



## Summary of Financial Report for the 2<sup>nd</sup> Quarter of FY ending March 2010 (Non-Consolidated)

October 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: Masahito Obayashi, Director

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(Rounding down to the nearest million yen)

### 1. Results for the 2<sup>nd</sup> Quarter of FY2009 (April 1, 2009 to September 30, 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	%
2 <sup>nd</sup> quarter of FY2009	96	60.5	△557	—	△571	—	△573	—
2 <sup>nd</sup> quarter of FY2008	60	—	△564	—	△570	—	△588	—

	Net income per share	Net income per share, diluted
	yen	yen
2 <sup>nd</sup> quarter of FY2009	△5,662.58	—
2 <sup>nd</sup> quarter of FY2008	△5,821.16	—

(2) Financial Condition

	Total assets	Net assets	Equity ratio	Net assets per share
	million yen	million yen	%	yen
2 <sup>nd</sup> quarter of FY2009	3,454	1,845	53.4	18,223.48
FY2008	3,453	2,418	70.0	23,886.06

Note: Capital 2<sup>nd</sup> quarter of FY2009: 1,845 million yen FY2008: 2,418 million yen

### 2. Cash Dividends

	Dividends per share				
	Q1 end	Q2 end	Q3	Term end	Annual
FY2008	— yen	0 yen	— yen	0 yen	0 yen
FY2009	—	0	—	—	—
FY2009 (Forecast)	—	—	—	0	0

Note: Revisions to cash dividends this quarter No

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

(% 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
FY2009	309	170.0	△1,107	—	△1,139	—	△1,142	—	△11,288.19

Note: Revisions to forecast this quarter Yes

\*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 FY2009**  
(April 1, 2009 - September 30, 2009)

**(1) Non-consolidated Balance Sheets**

(In thousands yen)

	<b>FY2009 Q2</b>	<b>FY2008</b>
	As of September 30, 2009	As of March 31, 2009
<b>Assets</b>		
Current assets		
Cash and cash equivalents	1,713,181	2,216,936
Trade notes and accounts receivable	44,939	20,999
Finished goods	101	274
Work in process	11,900	3,939
Raw materials and supplies	46,572	35,711
Other	32,498	26,639
<b>Total current assets</b>	<b>1,849,193</b>	<b>2,304,502</b>
Non-current assets		
Property, plant and equipment		
Buildings, net	908,680	739,795
Land	537,814	-
Other, net	97,056	347,139
<b>Total property, plant and equipment</b>	<b>1,543,551</b>	<b>1,086,935</b>
Intangible assets	46,254	36,377
Investments and other assets	5,379	11,093
<b>Total non-current assets</b>	<b>1,595,186</b>	<b>1,134,406</b>
Deferred assets	9,712	14,431
<b>Total assets</b>	<b>3,454,092</b>	<b>3,453,340</b>
<b>Liabilities</b>		
Current liabilities		
Trade notes payable	38,271	24,973
Current installments of long-term loans payable	173,392	96,700
Income taxes and enterprise taxes payable	11,105	13,025
Reserve for bonuses	41,491	38,239
Other	107,963	128,396
<b>Total current liabilities</b>	<b>372,223</b>	<b>301,335</b>
Non-current liabilities		
Long-term loans	1,133,408	638,450
Reserve for directors' retirement benefits	91,200	81,100
Other	12,114	13,967
<b>Total non-current liabilities</b>	<b>1,236,722</b>	<b>733,517</b>
<b>Total liabilities</b>	<b>1,608,946</b>	<b>1,034,852</b>
<b>Net assets</b>		
Shareholders' equity		
Capital	5,553,450	5,553,450
Capital surplus	3,383,450	3,383,450
Retained earnings	-7,091,754	-6,518,412
<b>Total shareholders' equity</b>	<b>1,845,145</b>	<b>2,418,487</b>
<b>Total net assets</b>	<b>1,845,145</b>	<b>2,418,487</b>
<b>Total liabilities and net assets</b>	<b>3,454,092</b>	<b>3,453,340</b>

