

**Financial Summary****Consolidated Financial Results for the Six Months Ended Sep 30, 2016 (Q2 FY2016)**

Oct 27, 2016

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

**1. Consolidated Financial Results for Q2 FY2016 (Apr. 1, 2016 - Sep. 30, 2016)****(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, 2016	8,534	(2.8)	1,370	7.7	1,363	(6.8)	1,022	(3.6)
Sep. 30, 2015	8,782	7.7	1,273	186.0	1,462	137.3	1,060	129.5

(Note) Comprehensive income ;

Six months ended Sep. 30, 2016 : 816 million yen

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

	Net Income per Share (basic)	Net Income per Share (diluted)
Six Months Ended	Yen	Yen
Sep. 30, 2016	32.31	32.12
Sep. 30, 2015	33.24	33.06

**(2) Consolidated Financial Position**

	Total Assets	Net Assets	Equity Ratio
As of	Million yen	Million yen	%
Sep. 30, 2016	36,704	26,866	72.4
Mar. 31, 2016	35,346	27,062	75.9

(Reference) Shareholders' Equity ; As of Sep. 30, 2016 : 26,577 Million yen As of Mar. 31, 2016 : 26,819 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 2015	—	10.00	—	12.00	22.00
FY 2016	—	10.00			
FY 2016 (Forecast)			—	10.00	20.00

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

**3. Consolidated Forecasts for the Fiscal Year Ending March 31, 2017 (Apr. 1, 2016 - Mar. 31, 2017)**

(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, 2017	18,700	7.2	2,580	19.8	2,690	10.1	1,980	10.6	62.76

(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, 2016 32,421,577 shares      As of Mar. 31, 2016 32,421,577 shares
  - ② Number of shares of treasury stock at the end of the period :  
As of Sep. 30, 2016 859,862 shares      As of Mar. 31, 2016 620,044 shares
  - ③ Average number of shares outstanding during the period :  
Apr. -Sep. 2016 31,640,278 shares      Apr. -Sep. 2015 31,890,720 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, 2016	As of Sep 30, 2016
<b>Assets</b>		
Current assets		
Cash and deposits	1,948,605	5,113,795
Notes and accounts receivable-trade	5,384,377	4,587,253
Short-term investment securities	1,926,989	202,907
Merchandise and finished goods	1,582,482	1,998,165
Work in process	1,135,086	1,422,435
Raw materials and supplies	4,625,293	5,125,087
Other	1,763,403	1,162,648
Allowance for doubtful accounts	(3)	—
Total current assets	18,366,235	19,612,294
Noncurrent assets		
Property, plant and equipment		
Buildings and structures, net	4,544,593	4,837,936
Land	3,882,338	3,882,338
Construction in progress	396,177	135,020
Other, net	2,621,879	2,862,608
Total property, plant and equipment	11,444,988	11,717,904
Intangible assets	83,996	80,082
Investments and other assets		
Investment securities	4,247,640	4,085,565
Other	1,226,848	1,231,255
Allowance for doubtful accounts	(22,915)	(22,915)
Total investments and other assets	5,451,573	5,293,906
Total noncurrent assets	16,980,559	17,091,894
Total assets	35,346,794	36,704,188
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable-trade	783,372	841,330
Short-term loans payable	1,760,280	1,726,950
Income taxes payable	764,170	453,935
Provision for bonuses	481,266	579,714
Provision for directors' bonuses	76,520	38,260
Other	2,201,440	2,116,590
Total current liabilities	6,067,049	5,756,781
Noncurrent liabilities		
Long-term loans payable	646,800	2,630,000
Provision for loss on guarantees	358,519	349,159
Provision for retirement benefits	566,341	573,893
Other	645,343	527,661
Total noncurrent liabilities	2,217,003	4,080,713
Total liabilities	8,284,052	9,837,494

(Continued)

Yen in thousands

Consolidated Balance Sheets	As of March 31, 2016	As of Sep 30, 2016
Net assets		
Shareholders' equity		
Capital stock	9,061,866	9,061,866
Capital surplus	10,961,049	10,964,735
Retained earnings	6,930,146	7,624,864
Treasury stock	(781,615)	(1,516,713)
Total shareholders' equity	26,171,447	26,134,752
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	587,933	461,835
Foreign currency translation adjustments	205,840	100,650
Remeasurements of defined benefit plans	(145,560)	(120,002)
Total accumulated other comprehensive income	648,213	442,484
Subscription rights to shares	242,323	288,633
Minority interests	757	823
Total net assets	27,062,741	26,866,693
Total liabilities and net assets	35,346,794	36,704,188

**(2) Consolidated Statements of Income**

Yen in thousands

Consolidated Statements of Income	Six months ended Sep. 30, 2015	Six months ended Sep. 30, 2016
Net sales	8,782,802	8,534,332
Cost of sales	2,949,308	2,570,428
Gross profit	5,833,493	5,963,903
Selling, general and administrative expenses	4,560,382	4,593,084
Operating income	1,273,110	1,370,819
Non-operating income		
Interest income	14,499	10,191
Dividends income	12,402	11,208
Foreign exchange gain	6,301	9,567
Gain on redemption of securities	79,453	—
Subsidy income	98,224	—
Other	10,049	4,782
Total non-operating income	220,931	35,749
Non-operating expenses		
Interest expenses	16,826	14,924
Commission for purchase of treasury stock	—	16,846
Other	14,518	11,786
Total non-operating expenses	31,344	43,557
Ordinary income	1,462,697	1,363,011
Extraordinary income		
Reversal of provision for loss on guarantees	6,748	9,360
Total extraordinary income	6,748	9,360
Extraordinary loss		
Loss on disposal of noncurrent assets	147	2,156
Total extraordinary loss	147	2,156
Income before income taxes	1,469,298	1,370,214
Income taxes-current	470,426	370,439
Income taxes-deferred	(61,356)	(22,431)
Total income taxes	409,070	348,007
Profit	1,060,227	1,022,206
Profit attributable to non-controlling interests	95	66
Profit attributable to owners of parent	1,060,132	1,022,140

