



May 12, 2017

## Summary of Non-consolidated Financial Results for the Fiscal Year Ended March 31, 2017

[Japanese GAAP]

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Listing: Tokyo Stock Exchange  
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Scheduled date of Annual General Meeting of Shareholders: June 28, 2017  
Scheduled date of filing of Annual Securities Report: June 29, 2017  
Scheduled date of payment of dividend: -  
Preparation of supplementary materials for financial results: Yes  
Holding of financial results meeting: Yes (for institutional investors and analysts)

*(All amounts are rounded down to the nearest million yen)*

### 1. Financial Results for the Second Quarter of the Fiscal Year Ending March 31, 2017 (April 1, 2016 – March 31, 2017)

(1) Results of operations (Percentages shown for net sales and incomes represent year-on-year changes)

	Net sales		Operating income		Ordinary income		Net income	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Fiscal year ended Mar. 31, 2017	1,089	Δ6.2	Δ1,184	-	Δ1,176	-	Δ1,224	-
Fiscal year ended Mar. 31, 2016	1,160	260.9	Δ820	-	Δ785	-	Δ787	-

	Net income per share	Diluted net income per share	Return on equity	Ordinary income on total assets	Operating income to net sales
	Yen	Yen	%	%	%
Fiscal year ended Mar. 31, 2017	Δ137.01	-	Δ63.5	Δ43.6	Δ108.7
Fiscal year ended Mar. 31, 2016	Δ151.45	-	Δ249.5	Δ55.3	Δ70.7

Reference: Equity in income (loss) of affiliates (million yen)      Fiscal year ended Mar. 31, 2017: -  
Fiscal year ended Mar. 31, 2016: -

(Note) 1. Effective October 1, 2016, a stock split was conducted, and two shares of stock per share were distributed. Net asset and net loss per share calculations are conducted based on the assumption that the split was conducted at the beginning of the previous fiscal year ended Mar. 31, 2016.

2. Even though there is a calculation of dilutive shares available, there is no reporting on net income per share after an adjustment of dilutive shares as the company recorded net loss.

### (2) Financial position

	Total assets	Net assets	Shareholders' equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
Fiscal year ended Mar. 31, 2017	3,706	3,500	93.8	363.39
Fiscal year ended Mar. 31, 2016	1,694	403	22.6	66.22

Reference: Shareholders' equity      Mar. 31, 2017: 3,476 million yen      Mar. 31, 2016: 382 million yen

(Note) Effective October 1, 2016, a stock split was conducted, and two shares of stock per share were distributed. Net asset and net loss per share calculations are conducted based on the assumption that the split was conducted at the beginning of the previous fiscal year.

### (3) Cash flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of period
	Million yen	Million yen	Million yen	Million yen
Fiscal year ended Mar. 31, 2017	Δ1,759	Δ149	3,471	2,379
Fiscal year ended Mar. 31, 2016	Δ607	Δ121	946	817

## 2. Dividends

	Dividend per share					Total dividends	Dividend payout ratio	Dividend on net assets
	1Q-end	2Q-end	3Q-end	Year-end	Total			
	Yen	Yen	Yen	Yen	Yen	Million yen	%	%
Fiscal year ended Mar. 31, 2016	-	0.00	-	0.00	0.00	-	-	-
Fiscal year ended Mar. 31, 2017	-	0.00	-	0.00	0.00	-	-	-
Fiscal year ending Mar. 31, 2018 (forecasts)	-	0.00	-	0.00	0.00		-	

## 3. Forecast for the Fiscal Year Ending March 31, 2018 (April 1, 2017 – March 31, 2018)

(Percentages represent year-on-year changes)

	Net sales		Operating income		Ordinary income		Net income		Net income per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
First half	412	Δ16.1	Δ484	-	Δ496	-	Δ498	-	Δ52.06
Full year	1,166	7.1	Δ977	-	Δ992	-	Δ994	-	Δ103.96

### \* Notes

#### (1) Changes in accounting policies and accounting-based estimates, and restatements

- 1) Changes in accounting policies due to revisions in accounting standards, others: Yes
- 2) Changes in accounting policies other than 1) above: None
- 3) Changes in accounting-based estimates: None
- 4) Restatements: None

(Note) Please refer to page 12 of the attached information, “3. Financial Statements and notes, (5) Notes to financial statements (Notes to changes in accounting policies)” for details.

