



**Consolidated Financial Results for the First Quarter of the Fiscal Year Ending December 31, 2013
(Three Months Ended March 31, 2013)**

[Japanese GAAP]

May 2, 2013

Company name: tella, Inc. Stock Exchange Listing: Osaka Securities Exchange (JASDAQ)
 Stock code: 2191 URL: <http://www.tella.jp/>
 Representative: Yuichiro Yazaki, President & Representative Director
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 Scheduled submission of Quarterly Report: May 2, 2013
 Scheduled date of dividend payment: -
 Preparation of supplementary materials for quarterly financial results: None
 Holding of quarterly financial results meeting: None

Note: The original disclosure in Japanese was released on May 2, 2013 at 15:30 (GMT +9).

(All amounts are rounded down to the nearest million yen)

1. Consolidated Financial Results for the Three Months Ended March 31, 2013 (Jan. 1, 2013 to Mar. 31, 2013)

(1) Consolidated results of operations (Percentages represent year-on-year changes)

	Net sales		Operating income		Ordinary income		Net income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Three months ended Mar. 31, 2013	347	4.1	28	23.3	27	29.3	13	48.1
Three months ended Mar. 31, 2012	333	3.5	23	(24.9)	20	(27.1)	9	(27.1)

Note: Comprehensive income (millions of yen) Three months ended Mar. 31, 2013: 15 (up 38.8%)
 Three months ended Mar. 31, 2012: 11 (down 38.6%)

	Net income per share	Diluted net income per share
	Yen	Yen
Three months ended Mar. 31, 2013	1.02	1.01
Three months ended Mar. 31, 2012	0.69	0.68

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of Mar. 31, 2013	2,069	1,442	67.8	106.78
As of Dec. 31, 2012	2,079	1,437	67.3	106.56

Reference: Shareholders' equity (millions of yen) As of Mar 31, 2013: 1,402 As of Dec. 31, 2012: 1,399

2. Dividends

	Dividend per share				
	1Q-end	2Q-end	3Q-end	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
FY12/2012	-	0.00	-	0.80	0.80
FY12/2013	-	-	-	-	-
FY12/2013 (Forecast)	-	0.00	-	0.00	0.00

Note: Revisions to the most recently announced dividend forecast: None

3. Consolidated Forecast for the Fiscal Year Ending December 31, 2013 (Jan. 1, 2013 to Dec. 31, 2013)

(Percentages represent year-on-year changes)

	Net sales		Operating income		Ordinary income		Net income		Net income per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
First half	837	3.5	77	(51.9)	75	(51.7)	32	(49.1)	2.47
Full year	1,684	9.0	95	(56.7)	89	(59.2)	20	(79.2)	1.58

Note: Revision to the most recently announced consolidated forecast: None

*** Notes**

(1) Changes in significant subsidiaries during the period (change in scope of consolidation): None

(2) Application of special accounting methods for presenting quarterly consolidated financial statements: None

(3) Changes in accounting policies and accounting-based estimates, and restatements

1) Changes in accounting policies due to revisions in accounting standards, others: Yes

2) Changes in accounting policies other than 1) above: None

3) Changes in accounting-based estimates: Yes

4) Restatements: None

(4) Number of shares outstanding (common stock)

1) Number of shares outstanding at the end of period (including treasury stock)

As of Mar. 31, 2013:	13,137,000 shares	As of Mar. 31, 2012:	13,137,000 shares
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2) Number of shares of treasury stock at the end of period

As of Mar. 31, 2013:	239 shares	As of Mar. 31, 2012:	239 shares
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3) Average number of shares outstanding during the period

Three months ended Mar. 31, 2013:	13,136,761 shares	Three months ended Mar. 31, 2012:	13,086,532 shares
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Note 1: Information regarding the implementation of quarterly review procedures

At the time of disclosure, the review procedures based on the Financial Instruments and Exchange Law for the quarterly consolidated financial statements had been completed.

