent cancer pain continued to rise, and volume sales of the major product Coniel, a treatment for hypertension and angina pectoris, also performed better than in the previous comparable fiscal period. In the Bio-Chemicals Business, sales of amino acids and nucleic acid related materials for pharmaceuticals, food, and industrial use declined compared to their outstanding performance in the comparable period the year before. In the Chemicals Business, volume sales of functional products and solvents increased and, as a result of price revisions in Japan and good market conditions overseas, net sales increased. In the Food Business, sales of natural seasonings including brewed seasonings and bread and cake ingredients rose, but in processed foods, sales of OEM products were lower and overall sales of this segment declined compared to the first nine months of the previous fiscal year.

Commenting on the results Dr. Yuzuru Matsuda, President of Kyowa Hakko said 'Business performance in the nine months ended December 2004 has been good and has exceeded planned levels, and as a result we have raised our forecasts for the full year. In particular the success of the measures we have taken to strengthen domestic marketing of pharmaceutical products is helping us to achieve sustained growth.'

Results for the nine months ended December 31, 2004

(Millions of Yen)

	Nine Months to December 31, 2004	Nine Months to December 31, 2003	YOY Change (%)	FY ended March 31, 2004
Net sales	274,881	269,890	1.8	348,838
Operating income	26,099	22,095	18.1	26,836
Recurring income	26,081	--	--	24,792
Net income	15,305	--	--	10,017
Net income per share (yen)	35.66	--	--	23.00

Because quarterly results other than those for net sales and operating income have only been disclosed since the first quarter of fiscal 2004, year-on-year comparisons are unavailable.

Forecasts for the fiscal year ending March 31, 2005

	Fiscal Year ending March 31, 2005	
	(Millions of Yen)	
	New forecast (February 7, 2005)	Previous forecast (November 10, 2004)
Net sales	360,000	355,000
Recurring income	29,000	28,000
Net income	16,000	15,000

Forecast net income per share: 37.81 yen

*The above forecasts are based on information available and assumptions made about a number of uncertain factors at the time of release of this document that can affect results in the future. It is possible that actual results are materially different for a wide variety of reasons.

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