Summary of Financial Report for the 2nd Quarter of FY ending March 2018 (Non-Consolidated)

October 30, 2017

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 FY2017 (April 1, 2017 to September 30, 2017)

(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 FY2017	1,090	42.1	84	—	84	—	67	—
2nd quarter of FY2016	766	10.1	-161	—	-162	—	-164	—

	Net income per share	Net income per share, diluted
	yen	yen
2nd quarter of FY2017	1.65	—
2nd quarter of FY2016	-4.06	—

(2) Financial Condition

	Total assets	Net assets	Equity ratio
	million yen	million yen	%
2nd quarter of FY2017	8,663	8,090	93.4
FY2016	8,546	8,005	93.7

Note: Shareholders' equity 2nd quarter of FY2017: 8,090 million yen FY2016: 8,005 million yen

2. Cash Dividends

	Dividends per share				
	Q1 end	Q2 end	Q3 end	Term end	Annual
	yen	yen	yen	yen	yen
FY2016	—	0.00	—	0.00	0.00
FY2017	—	0.00	———	———	———
FY2017 (Forecast)	———	———	—	0.00	0.00

Note: Revisions to cash dividends this quarter No

3. Forecast for FY2017 (April 1, 2017 to March 31, 2018)

(% indicate increase/decrease on previous year)

	Net sales		Operating income		Ordinary income		Net income		Net income per share
	million yen	%	million yen	%	million yen	%	million yen	%	yen
FY2017	2,492	16.7	289	-7.2	288	-6.8	266	-3.7	6.56

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 FY2017
(April 1, 2017 - September 30, 2017)

(1) Non-consolidated Balance Sheets

(In thousands yen)

	FY2016 As of March 31, 2017	FY2017 Q2 As of September 30, 2017
Assets		
Current assets		
Cash and cash equivalents	4,089,734	6,042,512
Trade notes and accounts receivable	833,474	496,812
Work in process	8,810	10,959
Raw materials and supplies	96,335	86,156
Other	42,026	84,687
Total current assets	5,070,381	6,721,129
Noncurrent assets		
Property, plant and equipment		
Buildings, net	1,044,722	1,009,657
Land	582,770	582,770
Other, net	97,788	112,024
Total property, plant and equipment	1,725,280	1,704,452
Intangible assets	37,831	30,516
Investments and other assets		
Long-term time deposits	1,700,000	200,000
Other	6,889	6,214
Total Investments and other assets	1,706,889	206,214
Total noncurrent assets	3,470,001	1,941,183
Deferred assets	5,984	1,599
Total assets	8,546,367	8,663,911
Liabilities		
Current liabilities		
Trade notes payable	48,849	69,919
Income taxes and enterprise taxes payable	44,094	35,937
Provision for bonuses	81,454	82,595
Provision for directors' bonuses	-	1,775
Other	324,030	342,886
Total current liabilities	498,428	533,114
Noncurrent liabilities		
Provision for directors' retirement benefits	34,900	34,900
Other	7,898	5,328
Total noncurrent liabilities	42,798	40,228
Total liabilities	541,226	573,343
Net assets		
Shareholders' equity		
Capital	4,949,563	4,958,763
Capital surplus	2,779,563	2,788,763
Retained earnings	276,242	343,270
Treasury shares	-228	-228
Total shareholders' equity	8,005,140	8,090,568
Total net assets	8,005,140	8,090,568
Total liabilities and net assets	8,546,367	8,663,911

(2) Non-consolidated Statements of Income

(In thousands yen)

	FY2016 Q2 April 1 - September 30, 2016	FY2017 Q2 April 1 - September 30, 2017
Net Sales	766,865	1,090,080
Cost of sales	424,508	458,156
Gross profit	342,356	631,924
Selling, general and administrative expenses	504,203	547,024
Operating income (loss)	-161,847	84,900
Non-operating income		
Interest income	2,434	2,405
Dividends income	0	0
Other	1,119	1,308
Total non-operating income	3,554	3,714
Non-operating expenses		
Amortization of stock issuance expenses	4,657	4,470
Other	34	41
Total non-operating expenses	4,691	4,511
Ordinary income (loss)	-162,984	84,102
Net income(loss) before income taxes	-162,984	84,102
Income taxes including inhabitants' and enterprise taxes	1,900	17,074
Total income taxes	1,900	17,074
Net income (loss)	-164,884	67,028

(3) Non-consolidated Statements of Cash Flows

(In thousands yen)

	FY2016 Q2 April 1 - September 30, 2016	FY2017 Q2 April 1 - September 30, 2017
Cash flows from operating activities		
Net income(loss) before income taxes	-162,984	84,102
Depreciation and amortization	48,505	57,309
Increase / decrease in provision for bonuses (-: decrease)	1,687	1,141
Increase / decrease in provision for directors' retirement benefits (-: decrease)	-38,800	-
Increase / decrease in provision for directors' bonuses (-: decrease)	-	1,775
Interest and dividends income	-2,434	-2,405
Increase / decrease in trade receivables (-: increase)	124,655	336,661
Increase / decrease in inventory assets (-: increase)	24,530	8,029
Increase / decrease in accounts payable (-: decrease)	-16,710	21,070
Increase / decrease in other accounts payable (-: decrease)	-116,408	-27,983
Increase / decrease in accrued consumption taxes (-: decrease)	-13,549	-76,595
Other	98,309	67,350
Sub-total	-53,198	470,456
Interest and dividents income received	3,434	1,761
Income taxes paid	-4,122	-34,834
Net cash provided by (used in) operating activities	-53,886	437,383
Cash flows from investing activities		
Payments into time deposits	-1,500,000	-400,000
Proceeds from withdrawal of time deposits	1,500,000	-
Payments for purchase of tangible fixed assets	-7,311	839
Payments for purchase of intangible fixed assets	-15,782	-754
Other	1,174	326
Net cash provided by (used in) investing activities	-21,919	-399,588
Cash flows from financing activities		
Repayments of lease obligations	-4,252	-3,331
Proceeds from issuance of stock resulting from exercise of subscription rights to shares	6,250	18,314
Purchase of treasury shares	-153	-
Net cash provided by (used in) financial activities	1,844	14,982
Net increase / decrease in cash and cash equivalents (-: decrease)	-73,961	52,778
Cash and cash equivalents at beginning of period	2,153,865	2,189,734
Cash and cash equivalents at end of period	2,079,903	2,242,512