

The original disclosure in Japanese was released on January 30, 2018

**Consolidated Financial Statements for the Third Quarter Ended December 31, 2017  
FY2017 (April 1, 2017 - March 31, 2018) [UNAUDITED]**

Company name: Takara Bio Inc.  
 Stock exchange listings: Tokyo Stock Exchange (1st section)  
 Code number: 4974  
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Quarterly statement filing date (as planned): February 9, 2018

Scheduled starting date of the dividend payments: -

Supplementary documents of the financial results Yes

Financial results information meeting: No

Notes: 1. The accompanying financial statements have been prepared in accordance with accounting principles and practices generally accepted in Japan.

2. Amounts are rounded down to the nearest million yen.

**1. Results for the nine months ended December 31, 2017 (April 1, 2017 – December 31, 2017)**

**(1) Operating results**

(Percentages indicate changes from the same period of the previous fiscal year.)

	Nine months ended December 31, 2017		Nine months ended December 31, 2016	
	(Millions of yen)	(%)	(Millions of yen)	(%)
Net sales	22,646	9.7	20,645	(0.3)
Operating income	1,608	(41.0)	2,724	88.6
Ordinary income	1,762	(38.6)	2,869	69.0
Net income (loss) attributable to owners of the parent	1,068	(31.5)	1,561	154.4
Net income per share (in yen)	8.88		12.97	
Fully diluted net income per share (in yen)	-		-	
Note: Comprehensive income	811	-	(1,482)	-

**(2) Financial position**

	As of December 31, 2017	As of March 31, 2017
	(Millions of yen)	(Millions of yen)
Total assets	66,759	67,143
Net assets	60,315	59,985
Equity ratio (%)	90.2	89.2
Net assets per share (in yen)	500.07	497.32
(Reference) Equity	60,216	59,884

**2. Dividends**

	Annual dividends per share in yen		
	Year ended March 31, 2017	Year ended March 31, 2018	Year ending March 31, 2018 (Forecast)
First quarter end	-	-	-
Second quarter end	-	-	-
Third quarter end	-	-	-
Year end	4.00		4.00
Annual	4.00		4.00

Note: No revision of dividend payment forecast since the most recently announced payment forecast.

### 3. Forecast for the year ending March 31, 2018 (April 1, 2017 – March 31, 2018)

(Percentages indicate changes from the same period of the previous fiscal year.)

	Year ending March 31, 2018	
	(Millions of yen)	(%)
Net sales	33,000	12.3
Operating income	3,500	9.3
Ordinary income	3,800	6.2
Net income attributable to owners of the parent	2,000	47.9
Net income attributable to owners of the parent per share (in yen)	16.61	

Note: No revision of financial forecast since the most recently announced financial forecast.

### 4. Others

(1) Material changes in subsidiaries during the nine months ended December 31, 2017

(Changes in scope of consolidations resulting from change in subsidiaries): Yes

Newly included: two companies: Rubicon Genomics, Inc., WaferGen Bio-systems, Inc.

Excluded: two companies: Rubicon Genomics, Inc. WaferGen Bio-systems, Inc.

Note: For details, please refer to 2. Consolidated Quarterly Financial Statements and Primary Notes, (4) Notes on Consolidated Quarterly Financial Statements, (Material Changes in Subsidiaries during the Nine Months Ended December 31, 2017) on page 9 of the attached document.

(2) Application of special accounting methods to the consolidated quarterly financial statements: No

(3) Changes in accounting policies, changes in accounting estimates, and retrospective restatement

1) Changes based on revisions of accounting standard: No

2) Changes other than ones based on revisions of accounting standard: No

3) Changes in accounting estimates: No

4) Restatement: No

(4) Number of outstanding shares (common stock)

1) Number of outstanding shares (Treasury stocks are included)

As of December 31, 2017: 120,415,600

As of March 31, 2017: 120,415,600

2) Number of treasury stocks

As of December 31, 2017: -

As of March 31, 2017: -

3) Average number of outstanding shares

Nine months ended December 31, 2017: 120,415,600

Nine months ended December 31, 2016: 120,415,600

#### Notes

These financial statements are not subject to auditing.

