

Financial Summary**Consolidated Financial Results for the Three Months Ended June 30, 2012 (Q1 FY2012)**

July 27, 2012

(Amounts of less than one million yen are rounded down to the nearest million yen.)

1. Consolidated Financial Results for Q1 FY2012 (Apr. 1, 2012 - Jun. 30, 2012)**(1) Consolidated Operating Results (Cumulative)**

(Percentage shows year-on-year changes)

| | Net Sales | | Operating Income | | Ordinary Income | | Net Income | |
|--------------------|-------------|--------|------------------|--------|-----------------|--------|-------------|--------|
| Three Months Ended | Million yen | % | Million yen | % | Million yen | % | Million yen | % |
| Jun. 30, 2012 | 3,178 | 3.0 | 111 | (18.9) | 112 | (20.0) | 63 | (46.2) |
| Jun. 30, 2011 | 3,087 | (21.1) | 137 | (84.7) | 140 | (84.2) | 117 | (78.7) |

(Note) Comprehensive income ;

Three months ended Jun. 30, 2012 : 55 million yen Three months ended Jun. 30, 2011 : 71 million yen

| | Net Income per Share (basic) | Net Income per Share (diluted) |
|--------------------|---------------------------------|-----------------------------------|
| Three Months Ended | Yen | Yen |
| Jun. 30, 2012 | 1.99 | 1.98 |
| Jun. 30, 2011 | 3.63 | 3.62 |

(2) Consolidated Financial Position

| | Total Assets | Net Assets | Equity Ratio |
|---------------|--------------|-------------|--------------|
| As of | Million yen | Million yen | % |
| Jun. 30, 2012 | 29,038 | 22,515 | 77.2 |
| Mar. 31, 2012 | 28,967 | 22,633 | 77.8 |

(Reference) Shareholders' Equity ; As of Jun. 30, 2012 : 22,414 Million yen As of Mar. 31, 2012 : 22,535 Million yen

2. Dividends

| | Dividend per Share | | | | |
|--------------------|--------------------|-----------------|-----------------|----------|--------|
| (Base date) | 1st quarter-end | 2nd quarter-end | 3rd quarter-end | Year-end | Annual |
| | Yen | Yen | Yen | Yen | Yen |
| FY 2011 | — | 6.00 | — | 6.00 | 12.00 |
| FY 2012 | — | | | | |
| FY 2012 (Forecast) | | 6.00 | — | 6.00 | 12.00 |

(Note) Revisions of the latest forecast of dividends : None

3. Consolidated Forecasts for the Fiscal Year Ending March 31, 2013 (Apr. 1, 2012 - Mar. 31, 2013)

(Percentage figures for the fiscal year represent the changes from the previous year)

| | Net Sales | | Operating Income | | Ordinary Income | | Net Income | | Net Income per Share |
|---------------------------------|-------------|-----|------------------|--------|-----------------|--------|-------------|--------|-------------------------|
| | Million yen | % | Million yen | % | Million yen | % | Million yen | % | Yen |
| Six months ending Sep. 30, 2012 | 6,500 | 1.8 | 310 | (45.6) | 300 | (42.7) | 180 | (44.5) | 5.68 |
| Year ending Mar. 31, 2013 | 13,400 | 4.3 | 1,160 | 6.4 | 1,140 | 13.4 | 670 | 5.7 | 21.13 |

(Note) Revisions of the latest forecast of consolidated operating performance : None

※ Information regarding the implementation of quarterly review procedures

These quarterly financial results are not subject to quarterly review procedures. At the time of disclosure of these financial results, the quarterly consolidated Financial statement review procedures based on the Financial Instruments and Exchange Law of Japan are in progress.

※ Explanations and other special notes concerning the appropriate use of business performance forecasts

The forward-looking statements such as a result forecasts in this document are based on the information available to the Company at the time of the announcement and on certain assumptions considered reasonable. Actual results may differ materially from the forecast depending on various factors.

