

**Financial Summary****Consolidated Financial Results for the Six Months Ended Sep 30, 2015 (Q2 FY2015)**

Oct 30, 2015

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

**1. Consolidated Financial Results for Q2 FY2015 (Apr. 1, 2015 - Sep. 30, 2015)****(1) Consolidated Operating Results (Cumulative)**

(Percentage shows year-on-year changes)

	Net Sales		Operating Income		Ordinary Income		Profit attributable to owners of parent	
Six Months Ended	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Sep. 30, 2015	8,782	7.7	1,273	186.0	1,462	137.3	1,060	129.5
Sep. 30, 2014	8,155	11.0	445	(33.3)	616	(10.7)	461	5.3

(Note) Comprehensive income ;

Six months ended Sep. 30, 2015 : 954 million yen

Six months ended Sep. 30, 2014 : 495 million yen

	Net Income per Share (basic)	Net Income per Share (diluted)
Six Months Ended	Yen	Yen
Sep. 30, 2015	33.24	33.06
Sep. 30, 2014	14.52	14.43

**(2) Consolidated Financial Position**

	Total Assets	Net Assets	Equity Ratio
As of	Million yen	Million yen	%
Sep. 30, 2015	35,633	26,999	75.1
Mar. 31, 2015	34,086	26,264	76.6

(Reference) Shareholders' Equity ; As of Sep. 30, 2015 : 26,754 Million yen As of Mar. 31, 2015 : 26,101 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 2014	—	8.50	—	10.00	18.50
FY 2015	—	10.00			
FY 2015 (Forecast)			—	10.00	20.00

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

**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		Profit attributable to owners of parent		Net Income per Share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
Year ending Mar. 31, 2016	17,700	5.0	2,270	12.7	2,550	9.0	1,770	5.2	55.60

(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 Sep. 30, 2015 32,421,577 shares      As of Mar. 31, 2015 32,421,577 shares
  - ② Number of shares of treasury stock at the end of the period :  
As of Sep. 30, 2015 525,032 shares      As of Mar. 31, 2015 537,694 shares
  - ③ Average number of shares outstanding during the period :  
Apr. -Sep. 2015 31,890,720 shares      Apr. -Sep. 2014 31,810,294 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.

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

Yen in thousands

Consolidated Balance Sheets	As of March 31, 2015	As of Sep 30, 2015
<b>Assets</b>		
Current assets		
Cash and deposits	1,137,461	1,379,770
Notes and accounts receivable-trade	5,203,535	4,312,399
Short-term investment securities	3,735,997	4,755,431
Merchandise and finished goods	1,522,844	1,437,749
Work in process	1,163,508	1,343,452
Raw materials and supplies	3,715,196	4,307,898
Other	712,494	870,393
Allowance for doubtful accounts	(12)	(3)
Total current assets	17,191,026	18,407,092
Noncurrent assets		
Property, plant and equipment		
Buildings and structures, net	4,611,447	4,639,841
Land	3,882,338	3,882,338
Construction in progress	135,011	226,669
Other, net	2,983,103	2,892,040
Total property, plant and equipment	11,611,900	11,640,888
Intangible assets	75,242	63,631
Investments and other assets		
Investment securities	3,891,136	4,236,484
Other	1,339,665	1,308,745
Allowance for doubtful accounts	(22,915)	(22,915)
Total investments and other assets	5,207,886	5,522,314
Total noncurrent assets	16,895,030	17,226,834
Total assets	34,086,056	35,633,926
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable-trade	534,008	783,075
Short-term loans payable	1,949,860	1,710,260
Income taxes payable	76,894	536,860
Provision for bonuses	389,552	530,760
Provision for directors' bonuses	75,200	37,510
Other	2,109,424	2,402,176
Total current liabilities	5,134,939	6,000,642
Noncurrent liabilities		
Long-term loans payable	716,680	846,950
Provision for loss on guarantees	374,920	368,172
Provision for retirement benefits	457,021	487,632
Other	1,137,603	931,473
Total noncurrent liabilities	2,686,225	2,634,227
Total liabilities	7,821,164	8,634,870