#### (2) Number of outstanding shares (common stock)

- 1) Number of shares outstanding at the end of period (including treasury shares)
 

At the end of the second quarter of the fiscal year ending March 31, 2017:	9,567,923 shares
As of Mar. 31, 2016:	5,770,884 shares
- 2) Number of treasury shares at the end of period
 

At the end of the second quarter of the fiscal year ending March 31, 2017:	- shares
As of Mar. 31, 2016:	- shares
- 3) Average number of shares outstanding during the period (cumulative quarter)
 

At the end of the second quarter of the fiscal year ending March 31, 2017:	8,937,905 shares
At the end of the second quarter of the fiscal year ended March 31, 2016:	5,200,867 shares

(Note) Effective October 1, 2016, a stock split was conducted, and two shares of stock per share were distributed. Net asset and net loss per share calculations are conducted based on the assumption that the split was conducted at the beginning of the previous fiscal year.

\* Earnings summaries are not subject to audit.

Cautionary statement with respect to forward-looking statements, and other special items

(Notes to information regarding future)

Forecasts regarding future performance in these materials are based on assumptions judged to be valid and the information available to Gene Techno Science at the time these materials were created. These materials on future performances are not promises by the Company. Actual performance may differ significantly from these forecasts for a number of reasons. Please refer to “1. Overview of business results (4) Future outlook” on page 4 of the attachments for forecast assumptions and notes of caution for usage.

(How to obtain supplemental financial information)

Gene Techno Science plans to hold a financial results meeting for institutional investors and securities analysts on Thursday, May 18, 2017. Materials distributed at this meeting will be available on the Company’s website immediately thereafter.

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## 1. Overview of business results

### (1) Overview of business results for the current fiscal year

During the current fiscal year, the Japanese economy has been slowly recovering due to governmental economic policies, as well as quantitative and qualitative credit relaxation policies with negative interest rates imposed by the Bank of Japan. In addition to stagnating economic growth in emerging nations, such as China, there is also the British exit from the European Union, introversive political policies by the U.S. President, unstable conditions in the Middle East, and a nuclear threat by North Korea, and all of these factors continue to cause concern to the world economy. They are also affecting stock prices and exchange rates, and the future of the overall economy remains unclear.

In the medical and pharmaceutical field that our company is involved in, the most advanced pharmaceuticals, such as biopharmaceuticals, are being widely spread throughout society, and Japan is leading the world in longevity. However, according to the results of the Japanese national census for the fiscal year 2015, which was conducted and published by the Ministry of Internal Affairs and Communications, as of October 2015, the population percentage older than 65 years of age has exceeded 25% for the first time. These results further indicate that Japan is in an era of an aging population with seriously low birth rates. The cost of medical care is increasing, especially among elderly people, where measures continue to be taken to control the cost of medical care. Starting in August 2017, the Ministry of Health, Labour and Welfare raised the amount of maximum individual medical payment for people older than 70 years old under the High-Cost Medical Benefit. Promotions with the purpose of providing a stable supply of high quality medicines and controlling medical costs are becoming more active. In particular, biosimilars against highly priced biopharmaceuticals are expected to be the most effective measure, and many promotional activities are being considered. For example, in April 2016, the Japan Biosimilar Association was formed, consisting of pharmaceutical corporations that are involved in the biosimilar business, with the purpose of the promotion and development of biosimilars. The association conducts research on issues in the area of biosimilars, and makes suggestions by collaborating with other pharmaceutical companies, governmental agencies and medical facilities. The public and private sectors are working together in order to cut medical costs and to prepare the market for biosimilar products.

