

**Consolidated Financial Statements for the Second Quarter Ended September 30, 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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- 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 six months ended September 30, 2017 (April 1, 2017 – September 30, 2017)

(1) Operating results

	(Percentages indicate changes from the same period of the previous fiscal year.)			
	Six months ended September 30, 2017		Six months ended September 30, 2016	
	(Millions of yen)	(%)	(Millions of yen)	(%)
Net sales	14,126	7.0	13,199	(0.4)
Operating income	688	(50.0)	1,377	101.2
Ordinary income	766	(46.9)	1,433	66.3
Net income (loss) attributable to owners of the parent	302	(54.6)	667	359.9
Net income per share (in yen)	2.51		5.54	
Fully diluted net income per share (in yen)	-		-	
Note: Comprehensive income	(366)	-	(2,118)	-

(2) Financial position

	As of September 30, 2017	As of March 31, 2017
	(Millions of yen)	(Millions of yen)
Total assets	65,419	67,143
Net assets	59,137	59,985
Equity ratio (%)	90.2	89.2
Net assets per share (in yen)	490.30	497.32
(Reference) Equity	59,039	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

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

(Percentages indicated 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: Correction of financial forecast from the most recent financial forecast : Yes

4. Others

- (1) Material changes in subsidiaries during this period
(Changes in scope of consolidations resulting from change in subsidiaries) : Yes
Newly include : 2 (Name) Rubicon Genomics, Inc., WaferGen Bio-systems, Inc.
Excluded : 2 (Name) Rubicon Genomics, Inc. WaferGen Bio-systems, Inc.
- (2) Applying of specific accounting of 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 at year end (Treasury stocks are included)

As of September 30, 2017:	120,415,600
As of March 31, 2017:	120,415,600
 - 2) Number of treasury stocks at year end

As of September 30, 2017:	-
As of March 31, 2017:	-
 - 3) Average number of outstanding shares

As of September 30, 2017:	120,415,600
As of March 31, 2017:	120,415,600

Contents of the attached document

1. Qualitative Information for the Six Months Ended September 30, 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 Six Months Ended September 30, 2017 and 2016)	6
(Consolidated Quarterly Statements of Comprehensive Income)	
(For the Six Months Ended September 30, 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 Six Months Ended September 30, 2017)	9
(Segment Information)	10
(Other Notes)	11
3. Supplementary Information	11
(1) Trends in Key Management Indicators	11
(2) Comparative Consolidated Statement of Income	12
(3) Comparative Statement of Income Relating to Consolidated Earnings Forecasts.....	13

1. Qualitative Information for the Six Months Ended September 30, 2017

(1) Consolidated Financial Results

In the six months ended September 30, 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 7.0% year on year, to ¥14,126 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 15.8% year on year, to ¥5,965 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 1.4%, to ¥8,160 million. Selling, general and administrative (SG&A) expenses increased by 12% year on year, to ¥7,471 million, due to increases in personnel costs of newly consolidated subsidiaries and amortization of goodwill. Accordingly, operating income declined 50.0% year on year, to ¥688 million.

In accordance with the decline in operating income, ordinary income fell 46.9% year on year, to ¥766 million, income before income taxes and minority interests decreased 47.7% year on year, to ¥749 million, and net income attributable to owners of the parent dropped 54.6% year on year, to ¥302 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 six months ended September 30, 2017, sales by each of the product categories (research reagents, scientific instruments, and contract services) rose year on year.

As a result of the above, sales to external customers increased 7.7% year on year, to ¥13,114 million, and gross profit increased 1.3% year on year to ¥7,925 million. Selling, general and administrative (SG&A) expenses increased by 13.7% year on year to ¥5,452 million due to the aforementioned increases in personnel costs of new consolidated subsidiaries and amortization of goodwill. Accordingly, operating income declined 18.3% year on year to ¥2,473 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 six months ended September 30, 2017, no sales were achieved and selling, general and administrative (SG&A) expenses increased by 9.7% year on year to ¥850 million due to increased R&D expenses. Accordingly, operating loss was ¥850 million, compared with an operating loss of ¥775 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 six months ended September 30, 2017, net sales of mushroom related products increased year on year. Net sales of functional foods, however, declined year on year. Consequently, net sales to external customers decreased 0.6% year on year to ¥1,012 million. At the same time, gross profit increased 5.9% year on year, to ¥234 million, due to a drop in the cost rate from changes in our product mix. Selling, general and administrative (SG&A) expenses increased by only 2.1% to ¥236 million, while an operating loss of ¥2 million, compared with an operating loss of ¥10 million in the same period of the previous fiscal year, was recorded.

