



Overview of Financial Results for 3rd Quarter FY2017

CMIC HOLDINGS Co., Ltd.

July 28, 2017

Business segments and group companies

Blue indicates overseas.
*indicates affiliated company

Segment	Products and services	CMIC Group companies (as of end of June, 2017)
CRO Business	Services related to pharmaceutical development support, analytical chemistry services, and healthcare for pharmaceutical companies, and BPO and personnel services for the pharmaceutical industry	CMIC HOLDINGS Co., Ltd. CMIC Co., Ltd. CMIC-PMS Co., Ltd. CMIC ShiftZero K.K. CMIC Pharma Science Co., Ltd. CMIC Career Co., Ltd. CMIC, INC. CMIC Korea Co., Ltd. CMIC ASIA-PACIFIC, PTE. LTD. CMIC ASIA PACIFIC (MALAYSIA) SDN. BHD. CMIC Asia-Pacific (Hong Kong) Limited CMIC (Beijing) Pharmaceutical Services Co., Ltd. CMIC (Beijing) Co., Ltd.
CDMO Business	Services related to drug formulation development and manufacturing support, from formulation design to investigational new drug manufacturing to commercial production of ethical drugs and nonprescription drugs for pharmaceutical companies	CMIC CMO Co., Ltd. CMIC CMO Korea Co., Ltd. CMIC CMO USA Corporation CMIC JSR Biologics Co., Ltd.*
CSO Business	Services provided to pharma companies related to sales & marketing support	CMIC Ashfield Co., Ltd. MDS-CMG, Inc.*
Healthcare Business	Support services primarily for medical institutions and treating, maintaining, and promoting the health of patients and general consumers, such as SMO services and healthcare information services	Site Support Institute Co., Ltd. CMIC Healthcare Co., Ltd. CMIC VIETNAM COMPANY LIMITED
IPM Business	New business solutions provided to pharmaceutical companies that combine marketing authorization licensing and value chains. At the present stage, we are delivering development and marketing services for orphan drugs and diagnostics.	CMIC HOLDINGS Co., Ltd. CMIC CMO Co., Ltd. OrphanPacific, Inc.

- As of October 1, 2016, CMIC BS Co., Ltd., changed its trade name to CMIC Career Co., Ltd., and its segment from CSO business to CRO business.
- As of October 1, 2016, we changed segment names from CMO business to CDMO business, and from IPD business to IPM business.
- As of April 1, 2017, Healthclick Co., Ltd., changed its trade name to CMIC Healthcare Co., Ltd.

Summary of 3rd Quarter FY2017

Project Phoenix

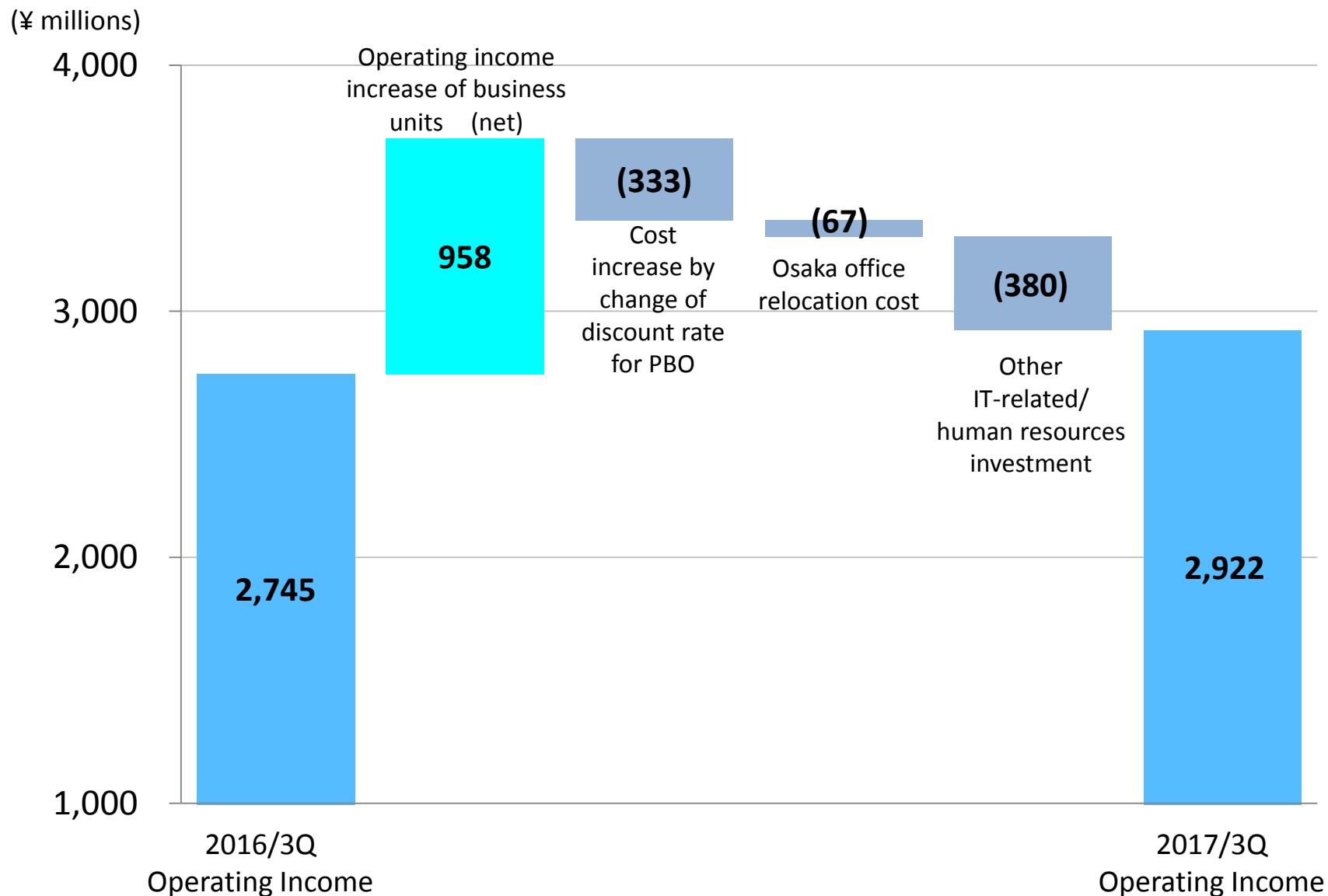
~25th anniversary – to respond quickly to reforms in the healthcare and pharmaceutical industries~