Note 2: Cautionary statement with respect to forward-looking statements and other special items

Forecasts regarding future performance in these materials are based on assumptions judged to be valid and information available to the Company at the time these materials were created. Actual performance may differ significantly from these forecasts for a number of reasons. Please refer to "Qualitative Information Regarding Consolidated Forecast" on page 3 of the attachments for forecast assumptions and notes of caution for usage.

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1. Qualitative Information on Quarterly Consolidated Financial Performance

(1) Qualitative Information Regarding Consolidated Results of Operations

In the first quarter of 2013, stock prices rebounded and there were other signs of an economic recovery in Japan. However, the outlook in Japan was still unclear as the economy remained weak because of global economic uncertainty caused by the European debt crisis and other factors.

The tella Group continued to perform R&D involving the dendritic cell (DC) vaccine therapy and other therapies, which is one type of cancer vaccine therapy. We conducted sales activities targeting medical institutions nationwide, and academic and information activities which include mainly using seminars and other methods to provide information to patients and making announcements at academic events. Activities also include the ongoing provision of maintenance and management services of cell processing facilities by contract chiefly to university and research institutions.

In April 2013, the Company has signed a stock subscription agreement to acquire equity interest in Retina Institute Japan, K.K., a venture enterprise recognized by the Independent Administrative Institution RIKEN. This company promotes research and development of new treatment methods using iPS cell-derived transplants of retinal pigment epithelial cells, and it aims to commercialize the world's first practical applications of regenerative medicine. Via a collaborative relationship with Retina Institute Japan, the Company will contribute to the development of leading-edge therapies.

In the first quarter of 2013, net sales increased by 13,623 thousand yen, or 4.1 %, from one year earlier to 347,019 thousand yen. This was attributable to firm sales in the Cell Therapy Support Business. Operating income increased by 5,447 thousand yen, or 23.3%, to 28,793 thousand yen, ordinary income rose by 6,136 thousand yen, or 29.3%, to 27,066 thousand yen, and net income grew by 4,370 thousand yen, or 48.1%, to 13,455 thousand yen.

First quarter performance by reportable segment was as follows.

(a) Cell Therapy Technology Development Business

In this business segment, we provide unique cancer treatment technologies and know-how, chiefly the DC vaccine therapy, to contracted medical institutions.

To provide information to patients, we held cancer treatment seminars jointly with contracted medical institutions in the prefectures of Aomori, Akita, Miyagi, Yamagata, Tokyo, Aichi, Kyoto, Hyogo, and Hiroshima.

Regarding R&D activities, tella signed a joint research agreement with the National University Corporation Nagasaki University in March 2013. Based on this agreement, phase I clinical studies will begin with Nagasaki University Hospital for the ZNK® cellular immunotherapy, which is a natural killer cellular immunotherapy that uses a new technology. ZNK® cellular immunotherapy developed by tella and National University Corporation Kyushu University is a novel technology, the patent of which was applied in February 2012. that the new technology is able to expand large numbers of highly maximized cytotoxic and pure human natural killer cells by a simple and economical method.

In April 2013, the Company signed a joint research agreement with the National University Corporation Kyushu University. In accordance with this joint research agreement, a feasibility study has started concerning the production of cellular pharmaceuticals that use GMP (Good Manufacturing Practice) for Investigational Medicinal Products involving the dendritic cell (DC) vaccine. To enable more cancer patients to receive this treatment with no worries, the Company conducts a program that has the goal of receiving approval of the DC vaccine as a cellular drug.

Due to all of these activities, there were approximately 320 cases during the first quarter of 2013 in which the DC vaccine therapy was used. This raises to about 6,650 the total number of DC vaccine therapy cases since tella was established.

First quarter segment sales increased by 2,383 thousand yen, or 0.9%, to 277,973 thousand yen. Operating income rose by 4,652 thousand yen, or 26.7%, to 22,027 thousand yen.