(2) Consolidated Financial Position

Total assets as of September 30, 2017 stood at ¥65,419 million, a decrease of ¥1,724 million compared with that at the end of the previous fiscal year. This decrease resulted primarily from a decrease of ¥1,472 million in notes and accounts receivable-trade.

Total liabilities as of September 30, 2017 were ¥6,281 million, a decrease of ¥876 million compared with that at the end of the previous fiscal year. This was primarily due to a decline in notes and accounts payable-trade of ¥563 million and a decline in accounts payable of ¥557 million included in other, current liabilities, in spite of a ¥535 million increase in bonds.

Total net assets as of September 30, 2017 stood at ¥59,137 million, a decrease of ¥848 million compared with that at the end of the previous fiscal year. This was primarily due to a decrease of ¥693 million in foreign currency translation adjustment.

(3) Consolidated Cash Flows

Net cash provided by operating activities was ¥410 million, a decrease of ¥1,437 million compared with the same period of the previous fiscal year. This was primarily due to a ¥684 million decrease in income before income taxes and an ¥804 million increase in expenditures from a decrease in other current liabilities.

Net cash used in investing activities was ¥12,619 million, a transition from revenue to expenditure compared with the same period of the previous fiscal year, with expenses increasing by ¥17,686 million. This was primarily because of a ¥12,396 million purchase of shares of subsidiaries resulting in a change in the scope of consolidation, and the elimination of ¥9,005 million from proceeds from sales and redemption of securities, despite a ¥3,035 million decrease in purchases of marketable securities.

Net cash used in financing activities was ¥518 million, a ¥272 million increase compared with the same period of the previous fiscal year. This was primarily because of a ¥264 million increase in cash dividends paid.

As a result of the above, cash and cash equivalents as of September 30, 2017, including the effect of exchange rate change on cash and cash equivalents, stood at ¥9,184 million, down ¥13,016 million from the previous fiscal year-end.

(4) Qualitative Information Regarding Consolidated Forecasts

As regards the consolidated forecast for the full fiscal year, the Group has decided to revise the forecast released on May 9, 2017, given near term circumstances and the results from the period ended September 30, 2017.

In terms of net sales, the domestic contract services business is recording solid sales and foreign currency exchange rate for yen is weaker than the initial forecast leading to increased income. However, the outlook is for U.S. and European overseas subsidiaries to underperform on a local currency basis, therefore necessitating an overall downward revision.

In terms of profits, while gross profit will fall short of plans due to challenges achieving net sales targets, efforts to restrict overall selling, general and administrative (SG&A) expenses indicate that this shortfall can be absorbed and an upward revision is in order.

Please see p. 13, "Consolidated company income statement regarding operating results forecasts," for a comparison between revised forecasts for consolidated operating results, previous period results, and previous forecasts.

2. Consolidated Quarterly Financial Statements and Primary Notes

(1) Consolidated Quarterly Balance Sheets

(Millions of yen)

	As of March 31, 2017	As of September 30, 2017
Asset		
Current assets		
Cash and deposits	28,078	15,246
Notes and accounts receivable-trade	7,455	5,984
Securities	2,000	2,048
Merchandise and finished goods	4,032	4,544
Work in process	459	436
Raw materials and supplies	970	1,400
Other	998	1,374
Deferred tax assets	(30)	(39)
Total current assets	43,964	30,995
Noncurrent assets		
Property, plant and equipment		
Buildings and structures	12,699	12,710
Accumulated depreciation	(5,032)	(5,257)
Buildings and structures, net	7,667	7,453
Machinery, equipment and vehicles	6,866	6,903
Accumulated depreciation	(4,517)	(4,676)
Machinery, equipment and vehicles, net	2,349	2,226
Tools, furniture and fixtures	6,174	6,384
Accumulated depreciation	(3,946)	(4,234)
Tools, furniture and fixtures, net	2,228	2,149
Land	7,297	6,855
Lease assets	23	15
Accumulated depreciation	(22)	(15)
Lease assets, net	0	0
Construction in progress	34	65
Total Property, plant and equipment	19,577	18,750
Intangible assets		
Goodwill	1,213	8,536
Other	1,087	6,121
Total intangible assets	2,301	14,657
Investments and other assets		
Investments and other assets	1,310	1,026
Allowance for doubtful accounts	(11)	(11)
Total investments and other assets	1,299	1,015
Total noncurrent assets	23,178	34,423
Total assets	67,143	65,419

