

## Financial Summary

### Consolidated Financial Results for Fiscal Year 2016

May10, 2017

(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, 2017 (Apr. 1, 2016 - Mar. 31, 2017)

##### (1) Consolidated Operating Results

(Percentage shows year-on-year changes)

	Net Sales		Operating Income		Ordinary Income		Profit attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
FY2016	18,085	3.7	2,362	9.7	2,534	3.7	1,863	4.1
FY2015	17,438	3.5	2,152	6.9	2,443	4.4	1,789	6.4

(Reference) Comprehensive income ; FY2016 : 1,831 million yen FY2015 : 1,557 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	%	%	%
FY2016	58.95	58.61	6.9	7.1	13.1
FY2015	56.12	55.81	6.8	7.0	12.3

(Reference) Equity in earnings of affiliates ; FY2016 : — million yen FY2015 : — 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, 2017	36,385	27,585	75.0	864.66
Mar. 31, 2016	35,346	27,062	75.9	843.34

(Reference) Shareholders' Equity ; As of Mar. 31, 2017 : 27,305 million yen As of Mar. 31, 2016 : 26,819 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
FY2016	2,651	(841)	146	5,464
FY2015	2,201	(980)	(1,314)	3,523

#### 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 2015	—	10.00	—	12.00	22.00	700	39.2	2.8
FY 2016	—	10.00	—	12.00	22.00	694	37.3	2.6
FY 2017 (Forecast)	—	11.00	—	11.00	22.00		35.3	

(note) FY2015 Year-end dividends comprised of the ordinary dividend of ¥10 and a commemorative dividend of ¥2

**3. Consolidated Forecasts for the Fiscal Year Ending March 31, 2018 (Apr. 1, 2017 - Mar. 31, 2018)**

(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
Six months ending Sep. 30, 2017	10,300	20.7	1,840	34.2	1,840	35.0	1,340	42.43
Year ending Mar. 31, 2018	19,800	9.5	2,640	11.8	2,650	4.6	1,970	62.39

※ 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 FY2017**

Forecast of consolidated business results

	FY2016 (Apr 1, 2016- Mar 31, 2017)	Forecast for FY2017 (Apr 1, 2017- Mar 31, 2018)	Increase and decrease	Increasing rate
Net sales (Million yen)	18,085	19,800	+1,715	+9.5%
Operating income (Million yen)	2,362	2,640	+278	+11.8%
Ordinary income (Million yen)	2,534	2,650	+116	+4.6%
Profit attributable to owners of parent (Million yen)	1,863	1,970	+107	+5.7%

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

(Thousands of yen)

	As of March 31, 2016	As of March 31, 2017
<b>Assets</b>		
Current assets		
Cash and deposits	1,948,605	5,509,484
Notes and accounts receivable – trade	5,384,377	5,434,868
Securities	1,926,989	300,340
Merchandise and finished goods	1,582,482	1,757,183
Work in process	1,135,086	1,591,011
Raw materials and supplies	4,625,293	4,389,536
Deferred tax assets	609,996	390,014
Other	1,153,404	942,734
Total current assets	18,366,235	20,315,173
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	4,544,593	4,938,188
Machinery, equipment and vehicles, net	1,189,175	1,204,135
Land	3,882,338	3,882,338
Leased assets, net	755,985	605,543
Construction in progress	396,177	31,148
Other, net	676,718	726,375
Total property, plant and equipment	11,444,988	11,387,729
Intangible assets	83,996	67,615
Investments and other assets		
Investment securities	4,247,640	3,587,572
Net defined benefit asset	280,955	276,230
Other	945,893	773,626
Allowance for doubtful accounts	△22,915	△22,915
Total investments and other assets	5,451,573	4,614,515
Total non-current assets	16,980,559	16,069,860
Total assets	35,346,794	36,385,034

(Continued)

(Thousands of yen)

