

Summary of Financial Report for the 2nd Quarter of FY ending March 2017 (Non-Consolidated)

October 28, 2016

Listed Company Name: Japan Tissue Engineering Co., Ltd.
Stock Code: 7774
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Listed Securities Exchange: JQ
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(Rounding down to the nearest million yen)

1. Results for the 2nd Quarter of FY2016 (April 1, 2016 to September 30, 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	%
2 nd quarter of FY2016	766	10.1	-161	-	-162	-	-164	-
2 nd quarter of FY2015	696	35.3	-371	-	-372	-	-374	-

	Net income per share	Net income per share, diluted
	yen	yen
2 nd quarter of FY2016	-4.06	-
2 nd quarter of FY2015	-9.23	-

(2) Financial Condition

	Total assets	Net assets	Equity ratio
	million yen	million yen	%
2 nd quarter of FY2016	8,074	7,559	93.6
FY2015	8,296	7,718	93.0

Note: Shareholders' equity 2nd quarter of FY2016: 7,559 million yen FY2015: 7,718 million yen

2. Cash Dividends

	Dividends per share				
	Q1 end	Q2 end	Q3 end	Term end	Annual
	yen	yen	yen	yen	yen
FY2015	-	0.00	-	0.00	0.00
FY2016	-	0.00	-	-	-
FY2016 (Forecast)	-	-	-	0.00	0.00

Note: Revisions to cash dividends this quarter No

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

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

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 FY2016
(April 1, 2016 - September 30, 2016)

(1) Non-consolidated Balance Sheets

(In thousands yen)

	FY2015	FY2016 Q2
	As of March 31, 2016	As of September 30, 2016
Assets		
Current assets		
Cash and cash equivalents	3,853,865	3,779,903
Trade notes and accounts receivable	454,344	329,689
Work in process	17,702	7,251
Raw materials and supplies	105,522	91,442
Other	70,079	121,448
Total current assets	4,501,515	4,329,735
Noncurrent assets		
Property, plant and equipment		
Buildings, net	1,114,851	1,086,064
Land	582,770	582,770
Other, net	124,286	112,951
Total property, plant and equipment	1,821,908	1,781,786
Intangible assets	48,538	44,758
Investments and other assets		
Long-term time deposits	1,900,000	1,900,000
Other	9,328	7,561
Total Investments and other assets	1,909,328	1,907,561
Total noncurrent assets	3,779,775	3,734,106
Deferred assets	15,209	10,552
Total assets	8,296,500	8,074,394
Liabilities		
Current liabilities		
Trade notes payable	56,382	39,671
Income taxes and enterprise taxes payable	30,724	21,442
Reserve for bonuses	76,641	78,329
Other	326,413	329,532
Total current liabilities	490,162	468,975
Noncurrent liabilities		
Reserve for directors' retirement benefits	73,700	34,900
Other	14,561	11,229
Total noncurrent liabilities	88,261	46,129
Total liabilities	578,423	515,105
Net assets		
Shareholders' equity		
Capital	11,518,675	4,947,163
Capital surplus	9,348,675	2,777,163
Retained earnings	-13,149,273	-164,884
Treasury shares	-	-153
Total shareholders' equity	7,718,076	7,559,289
Total net assets	7,718,076	7,559,289
Total liabilities and net assets	8,296,500	8,074,394

(2) Non-consolidated Statements of Income

(In thousands yen)

	FY2015 Q2	FY2016 Q2
	April 1 - September 30, 2015	April 1 - September 30, 2016
Sales	696,270	766,865
Cost of sales	420,278	424,508
Gross profit	275,992	342,356
Selling, general and administrative expenses	647,936	504,203
Operating Loss (-)	-371,943	-161,847
Non-operating income		
Interest income	2,887	2,434
Dividends income	0	0
Other	1,279	1,119
Total non-operating income	4,167	3,554
Non-operating expenses		
Amortization of stock issuance expenses	4,687	4,657
Other	75	34
Total non-operating expenses	4,762	4,691
Ordinary loss (-)	-372,538	-162,984
Loss before income taxes (-)	-372,538	-162,984
Income taxes including inhabitants' and enterprise taxes	1,900	1,900
Total income taxes	1,900	1,900
Net loss (-)	-374,438	-164,884

(3) Non-consolidated Statements of Cash Flows

(In thousands yen)

	FY2015 Q2	FY2016 Q2
	April 1 - September 30, 2015	April 1 - September 30, 2016
Cash flows from operating activities		
Loss before income taxes (-)	-372,538	-162,984
Depreciation and amortization	51,886	48,505
Increase / decrease in provision for bonuses (-: decrease)	4,972	1,687
Increase / decrease in provision for directors' retirement benefits (-: decrease)	-15,600	-38,800
Interest and dividends income	-2,888	-2,434
Increase / decrease in trade receivables (-: increase)	91,671	124,655
Increase / decrease in inventory assets (-: increase)	5,086	24,530
Increase / decrease in accounts payable (-: decrease)	28,640	-16,710
Increase / decrease in other accounts payable (-: decrease)	-22,937	-116,408
Increase / decrease in accrued consumption taxes	7,346	-13,549
Other	141,888	98,309
Sub-total	-82,470	-53,198
Interest and dividends income received	288	3,434
Income taxes paid	-3,800	-4,122
Net cash provided by (used in) operating activities	-85,982	-53,886
Cash flows from investing activities		
Payments into time deposits	-3,000,000	-1,500,000
Proceeds from withdrawal of time deposits	-	1,500,000
Payments for purchase of tangible fixed assets	-222,508	-7,311
Payments for purchase of intangible fixed assets	-5,266	-15,782
Other	-230	1,174
Net cash provided by (used in) investing activities	-3,228,005	-21,919
Cash flows from financing activities		
Repayments of lease obligations	-3,968	-4,252
Proceeds from issuance of stock resulting from exercise of subscription rights to shares	2,426	6,250
Purchase of treasury shares	-	-153
Net cash provided by (used in) financial activities	-1,541	1,844
Net increase / decrease in cash and cash equivalents (-: decrease)	-3,315,529	-73,961
Cash and cash equivalents at beginning of period	5,466,281	2,153,865
Cash and cash equivalents at end of period	2,150,751	2,079,903