

## Financial Summary

### Consolidated Financial Results for Fiscal Year 2014

May12, 2015

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

#### 1. Consolidated Financial Results for the Fiscal Year Ended March 31, 2015 (Apr. 1, 2014 - Mar. 31, 2015)

##### (1) Consolidated Operating Results

(Percentage shows year-on-year changes)

	Net Sales		Operating Income		Ordinary Income		Net Income	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
FY2014	16,855	7.3	2,014	30.4	2,340	39.2	1,682	29.8
FY2013	15,705	11.4	1,545	34.3	1,680	45.4	1,296	77.4

(Reference) Comprehensive income ; FY2014 : 1,936 million yen FY2013 : 1,544 million yen

	Net Income per Share (basic)	Net Income per Share (diluted)	Return on Equity	Ordinary Income / Total Assets	Operating Income / Net Sales
	Yen	Yen	%	%	%
FY2014	52.85	52.53	6.7	6.9	12.0
FY2013	40.79	40.52	5.4	5.2	9.8

(Reference) Equity in earnings of affiliates ; FY2014 : — million yen FY2013 : (50) million yen

##### (2) Consolidated Financial Position

	Total Assets	Net Assets	Equity Ratio	Net Assets per Share
	Million yen	Million yen	%	Yen
As of Mar. 31, 2015	34,086	26,264	76.6	818.64
Mar. 31, 2014	33,464	24,580	73.0	768.13

(Reference) Shareholders' Equity ; As of Mar. 31, 2015 : 26,101million yen As of Mar. 31, 2014 : 24,417 million yen

##### (3) Consolidated Cash Flows

	From Operating Activities	From Investing Activities	From Financing Activities	Cash and Cash Equivalents at end of period
	Million yen	Million yen	Million yen	Million yen
FY2014	499	(1,419)	(1,261)	3,643
FY2013	4,565	(2,668)	(369)	5,780

#### 2. Dividends

	Dividend per Share					Total Dividends (Annual)	Dividend Payout (Consolidated )	Dividend on Equity Ratio (Consolidated )
	1st quarter	2nd quarter	3rd quarter	Year-end	Annual			
(Base date)	Yen	Yen	Yen	Yen	Yen	Million yen	%	%
FY 2013	—	7.00	—	10.00	17.00	541	41.7	2.3
FY 2014	—	8.50	—	10.00	18.50	589	35.0	2.4
FY 2015 (Forecast)	—	10.00	—	10.00	20.00		36.0	

(note) FY2013 Year-end dividends comprised of the ordinary dividend of ¥7 and a special dividend of ¥3

**3. Consolidated Forecasts for the Fiscal Year Ending March 31, 2016 (Apr. 1, 2015 - Mar. 31, 2016)**

(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, 2015	8,500	4.2	1,000	124.6	1,160	88.2	800	73.2	25.13
Year ending Mar. 31, 2016	17,700	5.0	2,270	12.7	2,550	9.0	1,770	5.2	55.60

※ Information regarding audit procedures

These financial results are unaudited. At the time of disclosure of these financial results, audit 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.

**Forecast for FY2015**

Forecast of consolidated business results

	FY2014 (Apr 1, 2014- Mar 31, 2015)	Forecast for FY2015 (Apr 1, 2015- Mar 31, 2016)	Increase and decrease	Increasing rate
Net sales (JPY Million)	16,855	17,700	+845	+5.0%
Operating income (JPY Million)	2,014	2,270	+256	+12.7%
Ordinary income (JPY Million)	2,340	2,550	+210	+9.0%
Net income (JPY Million)	1,682	1,770	+88	+5.2%

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

Yen in thousands

Consolidated Balance Sheets	As of March, 31 2014	As of March, 31 2015
<b>Assets</b>		
Current assets		
Cash and deposits	1,047,494	1,137,461
Notes and accounts receivable-trade	3,869,221	5,203,535
Short-term investment securities	6,196,819	3,735,997
Merchandise and finished goods	1,472,119	1,522,844
Work in process	734,570	1,163,508
Raw materials and supplies	2,898,682	3,715,196
Deferred tax assets	695,518	417,554
Other	457,400	294,939
Allowance for doubtful accounts	(21)	(12)
Total current assets	17,372,805	17,191,026
Noncurrent assets		
Property, plant and equipment		
Buildings and structures, net	4,199,931	4,611,447
Machinery, equipment and vehicles, net	1,319,340	1,430,079
Land	3,882,338	3,882,338
Lease assets, net	1,136,032	962,980
Construction in progress	277,754	135,011
Other, net	576,674	590,043
Total property, plant and equipment	11,392,071	11,611,900
Intangible assets	94,579	75,242
Investments and other assets		
Investment securities	3,296,291	3,891,136
Net defined benefit assets	168,803	357,658
Other	1,341,754	982,006
Allowance for doubtful accounts	(202,037)	(22,915)
Total investments and other assets	4,604,812	5,207,886
Total noncurrent assets	16,091,462	16,895,030
Total assets	33,464,268	34,086,056
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable-trade	697,061	534,008
Short-term loans payable	1,875,260	1,949,860
Lease obligations	226,127	208,316
Income taxes payable	501,658	76,894
Provision for bonuses	351,510	389,552
Provision for directors' bonuses	81,500	75,200
Other	1,930,786	1,901,108
Total current liabilities	5,663,903	5,134,939
Noncurrent liabilities		
Long-term loans payable	1,256,540	716,680
Lease obligations	901,609	763,154
Provision for loss on guarantees	86,460	374,920
Net defined benefit liability	577,817	457,021
Other	397,122	374,449
Total noncurrent liabilities	3,219,551	2,686,225
Total liabilities	8,883,454	7,821,164