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

Consolidated Statements of Comprehensive Income	Yen in thousands	
	Six months ended Sep. 30, 2015	Six months ended Sep. 30, 2016
Profit	1,060,227	1,022,206
Other comprehensive income		
Valuation difference on available-for-sale securities	(137,271)	(126,098)
Deferred gains or losses on hedges	(68)	—
Foreign currency translation adjustment	11,869	(105,189)
Remeasurements of defined benefit plans	19,369	25,558
Total other comprehensive income	(106,100)	(205,729)
Comprehensive income	954,126	816,477
Comprehensive income attributable to		
Comprehensive income attributable to owners of the parent	954,031	816,410
Comprehensive income attributable to non-controlling interests	95	66

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

Yen in thousands

Consolidated Statements of Cash Flows	FY2015 (From Apr. 1, 2015 to Sep. 30, 2015)	FY2016 (From Apr. 1, 2016 to Sep. 30, 2016)
<b>Net cash provided by (used in) operating activities</b>		
Income before income taxes	1,469,298	1,370,214
Depreciation and amortization	672,191	696,873
Increase (decrease) in provision for loss on guarantees	(6,748)	(9,360)
Increase (decrease) in net defined benefit liability	78,203	76,508
Increase (decrease) in provision for bonuses	141,208	98,448
Share-based compensation expenses	85,590	79,352
Loss (gain) on redemption of securities	(79,453)	—
Interest and dividends income	(26,901)	(21,399)
Interest expenses	16,826	14,924
Foreign exchange losses (gains)	(15)	1,577
Decrease (increase) in notes and accounts receivable-trade	891,136	797,124
Decrease (increase) in accounts receivable-other	(64,066)	(33,023)
Decrease (increase) in inventories	(692,081)	(1,204,278)
Decrease (increase) in deposits paid	1,960	778,484
Increase (decrease) in notes and accounts payable-trade	249,066	57,958
Increase (decrease) in accounts payable-other	314,073	387,976
Increase (decrease) in accrued consumption taxes	179,521	(376,865)
Increase (decrease) in advances received	(15,241)	(80,643)
Increase (decrease) in long-term advanced received	(90,000)	—
Other, net	(71,347)	(68,152)
Subtotal	3,117,287	2,598,742
Interest and dividends income received	28,121	25,354
Interest expenses paid	(16,930)	(14,877)
Income taxes (paid) refund	(35,228)	(699,629)
Net cash provided by (used in) operating activities	3,093,250	1,909,590
<b>Net cash provided by (used in) investing activities</b>		
Proceeds from sales and redemption of securities	241,200	50,000
Purchase of property, plant and equipment	(845,999)	(1,042,120)
Purchase of investment securities	(478,707)	(230)
Other, net	9,511	24,819
Net cash provided by (used in) investing activities	(1,073,995)	(967,532)
<b>Net cash provided by (used in) financing activities</b>		
Net increase (decrease) in short-term loans payable	—	100,000
Proceeds from long-term loans payable	300,000	2,000,000
Repayment of long-term loans payable	(409,330)	(150,130)
Repayments of lease obligations	(107,596)	(103,804)
Net decrease (increase) in treasury stock	14,285	(764,454)
Cash dividends paid	(319,914)	(383,164)
Net cash provided by (used in) financing activities	(522,555)	698,446
Effect of exchange rate change on cash and cash equivalents	8,900	(94,985)
Net increase (decrease) in cash and cash equivalents	1,505,599	1,545,519
Cash and cash equivalents at beginning of period	3,643,303	3,523,276
Cash and cash equivalents at end of period	5,148,903	5,068,795

**3. R&D Pipeline****Recombinant drug products**

<b>Code</b> Nonproprietary Name	<b>Status</b> (Japan)	<b>Indication</b>
		<b>Remarks</b>
<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)	Phase II / III	Fabry disease (lysosomal storage disease)
		ERT Co-developed with GSK Group
<b>JR- 032</b> Iduronate-2-sulfatase (rDNA origin)	Clinical study in preparation	Hunter syndrome (lysosomal storage disease)
		ERT Co-developed with GSK Group
<b>JR-131</b> Darbopoietin (rDNA origin)	Phase III	Renal anemia
		Co-developed with Kissei Pharmaceutical Co., Ltd.
<b>JR- 101</b> Glucocerebrosidase (rDNA origin)	Preclinical	Gaucher's disease (lysosomal storage disease)
		ERT Uses Glycoengineering Technology "J-GlycoM <sup>®</sup> ,"
<b>JR- 141</b> BBB-Penetrating Iduronate-2-sulfatase  (rDNA origin)	Preclinical	Hunter syndrome (lysosomal storage disease)
		ERT Uses Blood Brain Barrier Penetration Technology "J-Brain Cargo <sup>®</sup> ,"
<b>JR- 142</b> Long-Acting Somatropin (rDNA origin)	Preclinical	Growth disorder
		Long-acting human growth hormone product using Modified Albumin Fusion Technology and High-Level Protein Expression Technology "J-MIG System <sup>®</sup> "