Comment regarding appropriate use of earnings forecasts and other special notes

Forward-looking statements such as the business results forecasts contained in this document are determined by Takara Bio based on information currently available and assumptions judged by the company to be reasonable, and are not a guarantee that the company will achieve such results. Actual results could differ significantly from those forecasts due to a wide range of factors. For information on the conditions upon which these forecasts are based and notes regarding their use, please refer to 1. Qualitative Information for the Nine Months Ended December 31, 2017 (4) Qualitative Information Regarding Consolidated Forecasts, on page 3 of the attached document.

Contents of the attached document

1. Qualitative Information for the Nine Months Ended December 31, 2017.....	2
(1) Consolidated Financial Results .....	2
(2) Consolidated Financial Position .....	3
(3) Consolidated Cash Flows.....	3
(4) Qualitative Information Regarding Consolidated Forecasts.....	3
2. Consolidated Quarterly Financial Statements and Primary Notes.....	4
(1) Consolidated Quarterly Balance Sheets .....	4
(2) Consolidated Quarterly Statements of Income and Consolidated Quarterly Statements of Comprehensive Income.....	6
(Consolidated Quarterly Statements of Income)	
(For the Nine Months Ended December 31, 2017 and 2016) .....	6
(Consolidated Quarterly Statements of Comprehensive Income)	
(For the Nine Months Ended December 31, 2017 and 2016) .....	7
(3) Consolidated Quarterly Statements of Cash Flows.....	8
(4) Notes on Consolidated Quarterly Financial Statements .....	9
(Notes on Premise of Going Concern) .....	9
(Notes When There are Significant Changes in Amounts of Equity) .....	9
(Material Changes in Subsidiaries during the Nine Months Ended December 31, 2017) .....	9
(Segment Information) .....	10
(Other Notes) .....	11
3. Supplementary Information .....	12
(1) Trends in Key Management Indicators .....	12
(2) Comparative Consolidated Statement of Income .....	13
(3) Comparative Statement of Income Relating to Consolidated Earnings Forecasts.....	15

## 1. Qualitative Information for the Nine Months Ended December 31, 2017

### (1) Consolidated Financial Results

In the nine months ended December 31, 2017, although the Japanese economy continued to maintain a moderate recovery as corporate earnings, the employment situation, and other circumstances improved, the future of the world economy continues to be unpredictable due to the upsurge in uncertainty regarding such issues as policy trends in the U.S. and global geopolitical risks.

Under these circumstances and based on the newly established three-year Takara Bio Medium-Term Management Plan FY2020, the Takara Bio Group promoted the strategies of the Bioindustry, Gene Therapy, and AgriBio Businesses and strengthened the business bases which support them to enhance the Group's standing as a global enterprise and regenerative medical products company and, further, promoted initiatives aimed at achieving prodigious growth.

As a result, overall net sales increased 9.7% year on year, to ¥22,646 million, on contributions from newly consolidated subsidiaries and from sales for contract services greatly exceeding those of the same period of the previous fiscal year. Also, cost of sales increased 21.9% year on year, to ¥9,879 million due to the increase in net sales and the recording of amortization of intangible assets accompanying the acquisition of newly consolidated subsidiaries, and gross profit increased by 1.8%, to ¥12,766 million. Selling, general and administrative (SG&A) expenses increased by 13.7% year on year, to ¥11,157 million, due to increases in personnel costs of newly consolidated subsidiaries and amortization of goodwill. Accordingly, operating income declined 41.0% year on year, to ¥1,608 million.

In accordance with the decline in operating income, ordinary income fell 38.6% year on year, to ¥1,762 million, income before income taxes and minority interests decreased 33.6% year on year, to ¥1,742 million, and net income attributable to owners of the parent dropped 31.5% year on year, to ¥1,068 million.

The statuses of Group business segments are as follows.

#### **Bioindustry**

Given the ever-widening activities of biotechnology R&D, the Group has positioned the Bioindustry Business as its core business, which mainly develops and provides products and services supporting such R&D activities.

In the nine months ended December 31, 2017, sales by product category saw sales of scientific instruments decline year-on-year, but sales of research reagents and contract services increase year on year.

