



**Consolidated Financial Results (Japanese GAAP)
for the Nine Months Ended December 31, 2013**

February 14, 2014

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 Scheduled dividend payment commencement date: —
 Supplementary materials prepared for the quarterly financial results: Yes
 Holding of the quarterly financial results explanatory meeting: No

(Amounts of less than one million yen are rounded down)

1. Consolidated Financial Results for the Nine Months Ended December 31, 2013 (April 1, 2013 to December 31, 2013)

(1) Consolidated Operating Results (Cumulative)

(% figures are the increase / (decrease) compared with the corresponding period of the previous fiscal year)

	Net Sales		Operating Loss		Ordinary Loss		Net Loss	
	Millions yen	%	Millions yen	%	Millions yen	%	Millions yen	%
Nine months ended December 31, 2013	334	—	(449)	—	(449)	—	(504)	—
Nine months ended December 31, 2012	—	—	—	—	—	—	—	—

Note: Comprehensive Loss Nine months ended December 31, 2013: 504 million yen (—%)
 Nine months ended December 31, 2012: — million yen (—%)

	Net Loss per Share	Diluted Net Loss per Share
	Yen	Yen
Nine months ended December 31, 2013	(53.44)	—
Nine months ended December 31, 2012	—	—

Notes:

- The Company began preparing quarterly consolidated financial statements from the nine-month period ended December 31, 2013 of the fiscal year under review. As a result, percentage increase (decrease) data compared with the nine-month period ended December 31, 2012 has not been provided.
- The Company conducted a 2-for-1 stock split of its common stock effective July 1, 2013. "Net Loss per Share" data has been calculated as if the stock split was conducted as of the beginning of the consolidated fiscal year under review.
- Despite the existence of shares with a dilutive effect, "Diluted Net Loss per Share" data is not stated because the Company incurred a loss for each respective period.

(2) Consolidated Financial Position

	Total Assets	Net Assets	Equity Ratio
	Million yen	Million yen	%
As of December 31, 2013	4,437	4,058	90.5
As of March 31, 2013	—	—	—

(Reference) Equity As of December 31, 2013: 4,014 million yen As of March 31, 2013: — million yen

Note: The Company began preparing consolidated financial statements from the nine-month period ended December 31, 2013 of the fiscal year under review. As a result, percentage increase (decrease) data compared with the relevant data as of March 31, 2013 has not been provided. The deemed date of consolidated subsidiary acquisition has been identified as December 31, 2013, the end of the third quarter cumulative period under review. As a result, only consolidated subsidiary quarterly balance sheet details have been included in the Company's scope of consolidation for cumulative third quarter consolidated financial statement disclosure purposes.

2. Dividends

	Annual Dividends				
	1Q-End	2Q-End	3Q-End	Fiscal Year-End	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal Year Ended March 31, 2013	—	0.00	—	0.00	0.00
Fiscal Year Ending March 31, 2014	—	0.00	—		
Fiscal Year Ending March 31, 2014 (Forecast)				0.00	0.00

Note: Revision to the most recently announced dividend forecast: No

3. Forecasts of Consolidated Financial Results for the Fiscal Year Ending March 31, 2014 (April 1, 2013 to March 31, 2014)

(% figures are the increase / (decrease) compared with the corresponding period of the previous fiscal year)

	Net Sales		Operating Loss		Ordinary Loss		Net Loss		Net Loss per Share
	Millions yen	%	Millions yen	%	Millions yen	%	Millions yen	%	Yen
Full Fiscal Year	740	—	(522)	—	(596)	—	(599)	—	(63.37)

Notes:

- Revision to the most recently announced forecasts of financial results: No
- The impact of consolidated financial results forecasts for the fiscal year ending March 31, 2014 on financial results is considered immaterial. As a result, forecasts of non-consolidated financial results for the fiscal year ending March 31, 2014 have been provided. For details, please refer to “1. Qualitative Information Regarding Quarterly Financial Results (3) Explanation of Forward-Looking Statements including Forecasts of Consolidated Financial Results” on page 5 of this report.
- The Company began preparing quarterly consolidated financial statements from the nine-month period ended December 31, 2013 of the fiscal year under review. As a result, percentage increase (decrease) data has not been provided.

