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PRESS RELEASE

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**ANNOUNCEMENT: J-TEC HAS SUBMITTED AN APPLICATION FOR  
MANUFACTURING AND SALES OF AUTOLOGOUS CULTURED CARTILAGE**

Japan Tissue Engineering Co., Ltd. (also known as J-TEC), which is headquartered in Gamagori, Aichi, Japan and represented by Yosuke Ozawa, has submitted to Japan's Ministry of Health, Labour and Welfare (MHLW) an application for manufacturing and sales of autologous cultured cartilage on August 24, 2009. Autologous cultured cartilage is a tissue-engineered medical product with the aim of complementing or repairing of damaged knee cartilage as well as improving the knee function.

**BACKGROUND**

Due to its lack of blood vessels, cartilage tissue does not cure well once it is damaged in an accident or injury. Drugs and surgery to relieve symptoms has thus been the standard of care. On the other hand, different kinds of joint problems have been on the rise due to various sports injuries and aging of the society, emphasizing the need for radical therapy. Under the conviction that autologous cultured cartilage will make great contribution to the quality of life of these patients, J-TEC has committed to the commercialization of such medical product.

We have introduced related techniques from Professor Mitsuo Ochi, MD, Director of Hiroshima University Hospital, who has demonstrated the efficacy of autologous cultured cartilage through intensive clinical research.

**AUTOLOGOUS CULTURED CARTILAGE**

With autologous cultured cartilage, a cartilage defect is repaired as follows: A small amount of cartilage cells is obtained from an unloaded part of the patient's own knee joint. The cells are then cultivated in atelocollagen, a gel-like material, before being implanted into the defect. This method is characteristic in two aspects: The three-dimensional cultivation in a gel produces a cartilage tissue with a stable shape, which, unlike fluidal material, does not leak after being implanted. The other characteristic is that the use of patient's own cells significantly reduces the risk of immunologic rejection.

Some part of the development of this product was accepted by Japan Science and Technology Agency (also known as JST) as one of its contract development projects. The result was accredited as successful in February 2008.

**MILESTONES IN THE APPROVAL PROCESS**

September 2001	Clinical trial application submitted to MHLW
February 2004	Clinical trial application approved by MHLW
April 2004	Clinical trial protocol submitted to MHLW
March 2007	Clinical trial completion notification submitted to MHLW

**INFLUENCE ON FINANCIAL STATUS**

This matter does not have influence on projections for J-TEC's financial figures of the second quarter and full-year of the fiscal year that ends in March 2010.

Timing of approval for manufacturing and sales of autologous cultured cartilage is unknown due to its full dependence on the regulatory review process.

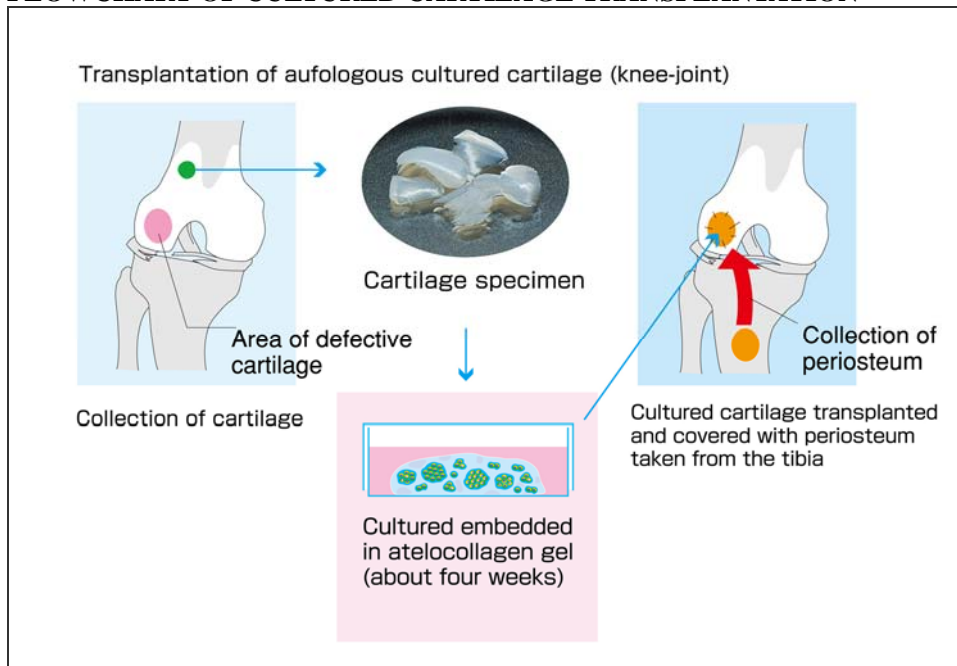
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(Appendix)

### PHOTOGRAPH OF CULTURED CARTILAGE



### FLOWCHART OF CULTURED CARTILAGE TRANSPLANTATION



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