1. Descriptive Information and Financial Statements

Descriptive Information on Consolidated Operating Results

During the first quarter ended June 30, 2012, an average reduction of 6.4 % on the National Health Insurance (NHI) Price was introduced in April. As a consequence, the NHI price of the Company's core product, **Growject®**, a recombinant human growth hormone product, decreased by 6.9%, and the Company strived to make up with additional sales volume by further strengthening the regional marketing. In parallel, the Company proactively promoted its bio-drug, **Epoetin Alfa BS Inj. JCR** for treatment of renal anemia, in collaboration with the co-marketer, Kissei Pharmaceutical Co., Ltd. against a background of the increase in demands for drug cost reduction among medical institutions due to the change of comprehensive medical system for dialysis treatment.

On the other hand, the global quality assurance system, which the Company has been gearing to establish in the manufacturing facilities, has reached the final stage.

Regarding research and development, Phase II/III study of JR-031, human Mesenchymal Stem Cells (MSC) has progressed smoothly since last year. It was encouraging for us that Osiris Therapeutics, Inc., the licensor of the MSC technology, received market authorization for the pediatric treatment of acute graft versus host disease (GvHD) in Canada in May and in New Zealand in June this year. JCR will continue to endeavor towards successful completion of the clinical development and filing in Japan.

As a result, despite the drug price reduction in April, the sales of Growject® and Epoetin Alpha BS Inj. JCR, reached ¥2,094 million, a decrease of ¥3 million from the same period last year, and ¥525 million, an increase of ¥83 million, respectively. The total sales of pharmaceutical business recorded ¥3,091 million (an increase of ¥98 million), reflecting the result of the sales of anticancer bulk substance drug which grew over, and urine-derived products which fell short of the previous fiscal year. The total sales of medical device/laboratory equipment business recorded ¥86 million (a decrease of ¥7 million).

In total, the sales of the Company during the first quarter recorded ¥3,178 million, an increase of ¥91 million from the same period of the previous fiscal year.

In terms of profit and loss, the Company recorded operating income of ¥111 million (a decrease of ¥25 million), ordinary income of ¥112 million (a decrease of ¥27 million) and net income of ¥63 million (a decrease of ¥54 million) from the same period of the previous fiscal year, primarily due to the increase in the sales cost ratio caused by the NHI price reduction.

R&D expenditures fell by ¥27 million to ¥519 million compared to the same period last year.

2. Consolidated Financial Statements**(1) Consolidated Balance Sheets**

Yen in thousands

| Consolidated Balance Sheets | As of March 31, 2012 | As of June 30, 2012 |
|-------------------------------------|----------------------|---------------------|
| Assets | | |
| Current assets | | |
| Cash and deposits | 865,961 | 947,715 |
| Notes and accounts receivable-trade | 4,048,373 | 4,194,309 |
| Short-term investment securities | 3,200,992 | 2,788,401 |
| Merchandise and finished goods | 1,165,546 | 1,224,176 |
| Work in process | 1,509,147 | 1,331,823 |
| Raw materials and supplies | 2,435,670 | 2,804,434 |
| Other | 1,023,659 | 1,253,727 |
| Allowance for doubtful accounts | (6,545) | (6,810) |
| Total current assets | 14,242,806 | 14,537,778 |
| Noncurrent assets | | |
| Property, plant and equipment | | |
| Buildings and structures, net | 3,488,708 | 3,428,431 |
| Land | 3,602,773 | 3,602,773 |
| Other, net | 2,645,762 | 2,568,932 |
| Total property, plant and equipment | 9,737,244 | 9,600,137 |
| Intangible assets | 99,096 | 96,372 |
| Investments and other assets | | |
| Investment securities | 3,249,966 | 3,228,131 |
| Other | 1,845,768 | 1,783,958 |
| Allowance for doubtful accounts | (207,537) | (207,537) |
| Total investments and other assets | 4,888,198 | 4,804,553 |
| Total noncurrent assets | 14,724,539 | 14,501,063 |
| Total assets | 28,967,345 | 29,038,841 |
| Liabilities | | |
| Current liabilities | | |
| Notes and accounts payable-trade | 229,438 | 751,731 |
| Short-term loans payable | 1,973,200 | 1,739,000 |
| Income taxes payable | 138,444 | 134,561 |
| Provision for bonuses | 271,194 | 434,374 |
| Provision for directors' bonuses | 59,500 | 74,375 |
| Other | 1,749,107 | 1,527,448 |
| Total current liabilities | 4,420,884 | 4,661,491 |
| Noncurrent liabilities | | |
| Long-term loans payable | 532,000 | 515,200 |
| Provision for retirement benefits | 78,582 | 105,651 |
| Other | 1,302,719 | 1,240,557 |
| Total noncurrent liabilities | 1,913,301 | 1,861,408 |
| Total liabilities | 6,334,185 | 6,522,899 |

