

Financial Summary**Consolidated Financial Results for the Three Months Ended June 30, 2014 (Q1 FY2014)**

July 25, 2014

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

1. Consolidated Financial Results for Q1 FY2014 (Apr. 1, 2014 - Jun. 30, 2014)**(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	%
Three Months Ended Jun. 30, 2014	3,811	12.1	212	(41.7)	339	(10.4)	269	8.1
Jun. 30, 2013	3,399	7.0	365	228.2	378	238.2	249	295.0

(Note) Comprehensive income ;

Three months ended Jun. 30, 2014 : 253 million yen Three months ended Jun. 30, 2013 : 360 million yen

	Net Income per Share (basic)	Net Income per Share (diluted)
Three Months Ended	Yen	Yen
Jun. 30, 2014	8.47	8.41
Jun. 30, 2013	7.84	7.79

(2) Consolidated Financial Position

	Total Assets	Net Assets	Equity Ratio
As of	Million yen	Million yen	%
Jun. 30, 2014	33,783	24,766	72.8
Mar. 31, 2014	33,464	24,580	73.0

(Reference) Shareholders' Equity ; As of Jun. 30, 2014 : 24,601 Million yen As of Mar. 31, 2014 : 24,417 Million yen

2. Dividends

(Base date)	Dividend per Share				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Year-end	Annual
	Yen	Yen	Yen	Yen	Yen
FY 2013	—	7.00	—	10.00	17.00
FY 2014	—				
FY 2014 (Forecast)		8.50	—	8.50	17.00

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

3. Consolidated Forecasts for the Fiscal Year Ending March 31, 2015 (Apr. 1, 2014 - Mar. 31, 2015)

(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, 2014	8,100	10.3	320	(52.0)	420	(39.1)	300	(31.5)	9.44
Year ending Mar. 31, 2015	16,300	3.8	1,770	14.6	1,810	7.7	1,300	0.3	40.90

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

4. Others

- (1) Changes in significant subsidiaries during the period (changes in specified subsidiaries resulting in the change in consolidation scope) : None
- (2) Application of the accounting method peculiar to quarterly consolidated financial statements : None
- (3) Changes and revisions/restatements in accounting principles and accounting estimates
- ① Changes associated with changes in accounting standards : Yes
 - ② Changes in accounting principles other than ① : None
 - ③ Changes in accounting estimates : None
 - ④ Revisions/restatements : None
- (4) Number of shares outstanding (common stock)
- ① Number of shares outstanding at the end of the period (including treasury stocks) :

As of Jun. 30, 2014	32,421,577 shares	As of Mar. 31, 2014	32,421,577 shares
---------------------	-------------------	---------------------	-------------------
 - ② Number of shares of treasury stock at the end of the period :

As of Jun. 30, 2014	628,760 shares	As of Mar. 31, 2014	633,178 shares
---------------------	----------------	---------------------	----------------
 - ③ Average number of shares outstanding during the period :

Apr. -Jun. 2014	31,791,205 shares	Apr. -Jun. 2013	31,765,573 shares
-----------------	-------------------	-----------------	-------------------

※ 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

During the first quarter ended June 30, 2014, the climate surrounding the Japanese pharmaceutical industry has still been in rigorous conditions due to the revision of the National Health Insurance (NHI) Price this April.

On the sales side, the Company has established “Koshigaya Distribution Center” as its logistic depot in eastern Japan for Growject® (recombinant human growth hormone product) and has executed preparatory work for the establishment of “ESA Sales Promotion Division” for further enhancing the promotional activity of Epoetin Alpha BS Inj. JCR.

Regarding research and development, the Company has been expediting preparatory work toward filing of JR-031, the first domestic cellular drug using human Mesenchymal Stem Cells (MSCs), for marketing approval in Japan, and constructed an additional building at Seishin Plant to produce JR-031 on a commercial scale.

In addition, the manufacture of an investigational enzyme replacement therapy drug for Fabry disease (α -galactosidase A known as “JR-051”), one of lysosomal storage diseases, has been started at “Kobe API Plant”, newly established last year and other several projects in R&D were in substantial progress.

As a result, although the sales of Growject® recorded ¥2,276 million, a decrease of ¥99 million from the same period last year, under the influence of the NHI price revision, the total sales of pharmaceutical business recorded ¥3,672 million (an increase of ¥394 million), reflecting the increased sales of Epoetin Alpha BS Inj. JCR that reached ¥767 million (an increase of ¥116 million) and urine-derived products and anticancer bulk substance as well as the sales of medical device/laboratory equipment business recorded ¥139 million (an increase of ¥17 million).

In total, the consolidated sales of the Company’s group during the first quarter recorded ¥3,811 million, an increase of ¥411 million from the same period of the previous fiscal year.

In terms of profit and loss, the Company recorded operating income of ¥212 million (a decrease of ¥152 million) affected by the R&D expenditures with its progress amounting to ¥581 million (¥155 million increase compared to that of the same period last year) which offset positive impact of increase in sales.