- ✓ **CRO Business**
 - ✓ Won new orders for large-scale clinical trial projects
 - ✓ Concluded an agreement with Fosun Pharma group to establish a joint venture in Suzhou, China that provides support for generic drug application
- ✓ **CDMO Business strengthened technical capabilities including formulation development**
- ✓ **SMO Business of Healthcare segment achieved significant performance recovery**
- ✓ **OrphanPacific, Inc. of IPM Business launched DIAZOXIDE Capsules "MSD"**

Consolidated income statement (overview)

	2016/3Q		2017/3Q		YoY gap (¥ millions)
	Amount	Composition ratio	Amount	Composition ratio	
	(¥ millions)	(%)	(¥ millions)	(%)	
Sales	46,236	100.0	47,978	100.0	1,742
Operating income	2,745	5.9	2,922	6.1	176
Ordinary profit	2,440	5.3	2,855	6.0	415
Profit attributable to owners of parent	866	1.9	1,025	2.1	159
Earnings per share	¥46.33		¥54.82		

Operating income YoY gap analysis



Breakdown of Non-operating income and expenses /Extraordinary losses and Income taxes

(¥ millions)

	2016/3Q	2017/3Q		2016/3Q	2017/3Q
Non-operating income	111	160	Extraordinary losses	153	448
Foreign exchange gains	-	95	Provision of allowance for doubtful accounts *	-	321
Interest income	25	14	Loss on sales of non-current assets	1	27
Compensation income	21	-	Loss on retirement of non-current assets	37	99
Other	64	51	Impairment loss	11	-
			Compensation expenses	103	-
Non-operating expenses	417	227			
Interest expenses	112	92			
Share of loss of entities accounted for using equity method	54	81			
Foreign exchange losses	196	-			
Other	54	53			
			Total income taxes	1,267	1,249
			Income taxes - current	844	897
			Income taxes - deferred	422	351

*Allowance for doubtful accounts was booked for business in Vietnam

Sales & operating income by segment

		2016/3Q Amount (¥ millions)	2017/3Q Amount (¥ millions)	Change (¥ millions)	Percent change (%)
CRO Business	Sales	23,284	24,838	1,553	6.7
	Operating income	3,816	4,280	464	12.2
CDMO Business	Sales	10,663	10,226	(436)	(4.1)
	Operating income	334	(25)	(359)	-
CSO Business	Sales	5,581	5,230	(350)	(6.3)
	Operating income	443	396	(47)	(10.7)
Healthcare Business	Sales	5,153	5,915	762	14.8
	Operating income	107	944	837	782.8
IPM Business	Sales	1,881	1,972	91	4.9
	Operating income	(109)	(343)	(234)	-
Adjustments	Sales	(327)	(203)	123	-
	Operating income	(1,845)	(2,329)	(483)	-
Consolidated	Sales	46,236	47,978	1,742	3.8
	Operating income	2,745	2,922	176	6.4

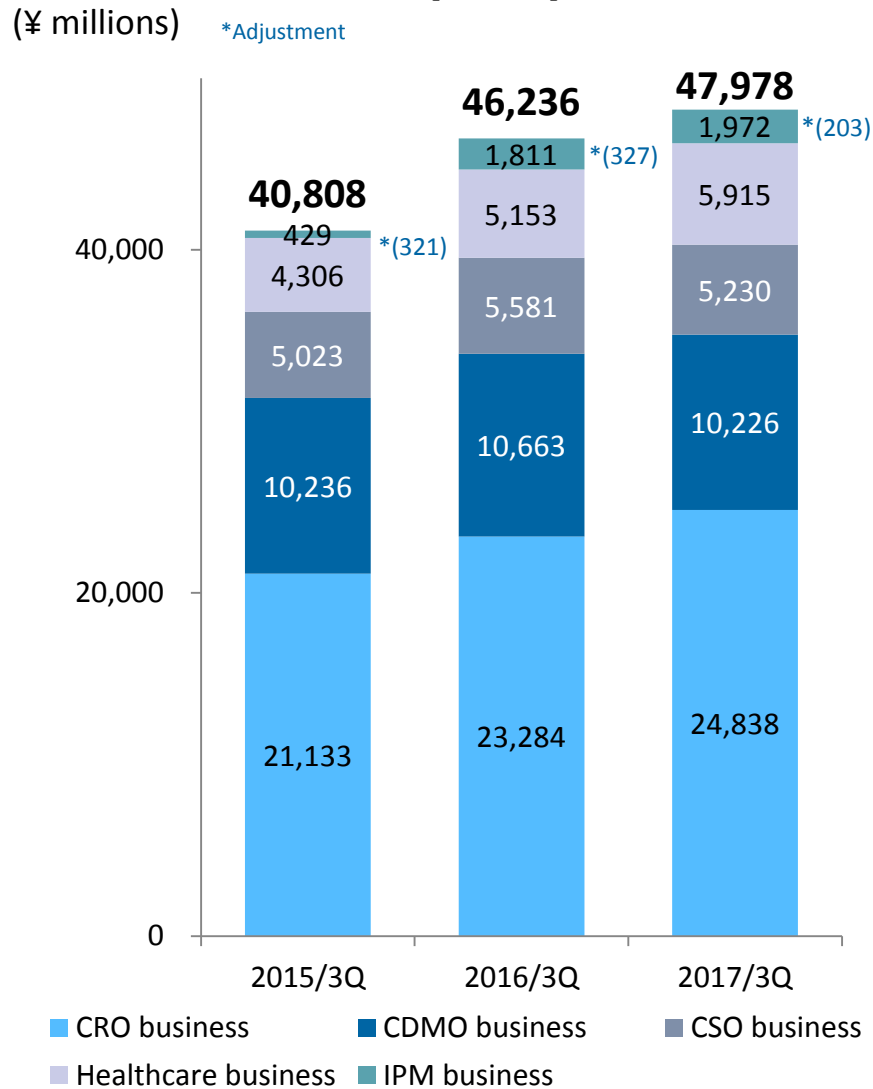
Orders received / Backlog

	2016/3Q		2017/3Q			
	Orders received (¥ millions)	Backlog (¥ millions)	Orders received (¥ millions)	Percent change (%)	Backlog (¥ millions)	Percent change (%)
CRO Business	24,833	44,636	34,358	38.4	55,190	23.6
CDMO Business	10,845	3,467	10,939	0.9	4,084	17.8
CSO Business	2,979	4,529	2,735	(8.2)	3,099	(31.6)
Healthcare Business	5,605	9,404	4,933	(12.0)	8,545	(9.1)
Total	44,263	62,039	52,966	19.7	70,920	14.3