(Millions of yen)

	As of March 31, 2017	As of September 30, 2017
Liabilities		
Current liabilities		
Notes and accounts payable-trade	1,944	1,381
Short-term bank loans	47	33
Accrued income taxes	375	247
Provision	425	393
Other	3,232	2,641
Total current liabilities	6,025	4,697
Noncurrent liabilities		
Bonds payable	-	535
Long-term debt	82	82
Net defined benefit liability	622	642
Other	426	324
Total noncurrent liabilities	1,131	1,584
Total liabilities	7,157	6,281
Net assets		
Shareholders' equity		
Common stock	14,965	14,965
Capital surplus	32,893	32,893
Retained earnings	10,432	10,253
Total shareholders' equity	58,291	58,112
Accumulated other comprehensive income		
Foreign currency translation adjustment	2,023	1,330
Remeasurements of defined benefit plans	(429)	(403)
Total accumulated other comprehensive income	1,593	927
Noncontrolling interests	100	98
Total net assets	59,985	59,137
Total liabilities and net assets	67,143	65,419

**(2) Consolidated Quarterly Statements of Income and Consolidated Quarterly Statements of Comprehensive Income
(Consolidated Quarterly Statements of Income)
(For the Six Months Ended September 30, 2017 and 2016)**

(Millions of yen)

	FY2017 (April 1, 2016 – September 30, 2016)	FY2018 (April 1, 2017 – September 30, 2017)
Net sales	13,199	14,126
Cost of sales	5,152	5,965
Gross profit	8,046	8,160
Selling, general and administrative expenses		
Employees' salaries and bonuses	1,483	1,742
Retirement benefit expenses	70	87
Research and development expenses	1,904	2,297
Provision for allowances	186	191
Other	3,024	3,152
Total selling, general and administrative expenses	6,669	7,471
Operating income	1,377	688
Non-operating income		
Interest income	65	40
Subsidy income	6	1
Foreign exchange gains	-	23
Rent of real estate	12	43
Other	13	20
Total non-operating income	98	129
Non-operating expenses		
Interest expense	1	6
Foreign exchange losses	22	-
Real estate leasing expense	3	15
Dormant fixed asset cost	4	29
Other	0	1
Total non-operating expenses	32	52
Ordinary income	1,443	766
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	12	16
Total extraordinary losses	12	16
Income before income taxes	1,433	749
Income taxes-current	932	406
Income taxes-deferred	(159)	43
Total income taxes	772	450
Net income	661	299
Net income (loss) attributable to noncontrolling interests	(6)	(3)
Net income attributable to owners of the parent	667	302

(Consolidated Quarterly Statements of Comprehensive Income)
(For the Six Months Ended September 30, 2017 and 2016)

(Millions of yen)

	FY2017 (April 1, 2016 – September 30, 2016)	FY2018 (April 1, 2017 – September 30, 2017)
Net income	661	299
Other comprehensive income		
Foreign currency translation adjustment	(2,798)	(692)
Remeasurements of defined benefit plans	18	26
Total other comprehensive income	(2,780)	(665)
Comprehensive income	(2,118)	(366)
Comprehensive income attributable to		
Owners of the parent	(2,096)	(363)
Noncontrolling interests	(21)	(2)

(3) Consolidated Quarterly Statements of Cash Flows

(Millions of Yen)