As a result of the above, sales to external customers increased 10.8% year on year, to ¥20,405 million, and gross profit increased 1.8% year on year to ¥11,783 million. SG&A expenses increased by 17.1% year on year to ¥8,087 million due to the aforementioned increases in personnel costs of new consolidated subsidiaries and amortization of goodwill. Accordingly, operating income declined 20.9% year on year to ¥3,696 million.

#### **Gene Therapy**

The business focuses on the early commercialization of gene therapies for diseases such as cancer. These therapies utilize original Takara Bio technologies such as the RetroNectin® Method, a high efficiency gene transduction method; the RetroNectin® expansion-culture system, a highly efficient lymphocyte propagation technology; as well as siTCR.

In the nine months ended December 31, 2017, ¥500 million was generated in development and sales licensing related to the oncolytic virus HF10.

As a result of the above, net sales to external customers remained unchanged year on year at ¥500 million, as did gross profit. SG&A expenses increased 5.9% year on year to ¥1,302 million due to increased R&D expenses. Accordingly, operating loss was ¥802 million, compared with an operating loss of ¥730 million in the same period of the previous fiscal year.

#### **AgriBio**

Based on the concept of "food as medicine," this business uses its unique leading-edge biotechnology to identify the scientific basis of foodstuffs. Based on this evidence, it develops, manufactures, and sells functional food ingredients. The AgriBio Business focuses on rolling out Gagome kombu (kelp) "Fucoidan" related products, agar agaro-oligosaccharide related products, Ashitaba (*Angelica keiskei*) "Chalcone" related products, the herb (*Peucedanum japonicum*) "Isosamidin" related products, yam (*Dioscorea esculenta*) "Yamsgenin™" related products, and mushroom-related products.

In the nine months ended December 31, 2017, net sales of functional foods declined year on year. However, net sales of mushroom-related products increased year on year. Consequently, net sales to external customers increased 0.9% to ¥1,740 million, and gross profit increased 5.1% to ¥482 million. SG&A expenses increased by only 0.8% year on year to ¥371 million while operating income exceeded that of the same period of the previous fiscal year increasing 23.1% year on year to ¥110 million.

## **(2) Consolidated Financial Position**

Total assets as of December 31, 2017 stood at ¥66,759 million, a decrease of ¥384 million compared with that at the end of the previous fiscal year. This decrease resulted despite an increase of ¥12,170 million in intangible assets, primarily due to a decrease of ¥13,351 million in cash and deposits.

Total liabilities as of December 31, 2017, were ¥6,443 million, a decrease of ¥714 million compared with that at the end of the previous fiscal year. This was primarily due to a decline in provisions of ¥197 million and a decline in accounts payable—other of ¥434 million, included in current liabilities, other.

Total net assets as of December 31, 2017, stood at ¥60,315 million, an increase of ¥330 million compared with that at the end of the previous fiscal year. This was primarily due to an increase of ¥587 million in retained earnings.

## **(3) Consolidated Cash Flows**

Net cash provided by operating activities was ¥587 million, a decrease of ¥900 million compared with the same period of the previous fiscal year. This was primarily due to a decrease of ¥882 million in income before income taxes and minority interests.

Net cash used in investing activities was ¥13,147 million, a transition from revenue to expenditure compared with the same period of the previous fiscal year, with expenses increasing by ¥22,625 million. This was primarily because of a ¥12,396 million purchase of shares of subsidiaries resulting in change in scope of consolidation, and the elimination of ¥10,177 million from proceeds of sale and redemption of securities.

Net cash used in financing activities was ¥1,067 million, an ¥821 million increase compared with the same period of the previous fiscal year. This was primarily because of ¥546 million in redemption of bonds, and a ¥264 million increase in cash dividends paid.

As a result of the above, cash and cash equivalents as of December 31, 2017, including the effect of exchange rate change on cash and cash equivalents, stood at ¥8,355 million, down ¥13,845 million from the previous fiscal year-end.

## **(4) Qualitative Information Regarding Consolidated Forecasts**

Consolidated results from the nine months ended December 31, 2017, were recorded virtually as planned according to the consolidated forecast released on November 7, 2017. Furthermore, current outlook for the fourth quarter remains roughly in line with said forecast.

