Summary of Financial Report for the FY ending March 2015
(Non-Consolidated)

April 30, 2015

Listed Company Name: Japan Tissue Engineering Co., Ltd. Listed Securities Exchange: JQ
Stock Code: 7774 URL http://www.jpte.co.jp
Representative: Yosuke Ozawa, President
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(Rounding down to the nearest million yen)

1. Results for the FY2014 (April 1, 2014 to March 31, 2015)

(1) Business Results (% indicate increase / decrease on previous fiscal year)

	Net sales		Operating income		Ordinary income		Net income	
	million yen	%	million yen	%	million yen	%	million yen	%
FY2014	1,321	31.1	-913	—	-686	—	-690	—
FY2013	1,008	78.8	-1,025	—	-823	—	-827	—

	Net income per share	Net income per share, diluted	Return on equity	Return on assets	Operating Income Ratio
	yen	yen	%	%	%
FY2014	- 18.21	—	-13.8	-11.4	-69.1
FY2013	- 22.54	—	-41.9	-25.6	-101.7

Note: Profit (Loss) on investment FY2014 —million yen FY2013 —million yen
Common stock of J-TEC has been split into 200 per one share effective Tuesday, April 1, 2014. “Net income per share” and “Net income per share, diluted” are calculated as if the stock split had been executed at the beginning of FY2013.

(2) Financial Condition

	Total assets	Net assets	Equity ratio	Net assets per share
	million yen	million yen	%	yen
FY2014	8,853	8,397	94.8	206.93
FY2013	3,232	2,163	50.2	44.10

Note: Shareholders’ equity FY2014: 8,397 million yen FY2013: 1,623 million yen
Common stock of J-TEC has been split into 200 per one share effective Tuesday, April 1, 2014. “Net assets per share” is calculated as if the stock split had been executed at the beginning of FY2013.

(3) Cash Flow

	Operating cash flow	Investing cash flow	Financing cash flow	Cash and equivalents at end of term
	million yen	million yen	million yen	million yen
FY2014	-756	-1,425	6,341	5,466
FY2013	-961	306	695	1,307

2. Cash Dividends

	Dividends per share
	yen
FY2013	0
FY2014	0
FY2015 (Forecast)	0

3. Forecast for FY2015 (April 1, 2015 to March 31, 2016)

(% indicate increase / decrease on previous fiscal year)

	Sales		Operating income		Ordinary income		Net income		Net income per share
	million yen	%	million yen	%	million yen	%	million yen	%	yen
FY2015	1,734	31.2	-773	—	-584	—	-588	—	-14.50

Note: Common stock of J-TEC has been split into 200 per one share effective Tuesday, April 1, 2014. “Net income per share” is calculated by the total number of shares issued and outstanding after the stock split.

*Disclaimer regarding appropriate use of forecasts and related points of note
The above-mentioned forecasts are based on the information available on the date of release of these materials and on various assumptions made on the date of release of these materials including uncertain factors and may affect future earnings. Actual operating results may differ significantly from those forecasts as a consequence of various factors.

Japan Tissue Engineering Co., Ltd.
Non-consolidated Financial Statements for FY2014
(April 1, 2014 - March 31, 2015)

(1) Non-consolidated Balance Sheets

(In thousands yen)

	FY2013 As of March 31, 2014	FY2014 As of March 31, 2015
Assets		
Current assets		
Cash and cash equivalents	1,307,073	5,966,281
Trade notes receivable	98,583	32,462
Accounts receivable	196,481	371,045
Finished goods	1,321	-
Work in process	15,288	21,242
Raw materials and supplies	90,423	116,772
Advances	8,339	7,183
Prepaid expenses	16,538	16,483
Other	5,603	141,519
Total current assets	1,913,893	6,672,991
Noncurrent assets		
Property, plant and equipment		
Buildings	1,325,477	1,330,544
Accumulated depreciation	-658,807	-704,174
Buildings, net	666,669	626,370
Structures	20,382	20,382
Accumulated depreciation	-15,560	-16,268
Structures, net	4,822	4,114
Machinery and equipment	303,188	291,470
Accumulated depreciation	-283,687	-277,420
Machinery and equipment, net	19,501	14,050
Tools, instruments and supplies	210,437	202,350
Accumulated depreciation	-192,238	-181,136
Tools, instruments and supplies, net	18,198	21,214
Land	537,814	537,814
Lease assets	18,189	37,251
Accumulated depreciation	-6,421	-12,354
Lease assets, net	11,767	24,896
Construction in progress	2,593	469,450
Total property, plant and equipment	1,261,368	1,697,910
Intangible assets		
Trademark right	272	237
Software	29,507	47,586
Other	17,747	477
Total Intangible assets	47,527	48,301
Investments and other assets		
Investments in capital	20	20
Long-term prepaid expenses	1,053	849
Long-term time deposits	-	400,000
Other	7,835	8,684
Total Investments and other assets	8,908	409,553
Total noncurrent assets	1,317,805	2,155,765
Deferred assets		
Stock issuance expenses	972	24,429
Total deferred assets	972	24,429
Total assets	3,232,671	8,853,186

