



Summary of Financial Report for the FY ending March 2009 (Non-Consolidated)

April 30, 2009

Listed Company Name: Japan Tissue Engineering Co., Ltd.

Listed Securities Exchange: JQ NEO

Stock Code: 7774

URL <http://www.jpte.co.jp>

Representative: Yosuke Ozawa, President

Contact: Toshihiro Osuka, Senior Managing Director

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(Rounding down to the nearest million yen)

1. Results for the FY2008 (April 1, 2008 to March 31, 2009)

(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	%
FY2008	114	2.7	-1,102	-	-1,113	-	-1,133	-
FY2007	111	8.1	-1,071	-	-1,049	-	-1,086	-

	Net income per share	Net income per share, diluted	Return on equity	Return on assets	Operating Income Ratio
	yen	yen	%	%	%
FY2008	-11,218.14	-	-38.1	-28.6	-961.1
FY2007	-13,074.45	-	-40.3	-25.6	-959.1

Note: Profit (Loss) on investment FY2008 - million yen FY2007 - million yen

(2) Financial Condition

	Total assets	Net assets	Equity ratio	Net assets per share
	million yen	million yen	%	yen
FY2008	3,453	2,418	70.0	23,886.06
FY2007	4,327	3,532	81.6	34,957.33

Note: Capital FY2008: 2,418 million yen FY2007: 3,532 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
FY2008	-1,021	1,078	223	956
FY2007	-981	-1,922	1,540	676

2. Cash Dividends

	Dividends per share
	yen
FY2007	0
FY2008	0
FY2009 (Forecast)	0

3. Forecast for FY2009 (April 1, 2009 to March 31, 2010)

(% 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
FY2009 Q2	116	92.8	-677	-	-688	-	-690	-	-6,815.78
FY2009	361	214.8	-1,150	-	-1,173	-	-1,177	-	-11,626.86

*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 FY2008
(April 1, 2008 - March 31, 2009)

(1) Non-consolidated Balance Sheets

(In thousands yen)

	FY2007	FY2008
	As of March 31, 2008	As of March 31, 2009
Assets		
Current assets		
Cash and cash equivalents	*1 3,036,964	*1 2,216,936
Trade notes receivable	811	141
Accounts receivable	9,146	20,857
Finished goods	164	274
Raw materials	5,441	—
Supplies	30,563	—
Work in process	520	3,939
Raw materials and supplies	—	35,711
Prepaid expenses	6,635	8,735
Other	18,624	17,904
Total current assets	3,108,873	2,304,502
Non-current assets		
Property, plant and equipment		
Buildings	*1 1,092,023	*1 1,092,023
Accumulated depreciation	-289,356	-352,227
Buildings, net	802,666	739,795
Structures	12,593	12,593
Accumulated depreciation	-6,097	-7,195
Structures, net	6,496	5,398
Machinery and equipment	281,129	285,753
Accumulated depreciation	-190,335	-214,360
Machinery and equipment, net	90,794	71,393
Tools, instruments and supplies	176,939	169,712
Accumulated depreciation	-144,532	-144,844
Tools, instruments and supplies, net	32,407	24,867
Land	*1 240,508	*1 240,508
Construction in progress	2,710	4,972
Total property, plant and equipment	1,175,583	1,086,935
Intangible assets		
Trademark right	240	182
Software	1,806	1,257
Other	6,081	34,937
Total Intangible assets	8,129	36,377
Investments and other assets		
Investments in capital	10	10
Long-term prepaid expenses	2,779	2,161
Other	8,182	8,921
Total Investments and other assets	10,971	11,093
Total non-current assets	1,194,684	1,134,406
Deferred assets		
Stock issuance expenses	23,693	14,431
Total deferred assets	23,693	14,431
Total assets	4,327,250	3,453,340

(In thousands yen)