Based on the above, the Group will not be revising the consolidated forecast released on November 7, 2017. Please see p. 14 of the “Comparative Statement of Income Relating to Consolidated Earnings Forecasts” for a comparison between said forecast and previous period results.

## 2. Consolidated Quarterly Financial Statements and Primary Notes

### (1) Consolidated Quarterly Balance Sheets

(Millions of yen)

	As of March 31, 2017	As of December 31, 2017
<b>Asset</b>		
Current assets		
Cash and deposits	28,078	14,726
Notes and accounts receivable-trade	7,455	7,161
Securities	2,000	2,049
Merchandise and finished goods	4,032	5,287
Work in process	459	567
Raw materials and supplies	970	1,385
Other	998	1,407
Deferred tax assets	(30)	(43)
Total current assets	43,964	32,542
Noncurrent assets		
Property, plant and equipment		
Buildings and structures	12,699	12,807
Accumulated depreciation	(5,032)	(5,435)
Buildings and structures, net	7,667	7,371
Machinery, equipment and vehicles	6,866	6,994
Accumulated depreciation	(4,517)	(4,817)
Machinery, equipment and vehicles, net	2,349	2,177
Tools, furniture and fixtures	6,174	6,701
Accumulated depreciation	(3,946)	(4,420)
Tools, furniture and fixtures, net	2,228	2,280
Land	7,297	6,855
Lease assets	23	16
Accumulated depreciation	(22)	(16)
Lease assets, net	0	0
Construction in progress	34	117
Total Property, plant and equipment	19,577	18,802
Intangible assets		
Goodwill	1,213	8,462
Other	1,087	6,008
Total intangible assets	2,301	14,471
Investments and other assets		
Investments and other assets	1,310	954
Allowance for doubtful accounts	(11)	(11)
Total investments and other assets	1,299	943
Total noncurrent assets	23,178	34,217
Total assets	67,143	66,759

(Millions of yen)

	As of March 31, 2017	As of December 31, 2017
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable-trade	1,944	2,050
Short-term bank loans	47	33
Accrued income taxes	375	192
Provision	425	228
Other	3,232	2,822
Total current liabilities	6,025	5,327
Noncurrent liabilities		
Long-term debt	82	82
Net defined benefit liability	622	657
Other	426	375
Total noncurrent liabilities	1,131	1,115
Total liabilities	7,157	6,443
<b>Net assets</b>		
Shareholders' equity		
Common stock	14,965	14,965
Capital surplus	32,893	32,893
Retained earnings	10,432	11,019
Total shareholders' equity	58,291	58,878
Accumulated other comprehensive income		
Foreign currency translation adjustment	2,023	1,727
Remeasurements of defined benefit plans	(429)	(389)
Total accumulated other comprehensive income	1,593	1,337
Noncontrolling interests	100	99
Total net assets	59,985	60,315
Total liabilities and net assets	67,143	66,759

**(2) Consolidated Quarterly Statements of Income and Consolidated Quarterly Statements of Comprehensive Income  
(Consolidated Quarterly Statements of Income)  
(For the Nine Months Ended December 31, 2017 and 2016)**

**(Millions of yen)**

	FY2017 (April 1, 2016 – December 31, 2016)	FY2018 (April 1, 2017 – December 31, 2017)
Net sales	20,645	22,646
Cost of sales	8,106	9,879
Gross profit	12,538	12,766
Selling, general and administrative expenses		
Employees' salaries and bonuses	2,294	2,744
Retirement benefit expenses	103	133
Research and development expenses	2,870	3,417
Provision for allowances	174	120
Other	4,370	4,742
Total selling, general and administrative expenses	9,813	11,157
Operating income	2,724	1,608
Non-operating income		
Interest income	84	55
Foreign exchange gains	-	38
Subsidy income	62	51
Rent of real estate	22	65
Other	16	24
Total non-operating income	186	236
Non-operating expenses		
Interest expense	1	18
Foreign exchange losses	25	-
Real estate leasing expense	5	22
Dormant fixed asset cost	7	40
Other	1	1
Total non-operating expenses	41	82
Ordinary income	2,869	1,762
Extraordinary income		
Gain on sales of noncurrent assets	2	0
Total extraordinary income	2	0
Extraordinary losses		
Loss on sales and retirement of noncurrent assets	47	20
Impairment Loss	199	-
Total extraordinary losses	247	20
Income before income taxes	2,625	1,742
Income taxes-current	1,222	555
Income taxes-deferred	(150)	119
Total income taxes	1,071	674
Net income	1,553	1,067
Net income (loss) attributable to noncontrolling interests	(7)	(1)
Net income attributable to owners of the parent	1,561	1,068