(b) Cell Therapy Support Business

Activities in this segment include the operation of cell processing facilities by contract for research and medical institutions, the provision of maintenance and management services for these facilities, sales of replacement supplies and devices, sales support and others.

First quarter segment sales increased 11,249 thousand yen, or 19.5%, to 69,055 thousand yen. This was due to the strong new orders for sales support and maintenance and management services. Operating income increased by 795 thousand yen, or 13.3%, to 6,766 thousand yen.

(2) Qualitative Information Regarding Consolidated Financial Position**(a) Assets, Liabilities and Net Assets**

Total assets decreased 10,174 thousand yen from the end of the previous fiscal year to 2,069,056 thousand yen as of the end of the first quarter of the current fiscal year. Current assets decreased 4,647 thousand yen to 1,398,400 thousand yen, mainly due to a decrease in deferred tax assets. Noncurrent assets decreased 5,527 thousand yen to 670,656 thousand yen, mainly due to the depreciation on property, plant and equipment.

Liabilities decreased 15,271 thousand yen to 626,233 thousand yen. Current liabilities increased 43,570 thousand yen to 470,762 thousand yen, mainly the result of repayment of long-term loans payable and redemption of bonds. Noncurrent liabilities decreased 58,842 thousand yen to 155,471 thousand yen, mainly due to decreases in bonds payable, long-term loans payable and lease obligations.

Net assets increased 5,097 thousand yen to 1,442,822 thousand yen and shareholders' equity ratio was 67.8%.

(b) Cash Flows

Cash and cash equivalents as of the end of the first quarter of the current fiscal year totaled 1,120,379 thousand yen, 89,828 thousand yen more than as of the end of the previous fiscal year.

The cash flow components during the first quarter and the main reasons for changes are as described below.

Cash Flow from Operating Activities

Net cash provided by operating activities totaled 55,546 thousand yen, compared with net cash provided of 25,692 thousand yen in the same period of the previous fiscal year. Major items included income before income taxes and minority interests of 27,066 thousand yen, depreciation and amortization of 32,031 thousand yen, a decrease in notes and accounts receivable-trade of 57,829 thousand yen, and income taxes paid of 67,365 thousand yen.

Cash Flow from Investing Activities

Net cash used in investing activities totaled 3,467 thousand yen, compared with net cash used of 10,032 thousand yen in the same period of the previous fiscal year. There was the payments of 3,493 thousand yen for the purchase of property, plant and equipment to support our facilities and basic affiliated medical institutions.

Cash Flow from Financing Activities

Net cash provided by financing activities totaled 37,749 thousand yen, compared with net cash used of 7,850 thousand yen in the same period of the previous fiscal year. There were 150,000 thousand yen in proceeds from short-term loans payable, 36,100 thousand yen in repayment of long-term loans payable, 59,200 thousand yen in redemption of bonds, 9,279 thousand yen in repayments of lease obligations, and 7,670 thousand yen in cash dividends paid.

(3) Qualitative Information Regarding Consolidated Forecast

There are no revisions to the forecast in the Consolidated Financial Results for the Fiscal Year Ended December 31, 2012 that was announced on February 8, 2013.

Forecasts regarding future performance in these materials are based on assumptions judged to be valid and information available to the Company at the time these materials were created. Consequently, these statements incorporate many uncertainties. Actual performance may differ from these forecasts for a number of reasons.

2. Matters Related to Summary Information (Others)

(1) Changes in Significant Subsidiaries during the Period

Not applicable.

(2) Application of Special Accounting Methods for Presenting Quarterly Consolidated Financial Statements

Not applicable.

(3) Changes in Accounting Policies and Accounting-based Estimates, and Restatements

Changes in accounting policies that are difficult to distinguish from changes in accounting-based estimates

The Company and its consolidated subsidiaries in Japan depreciate the property, plant and equipment acquired on or after January 1, 2013, using the depreciation method stipulated in the revised Corporation Tax Law from the first quarter of the current fiscal year, in line with revisions to the Corporation Tax Law.