	FY2017 (April 1, 2016 – September 30, 2016)	FY2018 (April 1, 2016 – September 30, 2017)
Net cash provided by (used in) operating activities		
Income before income taxes and minority interests	1,433	749
Depreciation and amortization	856	1,247
Depreciation and amortization on other	84	71
Amortization of goodwill	83	236
Increase (decrease) in allowance for doubtful accounts	(11)	9
Increase (decrease) in other provision	181	(215)
Increase (decrease) in net defined benefit liability	8	19
Interest income	(65)	(40)
Interest expenses	1	6
Loss (gain) on sales and retirement of non-current assets	9	16
Decrease (increase) in notes and accounts receivable-trade	1,298	1,708
Decrease (increase) in inventories	(801)	(728)
Increase (decrease) in notes and accounts payable-trade	(88)	(754)
Increase (decrease) in other current liabilities	(134)	(938)
Other, net	(72)	(197)
Subtotal	2,783	1,190
Interest and dividend income received	67	59
Interest expenses paid	(0)	(0)
Income taxes paid	(829)	(838)
Income taxes paid for prior periods	(172)	-
Net cash provided by (used in) operating activities	1,848	410
Net cash provided by (used in) investing activities		
Payments for time deposits	(3,572)	(6,304)
Proceeds from time deposits	3,256	6,014
Purchases of marketable securities	(3,035)	-
Proceeds from sales and redemption of securities	9,005	-
Purchase of property, plant and equipment and intangible assets	(560)	(635)
Proceeds from sales of property, plant and equipment and intangible assets	6	456
Purchase of other depreciable assets	(36)	(33)
Purchase of shares of subsidiaries accompanying changes in the scope of consolidation	-	(12,396)
Other, net	1	279
Net cash provided by (used in) investing activities	5,066	(12,619)
Net cash provided by (used in) financing activities		
Increase (decrease) in short-term bank loans, net	(15)	-
Repayments of long-term debt	(13)	(13)
Cash dividends paid	(216)	(480)
Repayments of lease obligations	(0)	(24)
Net increase (decrease) in cash and cash equivalents	(245)	(518)
Effect of exchange rate change on cash and cash equivalents	(851)	(289)
Net increase (decrease) in cash and cash equivalents	5,817	(13,016)
Cash and cash equivalents at beginning of period	5,568	22,200
Cash and cash equivalents at end of period	11,386	9,184

(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 Six Months Ended September 30, 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 September 30, 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						
External customer	12,180	-	1,018	13,199	-	13,199
Intersegment	-	-	-	-	-	-
Total	12,180	-	1,018	13,199	-	13,199
Segment income (loss)	3,028	(775)	(10)	2,242	(865)	1,377

Notes: 1. The adjustment for segment income was a loss of ¥865 million comprising expenses of the Company 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. Fixed Asset Impairment Losses and Goodwill, and Other Items of Each Reportable Segment

No items to report.

II. Six Months Ended September 30, 2017 (From April 1, 2017 to September 30, 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	13,114	-	1,012	14,126	-	14,126
Intersegment	-	-	2	2	(2)	-
Total	13,114	-	1,014	14,129	(2)	14,126
Segment income (loss)	2,473	(850)	(2)	1,619	(930)	688

Notes: 1. The adjustment for segment income was a loss of ¥930 million comprising expenses of the Company 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. Fixed Asset Impairment Losses and Goodwill, and Other Items of Each Reportable Segment

(Significant Impairment Losses Concerning Fixed 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 six months ended September 30, 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)

Six months ended September 30, 2017 (From April 1, 2017 to September 30, 2017)

Breakdown of R&D expenses

	(Millions of yen)
Total R&D expenses	2,297
Main components of which are as follows	
Employees' salaries and bonuses	659
Retirement benefit expenses	27
Provision for allowances	76

(Consolidated Quarterly Statements of Cash Flows)

Six months ended September 30, 2017 (From April 1, 2017 to September 30, 2017)

Relationship between balance of cash and cash equivalents at September 30, 2017 and amounts stated on the Consolidated Balance Sheets as of September 30, 2017

	(As of September 30, 2017)
	(Millions of yen)
Cash and deposits	15,246
Time deposits with deposit period exceeding three months	(6,111)
Short-term investment (securities) with maturity date within three months from acquisition date	48
Cash and Cash equivalents	9,184