	FY2007	FY2008
	As of March 31, 2008	As of March 31, 2009
Liabilities		
Current liabilities		
Trade notes payable	35,461	24,973
current installments of long-term loans payable	96,700	96,700
Accounts payable	77,810	86,347
Accrued expenses payable	6,583	6,988
Income taxes and enterprise taxes payable	15,827	13,025
Advances received	—	56
Deposits payable	2,646	3,413
Reserve for bonuses	40,859	38,239
Other	2,768	31,590
Total current liabilities	278,655	301,335
Non-current liabilities		
Long-term loans	435,150	638,450
Reserve for directors' retirement benefits	63,300	81,100
Other	17,672	13,967
Total non-current liabilities	516,122	733,517
Total liabilities	794,778	1,034,852
Net assets		
Shareholders' equity		
Capital	5,543,450	5,553,450
Capital surplus		
Capital surplus reserve	3,373,450	3,383,450
Total capital surplus	3,373,450	3,383,450
Retained earnings		
Other retained earnings		
Earned surplus carried forward	-5,384,427	-6,518,412
Total retained earnings	-5,384,427	-6,518,412
Total shareholders' equity	3,532,472	2,418,487
Total net assets	3,532,472	2,418,487
Total liabilities and net assets	4,327,250	3,453,340

(2) Non-consolidated Statements of Income

(In thousands yen)

	FY2007		FY2008	
	Year ended March 31, 2008		Year ended March 31, 2009	
Sales				
Contract development income	*1	77,513		66,586
Sales of finished goods	*1	34,239		48,137
Total sales		111,752		114,724
Cost of sales				
Contract development cost		75,153		63,021
Cost of finished goods sold				
Beginning inventories		—		164
Purchases of merchandise for the term		34,696		55,032
Total		34,696		55,196
Transfer to other accounts	*2	9,811	*2	13,962
Closing inventories		164		274
Cost of finished goods sold		24,720		40,959
Total cost of sales		99,873		103,980
Gross profit		11,878		10,744
Selling, general and administrative expenses				
Directors' remuneration		74,668		77,602
Salaries and benefits		214,534		212,874
bonuses		26,760		23,951
Provision for reserve for bonuses		26,578		19,390
Provision for reserve for directors' retirement benefits		24,300		19,400
Retirement benefit expenses		2,655		2,714
Land and house rent		14,707		12,509
Taxes other than income taxes		30,618		30,194
Depreciation		93,103		76,915
R&D expenses	*3	200,538	*3	359,517
Commission expenses		126,041		67,982
Supplies expenses		48,944		20,784
Donation		2,416		9,959
Other		197,785		179,537
Total selling, general and administrative expenses		1,083,652		1,113,335
Operating Loss (-)		-1,071,773		-1,102,590
Non-operating income				
Interest income		3,289		7,900
Dividends income		0		0
Subsidies income		52,806		—
Miscellaneous incom		2,570		2,160
Total non-operating income		58,666		10,061

(In thousands yen)

	FY2007	FY2008
	Year ended March 31, 2008	Year ended March 31, 2009
Non-operating expenses		
Interest expenses	29,979	11,632
Amortization of stock issuance expenses	4,380	9,400
Syndicated loan commission	2,500	—
Miscellaneous losses	—	400
Total non-operating expenses	36,859	21,432
Ordinary loss (-)	-1,049,967	-1,113,962
Extraordinary income		
Reversal of reserve for directors' retirement benefits	1,500	1,600
Total extraordinary income	1,500	1,600
Extraordinary loss		
Loss on disposal of fixed assets	*4 71	*4 222
Compensation for damage	33,900	17,600
Total extraordinary loss	33,971	17,822
Loss before income taxes (-)	-1,082,438	-1,130,185
Income taxes including inhabitants' and enterprise taxes	3,800	3,800
Total income taxes	3,800	3,800
Net loss (-)	-1,086,238	-1,133,985

(3) Non-consolidated Statements of Changes in Equity

(In thousands yen)