3. Quarterly Consolidated Financial Statements**(1) Quarterly Consolidated Balance Sheets**

(Thousands of yen)

	FY12/2012 (As of Dec. 31, 2012)	First quarter of FY12/2013 (As of Mar. 31, 2013)
Assets		
Current assets		
Cash and deposits	1,030,551	1,120,379
Notes and accounts receivable-trade	291,667	233,838
Raw materials	3,390	4,567
Work in process	-	7,217
Prepaid expenses	50,390	32,041
Deferred tax assets	9,666	3,807
Other	25,887	5,055
Allowance for doubtful accounts	(8,506)	(8,506)
Total current assets	1,403,047	1,398,400
Noncurrent assets		
Property, plant and equipment		
Buildings, net	212,256	204,811
Tools, furniture and fixtures, net	215,570	204,992
Lease assets, net	54,633	46,139
Total property, plant and equipment	482,460	455,944
Intangible assets		
Software	9,167	8,827
Software in progress	41,567	62,174
Right of using patent	14,791	13,666
Total intangible assets	65,526	84,668
Investments and other assets		
Investment securities	36,750	36,750
Lease deposits	64,666	64,627
Insurance funds	9,681	9,695
Deferred tax assets	16,837	16,095
Other	2,207	2,875
Allowance for doubtful accounts	(1,946)	-
Total investments and other assets	128,196	130,043
Total noncurrent assets	676,183	670,656
Total assets	2,079,231	2,069,056

	(Thousands of yen)	
	FY12/2012 (As of Dec. 31, 2012)	First quarter of FY12/2013 (As of Mar. 31, 2013)
Liabilities		
Current liabilities		
Notes and accounts payable-trade	18,085	18,551
Short-term loans payable	-	150,000
Current portion of bonds	95,900	73,400
Current portion of long-term loans payable	116,400	94,000
Lease obligations	36,991	36,174
Accounts payable-other	56,411	72,878
Income taxes payable	69,753	5,808
Other	33,649	19,948
Total current liabilities	427,192	470,762
Noncurrent liabilities		
Bonds payable	113,200	76,500
Long-term loans payable	22,500	8,800
Lease obligations	23,204	14,741
Long-term lease deposited	50,537	50,537
Asset retirement obligations	4,871	4,891
Total noncurrent liabilities	214,313	155,471
Total liabilities	641,505	626,233
Net assets		
Shareholders' equity		
Capital stock	593,017	593,017
Capital surplus	464,694	464,694
Retained earnings	342,390	345,337
Treasury stock	(270)	(270)
Total shareholders' equity	1,399,832	1,402,779
Minority interests	37,892	40,043
Total net assets	1,437,725	1,442,822
Total liabilities and net assets	2,079,231	2,069,056

(2) Quarterly Consolidated Statements of Income and Comprehensive Income**Quarterly Consolidated Statements of Income
For the Three-month Period**

(Thousands of yen)

	First three months of FY12/2012 (Jan. 1 – Mar. 31, 2012)	First three months of FY12/2013 (Jan. 1 – Mar. 31, 2013)
Net sales	333,396	347,019
Cost of sales	111,469	118,771
Gross profit	221,926	228,247
Selling, general and administrative expenses	198,580	199,453
Operating income	23,345	28,793
Non-operating income		
Interest income	90	105
Rent income of real estate	21,003	19,227
Subsidy income	533	147
Other	1,165	176
Total non-operating income	22,792	19,656
Non-operating expenses		
Interest expenses	2,655	1,377
Interest on bonds	820	529
Rent cost of real estate	21,003	19,227
Stock issuance cost	83	-
Guarantee commission	389	250
Other	255	-
Total non-operating expenses	25,208	21,383
Ordinary income	20,929	27,066
Extraordinary loss		
Loss on retirement of noncurrent assets	11	-
Loss on cancellation of lease contracts	0	-
Total extraordinary losses	11	-
Income before income taxes and minority interests	20,918	27,066
Income taxes-current	9,595	4,857
Income taxes-deferred	80	6,602
Total income taxes	9,675	11,460
Income before minority interests	11,242	15,606
Minority interests in income	2,157	2,150
Net income	9,085	13,455