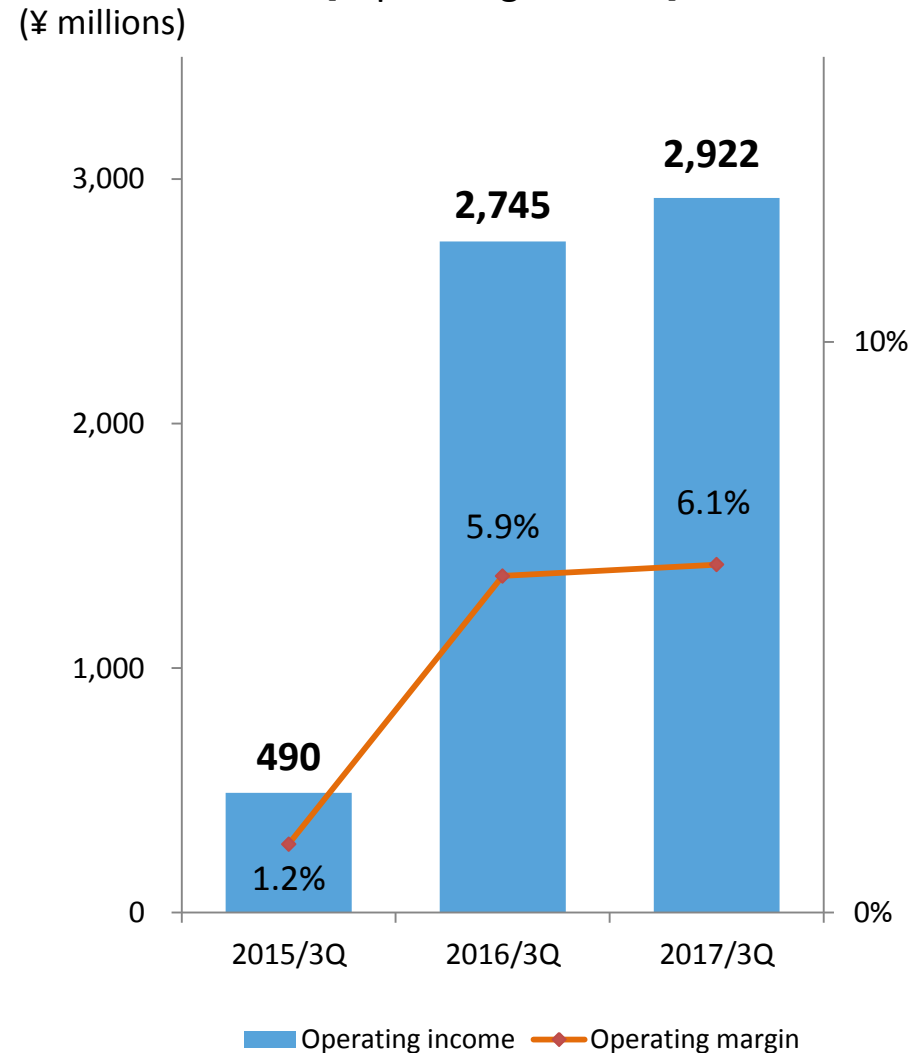
- Accounts for only the backlog of firm CDMO business orders. There is customer demand for scheduled orders but these are different from firm orders so we have not included these in the backlog.
- Order status is not included for IPM Business because its business conditions are different from those of contract business.