	FY2007	FY2008
	Year ended March 31, 2008	Year ended March 31, 2009
Shareholders' equity		
Capital		
Balance at the end of previous period	4,163,150	5,543,450
Changes of items during the period		
Issuance of new stocks	1,380,300	10,000
Total changes of items during the period	1,380,300	10,000
Balance at the end of current period	5,543,450	5,553,450
Capital surplus		
Capital surplus reserve		
Balance at the end of previous period	1,993,150	3,373,450
Changes of items during the period		
Issuance of new stocks	1,380,300	10,000
Total changes of items during the period	1,380,300	10,000
Balance at the end of current period	3,373,450	3,383,450
Retained earnings		
Other retained earnings		
Earned surplus carried forward		
Balance at the end of previous period	-4,298,188	-5,384,427
Total changes of items during the period		
Net loss (-)	-1,086,238	-1,133,985
Total changes of items during the period	-1,086,238	-1,133,985
Balance at the end of current period	-5,384,427	-6,518,412
Total shareholders' equity		
Balance at the end of previous period	1,858,111	3,532,472
Changes of items during the period		
Issuance of new stocks	2,760,600	20,000
Net loss (-)	-1,086,238	-1,133,985
Total changes of items during the period	1,674,361	-1,113,985
Balance at the end of current period	3,532,472	2,418,487
Total net assets		
Balance at the end of previous period	1,858,111	3,532,472
Changes of items during the period		
Issuance of new stocks	2,760,600	20,000
Net loss (-)	-1,086,238	-1,133,985
Total changes of items during the period	1,674,361	-1,113,985
Balance at the end of current period	3,532,472	2,418,487

(4) Non-consolidated Statements of Cash Flows

(In thousands yen)

	FY2007	FY2008
	Year ended March 31, 2008	Year ended March 31, 2009
Cash flows from operating activities		
Loss before income taxes (-)	-1,082,438	-1,130,185
Depreciation and amortization	105,934	102,650
Increase / decrease in provision for bonuses (-: decrease)	8,146	-2,619
Increase / decrease in provision for directors' retirement benefits (-: decrease)	22,800	17,800
Interest and dividends income	-3,289	-7,900
Interest expenses	29,979	11,632
Foreign exchange losses/gains (-: gains)	-45	-11
Increase / decrease in trade receivables (-: increase)	8,186	-11,040
Increase / decrease in inventory assets (-: increase)	22	-3,236
Increase / decrease in accounts payable (-: decrease)	12,318	-10,487
Increase / decrease in other accounts payable (-: decrease)	-17,879	10,773
Increase / decrease in advances received profit (-: decrease)	-52,431	—
Increase / decrease in accrued consumption taxes (-: decrease)	-4,921	2,433
Other	13,145	7,008
Sub-total	-960,471	-1,013,184
Interest and dividends income received	2,911	7,782
Interest expenses paid	-19,894	-11,720
Income taxes paid	-4,263	-4,774
Net cash provided by (used in) operating activities	-981,718	-1,021,897
Cash flows from investing activities		
Payments into time deposits	-2,621,300	-2,921,300
Proceeds from withdrawal of time deposits	721,300	4,021,300
Payments for purchase of tangible fixed assets	-14,920	-12,688
Payments for purchase of intangible fixed assets	-6,500	-7,875
Other	-730	-739
Net cash provided by (used in) investing activities	-1,922,150	1,078,697
Cash flows from financing activities		
Proceeds from short-term loans	400,000	—
Repayments of short-term loans	-1,500,000	—
Proceeds from long-term loans	—	300,000
Repayments of long-term loans	-96,700	-96,700
Proceeds from issuance of common stock	2,737,560	19,860
Net cash provided by (used in) financial activities	1,540,860	223,160
Effect of exchange rate changes on cash and cash equivalents	45	11
Net increase / decrease in cash and cash equivalents (-: decrease)	-1,362,963	279,971
Cash and cash equivalents at beginning of period	2,039,278	676,314
Cash and cash equivalents at end of period	* 676,314	* 956,286

[Statements of cash flows]

(In thousands yen)

FY2007 Year ended March 31, 2008	FY2008 Year ended March 31, 2009
* Relationship between the balance at the end of current period for cash and cash equivalents and the amounts of items listed in the balance sheets (as of March 31, 2008):	* Relationship between the balance at the end of current period for cash and cash equivalents and the amounts of items listed in the balance sheets (as of March 31, 2009):
Cash and deposit accounts 3,036,964	Cash and deposit accounts 2,216,936
Time deposits that exceed 3 months -2,360,650	Time deposits that exceed 3 months -1,260,650
Cash and cash equivalents <u>676,314</u>	Cash and cash equivalents <u>956,286</u>