Under these circumstances, our biosimilar business is having steady growth and continued stable business by working together with Fuji Pharma Co., Ltd. and Mochida Pharmaceutical Co., Ltd. to increase sales of the neutropenia medicine “Filgrastim BS”. In September 2016, we started the phase III clinical trial in Japan for the darbepoetin alpha biosimilar, which is developed together with Sanwa Kagaku Kenkyusho Co., Ltd. In December 2016, a collaboration agreement for biosimilars in the area of cancer treatment with Mochida Pharmaceutical Co., Ltd. has been in place, and started a co-development to obtain a regulatory approval of the manufacturing and sales of a biosimilar. The Company entered into a capital and business alliance with ITOCHU CHEMICAL FRONTIER Corporation in March 2017 to co-develop a new biosimilar product. The pipeline for the business is steadily being established. In December 2016, a contract for a capital and business alliance with JSR Corporation was signed, which is in the business of life sciences, including the development and manufacturing of bioprocess materials that are essential to biosimilar production. Through those business transactions, the Company will strive to bring high quality and low cost biopharmaceutical products to patients, and grow further by ensuring the development and improvement of our existing products, and the development of new products as noted in the following projects;

- 1) Development of “PEGylated filgrastim, or PEG-G-CSF, biosimilar”, the next generation of Filgrastim, or G-CSF
- 2) Co-development of darbepoetin alpha biosimilar with Sanwa Kagaku Kenkyusho Co., Ltd.
- 3) Collaboration with Mochida Pharmaceutical Co., Ltd. for biosimilars for cancer treatments
- 4) Capital and business alliance with Senju Pharmaceutical Co., Ltd. for biosimilar in ophthalmology
- 5) Upgrading and expansion of other biosimilar product development

In the new biologics operation, we are in development of next-generation antibody products, as well as being involved in a nucleic acid collaborative operation with GeneDesign, Inc., a subsidiary of Ajinomoto Co., Inc. as of December 2016, to explore opportunities in the use of nucleic acid for pharmaceuticals. We are also working toward gaining new technologies, such as being a co-applicant for a patent on exosomes.

In the regenerative medicine field, the Company entered into a capital and business alliance contract with Japan Regenerative Medicine Co., Ltd., or “JRM”, a fellow member of the Noritsu Koki Group in October 2016. The whole group is working together to expand business opportunities of regenerative medicine through

commercializing regenerative medicine products such as cardiac stem cells that JRM is currently developing. The Company also entered into a collaborative research contract with Juntendo University in February 2017, and started the research and development of new immunosuppression treatments utilizing immunologic tolerance abilities that Juntendo University has been working on.

In order to strengthen our business foundation to support the development of pharmaceuticals, which often takes a long time, the Company is exploring businesses in the healthcare industry, such as medical devices, diagnostic medicines and regenerative medicines.

As a result, the sales was 1,089,360 thousand yen (a 6.2% decrease compared to the previous year), operational loss was 1,184,408 thousand yen (operational loss for the previous year was 820,289 thousand yen), ordinary loss was 1,176,763 thousand (ordinary loss for the previous year was 785,785 thousand yen) and net loss for the year was 1,224,554 thousand yen (net loss for the previous year was 787,685 thousand yen).

(2) Overview of financial conditions for the current fiscal year

(Current assets)

The balance of current assets at the end of this fiscal year was 3,421,899 thousand yen, an increase of 125.1% from the balance at the end of the previous fiscal year. This increase was mainly due to an increase in cash and cash deposits of 1,562,554 thousand yen and an increase in accounts receivable of 388,007 thousand yen. The increase in cash and deposits is mostly due to cash receipts through allocation of new shares to a third party and exercising equity warrants.

(Non-current assets)

The balance of non-current assets at the end of this fiscal year was 284,324 thousand yen, an increase of 63.6% from the end of the previous fiscal year. This is mainly due to an increase in the balance of investment securities of 110,821 thousand yen.

(Current liabilities)

The balance of total liabilities at the end of this fiscal year was 189,358 thousand yen, which was lower than the balance at the end of the previous fiscal year by 85.2%. This is mainly due to a decrease in the accounts payable balance of 69,336 thousand yen, a decrease in the short-term borrowings balance of 460,080 thousand yen, a decrease in bonds that are redeemable within a year of 350,000 thousand yen, and a decrease in advance receipts of 145,000 thousand yen.

