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

April 27, 2016

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 FY2015 (April 1, 2015 to March 31, 2016)

(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	%
FY2015	1,430	8.3	-722	—	-677	—	-681	—
FY2014	1,321	31.1	-688	—	-686	—	-690	—

	Net income per share	Net income per share, diluted	Return on equity	Return on assets	Operating Income Ratio
	yen	yen	%	%	%
FY2015	- 16.79	—	-8.5	-7.9	-50.5
FY2014	- 18.21	—	-13.8	-11.4	-52.1

Note: Profit (Loss) on investment FY2015 —million yen FY2014 —million yen

(2) Financial Condition

	Total assets	Net assets	Equity ratio	Net assets per share
	million yen	million yen	%	yen
FY2015	8,296	7,718	93.0	190.18
FY2014	8,853	8,397	94.8	206.93

Note: Shareholders' equity FY2015: 7,718 million yen FY2014: 8,397 million yen

(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
FY2015	-346	-2,959	-5	2,153
FY2014	-756	-1,425	6,341	5,466

2. Cash Dividends

	Dividends per share
	yen
FY2014	0
FY2015	0
FY2016 (Forecast)	0

3. Forecast for FY2016 (April 1, 2016 to March 31, 2017)

(% 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
FY2016	2,098	46.6	11	—	10	—	5	—	0.14

*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 FY2015
(April 1, 2015 - March 31, 2016)

(1) Non-consolidated Balance Sheets

(In thousands yen)

	FY2014 As of March 31, 2015	FY2015 As of March 31, 2016
Assets		
Current assets		
Cash and cash equivalents	5,966,281	3,853,865
Trade notes receivable	32,462	48,519
Accounts receivable	371,045	405,825
Work in process	21,242	17,702
Raw materials and supplies	116,772	105,522
Advances	7,183	8,865
Prepaid expenses	16,483	13,517
Other	141,519	47,696
Total current assets	6,672,991	4,501,515
Noncurrent assets		
Property, plant and equipment		
Buildings	1,330,544	1,904,491
Accumulated depreciation	-704,174	-789,639
Buildings, net	626,370	1,114,851
Structures	20,382	20,382
Accumulated depreciation	-16,268	-16,862
Structures, net	4,114	3,520
Machinery and equipment	291,470	336,911
Accumulated depreciation	-277,420	-275,656
Machinery and equipment, net	14,050	61,254
Tools, instruments and supplies	202,350	228,432
Accumulated depreciation	-181,136	-194,021
Tools, instruments and supplies, net	21,214	34,410
Land	537,814	582,770
Lease assets	37,251	40,737
Accumulated depreciation	-12,354	-20,036
Lease assets, net	24,896	20,700
Construction in progress	469,450	4,400
Total property, plant and equipment	1,697,910	1,821,908
Intangible assets		
Trademark right	237	203
Software	47,586	47,908
Other	477	426
Total Intangible assets	48,301	48,538
Investments and other assets		
Investments in capital	20	20
Long-term prepaid expenses	849	1,289
Long-term time deposits	400,000	1,900,000
Other	8,684	8,019
Total Investments and other assets	409,553	1,909,328
Total noncurrent assets	2,155,765	3,779,775
Deferred assets		
Stock issuance expenses	24,429	15,209
Total deferred assets	24,429	15,209
Total assets	8,853,186	8,296,500

(In thousands yen)

	FY2014 As of March 31, 2015	FY2015 As of March 31, 2016
Liabilities		
Current liabilities		
Trade notes payable	20,228	43,594
Accounts payable -trade	19,219	12,788
Lease obligations	7,937	7,660
Accounts payable -other	164,154	257,503
Accrued expenses payable	12,619	11,675
Income taxes and enterprise taxes payable	33,019	30,724
Advances received	–	1,080
Deposits payable	7,098	7,568
Reserve for bonuses	76,267	76,641
Other	5,618	40,926
Total current liabilities	346,162	490,162
Noncurrent liabilities		
Lease obligations	18,707	14,561
Reserve for directors' retirement benefits	91,200	73,700
Total noncurrent liabilities	109,907	88,261
Total liabilities	456,070	578,423
Net assets		
Shareholders' equity		
Capital	11,517,425	11,518,675
Capital surplus		
Capital surplus reserve	9,347,425	9,348,675
Total capital surplus	9,347,425	9,348,675
Retained earnings		
Other retained earnings		
Earned surplus carried forward	-12,467,734	-13,149,273
Total retained earnings	-12,467,734	-13,149,273
Total shareholders' equity	8,397,115	7,718,076
Total net assets	8,397,115	7,718,076
Total liabilities and net assets	8,853,186	8,296,500

(2) Non-consolidated Statements of Income

(In thousands yen)