We also recorded ordinary income of ¥339 million (a decrease of ¥39 million) and net income of ¥269 million, an increase of ¥20 million from the same period of the previous fiscal year, primarily due to subsidy income obtained as shown in non-operating income on “Project to Promote the Industrialization of Regenerative Medicine in FY2013 “by contract from Ministry of Economy, Trade and Industry of Japan. .

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

Yen in thousands

Consolidated Balance Sheets	As of March 31, 2014	As of June 30, 2014
Assets		
Current assets		
Cash and deposits	1,047,494	1,162,917
Notes and accounts receivable-trade	3,869,221	4,143,633
Short-term investment securities	6,196,819	5,338,176
Merchandise and finished goods	1,472,119	1,093,768
Work in process	734,570	1,489,004
Raw materials and supplies	2,898,682	2,569,529
Other	1,153,918	1,231,764
Allowance for doubtful accounts	(21)	(20)
Total current assets	17,372,805	17,028,774
Noncurrent assets		
Property, plant and equipment		
Buildings and structures, net	4,199,931	4,240,315
Land	3,882,338	3,882,338
Construction in progress	277,754	370,615
Other, net	3,032,047	3,058,063
Total property, plant and equipment	11,392,071	11,551,333
Intangible assets	94,579	84,305
Investments and other assets		
Investment securities	3,296,291	3,701,104
Other	1,510,558	1,436,599
Allowance for doubtful accounts	(202,037)	(18,679)
Total investments and other assets	4,604,812	5,119,023
Total noncurrent assets	16,091,462	16,754,662
Total assets	33,464,268	33,783,436
Liabilities		
Current liabilities		
Notes and accounts payable-trade	697,061	667,358
Short-term loans payable	1,875,260	2,075,260
Income taxes payable	501,658	55,569
Provision for bonuses	351,510	586,939
Provision for directors' bonuses	81,500	101,875
Other	2,156,914	2,769,402
Total current liabilities	5,663,903	6,256,404
Noncurrent liabilities		
Long-term loans payable	1,256,540	940,225
Provision for loss on guarantees	86,460	86,460
Provision for retirement benefits	577,817	410,507
Other	1,298,732	1,322,939
Total noncurrent liabilities	3,219,551	2,760,132
Total liabilities	8,883,454	9,016,537

(Continued)

Yen in thousands

Consolidated Balance Sheets	As of March 31, 2014	As of June 30, 2014
Net assets		
Shareholders' equity		
Capital stock	9,061,866	9,061,866
Capital surplus	10,932,987	10,935,332
Retained earnings	4,445,285	4,638,686
Treasury stock	(649,076)	(645,600)
Total shareholders' equity	23,791,063	23,990,285
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	568,234	567,414
Deferred gains or losses on hedge	1,558	94
Foreign currency translation adjustments	178,727	156,594
Remeasurements of defined benefit plans	(121,841)	(113,377)
Total accumulated other comprehensive income	626,678	610,725
Subscription rights to shares	162,487	165,209
Minority interests	584	678
Total net assets	24,580,813	24,766,899
Total liabilities and net assets	33,464,268	33,783,436

(2) Consolidated Statements of Income

Yen in thousands

Consolidated Statements of Income	Three months ended Jun. 30, 2013	Three months ended Jun. 30, 2014
Net sales	3,399,859	3,811,486
Cost of sales	1,094,091	1,446,511
Gross profit	2,305,767	2,364,974
Selling, general and administrative expenses	1,940,764	2,152,355
Operating income	365,003	212,619
Non-operating income		
Interest income	7,456	8,786
Dividends income	10,424	13,386
Foreign exchange gain	4,254	798
Subsidy income	-	60,354
Reversal of allowance for doubtful accounts	58	48,947
Other	8,354	5,995
Total non-operating income	30,548	138,270
Non-operating expenses		
Interest expenses	11,366	9,915
Equity in losses of affiliates	3,560	-
Other	1,834	1,500
Total non-operating expenses	16,760	11,416
Ordinary income	378,790	339,473
Extraordinary loss		
Loss on disposal of noncurrent assets	4,230	384
Loss on valuation of investment securities	1,316	-
Other	500	-
Total extraordinary loss	6,047	384
Income before income taxes	372,743	339,089
Income taxes-current	163,021	38,270
Income taxes-deferred	(39,390)	31,596
Total income taxes	123,630	69,867
Income before minority interests	249,113	269,222
Minority interests in income	50	93
Net income	249,062	269,128

(3) Consolidated Statements of Comprehensive Income

Consolidated Statements of Comprehensive Income	Yen in thousands	
	Three months ended Jun. 30, 2013	Three months ended Jun. 30, 2014
Income before minority interests	249,113	269,222
Other comprehensive income		
Valuation difference on available-for-sale securities	71,134	(819)
Deferred gains or losses on hedges	6,021	(1,463)
Foreign currency translation adjustment	34,314	(22,133)
Remeasurements of defined benefit plans	-	8,463
Total other comprehensive income	111,470	(15,952)
Comprehensive income	360,584	253,269
Comprehensive income attributable to		
Comprehensive income attributable to owners of the parent	360,533	253,175
Comprehensive income attributable to minority interests	50	93