

Financial Summary**Consolidated Financial Results for the Nine Months Ended Dec 31, 2012 (Q3 FY2012)**

Jan 31, 2013

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

1. Consolidated Financial Results for Q3 FY2012 (Apr. 1, 2012 - Dec. 31, 2012)**(1) Consolidated Operating Results (Cumulative)**

(Percentage shows year-on-year changes)

	Net Sales		Operating Income		Ordinary Income		Net Income	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Nine Months Ended Dec. 31, 2012	10,071	3.9	722	(25.6)	741	(19.7)	363	(31.4)
Dec. 31, 2011	9,696	(7.8)	971	(26.9)	923	(28.8)	530	(32.7)

(Note) Comprehensive income ;

Nine months ended Dec. 31, 2012 : 571 million yen Nine months ended Dec. 31, 2011 : 394 million yen

	Net Income per Share (basic)	Net Income per Share (diluted)
	Yen	Yen
Nine Months Ended Dec. 31, 2012	11.46	11.42
Dec. 31, 2011	16.46	16.41

(2) Consolidated Financial Position

	Total Assets	Net Assets	Equity Ratio
	Million yen	Million yen	%
As of Dec. 31, 2012	30,612	22,878	74.3
Mar. 31, 2012	28,967	22,633	77.8

(Reference) Shareholders' Equity ; As of Dec. 31, 2012 : 22,746 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	—	6.00	—		
FY 2012 (Forecast)				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
Year ending Mar. 31, 2013	13,700	6.7	1,250	14.7	1,250	24.3	720	13.6	22.70

(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

In April 2012, the National Health Insurance (NHI) Price revisions were implemented with an industry average reduction of 6%. Under such circumstance, the JCR Group proactively developed promotional activities during the third quarter ended December 31, 2012. The highlights during this period included the launch of **Growjector® 2**, a new automatic injector for Growject® (recombinant human growth hormone product) in July 2012 and the approval for supplemental indication of short stature due to small for gestational age (SGA) in August 2012, both enabling intensive promotion of Growject®. On the other hand, in the field of dialysis, changes in the fixed payment method drove further demand for affordable drugs to align cost-constraint efforts among hemodialysis institutions. Against such background, the Company focused to promote its bio-drug, Epoetin Alfa BS Inj. JCR for treatment of renal anemia, in collaboration with the co-marketer, Kissei Pharmaceutical Co., Ltd.

Regarding research and development, Phase II/III study of JR-031, a cellular drug using human Mesenchymal Stem Cells (MSC), progressed smoothly and the target patient enrollment was achieved in November 2012. Osiris Therapeutics, Inc., the licensor of the MSC technology, successfully obtained regulatory approval for the pediatric treatment of acute graft versus host disease (GvHD) in Canada and New Zealand in May and June 2012, respectively. It is encouraging for JCR to endeavor towards successful completion of the JR-031 clinical development and filing in Japan. Furthermore, the global quality assurance system, which the Company was gearing to establish in its manufacturing facilities, was completed, and the manufacture of an investigational new drug for lysosomal storage diseases, licensed to GlaxoSmithKline Group, was started.

As a result, despite the NHI price reduction effected in April, the sales of core products, Growject® and Epoetin Alpha BS Inj. JCR, steadily reached ¥6,621 million, an increase of ¥313 million from the same period last year, and ¥1,739 million, an increase of ¥670 million, respectively. The sales growth of Growject® and Epoetin Alpha BS Inj. JCR offset the decline in sales of urine-derived products, anticancer bulk substance drug, and license revenues. Consequently, the total sales of pharmaceutical business recorded ¥9,718 million (an increase of ¥302 million).

Furthermore, the total sales of medical device/laboratory equipment business recorded ¥353 million (an increase of ¥72 million) boosted by strong sales of Babysense, infant respiratory monitor, and Echoscreen, hearing screening equipment for neonates, distributed by Family Health Rental Co., Ltd., subsidiary of the Company.

Total sales of the Company during the third quarter recorded ¥10,071 million, an increase of ¥375 million from the same period of the previous fiscal year.

In terms of profit and loss, the Company recorded operating income of ¥722 million (a decrease of ¥248 million), ordinary income of ¥741 million (a decrease of ¥182 million) and net income of ¥363 million (a decrease of ¥166 million) from the same period of the previous fiscal year, primarily due to declining license revenues (a decrease of ¥300 million) and increasing costs incurred in the establishment of a global quality assurance system and sales promotion expenses.