[Notes]

- Changes in Significant Subsidiaries during the Period under Review (Changes in Specified Subsidiaries Resulting in a Change in the Scope of Consolidation): Yes
Newly included: 1 (LivTech, Inc.) Excluded: —
For details, please refer to “2. Summary Information (Notes) (1) Changes in Significant Subsidiaries during the Period under Review” on page 5 of this report.

- Application of Special Accounting Practices in the Preparation of Quarterly Consolidated Financial Statements: No

- Changes in Accounting Policies, Changes in Accounting Estimates, and Retrospective Restatements

- Changes in accounting policies in line with revisions to accounting and other standards: No
- Changes in accounting policies other than 1) above: Yes
- Changes in accounting estimates: Yes
- Retrospective restatements: No

Note: For details, please refer to “2. Summary Information (Notes) (2) Changes in Accounting Policies, Changes in Accounting Estimates, and Retrospective Restatements” on page 5 of this report.

- Number of Shares Issued (Common Stock)

1) Number of shares issued as of the end of the period (including treasury stock)	As of December 31, 2013	9,533,200 shares	As of March 31, 2013	8,661,200 shares
2) Number of treasury stock as of the end of the period	As of December 31, 2013	73 shares	As of March 31, 2013	— shares
3) Average number of shares for the period (cumulative total for the period)	Nine months ended December 31, 2013	9,437,189 shares	Nine months ended December 31, 2012	8,324,079 shares

Note: The Company conducted a 2-for-1 stock split of its common stock effective July 1, 2013. The “Number of shares issued as of the end of the period” and the “Average number of shares for the period” data has been calculated as if the stock split was conducted as of the beginning of the previous fiscal year under review.

* Regarding the Status of Quarterly Review Procedure Implementation

This report on Chiome Bioscience’s financial results for the nine months ended December 31, 2013 is not subject to the quarterly review procedures stipulated under the Financial Instruments and Exchange Act of Japan. As of the date of disclosure, however, steps to implement review procedures for the Company’s quarterly consolidated financial statements had been completed.

* Explanation Concerning the Proper Use of Financial Results Forecasts and Other Relevant Specific Items

Forward-looking statements including forecasts of financial results contained in this report are based on management’s assumptions and beliefs that are determined to be reasonable in light of currently available information. Chiome Bioscience cautions readers that due to a variety of factors actual results may differ materially from forecasts. For the assumptions that underpin financial results forecasts as well as other related items, please refer to the “Explanation of Forward-Looking Statements including Forecasts of Financial Results” on page 5 of this report.

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1. Qualitative Information Regarding Quarterly Financial Results

(1) Explanation of Operating Results

Details of numerical performance data for the corresponding period of the previous fiscal year have not been provided in the preparation of quarterly consolidated financial statements for the nine-month period from April 1, 2013 to December 31, 2013 of the fiscal year under review. Moreover, the deemed date of consolidated subsidiary acquisition has been identified as December 31, 2013, the end of the third quarter cumulative period under review. As a result, details of consolidated subsidiary actual operating and other activity performance have not been included in the Company's scope of consolidation for cumulative third quarter consolidated financial statement disclosure purposes.

During the cumulative third quarter period of the fiscal year under review, the 12-month period from April 1, 2013 to March 31, 2014, the Japanese economy experienced an ongoing recovery trend. In addition to the positive turnaround in the U.S. and other overseas economies, which triggered an upswing in export activity, this forward momentum was largely the result of increased public-sector investment. Initiatives by the Bank of Japan to ease monetary conditions also underpinned a prolonged downturn in the value of the yen as well as high share prices. As a result, both corporate-sector earnings and capital expenditure increased. Taking into consideration improvements in employment markets and disposable incomes, consumer spending also remained firm.

