



Summary of Financial Report for the FY ending March 2010 (Non-Consolidated)

April 30, 2010

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

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(Rounding down to the nearest million yen)

1. Results for the FY2009 (April 1, 2009 to March 31, 2010)

(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	%
FY2009	211	84.5	-1,067	—	-1,096	—	-1,099	—
FY2008	114	2.7	-1,102	—	-1,113	—	-1,133	—

	Net income per share	Net income per share, diluted	Return on equity	Return on assets	Operating Income Ratio
	yen	yen	%	%	%
FY2009	-10,808.51	—	-54.2	-33.0	-504.3
FY2008	-11,218.14	—	-38.1	-28.6	-961.1

Note: Profit (Loss) on investment FY2009 — million yen FY2008 — million yen

(2) Financial Condition

	Total assets	Net assets	Equity ratio	Net assets per share
	million yen	million yen	%	yen
FY2009	3,197	1,641	51.3	15,298.74
FY2008	3,453	2,418	70.0	23,886.06

Note: Capital FY2009: 1,641 million yen FY2008: 2,418 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
FY2009	-1,021	244	834	1,014
FY2008	-1,021	1,078	223	956

2. Cash Dividends

	Dividends per share
	yen
FY2008	0
FY2009	0
FY2010 (Forecast)	0

3. Forecast for FY2010 (April 1, 2010 to March 31, 2011)

(% 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
FY2010 Q2	210	118.2	-569	—	-577	—	-579	—	-5,404.11
FY2010	505	138.9	-1,033	—	-1,051	—	-1,054	—	-9,831.30

*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 FY2009
(April 1, 2009 - March 31, 2010)

(1) Non-consolidated Balance Sheets

(In thousands yen)

	FY2008	FY2009
	As of March 31, 2009	As of March 31, 2010
Assets		
Current assets		
Cash and cash equivalents	*1 2,216,936	*1 1,475,027
Trade notes receivable	141	1141
Accounts receivable	20,857	42,034
Finished goods	274	194
Work in process	3,939	35,792
Raw materials and supplies	35,711	51,768
Prepaid expenses	8,735	9,931
Other	17,904	28,514
Total current assets	2,304,502	1,644,403
Non-current assets		
Property, plant and equipment		
Buildings	*1 1,092,023	*1 1,302,220
Accumulated depreciation	-352,227	-427,414
Buildings, net	739,795	874,806
Structures	12,593	18,127
Accumulated depreciation	-7,195	-10,936
Structures, net	5,398	7,190
Machinery and equipment	285,753	292,264
Accumulated depreciation	-214,360	-237,025
Machinery and equipment, net	71,393	55,238
Vehicles	-	410
Accumulated depreciation	-	-149
Vehicles, net	-	260
Tools, instruments and supplies	169,712	176,709
Accumulated depreciation	-144,844	-153,519
Tools, instruments and supplies, net	24,867	23,190
Land	*1 240,508	*1 537,814
Construction in progress	4,972	-
Total property, plant and equipment	1,086,935	1,498,501
Intangible assets		
Trademark right	182	124
Software	1,257	41,667
Other	34,937	730
Total Intangible assets	36,377	42,521
Investments and other assets		
Investments in capital	10	20
Long-term prepaid expenses	2,161	1,544
Other	8,921	3,860
Total Investments and other assets	11,093	5,424
Total non-current assets	1,134,406	1,546,447
Deferred assets		
Stock issuance expenses	14,431	6,932
Total deferred assets	14,431	6,932
Total assets	3,453,340	3,197,783

(In thousands yen)

	FY2008	FY2009
	As of March 31, 2009	As of March 31, 2010
Liabilities		
Current liabilities		
Trade notes payable	24,973	39,410
current installments of long-term loans payable	96,700	239,692
Accounts payable	86,347	87,143
Accrued expenses payable	6,988	6,715
Income taxes and enterprise taxes payable	13,025	13,710
Advances received	56	
Deposits payable	3,413	3,432
Reserve for bonuses	38,239	41,287
Other	31,590	5,197
Total current liabilities	301,335	436,589
Non-current liabilities		
Long-term loans	638,450	1,008,762
Reserve for directors' retirement benefits	81,100	100,600
Other	13,967	10,262
Total non-current liabilities	733,517	1,119,624
Total liabilities	1,034,852	1,556,214
Net assets		
Shareholders' equity		
Capital	5,553,450	5,714,950
Capital surplus		
Capital surplus reserve	3,383,450	3,544,950
Total capital surplus	3,383,450	3,544,950
Retained earnings		
Other retained earnings		
Earned surplus carried forward	-6,518,412	-7,618,330
Total retained earnings	-6,518,412	-7,618,330
Total shareholders' equity	2,418,487	1,641,569
Total net assets	2,418,487	1,641,569
Total liabilities and net assets	3,453,340	3,197,783

(2) Non-consolidated Statements of Income

(In thousands yen)