Trend in consolidated sales & operating income

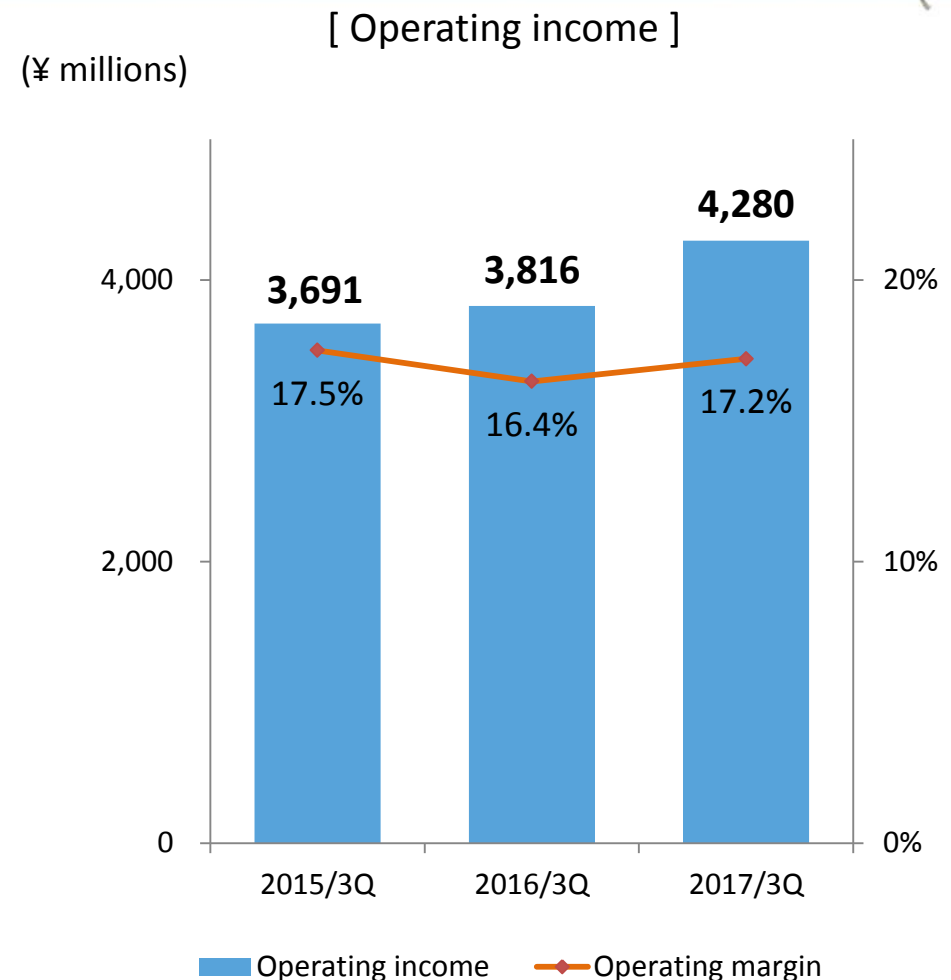
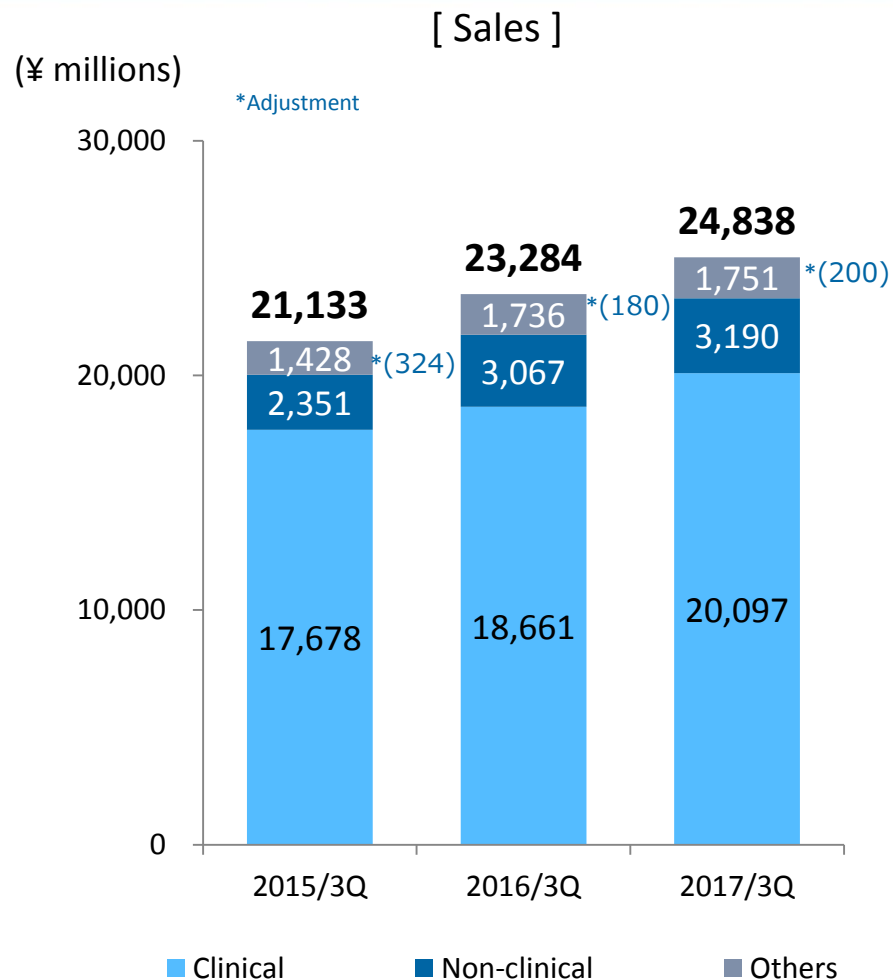
[Sales]



[Operating income]

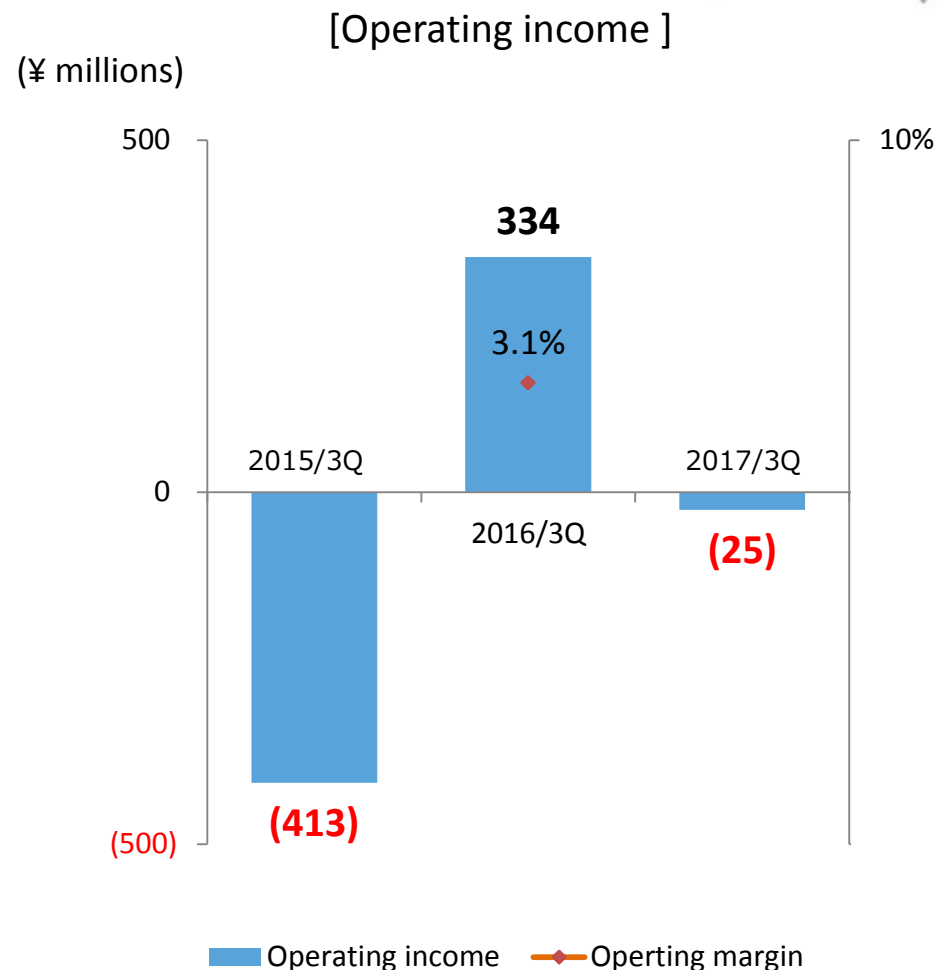
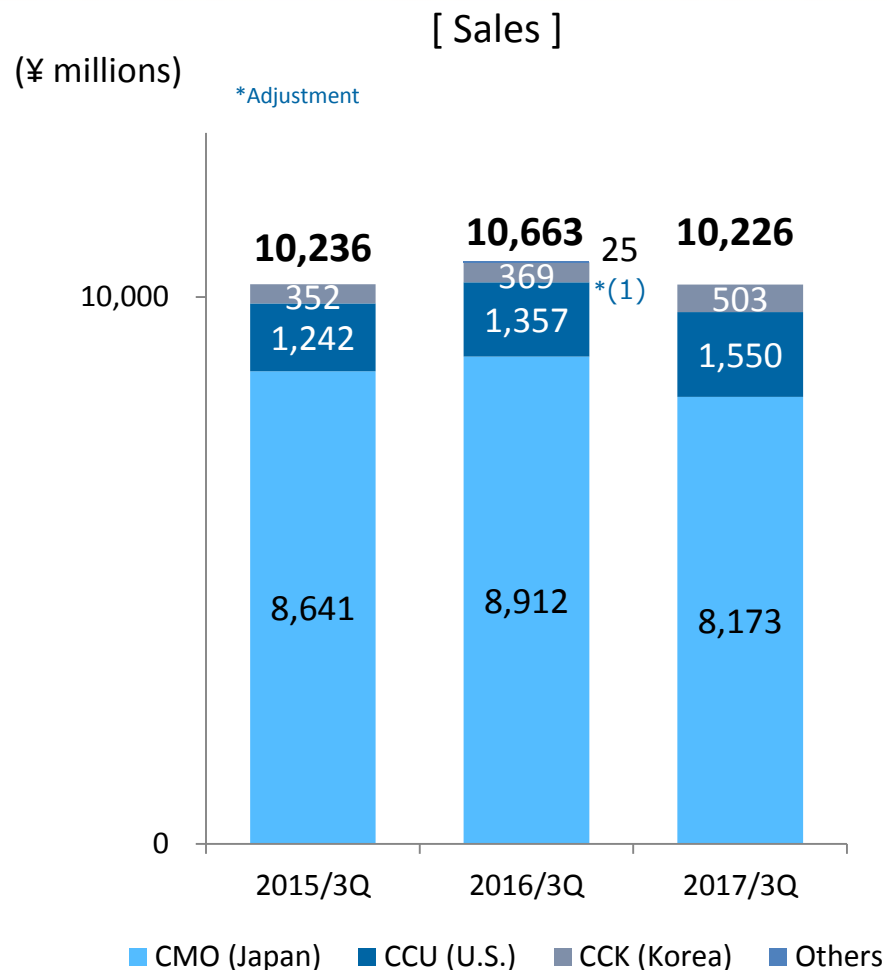