Under these circumstances, Chiome Bioscience Inc. ("Chiome Bioscience" or "the Company") worked diligently to steadily pursue its business development activities. In addition to projects conducted under mainstay joint and contract research agreements with Chugai Pharmaceutical Co., Ltd. ("Chugai Pharmaceutical"), Chiome Bioscience promoted business endeavors based on fundamental contract research agreements with Chugai Pharmaceutical's overseas subsidiary Chugai Pharmabody Research Pte. Ltd. ("CPR"). With the expiration of the joint research agreement with Chugai Pharmaceutical on December 31, 2013, both companies decided to extend the term of the agreement for another year. Moreover, the Company witnessed significant success in obtaining highly sensitive specific antibodies originating from its platform technology, ADLib® system, licensed to Fujirebio Inc. ("Fujirebio"), a major player in the research and development of diagnostic agents. As a part of efforts to submit an application for manufacturing approval of a new diagnostic kit that will employ the aforementioned specific antibodies, Chiome Bioscience concluded a new patent licensing agreement. Sales of this diagnostic kit have already commenced in Europe. As a result, the Company will receive a continuous stream of royalty revenue in line with product sales. Building on this success, Chiome Bioscience signed a Memorandum in connection with the Company's existing Licensing & Cooperative Research and Development Agreement with Fujirebio. Under the Memorandum, the existing agreement is to be extended for an additional three years on a non-exclusive basis. Looking at the Pilot Study & Option Agreement with the GlaxoSmithKline Group ("GSK") concluded in April 2012, successful steps were made to achieve the initial milestone established in the first instance. After receiving the appropriate compensation, the trial contract was brought to an end.

In December 2013, Chiome Bioscience acquired a majority of LivTech, Inc.'s ("LivTech") issued and outstanding shares. Following the acquisition, LivTech was included in the Company's scope of consolidation as a subsidiary company. Through this capital alliance, Chiome Bioscience is seeking to generate synergies between its ability to create lead antibodies that target tough antigens using its proprietary ADLib® system and LivTech's strengths in preclinical antibody drug development capabilities. This is in turn expected to augment the potential for creating innovative therapeutic drugs and the treatment of cancer as well as autoimmune and other infectious diseases.

The status of major research and development activities are presented briefly as follows.

In a bid to continue the Company's work toward a fully human ADLib® system, Chiome Bioscience engineered a DT40-cell line in which both the functional antibody gene locus and pseudogenes were converted into human genes in June 2013. With this, the Company has successfully developed a fully human antibody library prototype with homologous recombination. Regarding current progress, Chiome Bioscience is further introducing a growing number of newly produced antibody genes in its bid to build a commercially viable library. Having established a diversified library, every effort is now being placed on launching a fully human ADLib® system. To this end, the Company is

working to test the library's performance for practical use through a process of antibody selection which specifically targets antigens from which obtaining antibodies is well recognized as difficult.

Turning to the Company's joint research into the Anti-Semaphorin 3A antibody with Yokohama City University, successful steps were taken to investigate its pharmacological efficacy using a mouse lipopolysaccharide (LPS)-induced sepsis model for both chimeric and humanized antibodies. According to exploratory studies and tests, results after a single administration of the antibody suggested substantial improvements in animal survival rates after the injection of LPS. Consequently, Chiome Bioscience filed a patent application in February 2013. During the cumulative third quarter period of the fiscal year under review, Chiome Bioscience has expanded steps to conduct research work on the relationship between various diseases and the Semaphorin 3A molecule to explore the potential of this antibody. Every effort is being made to validate and secure increased efficacy. Meanwhile, with the aim of obtaining new therapeutic antibodies, the Company is enjoying steady progress in its joint research with several research institutions. Chiome Bioscience continues to undertake research to obtain therapeutic antibody candidates in the field of oncology.