3. Supplementary Information**(1) Trends in Key Management Indicators**

1). Cash Flow

(Millions of yen)

Term	15th Business Year Six months ended September 30, 2016	16th Business Year Six months ended September 30, 2017	15th Business Year
Accounting Period	From April 1, 2016 to September 30, 2016	From April 1, 2017 to September 30, 2017	From April 1, 2016 to March 31, 2017
Net cash provided by (used in) operating activities	1,848	410	3,584
Net cash provided by (used in) investing activities	5,066	(12,619)	13,493
Net cash provided by (used in) financing activities	(245)	(518)	(280)

2) Net Sales by Region

Equivalent Period of Previous Fiscal Year (from April 1, 2016 to September 30, 2016)

(Millions of yen)

Japan	U.S.	China	Asia, excluding China	Europe	Other	Total
5,366	3,163	2,600	694	1,256	118	13,199

Period under Review (from April 1, 2017 to September 30, 2017)

(Millions of yen)

Japan	U.S.	China	Asia, excluding China	Europe	Other	Total
5,731	3,552	2,519	844	1,353	124	14,126

3) R&D Expenses by Reportable Segment

(Millions of yen))

Term	15th Business Year Six months ended September 30, 2016	16th Business Year Six months ended September 30	15th Business Year
Accounting period	From April 1, 2016 to September 30, 2016	From April 1, 2017 to September 30, 2017	From April 1, 2016 to March 31, 2017
Bioindustry	1,072	1,382	2,094
Gene therapy	764	841	1,860
AgriBio	14	1	29
Corporate	53	71	116
Total	1,904	2,297	4,101

(2) Consolidated company income statement

(Rounded down to one million yen)

	Apr. 1, 2016 – Sep. 30, 2016	Apr. 1, 2017 – Sep. 30, 2017	Year on year Change	Year on year Ratio
(Net Sales)				
Research reagents	9,557	10,000	443	104.6%
Scientific instruments	1,220	1,306	85	107.0%
Contracted services	1,145	1,590	444	138.8%
Other	257	217	(40)	84.3%
Bioindustry Total	12,180	13,114	933	107.7%
Gene therapy	-	-	-	-
Functional foods	426	350	(75)	82.2%
Mushrooms	592	661	69	111.8%
AgriBio total	1,018	1,012	(6)	99.4%
Total Net Sales	13,199	14,126	927	107.0%
(Operating Income and Loss)				
Net Sales	13,199	14,126	927	107.0%
Cost of sales	5,152	5,965	813	115.8%
Gross profits	8,046	8,160	113	101.4%
SG&A expenses	6,669	7,471	802	112.0%
Transportation expenses	300	303	2	100.9%
Advertising expenses	45	39	(6)	86.7%
Promotion expenses	428	394	(33)	92.2%
R&D expenses	1,904	2,297	392	120.6%
Trademark license fees to Takara HD	3	4	0	109.8%
Administrative expenses, other	3,897	4,328	430	111.0%
Enterprise taxes (external standards taxation)	87	103	15	117.3%
Operating income	1,377	688	(688)	50.0%
(Non-operating Income and Expenses)				
Non-operating income	98	129	31	132.0%
Non-operating expenses	32	52	20	163.2%

Ordinary income	1,443	766	(677)	53.1%
(Extraordinary Income & Losses)				
Extraordinary income	2	0	(2)	8.6%
Extraordinary losses	12	16	4	136.9%
Income before income taxes and minority interests	1,433	749	(684)	52.3%
Income taxes	772	450	(322)	58.3%
Net Income	661	299	(361)	45.3%
Net income (loss) attributable to noncontrolling interests	(6)	(3)	2	-
Net income attributable to owners of the parent	667	302	(364)	45.4%

Depreciation and amortization (Property, plant and equipment and intangible assets)	856	1,247	391	145.7%
R&D expenses	1,904	2,297	392	120.6%

Profit and loss by business segment (Operating income)