(In thousands yen)

	FY2013 As of March 31, 2014	FY2014 As of March 31, 2015
Liabilities		
Current liabilities		
Trade notes payable	73,117	20,228
Accounts payable -trade	**30,708**	19,219
Current installments of long-term loans payable	121,636	-
Lease obligations	3,819	7,937
Accounts payable -other	185,702	164,154
Accrued expenses payable	11,192	12,619
Income taxes and enterprise taxes payable	17,771	33,019
Deposits payable	6,423	7,098
Reserve for bonuses	70,288	76,267
Other	20,781	5,618
Total current liabilities	541,441	346,162
Noncurrent liabilities		
Long-term loans	428,100	-
Lease obligations	8,536	18,707
Reserve for directors' retirement benefits	91,200	91,200
Total noncurrent liabilities	527,836	109,907
Total liabilities	1,069,278	456,070
Net assets		
Shareholders' equity		
Capital	7,785,300	11,517,425
Capital surplus		
Capital surplus reserve	5,615,300	9,347,425
Total capital surplus	5,615,300	9,347,425
Retained earnings		
Other retained earnings		
Earned surplus carried forward	-11,777,206	-12,467,734
Total retained earnings	-11,777,206	-12,467,734
Total shareholders' equity	1,623,393	8,397,115
Subscription rights to shares	540,000	-
Total net assets	2,163,393	8,397,115
Total liabilities and net assets	3,232,671	8,853,186

(2) Non-consolidated Statements of Income

(In thousands yen)

	FY2013 Year ended March 31, 2014		FY2014 Year ended March 31, 2015	
Sales				
Contract development income		73,966		558,459
Sales of finished goods		934,078		763,035
Total sales		1,008,045		1,321,495
Cost of sales				
Contract development cost		71,870		287,709
Cost of finished goods sold				
Purchases of merchandise for the term		477,036		508,612
Total		477,036		508,612
Transfer to other accounts	*1	14,951	*1	3,671
Opening finished goods		-		1,321
Ending finished goods		1,321		-
Cost of finished goods sold		460,763		506,263
Total cost of sales		532,633		793,972
Gross profit		475,411		527,522
Selling, general and administrative expenses				
Directors' remuneration		96,243		100,072
Salaries and benefits		274,445		328,757
Bonuses		39,825		30,972
Provision for reserve for bonuses		33,802		30,360
Retirement benefit expenses		3,302		3,814
Land and house rent		15,926		21,367
Taxes other than income taxes		38,250		51,540
Depreciation		49,464		41,060
R&D expenses	*2	549,618	*2	389,829
Fee payment		86,583		87,029
Supplies expenses		31,071		34,204
Donation		7,410		11,126
Other		274,898		310,485
Total selling, general and administrative expenses		1,500,845		1,440,621
Operating Loss (-)		-1,025,433		-913,098
Non-operating income				
Interest income		228		494
Dividends income		0		0
Grant income		211,080		235,075
Miscellaneous income		4,297		6,573
Total non-operating income		215,606		242,144
Non-operating expenses				
Interest expenses		11,192		11,222
Amortization of stock issuance expenses		2,688		3,454
Miscellaneous losses		289		1,056
Total non-operating expenses		14,170		15,732
Ordinary loss (-)		-823,997		-686,687
Loss before income taxes (-)		-823,997		-686,687
Income taxes including inhabitants' and enterprise taxes		3,840		3,840
Total income taxes		3,840		3,840
Net loss (-)		-827,837		-690,527

(3) Non-consolidated Statements of Changes in Equity

FY2013 (Year ended March 31, 2014)

(In thousands yen)

	Shareholder's equity				Subscription rights to shares	Total net assets
	Capital	Capital surplus	Retained earnings	Total shareholder's equity		
		Capital surplus reserve	Other retained earnings			
			Earned surplus carried forward			
Balance at the beginning of the period	7,722,700	5,552,700	-10,949,369	2,326,030	–	2,326,030
Changes of items during the period						
Issuance of new stocks	62,600	62,600		125,200		125,200
Net loss (-)			-827,837	-827,837		-827,837
Changes of items during the period other than shareholder's equity (net)					540,000	540,000
Total changes of items during the period	62,600	62,600	-827,837	-702,637	540,000	-162,637
Balance at the end of the period	7,785,300	5,615,300	-11,777,206	1,623,393	540,000	2,163,393

FY2014 (Year ended March 31, 2015)