(Continued)

Yen in thousands

Consolidated Balance Sheets	As of March, 31 2014	As of March, 31 2015
Net assets		
Shareholders' equity		
Capital stock	9,061,866	9,061,866
Capital surplus	10,932,987	10,949,502
Retained earnings	4,445,285	5,780,476
Treasury stock	(649,076)	(571,078)
Total shareholders' equity	23,791,063	25,220,767
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	568,234	732,890
Deferred gains or losses on hedge	1,558	11,077
Foreign currency translation adjustments	178,727	235,928
Remeasurements of defined benefit plans	(121,841)	(99,363)
Total accumulated other comprehensive income	626,678	880,533
Subscription rights to shares	162,487	162,956
Minority interests	584	634
Total net assets	24,580,813	26,264,892
Total liabilities and net assets	33,464,268	34,086,056

**(2) Consolidated Statements of Income**

	Yen in thousands	
	FY2013	FY2014
Consolidated Statements of Income	(From Apr. 1, 2013 to Mar. 31, 2014)	(From Apr. 1, 2014 to Mar. 31, 2015)
Net sales	15,705,912	16,855,654
Cost of sales	5,842,081	5,740,928
Gross profit	9,863,831	11,114,725
Selling, general and administrative expenses	8,318,362	9,100,125
Operating income	1,545,468	2,014,600
Non-operating income		
Interest income	34,395	31,075
Dividends income	20,702	24,233
Compensation for research and development	90,680	—
Foreign exchange gains	57,208	54,700
Gain on redemption of securities	—	110,587
Subsidy income	—	60,354
Reversal of allowance for doubtful accounts	—	53,385
Other	38,363	69,112
Total non-operating income	241,350	403,449
Non-operating expenses		
Interest expenses	43,550	38,099
Loss on valuation of investment securities	—	19,900
Equity in losses of affiliates	50,229	—
Other	12,154	19,740
Total non-operating expenses	105,934	77,739
Ordinary income	1,680,884	2,340,310
Extraordinary income		
Gain on sales of noncurrent assets	34,403	—
Gain on sales of investment securities	119,211	—
Total extraordinary income	153,614	—
Extraordinary loss		
Loss on disposal of noncurrent assets	20,461	5,999
Provision for loss on guarantees	86,460	—
Expenses for change of the Company's name	48,293	—
Other	1,816	—
Total extraordinary loss	157,033	5,999
Income before income taxes	1,677,466	2,334,311
Income taxes-current	672,783	371,089
Income taxes-deferred	(291,649)	280,803
Total income taxes	381,133	651,892
Income before minority interests	1,296,332	1,682,418
Minority interests in income	125	50
Net income	1,296,206	1,682,368

**(3) Consolidated Statements of Comprehensive Income**

Consolidated Statements of Comprehensive Income	Yen in thousands	
	FY2013 (From Apr. 1, 2013 to Mar. 31, 2014)	FY2014 (From Apr. 1, 2014 to Mar. 31, 2015)
Income before minority interests	1,296,332	1,682,418
Other comprehensive income		
Valuation difference on available-for-sale securities	163,245	164,656
Deferred gains or losses on hedges	(10,971)	9,519
Foreign currency translation adjustment	95,968	57,201
Remeasurements of defined benefit plans	—	22,477
Total other comprehensive income	248,241	253,854
Comprehensive income	1,544,574	1,936,273
Comprehensive income attributable to		
Comprehensive income attributable to owners of the parent	1,544,448	1,936,223
Comprehensive income attributable to minority interests	125	50