Under a joint research agreement signed with Biotechnol Inc. ("Biotechnol") in January 2013, Chiome Bioscience launched and is making steady progress in a project aimed at developing multi-specific antibodies for use in the treatment of cancer. Through this joint research, successful steps have already been taken to acquire clones that react to both human and cynomolgus monkey antigens. In May 2013, the Company entered into a business partnership with Shin Nippon Biomedical Laboratories Ltd. ("SNBL"). Under this partnership, progress continues with activities to establish animal models for diseases in an effort to evaluate various antibody drug candidates and to conduct non-clinical studies including the assessment of drug efficacy. Taking into account each of the aforementioned research and development activities, R&D expenditure by the Company for the nine months ended December 31, 2013 totaled ¥292,976 thousand.

With an eye to Chiome Bioscience's operating performance for the period under review as a result of this expenditure and each of these activities, net sales came to ¥334,832 thousand. On the earnings front, the Company incurred an operating loss of ¥449,435 thousand, an ordinary loss of ¥449,238 thousand, and a net loss of ¥504,303 thousand.

Details of consolidated operating results by business segment for the nine months ended December 31, 2013 are presented briefly as follows.

1) Drug Discovery Alliance

Chiome Bioscience continued to engage in business under its joint and contracted research agreements with Chugai Pharmaceutical. The Company also continued to promote business endeavors based on fundamental contract research agreements with Chugai Pharmaceutical's overseas subsidiary CPR. In addition to achieving the initial milestone under a trial contract with GSK, Chiome Bioscience witnessed progress in research projects with several partners. During the period under review, the Company extended its joint and contracted research agreements with Chugai Pharmaceutical for a further year. Furthermore, Chiome Bioscience is engaging in ongoing sales efforts aimed at entering into large-scale agreements with several pharmaceutical companies by leveraging the technical advantages of its ADLib® system through the ADLib® IgG Chimera Library, which is now in a full practical application stage.

Accounting for each of the aforementioned factors, consolidated net sales in the Drug Discovery Alliance business for the nine-month period ended December 31, 2013 were ¥324,680 thousand while segment consolidated gross profit totaled ¥208,152 thousand.

2) Lead Antibody Licensing

During the period under review, Chiome Bioscience continued to engage in joint Anti-Semaphorin 3A antibody research with Yokohama City University. Based on research results including the successful outcome of a mouse LPS-induced sepsis model, the Company has been pursuing opportunities to license-out the Anti-Semaphorin 3A

antibody to several domestic and foreign pharmaceutical companies as a part of efforts to develop first-in-class therapeutic antibodies. On this basis, Chiome Bioscience was in negotiations to enter into certain agreements. In addition, there were signs of progress in joint research with several research institutions as well as Biotecnol.

There were no consolidated net sales or earnings (losses) in this segment for the nine months ended December 31, 2013.

3) Licensing Out Platform Technology

Fujirebio, a licensee of the Company's ADLib® system, utilized the system to successfully obtain highly sensitive, specific antibodies for potential use in diagnostic agents. In order to support and enable Fujirebio to submit an application for marketing approval of a new diagnostic kit that is to employ the aforementioned specific antibody, Chiome Bioscience and Fujirebio agreed to extend the patent licensing agreement. With sales of the diagnostic kit already having commenced in Europe, the Company will receive a continuous stream of royalty revenue in line with product sales. Building on this success, Chiome Bioscience signed a Memorandum in connection with the Company's existing Licensing & Cooperative Research and Development Agreement with Fujirebio. Under the Memorandum, the existing agreement is to be extended for an additional three years on a non-exclusive basis from 2013. Accordingly, there are expectations of acquiring a new second and third antibody for diagnostic use. Furthermore, several domestic and overseas companies have expressed interest in technology licensing. These interested parties were conducting verification tests as part of their technical assessment. In this context, Chiome Bioscience continued to pursue licensing negotiations with these parties.