	Apr. 1, 2016 – Sep. 30, 2016	Apr. 1, 2017 – Sep. 30, 2017	Year on year Change	Year on year Ratio
Bioindustry	3,028	2,473	(555)	81.7%
Gene therapy	(775)	(850)	(75)	-
AgriBio	(10)	(2)	8	-
Intersegment	(865)	(930)	(65)	-
Total	1,377	688	(689)	50.0%

(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 Previous forecast for FY2018	Year ending Mar 31, 2018 Current forecast for FY2018	Year on year Change	Year on year Ratio	Compared with previous forecast Change	Compared with previous forecast Ratio
(Net Sales)							
Research reagents	19,436	22,506	22,331	2,894	114.9%	(174)	99.2%
Scientific instruments	2,911	3,350	2,945	34	101.2%	(405)	87.9%
Contracted services	3,800	4,146	4,445	644	117.0%	299	107.2%
Other	424	382	494	69	116.5%	111	129.3%
Bioindustry Total	26,573	30,386	30,217	3,643	113.7%	(169)	99.4%
Gene therapy	500	500	500	—	—	—	—
Functional foods	842	731	711	(130)	84.5%	(19)	97.3%
Mushrooms	1,459	1,581	1,570	111	107.6%	(10)	99.3%
AgriBio total	2,301	2,313	2,282	(19)	99.2%	(30)	98.7%
Total Net Sales	29,375	33,200	33,000	3,624	112.3%	(200)	99.4%

(Operating Income and Loss)							
Net Sales	29,375	33,200	33,000	3,624	112.3%	(200)	99.4%
Cost of sales	12,422	14,227	14,318	1,895	115.3%	91	100.6%
Gross profits	16,952	18,972	18,681	1,728	110.2%	(291)	98.5%
SG&A expenses	13,749	15,672	15,180	1,430	110.4%	(491)	96.9%
Transportation expenses	594	601	653	58	109.9%	52	108.8%
Advertising expenses	89	74	84	(4)	94.8%	9	112.9%
Promotion expenses	854	846	771	(82)	90.3%	(74)	91.2%
R&D expenses	4,101	4,868	4,654	553	113.5%	(214)	95.6%
Trademark license fees to Takara HD	8	8	8	0	106.7%	0	103.4%
Administrative expenses, other	7,909	9,053	8,781	871	111.0%	(272)	97.0%
Enterprise taxes (external standards taxation)	192	220	226	34	117.8%	6	103.1%
Operating income	3,202	3,300	3,500	297	109.3%	200	106.1%
(Non-operating Income and Expenses)							
Non-operating income	445	356	403	(41)	90.6%	47	113.3%
Non-operating expenses	68	56	103	34	150.3%	47	184.7%
Ordinary income	3,579	3,600	3,800	221	106.2%	200	105.6%
(Extraordinary Income & Losses)							
Extraordinary income	2	—	0	(2)	12.8%	0	—
Extraordinary losses	775	309	413	(362)	53.3%	104	133.7%
Income before income taxes and minority interests	2,805	3,290	3,386	581	120.7%	96	102.9%
Income taxes	1,449	1,429	1,376	(73)	95.0%	(52)	96.3%
Net Income	1,356	1,861	2,010	654	148.2%	149	108.0%
Net income (loss) attributable to noncontrolling interests	3	11	9	6	297.3%	(1)	87.0%
Net income attributable to owners of the parent	1,352	1,850	2,000	647	147.9%	150	108.1%

Depreciation and amortization (Property, plant and equipment and intangible assets)	1,722	2,473	2,580	858	149.9%	107	104.3%
R&D expenses	4,101	4,868	4,654	553	113.5%	(214)	95.6%

Profit and loss by business segment
(Operating income)

	Year ended March 31, 2017	Year ending March 31, 2018 Previous forecast for FY2018	Year ending March 31, 2018 Current forecast for FY2018	Year on year Change	Year on year Ratio	Compared with previous forecast Change	Compared with previous forecast Ratio
Bioindustry	6,218	6,594	6,670	452	107.3%	75	101.1%
Gene therapy	(1,380)	(1,472)	(1,394)	(13)	—	78	—
AgriBio	104	121	151	47	145.4%	30	125.5%
Intersegment	(1,739)	(1,943)	(1,972)	(188)	—	15	—
Total	3,202	3,300	3,500	297	109.3%	200	106.1%