Contract Research Organization (CRO) Business



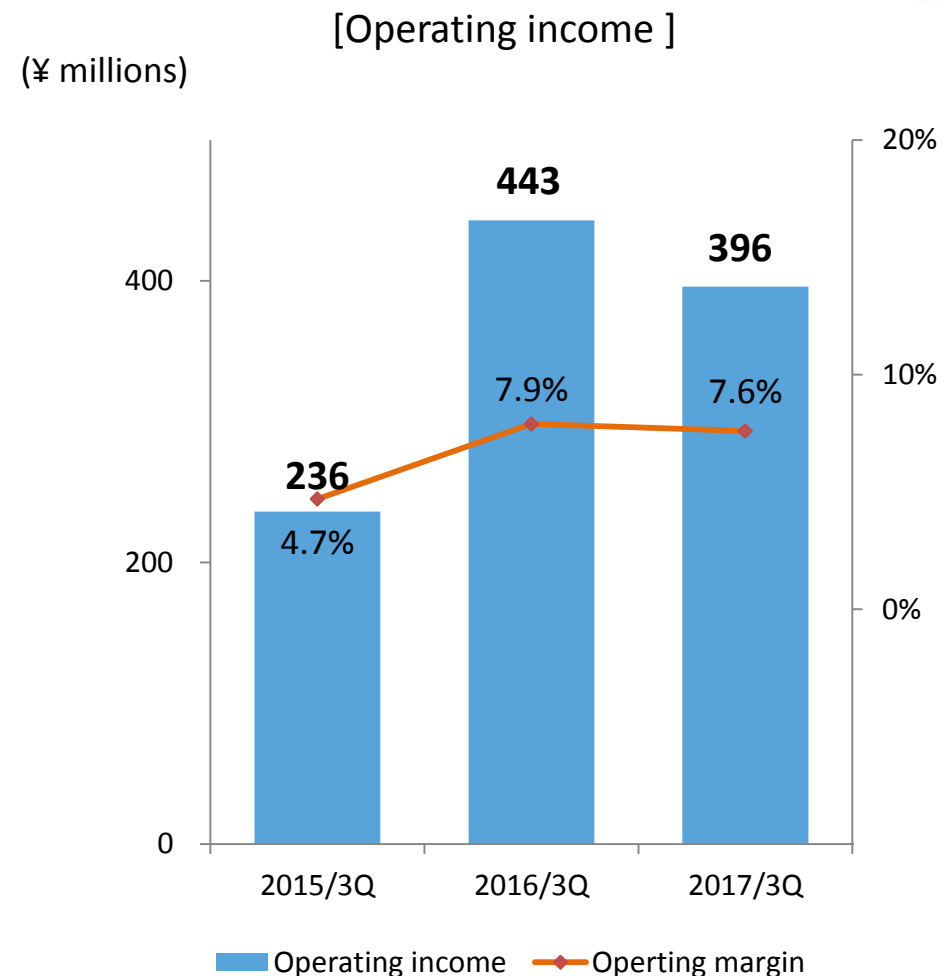
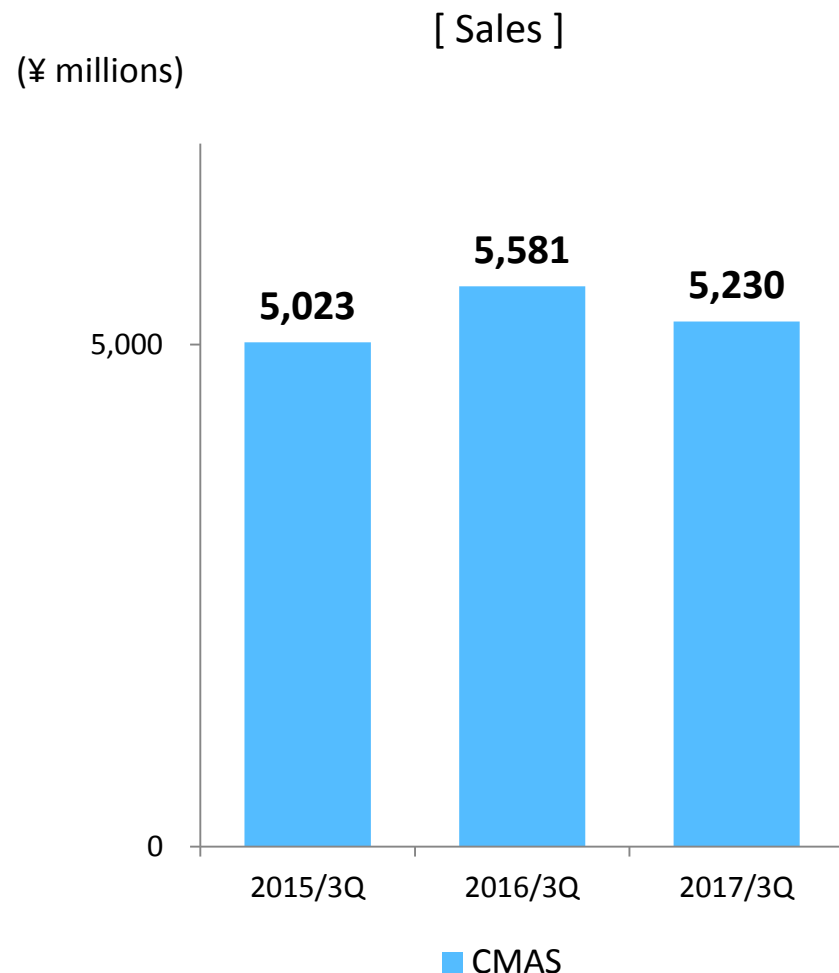
Work to develop human resources with the aim of securing human resources based on robust demand, further expertise, and improving quality. Build a support system related to the field of regenerative medicine. Enhanced collaboration between Japan and the United States for non-clinical studies such as providing support for Japanese firms seeking to enter the U.S. market, and concluded an agreement to establish a joint venture in Suzhou, China that provides support for generic drug application. Sales and operating income exceeded those of the previous year on growth in new orders and existing contracts.