(Consolidated Quarterly Statements of Comprehensive Income)  
(For the Nine Months Ended December 31, 2017 and 2016)

(Millions of yen)

	FY2017 (April 1, 2016 – December 31, 2016)	FY2018 (April 1, 2017 – December 31, 2017)
Net income	1,553	1,067
Other comprehensive income		
Foreign currency translation adjustment	(3,063)	(295)
Remeasurements of defined benefit plans	27	39
Total other comprehensive income	(3,035)	(255)
Comprehensive income	(1,482)	811
Comprehensive income attributable to		
Owners of the parent	(1,458)	813
Noncontrolling interests	(23)	(1)

## (3) Consolidated Quarterly Cash Flow Statement

(Millions of Yen)

	FY2017 (April 1, 2016 – December 31, 2016)	FY2018 (April 1, 2016 – December 31, 2017)
Net cash provided by (used in) operating activities		
Income before income taxes and minority interests	2,625	1,742
Depreciation and amortization	1,276	1,896
Impairment loss	199	-
Depreciation and amortization on other	123	106
Amortization of goodwill	121	364
Increase (decrease) in allowance for doubtful accounts	△7	12
Increase (decrease) in other provision	152	(382)
Increase (decrease) in net defined benefit liability	10	33
Interest income	(84)	(55)
Interest expenses	1	18
Loss (gain) on sales and retirement of non-current assets	44	20
Decrease (increase) in notes and accounts receivable-trade	(636)	584
Decrease (increase) in inventories	(1,323)	(1,508)
Increase (decrease) in notes and accounts payable-trade	317	(133)
Increase (decrease) in other current liabilities	(201)	(1,029)
Other, net	8	(157)
Subtotal	2,626	1,512
Interest and dividend income received	75	74
Interest expenses paid	(0)	(0)
Income taxes paid	(1,041)	(999)
Income taxes paid for prior periods	(172)	-
Net cash provided by (used in) operating activities	1,488	587
Net cash provided by (used in) investing activities		
Payments for time deposits	(3,868)	(7,127)
Proceeds from time deposits	9,200	6,596
Purchases of marketable securities	(5,025)	-
Proceeds from sales and redemption of securities	10,177	-
Purchase of property, plant and equipment and intangible assets	(954)	(909)
Proceeds from sales of property, plant and equipment and intangible assets	8	457
Purchase of other depreciable assets	(59)	(48)
Purchase of shares of subsidiaries resulting in change in scope of consolidation	-	(12,396)
Other, net	(0)	281
Net cash provided by (used in) investing activities	9,477	(13,147)
Net cash provided by (used in) financing activities		
Increase (decrease) in short-term bank loans, net	(14)	-
Repayments of long-term loans payable	(13)	(13)
Redemption of bonds	-	(546)
Cash dividends paid	(216)	(480)
Repayments of lease obligations	(1)	(26)
Net cash provided by (used in) financing activities	(246)	(1,067)
Effect of exchange rate change on cash and cash equivalents	(840)	(217)
Net increase (decrease) in cash and cash equivalents	9,879	(13,845)
Cash and cash equivalents at beginning of period	5,568	22,200
Cash and cash equivalents at end of period	15,448	8,355

**(4) Notes on Consolidated Quarterly Financial Statements  
(Notes on Premise of Going Concern)**

No items to report.

**(Notes When There are Significant Changes in Amounts of Equity)**

No items to report.

**(Material Changes in Subsidiaries during the Nine Months Ended December 31, 2017)**

Due to the wholly owned subsidiary Takara Bio USA Holdings Inc. acquiring shares of WaferGen Bio-systems, Inc., WaferGen Bio-systems, Inc. and its subsidiaries WaferGen Biosystems Europe S.a.r.l. and WaferGen, Inc. were included in the scope of consolidation for the three months ended June 30, 2017. However, as WaferGen Bio-systems, Inc. and WaferGen, Inc. were extinguished due to an absorption-type merger in which consolidated subsidiary Takara Bio USA, Inc. was the surviving company, and due to WaferGen Biosystems Europe S.a.r.l. being insignificant as a defunct company, these entities have been excluded from the scope of consolidation for the three months ended September 30, 2017. Note that during this period, WaferGen Bio-systems, Inc. qualified as a specified subsidiary of the Company.

