

Financial Summary**Consolidated Financial Results for the Six Months Ended Sep 30, 2013 (Q2 FY2013)**

Oct 31, 2013

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

1. Consolidated Financial Results for Q2 FY2013 (Apr. 1, 2013 - Sep. 30, 2013)**(1) Consolidated Operating Results (Cumulative)**

(Percentage shows year-on-year changes)

	Net Sales		Operating Income		Ordinary Income		Net Income	
Six Months Ended	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Sep. 30, 2013	7,344	10.8	667	78.4	690	83.1	438	108.8
Sep. 30, 2012	6,625	3.8	374	(34.3)	377	(27.9)	210	(35.3)

(Note) Comprehensive income ;

Six months ended Sep. 30, 2013 : 639million yen (247.2%) Six months ended Sep. 30, 2012 : 184 million yen (0.5%)

	Net Income per Share (basic)	Net Income per Share (diluted)
Six Months Ended	Yen	Yen
Sep. 30, 2013	13.81	13.76
Sep. 30, 2012	6.62	6.60

(2) Consolidated Financial Position

	Total Assets	Net Assets	Equity Ratio
As of	Million yen	Million yen	%
Sep. 30, 2013	32,144	23,999	74.2
Mar. 31, 2013	31,286	23,496	74.7

(Reference) Shareholders' Equity ; As of Sep. 30, 2013 : 23,840 Million yen As of Mar. 31, 2013 : 23,368 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 2012	—	6.00	—	6.00	12.00
FY 2013	—	7.00			
FY 2013 (Forecast)			—	10.00	17.00

(Note) Revisions of the latest forecast of dividends : Yes

Of the year-end dividend for FY2013 (Forecast), regular dividends amounted to ¥7.00 per share and commemorative dividends for ¥3.00 per share

3. Consolidated Forecasts for the Fiscal Year Ending March 31, 2014 (Apr. 1, 2013 - Mar. 31, 2014)

(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, 2014	15,400	9.2	1,460	26.9	1,460	26.3	1,000	36.9	31.49

(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, which are inherently speculative and cannot be guaranteed by the Company. Actual results may differ materially from the forecast depending on various factors.

1. Narrative Information and Financial Statements

Narrative Information on Consolidated Operating Results

The summary, during the second quarter ended September 30, 2013, is as follows.

With **Growjector® 2**, a new automatic injector launched for its main product **Growject®** (recombinant human growth hormone product) and the marketing approval obtained for supplemental indication of short stature due to small for gestational age (SGA) in last year; the Company has enjoyed continued increase in its sales volume of **Growject®** during this half year.

On the other front, the sales of **Epoetin Alpha BS Inj. JCR** for treatment of renal anemia has increased as well, owing to the increased recognition on its effectiveness and comparability to the branded drug in quality as well as the growing demand for our affordable follow-on bio-drug among hemodialysis institutions remarking its cost performance in the field of therapeutic extracorporeal dialysis.

Regarding research and development, with favorable progress in Phase II/III study of JR-031, Japan's first cellular drug candidate using human Mesenchymal Stem Cells (MSC) for the treatment of acute graft-versus-host disease (GvHD), we are propelling to file an application for the regulatory approval in the year 2013.

Been returned from GlaxoSmithKline Group the world-wide rights to develop and market erythropoiesis stimulating agent for treatment of renal anemia, we vigorously seek another opportunity abroad as for that product. In addition, we have entered into a joint development agreement with Kissei Pharmaceutical Co.,Ltd. for follow-on biologics of long-acting erythropoiesis stimulating agent (darbopoyetin alfa).

As a result, we are pleased to report that the sales of Growject® and Epoetin Alpha BS Inj. JCR, have reached ¥4,705 million, an increase of ¥443 million from the same period last year, and ¥1,521 million, an increase of ¥457 million respectively. The total sales of pharmaceutical business recorded ¥7,116 million (an increase of ¥712 million), reflecting the result of the sales of urine-derived products and license revenues both increased, and that of anticancer bulk substance drug fallen short of the previous fiscal year, whilst the sales of medical device/laboratory equipment business recorded ¥227 million (an increase of ¥5 million).