**(2) Non-consolidated Statements of Income**

(In thousands yen)

	<b>FY2008 Q2</b>	<b>FY2009 Q2</b>
	April 1 - September 30, 2008	April 1 - September 30, 2009
Sales	60,166	96,593
Cost of sales	56,364	82,051
Gross profit	3,801	14,542
Selling, general and administrative expenses	568,497	572,390
Operating Loss (-)	-564,695	-557,848
Non-operating income		
Interest income	4,450	1,634
Dividends income	0	0
Other	824	1,337
Total non-operating income	5,275	2,972
Non-operating expenses		
Interest expenses	6,026	11,841
Amortization of stock issuance expenses	4,695	4,718
Other	-	5
Total non-operating expenses	10,722	16,565
Ordinary loss (-)	-570,142	-571,441
Extraordinary income		
Reversal of reserve for directors' retirement benefits	1,600	-
Total extraordinary income	1,600	-
Extraordinary loss		
Loss on disposal of fixed assets	191	-
Compensation for damage	17,600	-
Total extraordinary loss	17,791	-
Loss before income taxes (-)	-586,334	-571,441
Income taxes including inhabitants' and enterprise taxes	1,900	1,900
Total income taxes	1,900	1,900
Net loss (-)	-588,234	-573,341

**(3) Non-consolidated Statements of Cash Flows**

(In thousands yen)

	<b>FY2008 Q2</b>	<b>FY2009 Q2</b>
	April 1 - September 30, 2008	April 1 - September 30, 2009
<b>Cash flows from operating activities</b>		
Loss before income taxes (-)	-586,334	-571,441
Depreciation and amortization	50,935	52,318
Increase / decrease in provision for bonuses (-: decrease)	-1,552	3,251
Increase / decrease in provision for directors' retirement benefits (-: decrease)	8,900	10,100
Interest and dividends income	-4,450	-1,635
Interest expenses	6,026	11,841
Foreign exchange losses/gains (-: gains)	-11	5
Increase / decrease in trade receivables (-: increase)	-6,958	-23,939
Increase / decrease in inventory assets (-: increase)	-3,165	-18,647
Increase / decrease in accounts payable (-: decrease)	6,663	13,298
Increase / decrease in other accounts payable (-: decrease)	10,462	1,175
Increase / decrease in accrued consumption taxes (-: decrease)	8,490	-2,489
Other	-4,077	1,869
<b>Sub-total</b>	<b>-515,070</b>	<b>-524,291</b>
Interest and dividends income received	4,593	2,189
Interest expenses paid	-6,100	-13,363
Income taxes paid	-4,136	-2,681
<b>Net cash provided by (used in) operating activities</b>	<b>-520,714</b>	<b>-538,147</b>
<b>Cash flows from investing activities</b>		
Payments into time deposits	-1,760,650	-760,650
Proceeds from withdrawal of time deposits	2,360,650	1,260,650
Payments for purchase of tangible fixed assets	-8,252	-516,375
Payments for purchase of intangible fixed assets	-5,250	-26,281
Other	52	5,404
<b>Net cash provided by (used in) investing activities</b>	<b>586,549</b>	<b>-37,252</b>
<b>Cash flows from financing activities</b>		
Proceeds from long-term loans	-	620,000
Repayments of long-term loans	-48,350	-48,350
<b>Net cash provided by (used in) financial activities</b>	<b>-48,350</b>	<b>571,650</b>
<b>Effect of exchange rate changes on cash and cash equivalents</b>	<b>11</b>	<b>-5</b>
<b>Net increase / decrease in cash and cash equivalents (-: decrease)</b>	<b>17,495</b>	<b>-3,755</b>
<b>Cash and cash equivalents at beginning of period</b>	<b>676,314</b>	<b>956,286</b>
<b>Cash and cash equivalents at end of period</b>	<b>693,810</b>	<b>952,531</b>