	As of March 31, 2016	As of March 31, 2017
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable – trade	783,372	700,285
Short-term loans payable	1,760,280	1,493,600
Lease obligations	225,072	230,154
Income taxes payable	764,170	69,580
Provision for bonuses	481,266	525,488
Provision for directors' bonuses	76,520	73,820
Other	1,976,367	1,614,023
Total current liabilities	6,067,049	4,706,951
Non-current liabilities		
Long-term loans payable	646,800	2,713,200
Lease obligations	561,529	401,911
Provision for loss on guarantees	358,519	337,945
Net defined benefit liability	566,341	582,538
Other	83,813	56,629
Total non-current liabilities	2,217,003	4,092,224
Total liabilities	8,284,052	8,799,175
<b>Net assets</b>		
Shareholders' equity		
Capital stock	9,061,866	9,061,866
Capital surplus	10,961,049	10,964,676
Retained earnings	6,930,146	8,149,279
Treasury shares	△781,615	△1,486,686
Total shareholders' equity	26,171,447	26,689,137
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	587,933	569,641
Foreign currency translation adjustment	205,840	149,691
Remeasurements of defined benefit plans	△145,560	△103,042
Total accumulated other comprehensive income	648,213	616,290
Subscription rights to shares	242,323	279,573
Non-controlling interests	757	857
Total net assets	27,062,741	27,585,858
Total liabilities and net assets	35,346,794	36,385,034

**(2) Consolidated Statements of Income**

(Thousands of yen)

	Fiscal year ended March 31, 2016	Fiscal year ended March 31, 2017
Net sales	17,438,377	18,085,035
Cost of sales	6,459,424	5,731,719
Gross profit	10,978,952	12,353,315
Selling, general and administrative expenses	8,826,182	9,991,312
Operating profit	2,152,770	2,362,003
Non-operating income		
Interest income	27,075	16,613
Dividend income	23,307	20,682
Foreign exchange gains	11,799	46,834
Gain on redemption of securities	162,335	65,504
Subsidy income	98,224	29,056
Other	25,542	57,740
Total non-operating income	348,284	236,432
Non-operating expenses		
Interest expenses	32,668	28,989
Commission for purchase of treasury shares	737	16,846
Other	24,577	18,262
Total non-operating expenses	57,983	64,098
Ordinary profit	2,443,071	2,534,336
Extraordinary income		
Reversal of provision for loss on guarantees	16,401	20,574
Total extraordinary income	16,401	20,574
Extraordinary losses		
Special retirement expenses of subsidiaries and associates	—	59,058
Loss on disposal of non-current assets	212	3,064
Total extraordinary losses	212	62,122
Profit before income taxes	2,459,259	2,492,788
Income taxes – current	851,770	393,851
Income taxes – deferred	△182,109	235,666
Total income taxes	669,661	629,517
Profit	1,789,597	1,863,270
Profit attributable to non-controlling interests	123	99
Profit attributable to owners of parent	1,789,474	1,863,170

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

(Thousands of yen)

	Fiscal year ended March 31, 2016	Fiscal year ended March 31, 2017
Profit	1,789,597	1,863,270
Other comprehensive income		
Valuation difference on available-for-sale securities	△144,956	△18,292
Deferred gains or losses on hedges	△11,077	—
Foreign currency translation adjustment	△30,088	△56,149
Remeasurements of defined benefit plans, net of tax	△46,197	42,518
Total other comprehensive income	△232,319	△31,922
Comprehensive income	1,557,278	1,831,347
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	1,557,155	1,831,248
Comprehensive income attributable to non-controlling interests	123	99

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

(Thousands of yen)