(Continued)

Yen in thousands

| Consolidated Balance Sheets | As of March 31, 2011 | As of June 30, 2012 |
|---|----------------------|---------------------|
| Net assets | | |
| Shareholders' equity | | |
| Capital stock | 9,061,866 | 9,061,866 |
| Capital surplus | 10,779,635 | 10,777,954 |
| Retained earnings | 3,211,907 | 3,084,739 |
| Treasury stock | (586,759) | (572,119) |
| Total shareholders' equity | 22,466,650 | 22,352,441 |
| Accumulated other comprehensive income | | |
| Valuation difference on available-for-sale securities | 45,472 | 26,949 |
| Deferred gains or losses on hedge | (17,230) | (25,132) |
| Foreign currency translation adjustments | 40,964 | 60,294 |
| Total accumulated other comprehensive income | 69,206 | 62,111 |
| Subscription rights to shares | 96,966 | 101,057 |
| Minority interests | 337 | 331 |
| Total net assets | 22,633,160 | 22,515,941 |
| Total liabilities and net assets | 28,967,345 | 29,038,841 |

(2) Consolidated Statements of Income

Yen in thousands

| Consolidated Statements of Income | Three months ended Jun. 30, 2011 | Three months ended Jun. 30, 2012 |
|--|-------------------------------------|-------------------------------------|
| Net sales | 3,087,133 | 3,178,483 |
| Cost of sales | 1,022,839 | 1,142,702 |
| Gross profit | 2,064,293 | 2,035,780 |
| Selling, general and administrative expenses | 1,927,110 | 1,924,568 |
| Operating income | 137,183 | 111,212 |
| Non-operating income | | |
| Interest income | 14,073 | 9,083 |
| Dividends income | 9,514 | 10,187 |
| Foreign exchange gain | 5,181 | 2,317 |
| Other | 3,582 | 2,958 |
| Total non-operating income | 32,352 | 24,547 |
| Non-operating expenses | | |
| Interest expenses | 14,210 | 12,391 |
| Equity in losses of affiliates | 11,364 | 9,682 |
| Other | 3,960 | 1,682 |
| Total non-operating expenses | 29,535 | 23,756 |
| Ordinary income | 140,000 | 112,004 |
| Extraordinary loss | | |
| Loss on disposal of noncurrent assets | 431 | 825 |
| Total extraordinary loss | 431 | 825 |
| Income before income taxes | 139,568 | 111,178 |
| Income taxes-current | 85,300 | 118,490 |
| Income taxes-deferred | (62,934) | (70,362) |
| Total income taxes | 22,365 | 48,127 |
| Income before minority interests | 117,203 | 63,051 |
| Minority interests in income (loss) | 30 | (5) |
| Net income | 117,172 | 63,056 |

(3) Consolidated Statements of Comprehensive Income

| Consolidated Statements of Comprehensive Income | Yen in thousands | |
|---|-------------------------------------|-------------------------------------|
| | Three months ended Jun. 30, 2011 | Three months ended Jun. 30, 2012 |
| Income before minority interests | 117,203 | 63,051 |
| Other comprehensive income | | |
| Valuation difference on available-for-sale securities | (45,386) | (18,523) |
| Deferred gains or losses on hedges | (10,131) | (7,901) |
| Foreign currency translation adjustment | 9,753 | 19,330 |
| Total other comprehensive income | (45,764) | (7,095) |
| Comprehensive income | 71,439 | 55,955 |
| Comprehensive income attributable to | | |
| Comprehensive income attributable to owners of the parent | 71,408 | 55,961 |
| Comprehensive income attributable to minority interests | 30 | (5) |