(Continued)

Yen in thousands

Consolidated Balance Sheets	As of March 31, 2015	As of Sep 30, 2015
Net assets		
Shareholders' equity		
Capital stock	9,061,866	9,061,866
Capital surplus	10,949,502	10,958,453
Retained earnings	5,780,476	6,520,770
Treasury stock	(571,078)	(560,975)
Total shareholders' equity	25,220,767	25,980,114
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	732,890	595,618
Deferred gains or losses on hedge	11,077	11,008
Foreign currency translation adjustments	235,928	247,798
Remeasurements of defined benefit plans	(99,363)	(79,993)
Total accumulated other comprehensive income	880,533	774,432
Subscription rights to shares	162,956	243,779
Minority interests	634	729
Total net assets	26,264,892	26,999,056
Total liabilities and net assets	34,086,056	35,633,926

**(2) Consolidated Statements of Income**

Yen in thousands

Consolidated Statements of Income	Six months ended Sep. 30, 2014	Six months ended Sep. 30, 2015
Net sales	8,155,379	8,782,802
Cost of sales	2,794,205	2,949,308
Gross profit	5,361,173	5,833,493
Selling, general and administrative expenses	4,916,033	4,560,382
Operating income	445,140	1,273,110
Non-operating income		
Interest income	17,339	14,499
Dividends income	13,386	12,402
Foreign exchange gain	—	6,301
Gain on redemption of securities	48,480	79,453
Subsidy income	60,354	98,224
Reversal of allowance for doubtful accounts	48,946	10,049
Other	14,513	220,931
Total non-operating income	203,021	220,931
Non-operating expenses		
Interest expenses	19,641	16,826
Foreign exchange losses	7,452	—
Loss on insurance cancellation	—	8,567
Other	4,609	5,951
Total non-operating expenses	31,703	31,344
Ordinary income	616,457	1,462,697
Extraordinary income		
Reversal of provision for loss on guarantees	-	6,748
Total extraordinary income	-	6,748
Extraordinary loss		
Loss on disposal of noncurrent assets	3,168	147
Total extraordinary loss	3,168	147
Income before income taxes	613,289	1,469,298
Income taxes-current	30,741	470,426
Income taxes-deferred	120,522	(61,356)
Total income taxes	151,264	409,070
Profit	462,024	1,060,227
Profit attributable to non-controlling interests	98	95
Profit attributable to owners of parent	461,926	1,060,132

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

Consolidated Statements of Comprehensive Income	Yen in thousands	
	Six months ended Sep. 30, 2014	Six months ended Sep. 30, 2015
Profit	462,024	1,060,227
Other comprehensive income		
Valuation difference on available-for-sale securities	35,879	(137,271)
Deferred gains or losses on hedges	10,407	(68)
Foreign currency translation adjustment	(29,894)	11,869
Remeasurements of defined benefit plans	16,927	19,369
Total other comprehensive income	33,320	(106,100)
Comprehensive income	495,345	954,126
Comprehensive income attributable to		
Comprehensive income attributable to owners of the parent	495,246	954,031
Comprehensive income attributable to non-controlling interests	98	95