R&D expenditures grew by ¥13 million to ¥1,443 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 Dec 31, 2011
Assets		
Current assets		
Cash and deposits	865,961	1,204,838
Notes and accounts receivable-trade	4,048,373	4,322,962
Short-term investment securities	3,200,992	3,918,811
Merchandise and finished goods	1,165,546	1,406,659
Work in process	1,509,147	1,268,133
Raw materials and supplies	2,435,670	2,388,934
Other	1,023,659	1,378,273
Allowance for doubtful accounts	(6,545)	(6,927)
Total current assets	14,242,806	15,881,684
Noncurrent assets		
Property, plant and equipment		
Buildings and structures, net	3,488,708	3,288,341
Land	3,602,773	3,602,773
Other, net	2,645,762	3,005,029
Total property, plant and equipment	9,737,244	9,896,144
Intangible assets	99,096	88,370
Investments and other assets		
Investment securities	3,249,966	3,362,661
Other	1,845,768	1,592,468
Allowance for doubtful accounts	(207,537)	(208,837)
Total investments and other assets	4,888,198	4,746,291
Total noncurrent assets	14,724,539	14,730,806
Total assets	28,967,345	30,612,491
Liabilities		
Current liabilities		
Notes and accounts payable-trade	229,438	704,836
Short-term loans payable	1,973,200	2,174,400
Income taxes payable	138,444	70,789
Provision for bonuses	271,194	166,535
Provision for directors' bonuses	59,500	44,625
Other	1,749,107	2,230,818
Total current liabilities	4,420,884	5,392,005
Noncurrent liabilities		
Long-term loans payable	532,000	1,021,450
Provision for retirement benefits	78,582	161,216
Other	1,302,719	1,159,743
Total noncurrent liabilities	1,913,301	2,342,409
Total liabilities	6,334,185	7,734,415

(Continued)

Yen in thousands

Consolidated Balance Sheets	As of March 31, 2011	As of Dec 31, 2012
Net assets		
Shareholders' equity		
Capital stock	9,061,866	9,061,866
Capital surplus	10,779,635	10,777,658
Retained earnings	3,211,907	3,194,957
Treasury stock	(586,759)	(564,862)
Total shareholders' equity	22,466,650	22,469,620
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	45,472	224,796
Deferred gains or losses on hedge	(17,230)	10,570
Foreign currency translation adjustments	40,964	41,487
Total accumulated other comprehensive income	69,206	276,853
Subscription rights to shares	96,966	131,153
Minority interests	337	448
Total net assets	22,633,160	22,878,076
Total liabilities and net assets	28,967,345	30,612,491

(2) Consolidated Statements of Income

Yen in thousands

Consolidated Statements of Income	Nine months ended Dec. 31, 2011	Nine months ended Dec. 31, 2012
Net sales	9,696,670	10,071,708
Cost of sales	3,077,738	3,517,513
Gross profit	6,618,931	6,554,195
Selling, general and administrative expenses	5,647,328	5,831,317
Operating income	971,603	722,877
Non-operating income		
Interest income	41,714	26,659
Dividends income	17,784	19,309
Foreign exchange gain	-	4,140
Other	15,858	30,978
Total non-operating income	75,357	81,088
Non-operating expenses		
Interest expenses	43,899	38,041
Foreign exchange losses	1,331	-
Equity in losses of affiliates	64,074	18,119
Other	13,744	5,908
Total non-operating expenses	123,050	62,069
Ordinary income	923,911	741,896
Extraordinary loss		
Loss on disposal of noncurrent assets	2,169	8,815
Loss on redemption of securities	-	67,657
Other	600	3,119
Total extraordinary loss	2,769	79,591
Income before income taxes	921,141	662,304
Income taxes-current	249,103	217,891
Income taxes-deferred	141,932	80,670
Total income taxes	391,036	298,562
Income before minority interests	530,105	363,742
Minority interests in income	77	111
Net income	530,028	363,631

(3) Consolidated Statements of Comprehensive Income

Consolidated Statements of Comprehensive Income	Yen in thousands	
	Nine months ended Dec. 31, 2011	Nine months ended Dec. 31, 2012
Income before minority interests	530,105	363,742
Other comprehensive income		
Valuation difference on available-for-sale securities	(116,698)	179,323
Deferred gains or losses on hedges	(12,587)	27,801
Foreign currency translation adjustment	(6,252)	522
Total other comprehensive income	(135,537)	207,647
Comprehensive income	394,567	571,389
Comprehensive income attributable to		
Comprehensive income attributable to owners of the parent	394,490	571,278
Comprehensive income attributable to minority interests	77	111