Contract Development Manufacturing Organization (CDMO) Business



Built a system for low-cost production, increasing new contracts for generic drugs by working to transition to a price-competitive, low-cost structure. Though we have recorded a decrease in sales compared to the same period in the previous year and incurred an operating loss because of a temporary fall in production resulting from clients' inventory adjustments. Considering the recovery of new orders and existing contract manufacturing projects, full-year forecast is expected to be in line with our initial expectations.

Contract Sales Organization (CSO) Business

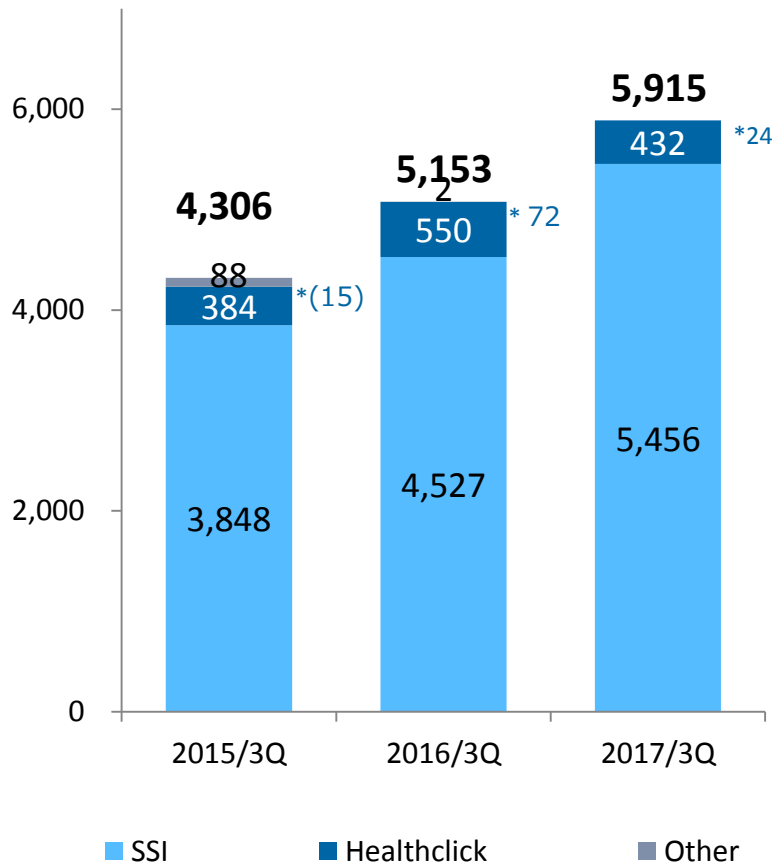


CMIC Ashfield Co., Ltd. has worked steadily to strengthen its capacity to meet demands and move through existing projects. They are also working to expand market share by improving support for client needs, such as by providing multichannel services. Sales and operating profit are below the prior year level due to outsourcing needs of MR dispatch business facing the adjustment stage.