In addition, due to Takara Bio USA Holdings Inc.'s purchase of shares of Rubicon Genomics, Inc., Rubicon Genomics, Inc. had been included in the scope of consolidation as a specified subsidiary for the three months ended June 30, 2017. However, as Rubicon Genomics, Inc. was extinguished due to an absorption-type merger in which consolidated subsidiary Takara Bio USA, Inc. was the surviving company for the three months ended June 30, 2017, Rubicon Genomics, Inc. has been excluded from the scope of consolidation.

**(Segment Information)****Segment Information**

I. Equivalent Period of Previous Fiscal Year (From April 1, 2016 to December 31, 2016)

## 1. Net Sales and Income (Loss) by Reportable Segment

(Millions of yen)

	Bioindustry	Gene Therapy	AgriBio	Total	Adjustment (Note: 1)	Amount recognized in consolidated quarterly statements of income (Note: 2)
Net Sales	18,420	500	1,724	20,645	—	20,645
External customer						
Intersegment	—	—	2	2	(2)	—
Total	18,420	500	1,727	20,647	(2)	20,645
Segment income (loss)	4,672	(730)	90	4,032	(1,307)	2,724

Notes: 1. The adjustment for segment income was a loss of ¥1,307 million comprising companywide expenses not allocated to reportable segments. Expenses of the Company primarily consist of general and administrative expenses and R&D expenses not attributed to reportable segments.

2. Segment income (loss) has been adjusted to the operating income of consolidated quarterly statements of income.

## 2. Noncurrent Asset Impairment Losses and Goodwill, and Other Items of Each Reportable Segment

As a result of the decision by the board of directors to sell the Otsu facility and dormitory land and buildings, an impairment loss of ¥148 million has been recorded for Bioindustry and ¥51 million for companywide assets not allocated to reportable segments.

II. Nine Months Ended December 31, 2017 (From April 1, 2017 to December 31, 2017)

## 1. Net Sales and Income (Loss) by Reportable Segment

(Millions of yen)

	Bioindustry	Gene Therapy	AgriBio	Total	Adjustment (Note: 1)	Amount recognized in consolidated quarterly statements of income (Note: 2)
Net Sales						
External customer	20,405	500	1,740	22,646	-	22,646
Intersegment	-	-	5	5	(5)	-
Total	20,405	500	1,745	22,651	(5)	22,646
Segment income (loss)	3,696	(802)	110	3,004	(1,395)	1,608

Notes: 1. The adjustment for segment income was a loss of ¥1,395 million comprising companywide expenses not allocated to reportable segments. The companywide expenses primarily consist of general and administrative expenses and R&D expenses not attributed to reportable segments.

2. Segment income (loss) has been adjusted to the operating income of consolidated quarterly statements of income.

## 2. Noncurrent Asset Impairment Losses and Goodwill, and Other Items of Each Reportable Segment

(Significant Impairment Losses Concerning Noncurrent Asset)

No items to report.

## (Significant Changes to the Amount of Goodwill)

In the Bioindustry segment, goodwill was recorded due to the acquisition of shares in WaferGen Bio-systems, Inc. and Rubicon Genomics, Inc. by the wholly owned subsidiary Takara Bio USA Holdings Inc. The increase in goodwill due to this event in the nine months ended December 31, 2017 was ¥7,713 million. Note that as the allocation of the acquisition cost has not been completed, this is a tentatively calculated amount.