In total, the consolidated sales of the Company's group during the first quarter recorded ¥7,344 million, an increase of ¥718 million from the same period of the previous fiscal year.

In terms of profit and loss on a consolidated basis, the Company recorded operating income of ¥667 million (an increase of ¥293 million), ordinary income of ¥690 million (an increase of ¥313 million) and net income of ¥438 million (an increase of ¥228 million) from the same period of the previous fiscal year, primarily due to the increase in the sales and the improvement of the gross profit margin.

R&D expenditures fell by ¥44 million to ¥1,034 million compared to the same period last year.

The stock of JCR, currently listed in the Second Section of Tokyo Stock Exchange, has been approved to be listed into the First Section of the same as from November 5, 2013. We sincerely express our special thanks for enduring supports and cooperation of our shareholders, customers and other related persons.

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

Yen in thousands

Consolidated Balance Sheets	As of March 31, 2013	As of Sep 30, 2013
Assets		
Current assets		
Cash and deposits	822,405	950,545
Notes and accounts receivable-trade	4,900,282	4,202,904
Short-term investment securities	3,869,523	5,652,406
Merchandise and finished goods	1,313,365	1,555,156
Work in process	990,782	1,161,474
Raw materials and supplies	2,686,008	1,981,448
Other	1,403,526	1,106,288
Allowance for doubtful accounts	(80)	(20)
Total current assets	15,985,814	16,610,204
Noncurrent assets		
Property, plant and equipment		
Buildings and structures, net	3,280,499	3,294,241
Land	3,602,773	3,602,773
Construction in progress	1,180,646	1,850,076
Other, net	2,303,162	2,210,413
Total property, plant and equipment	10,367,081	10,957,504
Intangible assets	78,787	65,757
Investments and other assets		
Investment securities	3,533,602	3,276,918
Other	1,530,531	1,443,680
Allowance for doubtful accounts	(208,837)	(209,337)
Total investments and other assets	4,855,296	4,511,262
Total noncurrent assets	15,301,165	15,534,523
Total assets	31,286,980	32,144,728
Liabilities		
Current liabilities		
Notes and accounts payable-trade	735,632	664,158
Short-term loans payable	2,000,600	1,858,600
Income taxes payable	308,755	305,425
Provision for bonuses	314,869	426,590
Provision for directors' bonuses	78,500	39,250
Other	2,187,623	2,530,734
Total current liabilities	5,625,981	5,824,758
Noncurrent liabilities		
Long-term loans payable	871,800	972,500
Provision for retirement benefits	193,376	261,606
Other	1,099,227	1,086,692
Total noncurrent liabilities	2,164,403	2,320,798
Total liabilities	7,790,384	8,145,556

(Continued)

Yen in thousands

Consolidated Balance Sheets	As of March 31, 2013	As of Sep 30, 2013
Net assets		
Shareholders' equity		
Capital stock	9,061,866	9,061,866
Capital surplus	10,788,366	10,796,211
Retained earnings	3,562,042	3,810,208
Treasury stock	(544,519)	(528,618)
Total shareholders' equity	22,867,755	23,139,668
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	404,988	547,619
Deferred gains or losses on hedge	12,529	10,159
Foreign currency translation adjustments	82,759	143,018
Total accumulated other comprehensive income	500,277	700,797
Subscription rights to shares	128,102	158,173
Minority interests	458	531
Total net assets	23,496,595	23,999,171
Total liabilities and net assets	31,286,980	32,144,728