(Non-current liabilities)

The balance of non-current liabilities at the end of this fiscal year was 16,619 thousand yen, an increase of 50.1% from the balance at the end of the previous fiscal year. This increase is mainly due to an increase in deferred tax liabilities of 1,739 thousand yen and an increase in the allowance for retirement benefits of 3,810 thousand yen.

(Shareholders' equity)

The balance of shareholders' equity at the end of this fiscal year was 3,500,246 thousand yen, an increase of 767.9% from the balance at the end of the previous fiscal year. While net loss for the current year was 1,224,554 thousand yen, both balances of common stocks and additional paid-in capital increased by 2,157,202 thousand yen due to cash receipts through allocation of new shares to a third party and exercising equity warrants.

(3) Overview of cash flows for the current fiscal year

Cash and cash equivalents (collectively, "cash" hereafter) at the end of this fiscal year increased by 1,562,554 thousand yen from the balance at the end of the previous year, with a balance of 2,379,896 thousand yen. The explanation and factors for each cash flow activity for this fiscal year are as follows:

(Cash flows from operating activities)

Cash outflows from operating activities were 1,759,243 thousand yen (outflows for the previous year were 607,374 thousand yen). This is mainly due to a recording of net loss before tax for the year of 1,222,134 thousand yen, a decrease in accounts receivable of 388,007 thousand yen and a decrease in advance payments of 145,000 thousand yen.

(Cash flows from investing activities)

Cash outflows from investing activities were 149,902 thousand yen (outflows for the previous year were 121,746 thousand yen). This is due to purchases of investment securities of 149,600 thousand yen.

(Cash flows from financing activities)

The cash increase from financing activities was 3,471,699 thousand yen (an increase of 946,991 thousand yen for the previous fiscal year). This is mainly due to an increase of cash inflows from receipts through allocation of new shares to a third party of 2,787,993 thousand yen and an increase of inflows through receipts through exercising equity warrants in the amount of 1,143,786 thousand yen, even though there was an outflow in net decrease of short-term borrowing of 460,080 thousand yen.

(4) Future outlook

The outlook for the Japanese economy for the following fiscal year is expected to continue to show positive effects of the economic measures taken by the government. However, geopolitical issues in Europe, the Middle East and the Korean Peninsula still remain, and the economic outlook, including the outlooks for financial markets and consumer trends continues to be unclear.

In the pharmaceutical products industry; however, many positive factors that could change the industry, such as ease of regulations, and promotions for generic medicines to cut down on social program spending, are expected to be in effect, together with the growth strategies by the government. This effect has already been seen in the Company's sales of Filgrastim BS and is expected to stay. The Company plans to monetize the development of biosimilar products through new collaborations, as well as through lump-sum or developmental milestone payments under such new contracts. Considering strong sales of Filgrastim BS and getting into new contracts with lump-sum or developmental milestone payments, the forecast for the following fiscal year's sales amount is 1,166,522 thousand yen, an increase of 7.1% from the current fiscal year.

The Company plans to strive in the development of biosimilar products, as we believe that this is our business opportunity. Specifically, the Company will continue to develop the following three products to bring to commercialization: biosimilars in ophthalmology through a business collaboration contract with Senju Pharmaceutical Co., Ltd., biosimilars for cancer treatments through a business alliance with Mochida Pharmaceutical Co., Ltd. and the biosimilar product of darbepoetin alpha developed together with Sanwa Kagaku Kenkyusho Co., Ltd., which is currently under third stage of a domestic clinical trial. For those new products that will be subjected to development, the Company continues to establish the production technologies and conduct non-clinical studies. The Company will try to collaborate with existing or new business partners to bring these products to the clinical trial stage. In the new biopharmaceutical business, the Company is expected to apply for intellectual property rights with one of the new products, and hopes that it will lead to commercialization of the product in the future by aggressive business promotions. The forecast for the total research and development costs for the following fiscal year is expected to reach 1,197,764 thousand yen.

