

## Financial Report

### First Quarter Results for the Fiscal Year Ending March 31, 2010

July 31, 2009

(Any fraction sum of less than a million yen is discarded.)

#### 1. First Quarter Consolidated Business Performance (From April 1, 2009 to June 30, 2009) for the Fiscal Year Ending March 31, 2010

(1) Consolidated Operating Results (aggregated) (% indicates percent change to the same period of previous fiscal year.)  
(Amount in millions except \*)

	Net Sales		Operating Income		Ordinary Income		Net Income	
Three Months Ended June 30, 2009	¥ 3,286	31.9 %	¥ 345	—	¥ 377	—	¥ 253	—
Three Months Ended June 30, 2008	¥ 2,492	—	¥ (276)	—	¥ (178)	—	¥ (188)	—

	Earning Per Share *	Diluted Earning Per Share *
Three months ended June 30, 2009	¥ 9.62	¥ 9.61
Three months ended June 30, 2008	¥ (6.98)	—

#### (2) Consolidated Financial Condition

(Amount in millions except \*)

	Total Assets	Total Net Assets	Equity Ratio	Book Value Per Share*
As of June 30, 2009	¥ 26,023	¥ 17,009	65.0 %	¥ 644.64
As of March 31, 2009	¥ 24,767	¥ 16,984	68.2 %	¥ 635.20

Note: Equity As of June 30, 2009 16,904 million yen As of March 31, 2009 16,879 million yen

#### 2. Dividends

(Amount in millions except \*)

	Dividend Per Share *				
(Record date)	1st quarter end	2nd quarter end	3rd quarter end	Year-end	Annual
FY 2008	—	¥ 5.00	—	¥ 5.00	¥ 10.00
FY 2009	—	—	—	—	—
FY 2009 (Forecast)	—	¥ 5.00	—	¥ 5.00	¥ 10.00

Note: Modifications in the dividend forecasts for Fiscal 2009: None

#### 3. Consolidated Business Forecast (From April 1, 2009 to March 31, 2010)

(% indicates percentage change to the same period of the previous fiscal year)

(Amount in millions except \*)

	Net sales		Operating Income		Ordinary Income		Net Income		Earning Per Share *
Interim fiscal year ended Sep. 30, 2009	¥ 6,000	15.9 %	¥ 150	—	¥ 170	—	¥ 110	—	¥ 4.19
Full fiscal year	¥ 12,300	1.8 %	¥ 590	8.0 %	¥ 590	(8.1) %	¥ 340	(37.0) %	¥ 12.97

Note: Modifications in forecasts of consolidated business performance for Fiscal 2009: None

※ Explanation on appropriate use of “Business Forecast” and other special instructions  
The aforementioned forecast is based on available data as at the issue date of this document.  
Actual results may differ from those anticipated in the forecast due to various factors.

## I. Descriptive Information and Financial Statements

### Descriptive Information on Consolidated Operating Results

During the first quarter ended June 30, 2009, sales of the Company's main product, Growject ®, a recombinant human growth hormone product, reached ¥2,163 million, an increase of ¥128 million from the same period of the previous year. Sales of urine-derived products and bulk substance of anticancer drug, etc. remained at a satisfactory level. As a result, sales of pharmaceutical business reached ¥3,197 million, an increase of ¥802 million over the same period of the previous year. In contrast, sales of medical devices and laboratory equipment business resulted ¥88 million yen, a decrease of ¥8 million over the same period of the previous year. As a result, the consolidated sales of the Company during the three months ended June 30, 2009 reached ¥3,286 million, an increase of ¥794 million from the same period of the previous year).

In terms of profit and loss, selling, general and administrative expenses decreased by ¥140 million to ¥1,915 million over the same period of the previous year. As a result, the Company recorded operating income of ¥345 million (compared to an operating loss of ¥276 million in the same period of the previous year), ordinary income of ¥377 million (compared to an ordinary loss of ¥178 million in the same period of the previous year) and net income of ¥253 million (compared to a net loss of ¥188 million in the same period of the previous year). Decrease in selling, general and administrative expenses was primarily attributed to decrease of R&D expenses by ¥277 million over the same period of the previous year, resulting from significant decrease in clinical trial expenses of JR-013, a recombinant human erythropoietin for treatment of renal anemia, of which application for marketing approval was filed in November 2008.

Sales by business segments are as shown below.

