Summary of Financial Report for the 2nd Quarter of FY ending March 2016 (Non-Consolidated)

October 30, 2015

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

1. Results for the 2nd Quarter of FY2015 (April 1, 2015 to September 30, 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	%
2nd quarter of FY2015	696	35.3	-437	—	-438	—	-440	—
2nd quarter of FY2014	514	22.6	-526	—	-528	—	-530	—

	Net income per share	Net income per share, diluted
	yen	yen
2nd quarter of FY2015	-10.85	—
2nd quarter of FY2014	-14.41	—

(2) Financial Condition

	Total assets	Net assets	Equity ratio
	million yen	million yen	%
2nd quarter of FY2015	8,483	7,959	93.8
FY2014	8,853	8,397	94.8

Note: Shareholders' equity 2nd quarter of FY2015: 7,959 million yen FY2014: 8,397 million yen

2. Cash Dividends

	Dividends per share				
	Q1 end	Q2 end	Q3 end	Term end	Annual
	yen	yen	yen	yen	yen
FY2014	—	0.00	—	0.00	0.00
FY2015	—	0.00	———	———	———
FY2015 (Forecast)	———	———	—	0.00	0.00

Note: Revisions to cash dividends this quarter No

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

(% indicate increase/decrease on previous 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: Revisions to forecast this quarter No

*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 2nd Quarter of FY2015
(April 1, 2015 - September 30, 2015)

(1) Non-consolidated Balance Sheets

(In thousands yen)

	FY2014 As of March 31, 2015	FY2015 Q2 As of September 30, 2015
Assets		
Current assets		
Cash and cash equivalents	5,996,281	4,150,751
Trade notes and accounts receivable	403,508	311,837
Work in process	21,242	19,650
Raw materials and supplies	116,772	113,278
Other	165,186	53,382
Total current assets	6,672,991	4,648,899
Noncurrent assets		
Property, plant and equipment		
Buildings, net	626,370	1,160,665
Land	537,814	582,770
Other, net	533,725	116,804
Total property, plant and equipment	1,697,910	1,860,240
Intangible assets	48,301	44,082
Investments and other assets		
Long-term time deposits	400,000	1,900,000
Other	9,553	10,570
Total Investments and other assets	409,553	1,910,570
Total noncurrent assets	2,155,765	3,814,893
Deferred assets	24,429	19,814
Total assets	8,853,186	8,483,607
Liabilities		
Current liabilities		
Trade notes payable	39,448	68,088
Income taxes and enterprise taxes payable	33,019	23,393
Reserve for bonuses	76,267	81,240
Other	197,428	261,125
Total current liabilities	346,162	433,848
Noncurrent liabilities		
Reserve for directors' retirement benefits	91,200	75,600
Other	18,707	14,831
Total noncurrent liabilities	109,907	90,431
Total liabilities	456,070	524,280
Net assets		
Shareholders' equity		
Capital	11,517,425	11,518,675
Capital surplus	9,347,425	9,348,675
Retained earnings	-12,467,734	-12,908,022
Total shareholders' equity	8,397,115	7,959,327
Total net assets	8,397,115	7,959,327
Total liabilities and net assets	8,853,186	8,483,607

(2) Non-consolidated Statements of Income

(In thousands yen)

	FY2014 Q2 April 1 - September 30, 2014	FY2015 Q2 April 1 - September 30, 2015
Sales	514,693	696,270
Cost of sales	375,766	420,278
Gross profit	138,927	275,992
Selling, general and administrative expenses	665,561	713,786
Operating Loss (-)	-526,633	-437,793
Non-operating income		
Interest income	97	2,887
Dividends income	0	0
Technical support fee	1,500	-
Other	1,882	1,279
Total non-operating income	3,481	4,167
Non-operating expenses		
Interest expenses	5,311	-
Amortization of stock issuance expenses	242	4,687
Other	206	75
Total non-operating expenses	5,760	4,762
Ordinary loss (-)	-528,912	-438,388
Loss before income taxes (-)	-528,912	-438,388
Income taxes including inhabitants' and enterprise taxes	1,900	1,900
Total income taxes	1,900	1,900
Net loss (-)	-530,812	-440,288

(3) Non-consolidated Statements of Cash Flows

(In thousands yen)

	FY2014 Q2 April 1 - September 30, 2014	FY2015 Q2 April 1 - September 30, 2015
Cash flows from operating activities		
Loss before income taxes (-)	-528,912	-438,388
Depreciation and amortization	42,475	51,886
Increase / decrease in provision for bonuses (-: decrease)	7,604	4,972
Increase / decrease in provision for directors' retirement benefits (-: decrease)	—	-15,600
Interest and dividends income	-98	-2,888
Interest expenses	5,311	—
Increase / decrease in trade receivables (-: increase)	118,050	91,671
Increase / decrease in inventory assets (-: increase)	-20,087	5,086
Increase / decrease in accounts payable (-: decrease)	-35,729	28,640
Increase / decrease in other accounts payable (-: decrease)	-19,938	-22,937
Increase / decrease in accrued consumption taxes	-12,245	7,346
Other	198,543	207,738
Sub-total	-245,026	-82,470
Interest and dividents income received	94	288
Interest expenses paid	-5,507	—
Income taxes paid	-3,810	-3,800
Net cash provided by (used in) operating activities	-254,249	-85,982
Cash flows from investing activities		
Payments into time deposits	—	-3,000,000
Payments for purchase of tangible fixed assets	-14,667	-222,508
Payments for purchase of intangible fixed assets	-38,137	-5,266
Other	-323	-230
Net cash provided by (used in) investing activities	-53,128	-3,228,005
Cash flows from financing activities		
Proceeds from long-term loans payable	270,000	—
Repayments of long-term loans	-68,335	—
Repayments of lease obligations	-2,518	-3,968
Proceeds from issuance of stock resulting from exercise of subscription rights to shares	17,549	2,426
Net cash provided by (used in) financial activities	216,695	-1,541
Net increase / decrease in cash and cash equivalents (-: decrease)	-90,682	-3,315,529
Cash and cash equivalents at beginning of period	1,307,073	5,466,281
Cash and cash equivalents at end of period	1,216,391	2,150,751