Upon becoming a member of Noritsu Koki Group, the Company started working together on a new biologics business with the group's strategic field of pharmaceuticals, particularly in the area of regenerative medicine. The Company has already started working together with JRM, a fellow member of the Noritsu Koki Group to develop a product using cardiac stem cells that JRM is currently conducting research on. In addition, the Company started to explore opportunities to work with JSR Corporation in life sciences area, and has started working together with Juntendo University to develop new immunosuppression treatment utilizing immunologic tolerance abilities. In the future, the Company plans to stabilize business management by commercializing the biosimilar products that follow Filgrastim BS and to grow its new biologics business through new biopharmaceutical operations and regenerative medicines operations that the Company has been already working on. The Company hopes to increase its corporate value by both stability and growth, and plans to keep striving in the following year.

The business forecasts for the following year include sales of 1,166,522 thousand yen, operating loss of 977,141 thousand yen, ordinary loss of 992,285 thousand yen and net loss of 994,705 thousand yen. The Company hopes to have better results than the forecasts by working on the opportunities mentioned above.

The financial forecasts are derived utilizing the available information obtained by the Company and are based on assumptions the Company deemed reasonable. The forecasts are by no means guarantees of the Company's performance. The actual results may differ significantly due to various factors.

## 2. Fundamental policy on adoption of the accounting standards

The Company's financial statements are prepared according to the accounting standards in Japan. These financial statements do not have parallel reporting of the balances and amounts under Japanese accounting standards and International Financial Reporting Standards as the Company's financial statements are not consolidated financial statements, and such reporting is deemed a burden on the reporting process.

The Company plans to appropriately adopt the International Financial Reporting Standards after considering various domestic and overseas conditions.



3. Financial statements and notes

(1) Balance sheet

	(in thousands of yen)	
	As of the end of the previous fiscal year (March 31, 2016)	As of the end of the current fiscal year (March 31, 2017)
<b>Assets</b>		
Current assets		
Cash and cash equivalents	817,342	2,379,896
Accounts receivable	199,368	587,375
Advance payments	477,257	414,949
Prepaid expenses	6,885	3,551
Other	19,494	36,126
Total current assets	1,520,347	3,421,899
Non-current assets		
Tangible fixed assets		
Buildings	2,446	2,446
Accumulated depreciation	△562	△792
Buildings (net)	1,883	1,653
Furniture and fixtures	5,088	5,088
Accumulated depreciation	△4,860	△4,939
Furniture and fixtures	227	148
Total tangible fixed assets	2,111	1,802
Intangible fixed assets		
Trademark rights	209	171
Total intangible assets	209	171
Investments and other		
Investment securities	165,042	275,864
Guarantee deposits	6,406	6,487
Total investments and other	171,448	282,351
Total non-current assets	173,769	284,324
Total assets	1,694,117	3,706,224
<b>Liabilities</b>		
Current liabilities		
Accounts payable	69,336	—
Short-term borrowings	460,080	—
Convertible bonds redeemable within a year	350,000	—
Accrued liabilities	207,867	154,404
Accrued expenses	5,740	5,702
Income taxes payable	8,190	27,115
Advance payments	145,000	—
Deposits received	1,787	2,135
Other	31,754	—
Total current liabilities	1,279,756	189,358
Non-current liabilities		
Deferred tax liabilities	—	1,739
Allowance for retirement benefits	11,070	14,880
Total non-current liabilities	11,070	16,619
Total liabilities	1,290,826	205,978

(in thousands of yen)		
	As of the end of the previous fiscal year (March 31, 2016)	As of the end of the current fiscal year (March 31, 2017)
<b>Shareholders' equity</b>		
Shareholders' capital		
Common stock	2,037,041	4,194,243
Additional paid-in capital		
Capital reserve	1,940,308	4,097,510
Total additional paid-in capital	1,940,308	4,097,510
Retained earnings		
Retained earnings - other		
Accumulated retained earnings	Δ3,594,214	Δ4,818,768
Total retained earnings	Δ3,594,214	Δ4,818,768
Total shareholders' capital	383,135	3,472,985
Valuation, translation adjustments and others		
Valuation difference on available-for-sale securities	Δ981	3,872
Total valuation, translation adjustments and others	Δ981	3,872
Equity warrant	21,136	23,389
Total shareholders' equity	403,290	3,500,246
Total liabilities and shareholders' equity	1,694,117	3,706,224