**(Other Notes)**

(Consolidated Quarterly Statements of Income)

Nine months ended December 31, 2017 (From April 1, 2017 to December 31, 2017)

Breakdown of R&D expenses

	(Millions of yen)
Total R&D expenses	3,417
Main components of which are as follows	
Employees' salaries and bonuses	1,018
Retirement benefit expenses	41
Provision for allowances	27

(Consolidated Quarterly Statements of Cash Flows)

Nine months ended December 31, 2017 (From April 1, 2017 to December 31, 2017)

Relationship between balance of cash and cash equivalents at December 31, 2017 and amounts stated on the Consolidated

Balance Sheets as of December 31, 2017

	(As of December 31, 2017)
	(Millions of yen)
Cash and deposits	14,726
Time deposits with deposit period exceeding three months	(6,420)
Short-term investment (securities) with maturity date within three months from acquisition date	49
Cash and Cash equivalents	<u>8,355</u>

### 3. Supplementary Information

#### (1) Trends in Key Management Indicators

##### 1). Cash Flow

(Millions of yen)

Term	15th Business Year Nine months ended December 31, 2016	16th Business Year Nine months ended December 31, 2017	15th Business Year
Accounting Period	From April 1, 2016 to December 31, 2016	From April 1, 2017 to December 31, 2017	From April 1, 2016 to March 31, 2017
Net cash provided by (used in) operating activities	1,488	587	3,584
Net cash provided by (used in) investing activities	9,477	(13,147)	13,493
Net cash provided by (used in) financing activities	(246)	(1,067)	(280)

##### 2) Net Sales by Region

Equivalent Period of Previous Fiscal Year (from April 1, 2016 to December 31, 2016)

(Millions of yen)

Japan	U.S.	China	Asia, excluding China	Europe	Other	Total
9,581	4,677	3,476	1,017	1,709	182	20,645

Period under Review (from April 1, 2017 to December 31, 2017)

(Millions of yen)

Japan	U.S.	China	Asia, excluding China	Europe	Other	Total
9,674	5,354	3,922	1,313	2,203	178	22,646

##### 3) R&D Expenses by Reportable Segment

(Millions of yen)

Term	15th Business Year Nine months ended December 31, 2016	16th Business Year Nine months ended December 31, 2017	15th Business Year
Accounting period	From April 1, 2016 to December 31, 2016	From April 1, 2017 to December 31, 2017	From April 1, 2016 to March 31, 2017
Bioindustry	1,550	2,015	2,094
Gene therapy	1,214	1,287	1,860
AgriBio	21	5	29
Corporate	84	108	116
Total	2,870	3,417	4,101

## (2) Consolidated company income statement

(Rounded down to one million yen)

	Apr. 1, 2016 – Dec 31, 2016	Apr. 1, 2017 – Dec. 31, 2017	Year on year Change	Year on year Ratio
(Net Sales)				
Research reagents	14,099	15,663	1,563	111.1%
Scientific instruments	1,909	1,890	(19)	99.0%
Contracted services	2,092	2,441	348	116.6%
Other	318	411	93	129.3%
<b>Bioindustry Total</b>	<b>18,420</b>	<b>20,405</b>	<b>1,985</b>	<b>110.8%</b>
Gene therapy	500	500	—	—
Functional foods	608	533	(75)	87.6%
Mushrooms	1,115	1,206	91	108.2%
<b>AgriBio total</b>	<b>1,724</b>	<b>1,740</b>	<b>15</b>	<b>100.9%</b>
<b>Total Net Sales</b>	<b>20,645</b>	<b>22,646</b>	<b>2,001</b>	<b>109.7%</b>
(Operating Income and Loss)				
Net Sales	20,645	22,646	2,001	109.7%
Cost of sales	8,106	9,879	1,773	121.9%
Gross profits	12,538	12,766	227	101.8%
SG&A expenses	9,813	11,157	1,343	113.7%
Transportation expenses	446	469	22	105.1%
Advertising expenses	73	59	(13)	81.0%
Promotion expenses	646	581	(65)	89.9%
R&D expenses	2,870	3,417	546	119.0%
Trademark license fees to Takara HD	6	6	0	107.9%
Administrative expenses, other	5,630	6,460	829	114.7%
Enterprise taxes (external standards taxation)	139	162	23	116.5%
<b>Operating income</b>	<b>2,724</b>	<b>1,608</b>	<b>(1,115)</b>	<b>59.0%</b>
(Non-operating Income and Expenses)				
Non-operating income	186	236	49	126.8%
Non-operating expenses	41	82	40	198.1%
<b>Ordinary income</b>	<b>2,869</b>	<b>1,762</b>	<b>(1,106)</b>	<b>61.4%</b>
(Extraordinary Income & Losses)				
Extraordinary income	2	0	(2)	10.9%
Extraordinary losses	247	20	(226)	8.4%
Income before income taxes and minority interests	2,625	1,742	(882)	66.4%
Income taxes	1,071	674	(396)	63.0%
Net Income	1,553	1,067	(486)	68.7%
Net income (loss) attributable to non controlling interests	(7)	(1)	6	—
<b>Net income attributable to owners of the parent</b>	<b>1,561</b>	<b>1,068</b>	<b>(492)</b>	<b>68.5%</b>