Healthcare Business

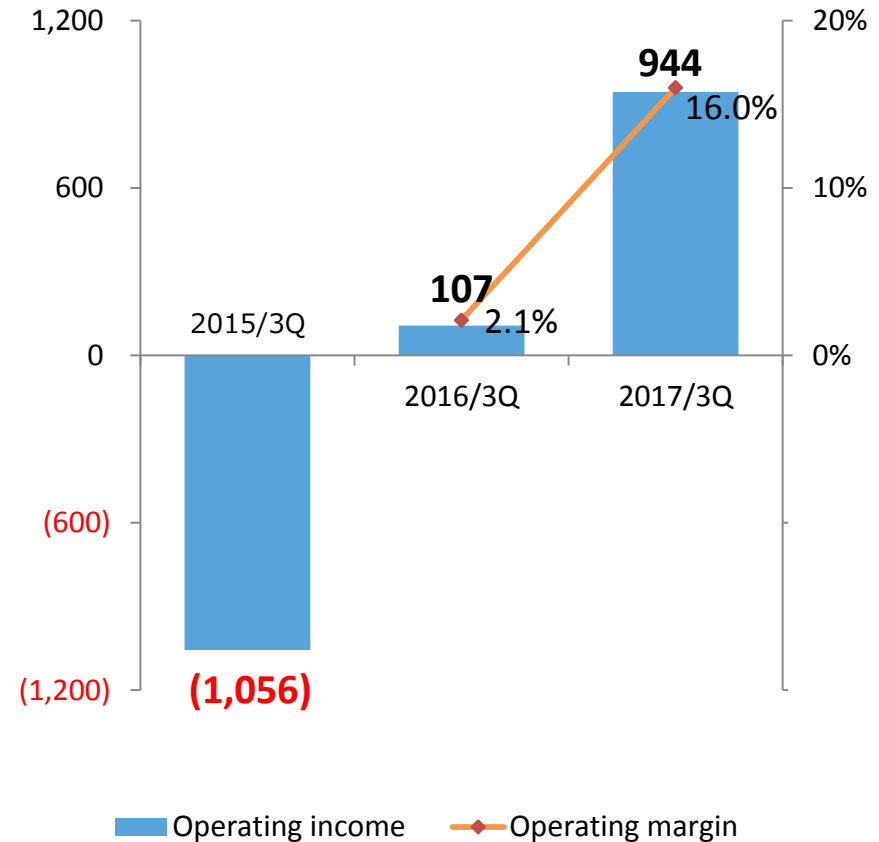
[Sales]

(¥ millions) *Adjustment



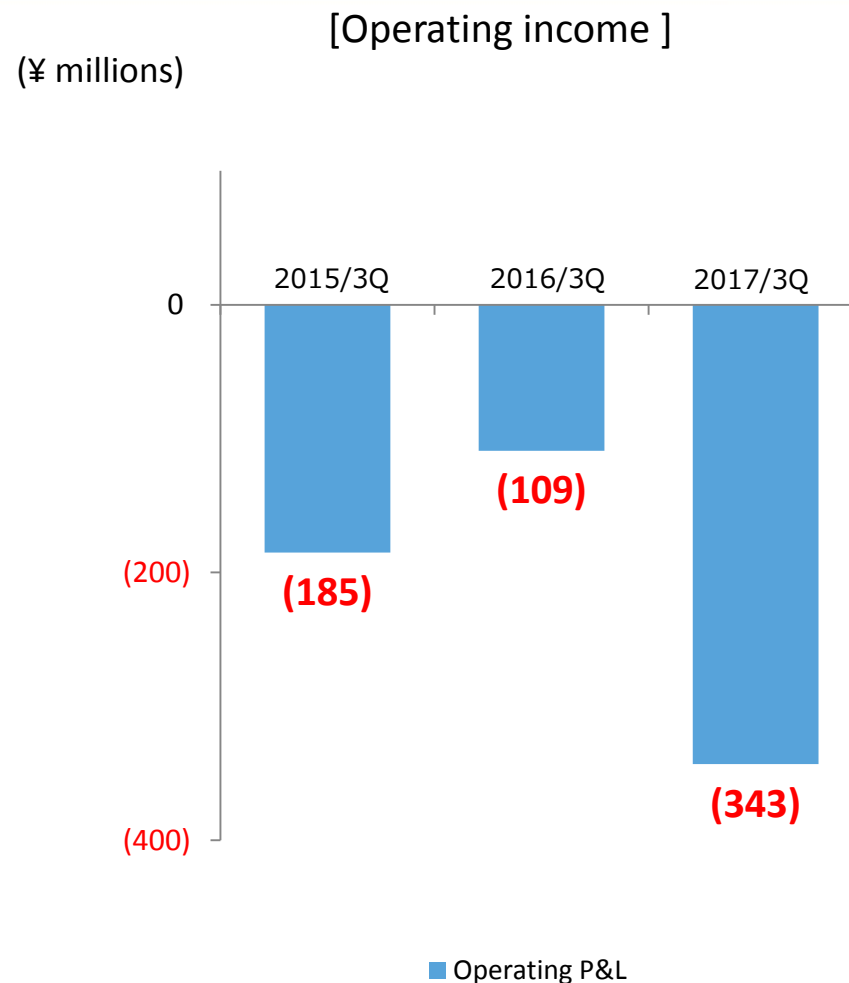
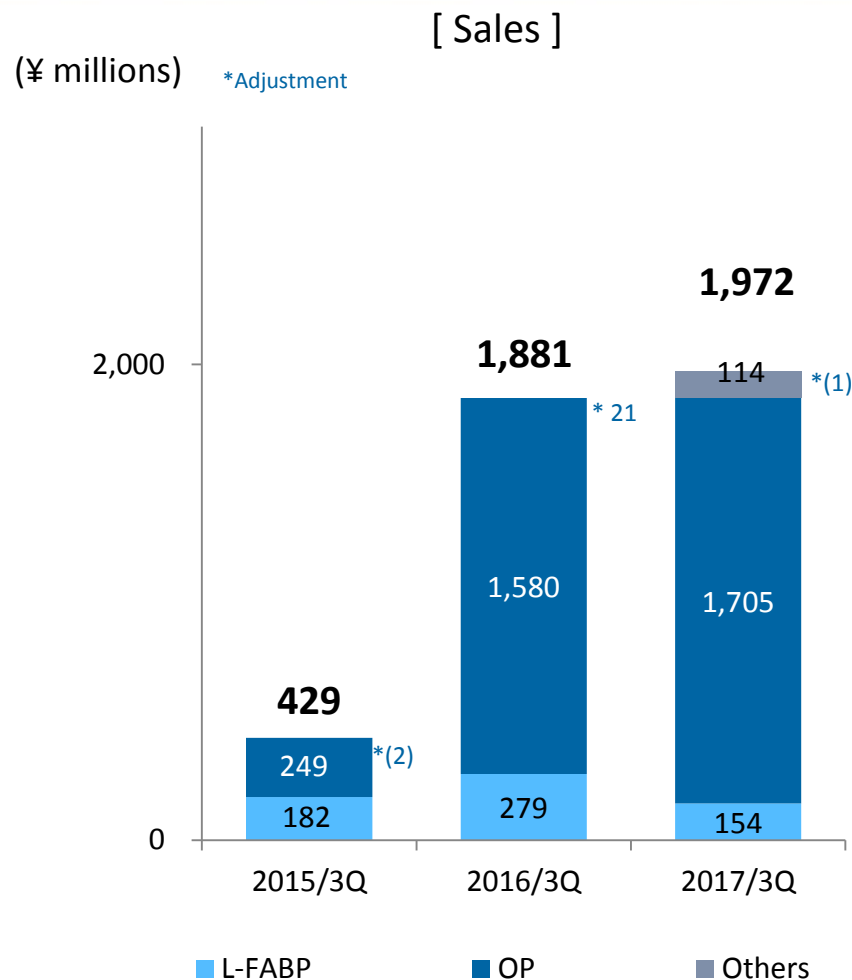
[Operating income]