(2) Consolidated Statements of Income

Yen in thousands

Consolidated Statements of Income	Six months ended Sep. 30, 2012	Six months ended Sep. 30, 2013
Net sales	6,625,830	7,344,532
Cost of sales	2,391,363	2,587,678
Gross profit	4,234,467	4,756,853
Selling, general and administrative expenses	3,860,226	4,089,066
Operating income	374,240	667,787
Non-operating income		
Interest income	17,852	16,742
Dividends income	10,187	10,424
Foreign exchange gain	-	13,080
Other	15,253	13,764
Total non-operating income	43,293	54,011
Non-operating expenses		
Interest expenses	25,195	22,322
Foreign exchange losses	210	-
Equity in losses of affiliates	10,689	3,142
Other	4,270	5,723
Total non-operating expenses	40,365	31,187
Ordinary income	377,169	690,611
Extraordinary loss		
Loss on disposal of noncurrent assets	8,795	11,915
Other	-	4,218
Total extraordinary loss	8,795	16,133
Income before income taxes	368,373	674,478
Income taxes-current	178,030	273,526
Income taxes-deferred	(19,825)	(37,822)
Total income taxes	158,205	235,703
Income before minority interests	210,168	438,774
Minority interests in income	55	72
Net income	210,112	438,702

(3) Consolidated Statements of Comprehensive Income

Consolidated Statements of Comprehensive Income	Yen in thousands	
	Six months ended Sep. 30, 2012	Six months ended Sep. 30, 2013
Income before minority interests	210,168	438,774
Other comprehensive income		
Valuation difference on available-for-sale securities	(30,932)	142,631
Deferred gains or losses on hedges	965	(2,370)
Foreign currency translation adjustment	3,918	60,259
Total other comprehensive income	(26,048)	200,519
Comprehensive income	184,119	639,294
Comprehensive income attributable to		
Comprehensive income attributable to owners of the parent	184,064	639,221
Comprehensive income attributable to minority interests	55	72

5. R&D Pipeline**(i) Pharmaceuticals**

Code Nonproprietary Name	Status (Japan)	Indication
		Remarks
JR- 041 Follicle stimulating hormone (rDNA origin)	Phase II / III in preparation	Infertility
		Manufactured using serum-free culture technology Out-licensed to ASKA Pharmaceutical Co., Ltd.
JR-013-sc Erythropoietin (rDNA origin)	Phase I	Renal anemia and Predeposit autologous blood
		High dose formulation Co-development with Kissei Pharmaceutical Co., Ltd.
JR-131 Darbopoietin (rDNA origin)	Preclinical	Renal anemia
		Manufactured using serum-free culture technology Co-development with Kissei Pharmaceutical Co., Ltd.
JR- 032 Iduronate-2-sulfatase (rDNA origin)	Global clinical trial in preparation	Hunter syndrome (lysosomal storage disease)
		ERT Manufactured using serum-free culture technology Co-development with GSK Group
JR- 051 Alpha-galactosidase A (rDNA origin)	Global clinical trial in preparation	Fabry disease (lysosomal storage disease)
		ERT Manufactured using serum-free culture technology Co-development with GSK Group
JR-121 Alpha-galactosidase A(rDNA origin) + pharmacological chaperone migalastat HCl	Preclinical	Fabry disease (lysosomal storage disease)
		Co-formulation of JR-051 with pharmacological chaperone migalastat HCl (developed by Amicus Therapeutics Inc.) Co-development with GSK Group
JR- 101 Glucocerebrosidase (rDNA origin)	Preclinical	Gaucher disease (lysosomal storage disease)
		ERT Manufactured using serum-free culture technology Co-development with GSK Group

(Note) ERT= Enzyme Replacement Therapy

(ii) Cellular Medicine

Code Nonproprietary Name	Status (Japan)	Indication
		Remarks
JR-031 Human mesenchymal stem cells (hMSCs)	Phase II / III	Suppression of graft-versus-host disease (GVHD) associated with hematopoietic stem cell transplantation
		Licensed in from Osiris Therapeutics, Inc. (USA) (Note) Allo-transplantation of hMSCs

Note: The licensor of the product has been changed to Mesoblast Group (Australia) following the assignment of hMSCs-related rights from Osiris to Mesoblast in October 2013.