Depreciation and amortization (Property, plant and equipment and intangible assets)	1,276	1,896	620	148.6%
R&D expenses	2,870	3,417	546	119.0%

Profit and loss by business segment (Operating income)

	Apr. 1, 2016 – Dec 31, 2016	Apr. 1, 2017 – Dec. 31, 2017	Year on year Change	Year on year Ratio
Bioindustry	4,672	3,696	(976)	79.1%
Gene therapy	(730)	(802)	(72)	—
AgriBio	90	110	20	123.1%
Intersegment	(1,307)	(1,395)	(88)	—
Total	2,724	1,608	(1,115)	59.0%

## (3) Comparative Statement of Income Relating to Consolidated Earnings Forecasts

(Rounded down to one million yen)

	Year ended Mar 31, 2017 Actual	Year ending Mar 31, 2018 Current forecast for FY2018	Year on year Change	Year on year Ratio
(Net Sales)				
Research reagents	19,436	22,331	2,894	114.9%
Scientific instruments	2,911	2,945	34	101.2%
Contracted services	3,800	4,445	644	117.0%
Other	424	494	69	116.5%
Bioindustry Total	26,573	30,217	3,643	113.7%
Gene therapy	500	500	—	—
Functional foods	842	711	(130)	84.5%
Mushrooms	1,459	1,570	111	107.6%
AgriBio total	2,301	2,282	(19)	99.2%
<b>Total Net Sales</b>	29,375	33,000	3,624	112.3%
(Operating Income and Loss)				
Net Sales	29,375	33,000	3,624	112.3%
Cost of sales	12,422	14,318	1,895	115.3%
Gross profits	16,952	18,681	1,728	110.2%
SG&A expenses	13,749	15,180	1,430	110.4%
Transportation expenses	594	653	58	109.9%
Advertising expenses	89	84	(4)	94.8%
Promotion expenses	854	771	(82)	90.3%
R&D expenses	4,101	4,654	553	113.5%
Trademark license fees to Takara HD	8	8	0	106.7%
Administrative expenses, other	7,909	8,781	871	111.0%
Enterprise taxes (external standards taxation)	192	226	34	117.8%
<b>Operating income</b>	3,202	3,500	297	109.3%
(Non-operating Income and Expenses)				
Non-operating income	445	403	(41)	90.6%
Non-operating expenses	68	103	34	150.3%
<b>Ordinary income</b>	3,579	3,800	221	106.2%
(Extraordinary Income & Losses)				
Extraordinary income	2	0	(2)	12.8%
Extraordinary losses	775	413	(362)	53.3%
Income before income taxes and minority interests	2,805	3,386	581	120.7%
Income taxes	1,449	1,376	(73)	95.0%
Net Income	1,356	2,010	654	148.2%
Net income (loss) attributable to noncontrolling interests	3	9	6	297.3%
<b>Net income attributable to     owners of the parent</b>	1,352	2,000	647	147.9%

Depreciation and amortization (Property, plant and equipment and intangible assets)	1,722	2,580	858	149.9%
R&D expenses	4,101	4,654	553	113.5%

Profit and loss by business segment (Operating income)

	Year ended March 31, 2017	Year ending March 31, 2018 Current forecast for FY2018	Year on year Change	Year on year Ratio
Bioindustry	6,218	6,670	452	107.3%
Gene therapy	(1,380)	(1,394)	(13)	—
AgriBio	104	151	47	145.4%
Intersegment	(1,739)	(1,972)	(188)	—
Total	3,202	3,500	297	109.3%