Accounting for each of the aforementioned activities, consolidated net sales in the Licensing Out Platform Technology business for the nine months ended December 31, 2013 were ¥10,152 thousand. Segment consolidated gross profit totaled ¥10,091 thousand.

(2) Explanation of Financial Position

Analysis of financial position

The deemed date of consolidated subsidiary acquisition has been identified as December 31, 2013, the end of the third quarter cumulative period under review. As a result, only consolidated subsidiary quarterly balance sheet details have been included in the Company's scope of consolidation for cumulative third quarter consolidated financial statement disclosure purposes.

(Current assets)

As of December 31, 2013, current assets stood at ¥3,994,916 thousand. The principal components were cash on hand and in banks of ¥3,794,537 thousand, securities of ¥71,207 thousand, accounts receivable of ¥38,169 thousand, and inventories of ¥37,789 thousand.

(Non-current assets)

As of the end of the period under review, non-current assets amounted to ¥443,060 thousand. Major components were property and equipment, which came in at ¥313,556 thousand, lease deposits and others of ¥72,288 thousand, and goodwill of ¥45,124 thousand.

(Current liabilities)

As of December 31, 2013, current liabilities stood at ¥268,364 thousand. Principal current liability accounting line items included accounts payable, other, advances received, and current portion of long-term loans payable totaling ¥51,247 thousand, ¥49,640 thousand, and ¥45,816 thousand, respectively.

(Non-current liabilities)

As of the end of the period under review, non-current liabilities came to ¥111,420 thousand. The major components were asset retirement obligations, which stood at ¥47,809 thousand, and deferred revenues, which amounted to ¥30,178 thousand.

(Net assets)

As of December 31, 2013, net assets stood at ¥4,058,192 thousand. Principal components comprised capital stock and legal capital surplus, which stood at ¥2,978,324 thousand and ¥2,968,324 thousand, respectively. The Company recorded retained losses of ¥1,931,632 thousand as of the end of the period under review.

(3) Explanation of Forward-Looking Statements including Forecasts of Consolidated Financial Results

While Chiome Bioscience converted LivTech into a subsidiary company during the third quarter of the fiscal year under review, the impact on performance for the fiscal year ending March 31, 2014 is considered immaterial. As a result, there are no changes to the forecasts of non-consolidated financial results for the fiscal year ending March 31, 2014 announced on May 14, 2013 for consolidated financial result forecast purposes.

2. Summary Information (Notes)

(1) Changes in Significant Subsidiaries during the Period under Review

On December 25, 2013, Chiome Bioscience acquired shares in LivTech, which was then converted into a subsidiary company. Taking the aforementioned into consideration, LivTech has been included in the Company's scope of consolidation from the third quarter of the fiscal year ending March 31, 2014.

(2) Changes in Accounting Policies, Changes in Accounting Estimates, and Retrospective Restatements

(Changes in accounting policies that are difficult to differentiate from changes in accounting estimates)

Chiome Bioscience and its consolidated subsidiaries have changed their method for the depreciation of buildings and structures from the declining-balance method to the straight-line method effective from the first quarter of the fiscal year under review.

On consolidating and relocating its head office and laboratory during the fiscal year under review, and as a result of a review of the status of use of the Company's property and equipment as well as the recognition that buildings and structures would be used on a stable basis over the long term, Chiome Bioscience determined that this change to the straight-line method represented a rational approach toward properly reflecting the actual status of its property and equipment.

Accounting for this change, and compared with the previous depreciation method, depreciation for the nine-month period ended December 31, 2013 decreased ¥8,207 thousand while the operating loss, ordinary loss, and loss before income taxes each declined ¥8,207 thousand.