**(4) Consolidated Statements of Cash Flows**

	Yen in thousands	
	FY2013	FY2014
Consolidated Statements of Cash Flows	(From Apr. 1, 2013 to Mar. 31, 2014)	(From Apr. 1, 2013 to Mar. 31, 2014)
<b>Net cash provided by (used in) operating activities</b>		
Income before income taxes	1,677,466	2,334,311
Depreciation and amortization	1,111,994	1,352,388
Increase (decrease) in allowance for doubtful accounts	(6,859)	(179,131)
Increase (decrease) in provision for bonuses	36,641	38,042
Increase (decrease) in provision for loss on guarantees	86,460	288,459
Increase (decrease) in net defined benefit liability	133,789	148,340
Loss (gain) on redemption of securities	—	(110,587)
Interest and dividends income	(55,097)	(55,309)
Interest expenses	43,550	38,099
Foreign exchange losses (gains)	(253)	533
Decrease (increase) in notes and accounts receivable-trade	1,031,061	(1,334,314)
Decrease (increase) in accounts receivable-other	260,597	116,922
Decrease (increase) in inventories	(138,811)	(1,292,489)
Increase (decrease) in notes and accounts payable-trade	(38,571)	(163,052)
Increase (decrease) in accounts payable-other	91,977	(5,370)
Increase (decrease) in long-term prepaid expenses	302,476	163,218
Decrease (increase) in claims provable in bankruptcy, claims provable in rehabilitation	(839)	220,837
Increase (decrease) in long-term advanced received	540,000	(180,000)
Equity in (earnings) losses of affiliates	50,229	—
Other, net	(101,788)	(122,732)
Subtotal	5,024,023	1,258,168
Interest and dividends income received	70,413	65,666
Interest expenses paid	(43,433)	(37,819)
Income taxes (paid) refund	(485,642)	(786,962)
Net cash provided by (used in) operating activities	4,565,361	499,052
<b>Net cash provided by (used in) investing activities</b>		
Purchase of short-term investment securities	(500,000)	(1,200,000)
Proceeds from sales and redemption of securities	493,385	1,957,591
Purchase of property, plant and equipment	(2,409,604)	(1,277,615)
Proceeds from sales of property, plant and equipment	64,583	—
Purchase of intangible assets	(1,550)	(62,664)
Purchase of investment securities	(571,891)	(840,581)
Proceeds from sales of investment securities	256,793	3,606
Net cash provided by (used in) investing activities	(2,668,285)	(1,419,662)

(Continued)		Yen in thousands	
Consolidated Statements of Cash Flows	FY2013	FY2014	
	(From Apr. 1, 2013 to Mar. 31, 2014)	(From Apr. 1, 2014 to Mar. 31, 2015)	
Net cash provided by (used in) financing activities			
Net increase (decrease) in short-term loans payable	(260,000)	—	
Proceeds from long-term loans payable	1,100,000	200,000	
Repayment of long-term loans payable	(580,600)	(665,260)	
Repayments of lease obligations	(244,106)	(243,965)	
Net decrease (increase) in treasury stock	27,767	40,278	
Cash dividends paid	(412,511)	(592,414)	
Net cash provided by (used in) financing activities	(369,450)	(1,261,360)	
Effect of exchange rate change on cash and cash equivalents	104,446	44,302	
Net increase (decrease) in cash and cash equivalents	1,632,071	(2,137,669)	
Cash and cash equivalents at beginning of period	4,148,901	5,780,972	
Cash and cash equivalents at end of period	5,780,972	3,643,303	



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

Code Nonproprietary Name	Status (Japan)	Indication
		Remarks
<b>JR- 041</b> Follicle stimulating hormone (rDNA origin)	Phase I / II	Infertility
		Out-licensed to ASKA Pharmaceutical Co., Ltd.
<b>JR- 051</b> Alpha-galactosidase A (rDNA origin)	Clinical study in preparation	Fabry disease (lysosomal storage disease)
		ERT Co-development with GSK Group
<b>JR- 032</b> Iduronate-2-sulfatase (rDNA origin)	Clinical study in preparation	Hunter syndrome (lysosomal storage disease)
		ERT Co-development with GSK Group
<b>JR-131</b> Darbopoietin (rDNA origin)	Preclinical	Renal anemia
		Co-development with Kissei Pharmaceutical Co., Ltd.
<b>JR- 101</b> Glucocerebrosidase (rDNA origin)	Preclinical	Gaucher disease (lysosomal storage disease)
		ERT
<b>JR- 141</b> Iduronate-2-sulfatase (Blood Brain Barrier passage) (rDNA origin)	Preclinical	Hunter syndrome (lysosomal storage disease)
		ERT “J-Brain Cargo” Original technology for Blood Brain Barrier passage “J-MIG System” Technology for overexpression of CHO cell
<b>JR- 142</b> Long-acting Somatropin (rDNA origin)	Preclinical	Growth disorder
		Long-acting recombinant human growth hormone product “J-MIG System” Technology for overexpression of CHO cell

(Note) ERT= Enzyme Replacement Therapy

**(ii) Cellular Medicine**

Code Nonproprietary Name	Status (Japan)	Indication
		Remarks
<b>JR-031</b> Human mesenchymal stem cells (hMSCs)	Application for approval	Suppression of graft-versus-host disease (GVHD) associated with hematopoietic stem cell transplantation
		Licensed in from Osiris Therapeutics, Inc. (USA) 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.