(In thousands yen)

	Shareholder's equity				Subscription rights to shares	Total net assets
	Capital	Capital surplus	Retained earnings	Total shareholder's equity		
		Capital surplus reserve	Other retained earnings			
			Earned surplus carried forward			
Balance at the beginning of the period	7,785,300	5,615,300	-11,777,206	1,623,393	**540,000**	2,163,393
Changes of items during the period						
Issuance of new stocks	3,732,125	3,732,125		7,464,250		7,464,250
Net loss (-)			-690,527	-690,527		-690,527
Changes of items during the period other than shareholder's equity (net)					-540,000	-540,000
Total changes of items during the period	3,732,125	3,732,125	-690,527	6,773,722	-540,000	6,233,722
Balance at the end of the period	11,517,425	9,347,425	-12,467,734	8,397,115	-	8,397,115

(4) Non-consolidated Statements of Cash Flows

(In thousands yen)

	FY2013 Year ended March 31, 2014	FY2014 Year ended March 31, 2015
Cash flows from operating activities		
Loss before income taxes (-)	-823,997	-686,687
Depreciation and amortization	88,344	86,422
Increase / decrease in provision for bonuses (-: decrease)	13,941	5,978
Interest and dividends income	-228	-495
Interest expenses	11,192	11,222
Increase / decrease in trade receivables (-: increase)	-133,533	-108,443
Increase / decrease in inventory assets (-: increase)	-35,704	-30,980
Increase / decrease in accounts payable (-: decrease)	64,562	-64,377
Increase / decrease in other accounts payable (-: decrease)	23,411	-862
Increase / decrease in accrued consumption taxes (-: decrease)	14,937	-15,346
Other	-168,822	60,689
Sub-total	-945,897	-742,880
Interest and dividends income received	238	482
Interest expenses paid	-11,888	-10,436
Income taxes paid	-3,768	-3,889
Net cash provided by (used in) operating activities	-961,315	-756,723
Cash flows from investing activities		
Payments into time deposits	－	-900,000
Proceeds from withdrawal of time deposits	340,350	－
Payments for purchase of tangible fixed assets	-30,450	-484,232
Payments for purchase of intangible fixed assets	-3,983	-40,291
Other	360	-849
Net cash provided by (used in) investing activities	306,276	-1,425,372
Cash flows from financing activities		
Proceeds from long-term loans payable	270,000	270,000
Repayments of long-term loans	-235,242	-819,736
Proceeds from issuance of common stock	124,034	6,897,339
Proceeds from issuance of subscription rights to shares	540,000	－
Repayments of lease obligations	-3,685	-6,298
Net cash provided by (used in) financial activities	695,107	6,341,304
Effect of exchange rate changes on cash and cash equivalents	－	－
Net increase / decrease in cash and cash equivalents (-: decrease)	40,067	4,159,207
Cash and cash equivalents at beginning of period	1,267,005	1,307,073
Cash and cash equivalents at end of period	* 1,307,073	* 5,466,281

Notes to non-consolidated financial statements

[Balance sheets]

* Pledged assets and mortgaged debts

Assets pledged as collateral are as follows. (In thousands yen)

	FY2013 As of March 31, 2014	FY2014 As of March 31, 2015
Buildings	666,669	–
Land	537,814	–
Total	1,204,484	–

Mortgaged debts are as follows. (In thousands yen)

	FY2013 As of March 31, 2014	FY2014 As of March 31, 2015
Long-term loans	299,200	–

[Statements of income]

*1 Details of transfer to other accounts are as follows. (In thousands yen)

	FY2013 As of March 31, 2014	FY2014 As of March 31, 2015
R&D expenses	13,145	2,121
Advertising expenses	1,805	1,458
Total	14,951	3,671

*2 Major items and amounts of R&D costs included in the overhead expenses are as follows.

(In thousands yen)

FY2013 As of March 31, 2014		FY2014 As of March 31, 2015	
Salaries and allowances	212,922	Salaries and allowances	160,242
Legal welfare expenses	35,288	Provision for reserve for bonuses	14,605
Fee payment	108,671	Legal welfare expenses	24,709
Raw materials used in R&D	40,569	Fee payment	88,427
Travelling and transportation expenses	29,346	Raw materials used in R&D	27,454
Joint research expenses	24,716	Travelling and transportation expenses	23,883

[Statements of cash flows]

* Relationship between the balance at the end of the period for cash and cash equivalents and the amounts of items listed in the balance sheets is as follows.

(In thousands yen)

	FY2013 As of March 31, 2014	FY2014 As of March 31, 2015
Cash and deposit accounts	1,307,073	5,966,281
Long-term time deposits	–	400,000
Time deposits that exceed 3 months	–	-900,000
Cash and cash equivalents	1,307,073	5,466,281