3. Quarterly Consolidated Financial Statements

(1) Quarterly Consolidated Balance Sheet

Thousand yen

As of December 31, 2013	
Assets	
Current assets	
Cash on hand and in banks	3,794,537
Accounts receivable	38,169
Securities	71,207
Inventories	37,789
Consumption taxes receivable	36,928
Other current assets	16,283
Total current assets	3,994,916
Non-current assets	
Property and equipment	
Buildings and structures	180,764
Accumulated depreciation	(8,478)
Buildings and structures, net	172,285
Machinery	406,146
Accumulated depreciation	(295,477)
Machinery, net	110,669
Tools and equipment	60,904
Accumulated depreciation	(30,405)
Tools and equipment, net	30,499
Construction work in progress	102
Total property and equipment	313,556
Intangible assets	
Goodwill	45,124
Patent rights	8,023
Software	3,961
Total intangible assets	57,110
Investments and other assets	
Long-term prepaid expenses	104
Lease deposits and others	72,288
Total investments and other assets	72,393
Total non-current assets	443,060
Total assets	4,437,977

Thousand yen

As of December 31, 2013

Liabilities	
Current liabilities	
Accounts payable, trade	24,708
Current portion of long-term loans payable	45,816
Accounts payable, other	51,247
Accrued expenses	30,181
Income taxes payable	9,548
Accrued consumption taxes	1,415
Advances received	49,640
Deposits received	18,073
Deferred revenues	31,097
Provision for bonuses	6,634
Total current liabilities	268,364
Non-current liabilities	
Long-term accrued expenses	17,262
Asset retirement obligations	47,809
Long-term deferred revenues	30,178
Deferred tax liabilities	16,169
Total non-current liabilities	111,420
Total liabilities	379,784
Net assets	
Shareholders' equity	
Capital stock	2,978,324
Capital reserve	2,968,324
Retained earnings	(1,931,632)
Treasury stock	(292)
Total shareholders' equity	4,014,723
Subscription rights to shares	3,069
Minority interests	40,400
Total net assets	4,058,192
Total liabilities and net assets	4,437,977

(2) Quarterly Consolidated Statement of Income and Quarterly Consolidated Statement of Comprehensive Income
(Quarterly Consolidated Statement of Income)
(Third quarter cumulative)

		Thousand yen
		Nine Months Ended December 31, 2013 (April 1, 2013 to December 31, 2013)
Net sales		334,832
Cost of sales		116,589
Gross profit		218,243
Selling, general and administrative expenses		667,678
Operating loss		(449,435)
Non-operating income		
Interest income		587
Interest on securities		13,368
Foreign exchange gains		355
Other, net		100
Total non-operating income		14,411
Non-operating expenses		
Interest expenses		1,126
Stock issuance expenses		13,088
Total non-operating expenses		14,215
Ordinary loss		(449,238)
Extraordinary loss		
Head office and laboratory transfer cost		37,035
Total extraordinary loss		37,035
Loss before income taxes		(486,273)
Income taxes-current		2,418
Income taxes-deferred		15,610
Total income taxes		18,029
Loss before minority interests		(504,303)
Net loss		(504,303)

(Quarterly Consolidated Statement of Comprehensive Income)
(Third quarter cumulative)

		Thousand yen
		Nine Months Ended December 31, 2013 (April 1, 2013 to December 31, 2013)
Loss before minority interests		(504,303)
Comprehensive loss		(504,303)
(Comprehensive income attributable to):		
Owners of the parent		(504,303)
Minority interests		—

(3) Notes Concerning Quarterly Consolidated Financial Statements
(Notes Regarding Going Concern Assumptions)

Not applicable.

(Notes Regarding Substantial Changes in Shareholders' Equity)

As of December 31, 2013, capital stock and the legal capital surplus increased ¥1,765,234 thousand and ¥1,765,234 thousand, respectively, as a result of the exercise of stock acquisition rights. Accordingly, the balance of capital stock and the legal capital surplus came to ¥2,978,324 thousand and ¥2,968,324 thousand, respectively, as of the end of the period under review.