	Fiscal year ended March 31, 2016	Fiscal year ended March 31, 2017
Cash flows from operating activities		
Profit before income taxes	2,459,259	2,492,788
Depreciation	1,407,655	1,447,538
Increase (decrease) in provision for bonuses	91,714	44,221
Share-based compensation expenses	85,590	79,352
Increase (decrease) in provision for loss on guarantees	△16,401	△20,574
Increase (decrease) in net defined benefit liability	160,639	65,390
Loss (gain) on redemption of securities	△162,335	△65,504
Interest and dividend income	△50,382	△37,296
Interest expenses	32,668	28,989
Foreign exchange losses (gains)	110	△31,942
Decrease (increase) in notes and accounts receivable – trade	△180,842	△50,490
Decrease (increase) in accounts receivable – other	△106,864	△324,070
Decrease (increase) in inventories	△947,050	△402,918
Decrease (increase) in deposits paid	△775,490	778,531
Increase (decrease) in notes and accounts payable – trade	249,364	△83,086
Increase (decrease) in accounts payable – other	△53,185	313,494
Increase (decrease) in accrued consumption taxes	324,352	△354,178
Increase (decrease) in advances received	△910,271	△174,514
Increase (decrease) in long-term advanced received	△180,000	—
Other, net	1,277,728	67,882
Subtotal	2,381,907	3,773,613
Interest and dividend income received	57,613	33,355
Interest expenses paid	△32,529	△28,831
Income taxes (paid) refund	△205,244	△1,126,791
Net cash provided by (used in) operating activities	2,201,746	2,651,346

(Continued)

(Thousands of yen)

	Fiscal year ended March 31, 2016	Fiscal year ended March 31, 2017
Cash flows from investing activities		
Proceeds from sales and redemption of securities	1,182,940	284,352
Purchase of property, plant and equipment	△1,413,936	△1,550,607
Purchase of investment securities	△724,401	△42,769
Proceeds from sales and redemption of investment securities	11,371	451,974
Other, net	△36,573	15,646
Net cash provided by (used in) investing activities	△980,599	△841,403
Cash flows from financing activities		
Increase (decrease) in short-term loans payable	—	50,000
Proceeds from long-term loans payable	500,000	2,000,000
Repayments of long-term loans payable	△759,460	△250,280
Repayments of lease obligations	△209,318	△210,594
Net decrease (increase) in treasury shares	△205,214	△743,545
Cash dividends paid	△640,032	△699,277
Net cash provided by (used in) financing activities	△1,314,024	146,302
Effect of exchange rate change on cash and cash equivalents	△27,149	△15,037
Net increase (decrease) in cash and cash equivalents	△120,027	1,941,208
Cash and cash equivalents at beginning of period	3,643,303	3,523,276
Cash and cash equivalents at end of period	3,523,276	5,464,484



**5. R&D Pipeline****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
		Co-development with GSK Group
<b>JR-131</b> Darbopoietin (rDNA origin)	Phase III	Renal anemia
		“J-GlycoS” Original technology for Glycan control Co-development with Kissei Pharmaceutical Co., Ltd.
<b>JR- 041</b> Follicle stimulating hormone (rDNA origin)	Phase I / II	Infertility
		Out-licensed to ASKA Pharmaceutical Co., Ltd.
<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- 101</b> Glucocerebrosidase (rDNA origin)	Preclinical	Gaucher disease (lysosomal storage disease)
		ERT “J-GlycoM” Original technology for Glycan control
<b>JR- 141</b> Iduronate-2-sulfatase (Blood Brain Barrier passage) (rDNA origin)	Phase I / II	Hunter syndrome (lysosomal storage disease)
		ERT “J-Brain Cargo” Original technology for Blood Brain Barrier passage
<b>JR- 142</b> Long-acting recombinant human growth hormone (rDNA origin)	Preclinical	Growth disorder
		“J-MIG System” Technology for overexpression of CHO cell
<b>JR- 162</b> $\alpha$ -Glucosidase (Blood Brain Barrier passage) (rDNA origin)	Preclinical	Pompe disease (lysosomal storage disease)
		ERT “J-Brain Cargo”

(Note) ERT= Enzyme Replacement Therapy