(2) Income statement

(in thousands of yen)

	Previous fiscal year (April 1, 2015 to March 31, 2016)	Current fiscal year (April 1, 2016 to March 31, 2017)
<b>Gross sales</b>		
Sales of goods	1,100,890	1,003,067
Income from intellectual properties	60,000	86,293
<b>Total gross sales</b>	<b>1,160,890</b>	<b>1,089,360</b>
<b>Cost of goods sold</b>		
<b>Cost of goods</b>		
Beginning inventory	—	—
Purchases during the year	500,700	397,265
<b>Sub-total</b>	<b>500,700</b>	<b>397,265</b>
Ending inventory	—	—
<b>Cost of goods</b>	<b>500,700</b>	<b>397,265</b>
<b>Total cost of goods sold</b>	<b>500,700</b>	<b>397,265</b>
<b>Net sales</b>	<b>660,190</b>	<b>692,095</b>
<b>Selling, general and administrative expenses</b>		
Depreciation expenses	189	315
Research and development expenses	1,075,354	1,433,170
Other expenses	404,935	443,018
<b>Total selling, general and administrative expenses</b>	<b>1,480,479</b>	<b>1,876,504</b>
<b>Operating loss (Δ means loss)</b>	<b>Δ820,289</b>	<b>Δ1,184,408</b>
<b>Non-operating income</b>		
Interest income	106	157
Subsidized income	34,115	20,000
Income from sale of materials	15,732	14,388
Foreign exchange gain	—	26
Miscellaneous income	438	1,064
<b>Total non-operating income</b>	<b>50,392</b>	<b>35,637</b>
<b>Non-operating expenses</b>		
Interest expense	94	3,434
Stock delivery expense	5,078	22,096
Foreign exchange loss	7,326	—
Miscellaneous expense	3,389	2,460
<b>Total non-operating expenses</b>	<b>15,888</b>	<b>27,991</b>
<b>Ordinary loss (Δ means loss)</b>	<b>Δ785,785</b>	<b>Δ1,176,763</b>
<b>Extraordinary loss</b>		
Loss on valuation of investment securities	—	45,371
<b>Total extraordinary loss</b>	<b>—</b>	<b>45,371</b>
<b>Net loss for the year before taxes (Δ means loss)</b>	<b>Δ785,785</b>	<b>Δ1,222,134</b>
Corporate, residential and enterprise taxes	1,900	2,420
<b>Total corporate and other taxes</b>	<b>1,900</b>	<b>2,420</b>
<b>Net loss for the year (Δ means loss)</b>	<b>Δ787,685</b>	<b>Δ1,224,554</b>

(3) Statement of changes in shareholders' equity

Previous fiscal year (April 1, 2015 to March 31, 2016)

(in thousands of yen)

	Shareholders' capital					
	Common stock	Additional paid-in capital		Retained earnings		Total shareholders' capital
		Capital reserve	Total additional paid-in capital	Retained earnings – other	Total retained earnings	
				Accumulated retained earnings		
Balance at the beginning of the year	1,576,290	1,479,557	1,479,557	Δ2,806,528	Δ2,806,528	249,318
Changes during the year						
Issuance of new shares	460,751	460,751	460,751			921,502
Net loss for the year (Δ means loss)				Δ787,685	Δ787,685	Δ787,685
Changes in balances other than shareholders' capital accounts (net change)						
Total changes in balances for the year	460,751	460,751	460,751	Δ787,685	Δ787,685	133,816
Balance at the end of the year	2,037,041	1,940,308	1,940,308	Δ3,594,214	Δ3,594,214	383,135

	Valuation, translation adjustments and others		Equity warrant	Total shareholders' equity
	Valuation difference on available-for-sale securities	Valuation, translation adjustments and others		
Balance at the beginning of the year	—	—	21,341	270,659
Changes during the year				
Issuance of new shares				921,502
Net loss for the year (Δ means loss)				Δ787,685
Changes in balances other than shareholders' capital accounts (net change)	Δ981	Δ981	Δ204	Δ1,185
Total changes in balances for the year	Δ981	Δ981	Δ204	132,630
Balance at the end of the year	Δ981	Δ981	21,136	403,290