(¥ millions)



Promoted the acquisition of new orders through efforts to further strengthen sales and marketing activities in SMO services and expand its medical institute network. Sales significantly exceeded the same period the previous year on robust growth in new orders and existing contracts. Significantly improved profitability and recorded a business profit through ongoing managerial streamlining measures.

Innovative Pharma Model (IPM) Business



Strengthened the foundation of IPM business by selling orphan drugs including those developed in-house and the drugs that were transferred from pharmaceutical companies. Diagnostics business started selling simple test kits (Dip-test) for the in vitro diagnostic drug. Nation-wide sales of "Zanmira Nail" started as a new solution model. Though sales exceeds that of the same period last year, operating profit is lower than that of the same period last year due to increase of advertising expenses. Enhanced business development activities toward business scale expansion through provision of new solutions.

Balance sheet (assets)

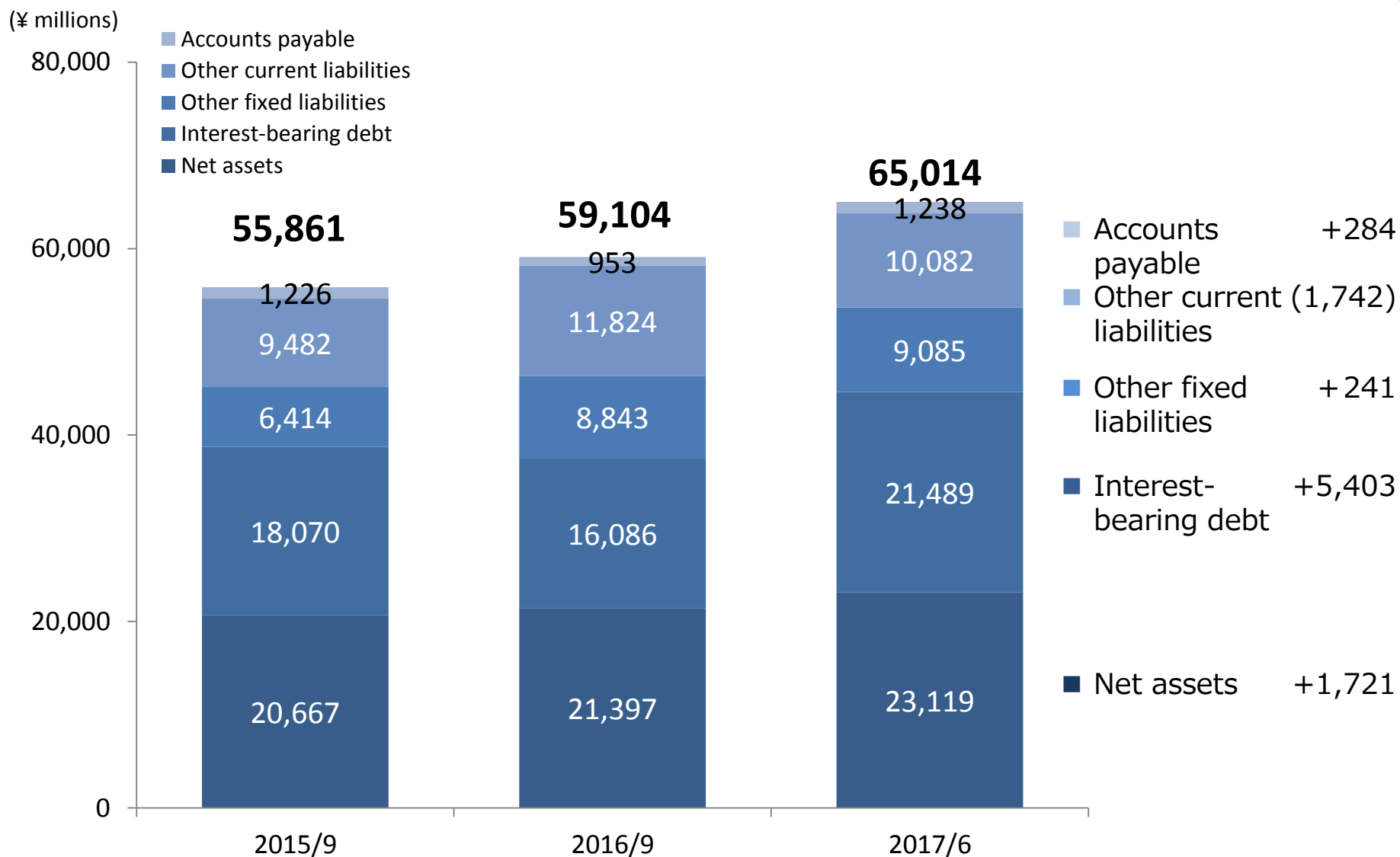
(¥ millions)




- Cash equivalents
- Trade receivables
- Inventory
- Other current assets
- Fixed assets

Total assets	+5,909
Cash equivalents	+822
Trade receivables	+1,155
Inventory	+439
Other current assets	+64
Fixed assets	+3,428

Balance sheet (liabilities and net assets)





Cautionary statement:

This material includes forward-looking statements based on assumptions and beliefs in light of the information currently available to management, and is subject to significant risks and uncertainties. Actual financial results may vary materially from the content of this material depending on a number of factors. While this material contains information on pharmaceuticals (including compounds under development), this information is not intended to make any representations or advertisements regarding the efficacy or effectiveness of their preparations, promote any kind of unapproved uses, nor provide medical advice of any kind.