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

Yen in thousands

Consolidated Statements of Cash Flows	FY2014 (From Apr. 1, 2014 to Sep. 30, 2014)	FY2015 (From Apr. 1, 2015 to Sep. 30, 2015)
<b>Net cash provided by (used in) operating activities</b>		
Income before income taxes	613,289	1,469,298
Depreciation and amortization	646,752	672,191
Increase (decrease) in allowance for doubtful accounts	(183,357)	(9)
Increase (decrease) in provision for loss on guarantees	—	(6,748)
Increase (decrease) in net defined benefit liability	74,672	78,203
Increase (decrease) in provision for bonuses	137,304	141,208
Share-based compensation expenses	50,511	85,590
Loss (gain) on redemption of securities	(48,480)	(79,453)
Interest and dividends income	(30,725)	(26,901)
Interest expenses	19,641	16,826
Foreign exchange losses (gains)	806	(15)
Decrease (increase) in notes and accounts receivable-trade	(829,227)	891,136
Decrease (increase) in accounts receivable-other	117,423	(64,066)
Decrease (increase) in inventories	(1,158,162)	(692,081)
Increase (decrease) in long-term prepaid expenses	95,030	63,012
Decrease (increase) in claims provable in bankruptcy, claims provable in rehabilitation	210,286	—
Increase (decrease) in notes and accounts payable-trade	1,225,417	249,066
Increase (decrease) in accounts payable-other	310,116	314,073
Increase (decrease) in long-term advanced received	(90,000)	(90,000)
Other, net	25,367	95,955
Subtotal	1,186,667	3,117,287
Interest and dividends income received	36,181	28,121
Interest expenses paid	(19,580)	(16,930)
Income taxes (paid) refund	(464,195)	(35,228)
Net cash provided by (used in) operating activities	739,072	3,093,250
<b>Net cash provided by (used in) investing activities</b>		
Purchase of short-term investment securities	(500,000)	—
Proceeds from sales and redemption of securities	1,218,851	241,200
Purchase of property, plant and equipment	(862,305)	(845,999)
Purchase of intangible assets	(61,213)	—
Purchase of investment securities	(601,388)	(478,707)
Other, net	1,756	9,511
Net cash provided by (used in) investing activities	(804,299)	(1,073,995)
<b>Net cash provided by (used in) financing activities</b>		
Proceeds from long-term loans payable	—	300,000
Repayment of long-term loans payable	(232,630)	(409,330)
Repayments of lease obligations	(129,049)	(107,596)
Net decrease (increase) in treasury stock	18,467	14,285
Cash dividends paid	(320,467)	(319,914)
Net cash provided by (used in) financing activities	(663,679)	(522,555)
Effect of exchange rate change on cash and cash equivalents	(28,412)	8,900
Net increase (decrease) in cash and cash equivalents	(757,319)	1,505,599
Cash and cash equivalents at beginning of period	5,780,972	3,643,303
Cash and cash equivalents at end of period	5,023,653	5,148,903

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

Code Nonproprietary Name	Status (Japan)	Indication
		Remarks
<b>JR- 051</b> Alpha-galactosidase A (rDNA origin)	Phase II /III	Fabry disease (lysosomal storage disease)
		ERT Manufactured using serum-free culture technology Co-development with GSK Group
<b>JR- 041</b> Follicle stimulating hormone (rDNA origin)	Phase I / II	Infertility
		Manufactured using serum-free culture technology Out-licensed to ASKA Pharmaceutical Co., Ltd.
<b>JR-131</b> Darbopoietin (rDNA origin)	Phase I	Renal anemia
		Manufactured using serum-free culture technology Co-development with Kissei Pharmaceutical Co., Ltd.
<b>JR- 032</b> Iduronate-2-sulfatase (rDNA origin)	Clinical study in preparation	Hunter syndrome (lysosomal storage disease)
		ERT Manufactured using serum-free culture technology Co-development with GSK Group
<b>JR- 101</b> Glucocerebrosidase (rDNA origin)	Preclinical	Gaucher disease (lysosomal storage disease)
		ERT Manufactured using serum-free culture technology
<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
<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) Regenerative medicine and other drugs**

Brand name Nonproprietary Name	Status (Japan)	Indication
		Remarks
<b>TEMCELL®HS Inj.</b> Human mesenchymal stem cells (hMSCs)	Approval, on Sep 18,2015	Suppression of graft-versus-host disease (GVHD) associated with hematopoietic stem cell transplantation
		Licensed in from Mesoblast Group (Australia) (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.