Current fiscal year (April 1, 2016 to March 31, 2017)

(in thousands of yen)

	Shareholders' capital					
	Additional paid-in capital	Retained earnings		Retained earnings		Total shareholders' capital
		Capital reserve	Total retained earnings	Retained earnings – other	Total retained earnings	
Balance at the beginning of the year	2,037,041	1,940,308	1,940,308	Δ3,594,214	Δ3,594,214	383,135
Changes during the year						
Issuance of new shares	2,157,202	2,157,202	2,157,202			4,314,404
Net loss for the year (Δ means loss)				Δ1,224,554	Δ1,224,554	Δ1,224,554
Changes in balances other than shareholders' capital accounts (net change)						
Total changes in balances for the year	2,157,202	2,157,202	2,157,202	Δ1,224,554	Δ1,224,554	3,089,849
Balance at the end of the year	4,194,243	4,097,510	4,097,510	Δ4,818,768	Δ4,818,768	3,472,985

	Valuation, translation adjustments and others		Equity warrant	Total shareholders' equity
	Valuation difference on available-for-sale securities	Valuation, translation adjustments and others		
Balance at the beginning of the year	Δ981	Δ981	21,136	403,290
Changes during the year				
Issuance of new shares				4,314,404
Net loss for the year (Δ means loss)				Δ1,224,554
Changes in balances other than shareholders' capital accounts (net change)	4,853	4,853	2,252	7,106
Total changes in balances for the year	4,853	4,853	2,252	3,096,955
Balance at the end of the year	3,872	3,872	23,389	3,500,246

(4) Statement of cash flows

(in thousands of yen)

	Previous fiscal year (April 1, 2015 to March 31, 2016)	Current fiscal year (April 1, 2016 to March 31, 2017)
<b>Cash flows from operating activities</b>		
Net loss for the year before taxes (Δ means loss)	Δ785,785	Δ1,222,134
Depreciation expenses	246	347
Changes in allowance for retirement benefits (Δ means decrease)	2,190	3,810
Valuation gain/loss of investment securities (Δ means gain)	—	45,371
Interest or dividends received	Δ106	Δ157
Interest paid	94	3,434
Stock delivery expense	5,078	22,096
Changes in accounts receivable (Δ means increase)	Δ9,415	Δ388,007
Changes in advance payments (Δ means increase)	Δ200,971	62,307
Changes in accounts payable (Δ means decrease)	69,336	Δ69,336
Changes in accrued expenses (Δ means decrease)	127,430	Δ53,463
Changes in advance receipts (Δ means decrease)	145,000	Δ145,000
Other changes	41,388	Δ13,337
<b>Sub-total</b>	<b>Δ605,514</b>	<b>Δ1,754,068</b>
Interest and dividends received	106	157
Interest paid	Δ94	Δ3,434
Payment of corporate and other taxes	Δ1,871	Δ1,897
<b>Cash flows from operating activities</b>	<b>Δ607,374</b>	<b>Δ1,759,243</b>
<b>Cash flows from investing activities</b>		
Purchase of investment securities	Δ116,029	Δ149,600
Purchase of fixed assets	Δ1,985	—
Payment for guarantee deposits	Δ7,072	Δ302
Collection of guarantee deposits	3,340	—
<b>Cash flows from investing activities</b>	<b>Δ121,746</b>	<b>Δ149,902</b>
<b>Cash flows from financing activities</b>		
Net increase/decrease in short-term borrowings (Δ means decrease)	460,080	Δ460,080
Issuance of stocks	—	2,787,993
Issuance of stocks through exercising equity warrant	486,911	1,143,786
<b>Cash flows from financing activities</b>	<b>946,991</b>	<b>3,471,699</b>
Effect of exchange rate changes on cash and cash equivalents	—	—
Increase/decrease in cash and cash equivalents (Δ means decrease)	217,870	1,562,554
Cash and cash equivalents at the beginning of the year	599,471	817,342
Cash and cash equivalents at the end of the year	817,342	2,379,896

(5) Notes on financial statements

(Notes on ongoing concern assumption)

There is nothing applicable to report.