	FY2008	FY2009
	Year ended March 31, 2009	Year ended March 31, 2010
Sales		
Contract development income	66,586	63,455
Sales of finished goods	48,137	148,204
Total sales	114,724	211,659
Cost of sales		
Contract development cost	63,021	60,427
Cost of finished goods sold		
Beginning inventories	164	274
Purchases of merchandise for the term	55,032	180,602
Total	55,196	180,876
Transfer to other accounts	*1 13,962	*1 45,723
Closing inventories	274	194
Cost of finished goods sold	40,959	134,958
Total cost of sales	103,980	195,386
Gross profit	10,744	16,273
Selling, general and administrative expenses		
Directors' remuneration	77,602	84,388
Salaries and benefits	212,874	148,163
bonuses	23,951	14,983
Provision for reserve for bonuses	19,390	14,324
Provision for reserve for directors' retirement benefits	19,400	19,500
Retirement benefit expenses	2,714	1,696
Land and house rent	12,509	8,224
Taxes other than income taxes	30,194	43,282
Depreciation	76,915	78,755
R&D expenses	*2 359,517	*2 425,242
Commission expenses	67,982	58,340
Supplies expenses	20,784	16,523
Donation	9,959	7,946
Other	179,537	162,304
Total selling, general and administrative expenses	1,113,335	1,083,675
Operating Loss (-)	-1,102,590	-1,067,402
Non-operating income		
Interest income	7,900	2,207
Dividends income	0	0
Miscellaneous income	2,160	2,900
Insurance income	—	1,355
Total non-operating income	10,061	6,463

(In thousands yen)

	FY2008		FY2009	
	Year ended March 31, 2009		Year ended March 31, 2010	
Non-operating expenses				
Interest expenses		11,632		25,724
Amortization of stock issuance expenses		9,400		9,346
Miscellaneous losses		400		6
Total non-operating expenses		21,432		35,077
Ordinary loss (-)		-1,113,962		-1,096,015
Extraordinary income				
Reversal of reserve for directors' retirement benefits		1,600		-
Total extraordinary income		1,600		-
Extraordinary loss				
Loss on disposal of fixed assets	*3	222	*3	61
Compensation for damage		17,600		-
Total extraordinary loss		17,822		61
Loss before income taxes (-)		-1,130,185		-1,096,077
Income taxes including inhabitants' and enterprise taxes		3,800		3,840
Total income taxes		3,800		3,840
Net loss (-)		-1,133,985		-1,099,917

(3) Non-consolidated Statements of Changes in Equity

(In thousands yen)

	FY2008	FY2009
	Year ended March 31, 2009	Year ended March 31, 2010
Shareholders' equity		
Capital		
Balance at the end of previous period	5,543,450	5,553,450
Changes of items during the period		
Issuance of new stocks	10,000	161,500
Total changes of items during the period	10,000	161,500
Balance at the end of current period	5,553,450	5,714,950
Capital surplus		
Capital surplus reserve		
Balance at the end of previous period	3,373,450	3,383,450
Changes of items during the period		
Issuance of new stocks	10,000	161,500
Total changes of items during the period	10,000	161,500
Balance at the end of current period	3,383,450	3,544,950
Retained earnings		
Other retained earnings		
Earned surplus carried forward		
Balance at the end of previous period	-5,384,427	-6,518,412
Changes of items during the period		
Net loss (-)	-1,133,985	-1,099,917
Total changes of items during the period	-1,133,985	-1,099,917
Balance at the end of current period	-6,518,412	-7,618,330
Total shareholders' equity		
Balance at the end of previous period	3,532,472	2,418,487
Changes of items during the period		
Issuance of new stocks	20,000	323,000
Net loss (-)	-1,133,985	-1,099,917
Total changes of items during the period	-1,113,985	-776,917
Balance at the end of current period	2,418,487	1,641,569
Total net assets		
Balance at the end of previous period	3,532,472	2,418,487
Changes of items during the period		
Issuance of new stocks	20,000	323,000
Net loss (-)	-1,133,985	-1,099,917
Total changes of items during the period	-1,113,985	-776,917
Balance at the end of current period	2,418,487	1,641,569

(4) Non-consolidated Statements of Cash Flows

(In thousands yen)

	FY2008	FY2009
	Year ended March 31, 2009	Year ended March 31, 2010
Cash flows from operating activities		
Loss before income taxes (-)	-1,130,185	-1,096,077
Depreciation and amortization	102,650	114,926
Increase / decrease in provision for bonuses (-: decrease)	-2,619	3,047
Increase / decrease in provision for directors' retirement benefits (-: decrease)	17,800	19,500
Interest and dividends income	-7,900	-2,208
Interest expenses	11,632	25,724
Foreign exchange losses/gains (-: gains)	-11	5
Increase / decrease in trade receivables (-: increase)	-11,040	-22,175
Increase / decrease in inventory assets (-: increase)	-3,236	-47,829
Increase / decrease in accounts payable (-: decrease)	-10,487	14,437
Increase / decrease in other accounts payable (-: decrease)	10,773	-1,709
Increase / decrease in accrued consumption taxes (-: decrease)	2,433	-10,055
Other	7,008	8,651
Sub-total	-1,013,184	-993,763
Interest and dividends income received	7,782	2,754
Interest expenses paid	-11,720	-27,202
Income taxes paid	-4,774	-2,794
Net cash provided by (used in) operating activities	-1,021,897	-1,021,005
Cash flows from investing activities		
Payments into time deposits	-2,921,300	-1,221,300
Proceeds from withdrawal of time deposits	4,021,300	2,021,300
Payments for purchase of tangible fixed assets	-12,688	-524,153
Payments for purchase of intangible fixed assets	-7,875	-36,252
Other	-739	5,051
Net cash provided by (used in) investing activities	1,078,697	244,645
Cash flows from financing activities		
Proceeds from long-term loans	300,000	620,000
Repayments of long-term loans	-96,700	-106,696
Proceeds from issuance of common stock	19,860	321,152
Net cash provided by (used in) financial activities	223,160	834,456
Effect of exchange rate changes on cash and cash equivalents	11	-5
Net increase / decrease in cash and cash equivalents (-: decrease)	279,971	58,091
Cash and cash equivalents at beginning of period	676,314	956,286
Cash and cash equivalents at end of period	* 956,286	* 1,014,377