Sales by business segments:

Business segment	Consolidated First Quarter of Fiscal Year 2008 (Apr.1, 2008 - Jun. 30, 2008)		Consolidated First Quarter of Fiscal Year 2009 (Apr.1, 2009 - Jun. 30, 2009)		Increase and decrease
	JPY Thousand	Composition ratio (%)	JPY Thousand	Composition ratio (%)	JPY Thousand
Pharmaceuticals	2,395,180	96.2	3,197,880	97.3	802,699
Medical devices & laboratory equipment	97,003	3.8	88,526	2.7	(8,476)
Total	2,492,184	100.0	3,286,407	100.0	794,222

**II. Consolidated Quarterly Financial Statements****(1) Consolidated Quarterly Balance Sheets**

Yen in thousands

	As of June 30, 2009	As of March 31, 2009
<b>Assets</b>		
<b>Current assets</b>		
Cash and deposits	1,465,592	2,032,785
Notes and accounts receivable-trade	3,796,636	3,000,487
Short-term investment securities	3,261,974	3,919,851
Merchandise and finished goods	1,168,981	1,352,911
Work in process	1,223,281	822,692
Raw materials and supplies	1,225,975	1,038,937
Other	2,668,486	2,067,438
Allowance for doubtful accounts	(287)	(178)
<b>Current assets</b>	<b>14,810,642</b>	<b>14,234,926</b>
<b>Noncurrent assets</b>		
Property, plant and equipment		
Land	3,495,170	3,492,049
Other, net	4,399,421	3,942,989
Property, plant and equipment	7,894,591	7,435,038
Intangible assets	67,522	59,336
Investments and other assets		
Investment securities	2,732,989	2,503,379
Other	698,326	714,756
Allowance for doubtful accounts	(180,250)	(180,250)
Investments and other assets	3,251,065	3,037,885
<b>Noncurrent assets</b>	<b>11,213,179</b>	<b>10,532,261</b>
<b>Assets</b>	<b>26,023,821</b>	<b>24,767,187</b>
<b>Liabilities</b>		
<b>Current liabilities</b>		
Notes and accounts payable-trade	1,186,623	808,920
Short-term loans payable	1,547,200	1,547,200
Income taxes payable	144,252	33,574
Provision for bonuses	316,819	198,783
Provision for directors' bonuses	46,875	37,500
Other	2,487,808	1,867,648
<b>Current liabilities</b>	<b>5,729,578</b>	<b>4,493,627</b>
<b>Noncurrent liabilities</b>		
Bonds payable	2,000,000	2,000,000
Long-term loans payable	815,200	832,000
Provision for retirement benefits	39,010	46,872
Other	430,172	409,973
<b>Noncurrent liabilities</b>	<b>3,284,382</b>	<b>3,288,846</b>
<b>Liabilities</b>	<b>9,013,961</b>	<b>7,782,473</b>

(Continued)

Yen in thousands

	As of June 30, 2009	As of March 31, 2009
<b>Net assets</b>		
<b>Shareholders' equity</b>		
Capital stock	7,504,866	7,504,866
Capital surplus	8,411,596	8,411,316
Retained earnings	1,594,420	1,474,082
Treasury stock	(648,469)	(515,545)
<b>Shareholders' equity</b>	<b>16,862,415</b>	<b>16,874,721</b>
<b>Valuation and translation adjustments</b>		
Valuation difference on available-for-sale securities	2,275	(38,327)
Deferred gains or losses on hedge	(42,223)	(18,751)
Foreign currency translation adjustments	81,587	62,265
Valuation and translation adjustment	41,639	5,186
Subscription rights to shares	100,000	100,000
Minority interests	5,805	4,805
<b>Net assets</b>	<b>17,009,860</b>	<b>16,984,713</b>
<b>Liabilities and net assets</b>	<b>26,023,821</b>	<b>24,767,187</b>

**(2) Consolidated Quarterly Statements of Income**

Yen in thousands

	Three months ended June 30, 2008 (Apr. 1, 2008 to June 30, 2008)	Three months ended June 30, 2009 (Apr. 1, 2009 to June 30, 2009)
Net sales	2,492,184	3,286,407
Cost of sales	712,571	1,025,154
<b>Gross profit</b>	<b>1,779,613</b>	<b>2,261,252</b>
Selling, general and administrative expenses		
Selling, general and administrative expenses	2,056,365	1,915,474
<b>Operating income</b>	<b>(276,752)</b>	<b>345,778</b>
<b>Non-operating income</b>		
Interest income	16,086	11,472
Dividends income	9,602	9,592
Insurance return	—	24,542
Income from product development investment	90,000	—
Other	5,683	4,492
Non-operating income	121,372	50,099
<b>Non-operating expenses</b>		
Interest expenses	17,155	16,036
Other	6,083	1,908
Non-operating expenses	23,239	17,944
<b>Ordinary income</b>	<b>(178,619)</b>	<b>377,933</b>
<b>Extraordinary income</b>		
Gain on sales of investment securities	—	13,914
Extraordinary income	—	13,914
<b>Extraordinary loss</b>		
Loss on disposal of noncurrent assets	679	1,673
Provision of allowance for doubtful accounts of golf club membership	3,600	—
Extraordinary loss	4,279	1,673
Income before income taxes and minority interests	(182,898)	390,174
Income taxes-current	2,694	133,560
Income taxes-deferred	3,815	3,126
Income taxes	6,509	136,687
Minority interests in income	(789)	278
<b>Net income</b>	<b>(188,619)</b>	<b>253,209</b>