(Notes on changes in accounting policies)

(Changes in depreciation methods in accordance with the Corporation Tax Act Reform in fiscal year 2016)

In compliance with the tax reform, “treatment of changes in depreciation methods in accordance with the Corporation Tax Act Reform,” (ASBJ PITF No. 32; issued on June 17, 2016), the Company adopted the change for the current year, and the building attachments and equipment that are acquired subsequent to April 1, 2016 are depreciated using a straight-line depreciation method, rather than using a declining-balance method. There is no accounting effect on financial statements due to a change in depreciation methods.

(Profit/loss from equity method)

There is nothing applicable to report.

(Segment information and other related information)

a. Segment information

The Company is an independent entity in the field of pharmaceutical development, and therefore, the reporting in this section is omitted.

b. Other related information

Previous operational fiscal year (April 1, 2015 to March 31, 2016)

1. Information on the Company's products and services

The reporting for this section is omitted as sales of individual products and services consist of more than 90% of the Company's total sales amount reported on the Company's income statement.

2. Information for each local area

(1) Sales

There are no sales to customers outside of Japan, and therefore, the reporting in this section is omitted.

(2) Tangible fixed assets

There are no tangible fixed assets located outside of Japan, and therefore, reporting in this section is omitted.

3. Information per major customer

Name of customer	Sales amount (in thousands of yen)	Business
Fuji Pharma Co., Ltd.	1,100,890	Pharmaceutical development

Current operational fiscal year (April 1, 2016 to March 31, 2017)

1. Information on the Company's products and services

The reporting for this section is omitted as sales of individual products and services consist of more than 90% of the Company's total sales amount reported on the Company's income statement.

2. Information for each local area

(1) Sales

The reporting for this section is omitted as sales to customers in Japan consist of more than 90% of the Company's total sales amount reported on the Company's income statement.

(2) Tangible fixed assets

There are no tangible fixed assets located outside of Japan, and therefore, reporting in this section is omitted.

3. Information per major customer

Name of customer	Sales amount (in thousands of yen)	Business
Fuji Pharma Co., Ltd.	822,701	Pharmaceutical development
A Company	125,000	Pharmaceutical development

(Note) As there is a non-disclosure contract existing between A Company and the Company, the name of A Company is not included in this reporting.

c. Information regarding losses from tangible fixed assets per reporting segment

There is nothing applicable to report.

d. Information regarding amortization amount and the unamortized balance of goodwill per reporting segment

There is nothing applicable to report.



- e. Information regarding profit from a negative goodwill per reporting segment  
There is nothing applicable to report.

(Per share information)

	Previous fiscal year (April 1, 2015 to March 31, 2016)	Current fiscal year (April 1, 2016 to March 31, 2017)
Net asset per share	66.22 yen	363.39 yen
Net loss per share	151.45 yen	137.01 yen

(Note) 1. Effective October 1, 2016, a stock split was conducted, and two shares of stock per share were distributed. Net asset and net loss per share calculations are conducted based on the assumption that the split was conducted at the beginning of the previous fiscal year.

2. There is no reporting on net income per share after an adjustment of dilutive shares as the Company recorded a net loss even though there is a calculation of dilutive shares available.

3. The following chart shows bases of the calculation of net loss per share.

	Previous fiscal year (April 1, 2015 to March 31, 2016)	Current fiscal year (April 1, 2016 to March 31, 2017)
Net loss for the year (in thousands of yen)	787,685	1,224,554
The amount not included in common stocks (in thousands of yen)	—	—
Net loss for the year relating to common stock (in thousands of yen)	787,685	1,224,554
Average number of shares outstanding during the year (number of shares)	5,200,867	8,937,905
The number of dilutive shares not included in the calculation of net loss per share as there is no dilutive effect.	Four kinds of equity warrants (572 rights) and the first issuance of uncollateralized convertible bonds with equity warrants (a total face value of 350,000 thousand yen)	Three kinds of equity warrants (285 rights)

(Significant subsequent event)

There is no reporting item.