	FY2014 Year ended March 31, 2015	FY2015 Year ended March 31, 2016
Sales		
Contract development income	558,459	538,322
Sales of finished goods	763,035	892,504
Total sales	*1 1,321,495	*1 1,430,826
Cost of sales		
Contract development cost	287,709	317,570
Cost of finished goods sold		
Purchases of merchandise for the term	508,612	549,823
Total	508,612	549,823
Transfer to other accounts	*2 3,671	*2 15,517
Opening finished goods	1,321	—
Cost of finished goods sold	506,263	534,305
Total cost of sales	793,972	851,875
Gross profit	527,522	578,951
Selling, general and administrative expenses		
Directors' remuneration	100,072	84,062
Salaries and benefits	328,757	385,387
Bonuses	30,972	40,652
Provision for reserve for bonuses	30,360	32,274
Provision for reserve for directors' retirement benefits	—	6,400
Retirement benefit expenses	3,814	4,307
Land and house rent	21,367	24,496
Taxes other than income taxes	51,540	64,029
Depreciation	41,060	46,313
R&D expenses	*3 164,753	*3 140,463
Fee payment	87,029	78,061
Supplies expenses	34,204	43,017
Donation	11,126	32,686
Other	310,485	319,397
Total selling, general and administrative expenses	1,215,545	1,301,550
Operating Loss (-)	-688,022	-722,599
Non-operating income		
Interest income	494	5,706
Dividends income	0	0
Grant income	10,000	46,364
Miscellaneous income	6,573	2,349
Total non-operating income	17,068	54,421
Non-operating expenses		
Interest expenses	11,222	—
Amortization of stock issuance expenses	3,454	9,396
Miscellaneous losses	1,056	124
Total non-operating expenses	15,732	9,521
Ordinary loss (-)	-686,687	-677,699
Loss before income taxes (-)	-686,687	-677,699
Income taxes including inhabitants' and enterprise taxes	3,840	3,840
Total income taxes	3,840	3,840
Net loss (-)	-690,527	-681,539

(3) Non-consolidated Statements of Changes in Equity

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

FY2015 (Year ended March 31, 2016)

(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	11,517,425	9,347,425	-12,467,734	8,397,115	—	8,397,115
Changes of items during the period						
Issuance of new stocks	1,250	1,250		2,500		2,500
Net loss (-)			-681,539	-681,539		-681,539
Changes of items during the period other than shareholder's equity (net)						
Total changes of items during the period	1,250	1,250	-681,539	-679,039	—	-679,039
Balance at the end of the period	11,518,675	9,348,675	-13,149,273	7,718,076	—	7,718,076

(4) Non-consolidated Statements of Cash Flows

(In thousands yen)

	FY2014 Year ended March 31, 2015	FY2015 Year ended March 31, 2016
Cash flows from operating activities		
Loss before income taxes (-)	-686,687	-677,699
Depreciation and amortization	86,422	136,044
Increase / decrease in provision for bonuses (-: decrease)	5,978	373
Increase / decrease in provision for directors' retirementbenefits (-: decrease)	—	-17,500
Interest and dividends income	-495	-5,707
Interest expenses	11,222	—
Increase / decrease in trade receivables (-: increase)	-108,443	-50,836
Increase / decrease in inventory assets (-: increase)	-30,980	14,789
Increase / decrease in accounts payable (-: decrease)	-64,377	16,934
Increase / decrease in other accounts payable (-: decrease)	-862	89,634
Increase / decrease in accrued consumption taxes (-: decrease)	-15,346	36,371
Other	60,689	113,211
Sub-total	-742,880	-344,382
Interest and dividends income received	482	1,461
Interest expenses paid	-10,436	—
Income taxes paid	-3,889	-3,985
Net cash provided by (used in) operating activities	-756,723	-346,906
Cash flows from investing activities		
Payments into time deposits	-900,000	-2,700,000
Payments for purchase of tangible fixed assets	-484,232	-255,917
Payments for purchase of intangible fixed assets	-40,291	-4,391
Other	-849	664
Net cash provided by (used in) investing activities	-1,425,372	-2,959,644
Cash flows from financing activities		
Proceeds from long-term loans payable	270,000	—
Repayments of long-term loans	-819,736	—
Proceeds from issuance of common stock	6,897,339	2,323
Repayments of lease obligations	-6,298	-8,188
Net cash provided by (used in) financial activities	6,341,304	-5,864
Net increase / decrease in cash and cash equivalents (-: decrease)	4,159,207	-3,312,415
Cash and cash equivalents at beginning of period	1,307,073	5,466,281
Cash and cash equivalents at end of period	* 5,466,281	* 2,153,865

Notes to non-consolidated financial statements

[Change in accounting policy]

As a consolidated subsidiary of Fujifilm Holdings Corporation, the company changed its accounting process to display profit and loss under uniform criterion of accounting with its mother company. Due to such change in accounting policy, grant income, which had been classified in non-operating income before, is now deducted from selling, general and administrative expenses. The change is applied retroactively to FY2014, and the operating loss for FY2014 is decreased by 225,075 thousand yen, and the same amount decreased in grant income. However, these changes have no effect on ordinary loss or loss before income taxes.

[Statements of income]

*1 Sales includes transaction with affiliated company as follows.

(In thousands yen)

	FY2014 As of March 31, 2015	FY2015 As of March 31, 2016
Sales to affiliated company	432,159	450,421

*2 Details of transfer to other accounts are as follows.

(In thousands yen)

	FY2014 As of March 31, 2015	FY2015 As of March 31, 2016
R&D expenses	2,212	3,056
Advertising expenses	1,458	1,718
Donation	–	10,743
Total	3,671	15,517

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

(In thousands yen)

FY2014 As of March 31, 2015		FY2015 As of March 31, 2016	
Salaries and allowances	160,242	Salaries and allowances	144,272
Provision for reserve for bonuses	14,605	Legal welfare expenses	23,661
Legal welfare expenses	24,709	Fee payment	62,848
Fee payment	88,427	Raw materials used in R&D	32,074
Raw materials used in R&D	27,454	Depreciation	16,738
Travelling and transportation expenses	23,883	Travelling and transportation expenses	24,005
Amount of offset by grant income	-225,075	Amount of offset by grant income	-220,651

[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)

	FY2014 As of March 31, 2015	FY2015 As of March 31, 2016
Cash and deposit accounts	5,966,281	3,853,865
Long-term time deposits	400,000	1,900,000
Time deposits that exceed 3 months	-900,000	-3,600,000
Cash and cash equivalents	5,466,281	2,153,865