Quarterly Consolidated Statements of Comprehensive Income
For the Three-month Period

(Thousands of yen)

	First three months of FY12/2012 (Jan. 1 – Mar. 31, 2012)	First three months of FY12/2013 (Jan. 1 – Mar. 31, 2013)
Income before minority interests	11,242	15,606
Other comprehensive income		
Total other comprehensive income	-	-
Comprehensive income	11,242	15,606
Comprehensive income attributable to		
Comprehensive income attributable to owners of the parent	9,085	13,455
Comprehensive income attributable to minority interests	2,157	2,150

(3) Quarterly Consolidated Statements of Cash Flows

(Thousands of yen)

	First three months of FY12/2012 (Jan. 1 – Mar. 31, 2012)	First three months of FY12/2013 (Jan. 1 – Mar. 31, 2013)
Net cash provided by (used in) operating activities		
Income before income taxes and minority interests	20,918	27,066
Depreciation and amortization	39,060	32,031
Increase (decrease) in allowance for doubtful accounts	-	(1,946)
Interest and dividends income	(90)	(105)
Interest expenses paid on loans and bonds	3,476	1,906
Subsidy income	(533)	(147)
Loss on retirement of noncurrent assets	11	-
Stock issuance cost	83	-
Loss on cancellation of leases	0	-
Decrease (increase) in notes and accounts receivable-trade	(23,553)	57,829
Decrease (increase) in inventories	2,568	(8,394)
Increase (decrease) in notes and accounts payable-trade	4,090	466
Decrease (increase) in prepaid expenses	12,390	18,334
Decrease (increase) in accounts receivable-other	(4,000)	18,577
Increase (decrease) in accounts payable-other	(3,883)	(4,724)
Increase (decrease) in accrued expenses	(363)	(81)
Increase (decrease) in accrued consumption taxes	(5,876)	(1,587)
Other, net	2,613	(15,569)
Subtotal	46,912	123,655
Interest and dividends income received	90	105
Interest expenses paid	(4,328)	(2,471)
Subsidies received	4,761	1,622
Income taxes paid	(21,742)	(67,365)
Net cash provided by (used in) operating activities	25,692	55,546
Net cash provided by (used in) investing activities		
Purchase of property, plant and equipment	(2,090)	(3,493)
Proceeds from sales of property, plant and equipment	25	-
Purchase of intangible assets	(7,955)	-
Purchase of insurance funds	(13)	(13)
Proceeds from collection of lease and guarantee deposits	-	39
Net cash provided by (used in) investing activities	(10,032)	(3,467)
Net cash provided by (used in) financing activities		
Increase in short-term loans payable	100,000	150,000
Repayment of long-term loans payable	(42,800)	(36,100)
Redemption of bonds	(62,200)	(59,200)
Repayments of lease obligations	(11,944)	(9,279)
Proceeds from issuance of stock resulting from exercise of subscription rights to shares	9,114	-
Purchase of treasury stock	(11)	-
Cash dividends paid	(9)	(7,670)
Net cash provided by (used in) financing activities	(7,850)	37,749
Net increase (decrease) in cash and cash equivalents	7,809	89,828
Cash and cash equivalents at beginning of period	1,092,670	1,030,551
Cash and cash equivalents at end of period	1,100,479	1,120,379

(4) Going Concern Assumption

Not applicable.

(5) Segment and Other Information

I First three months of FY12/2012 (Jan. 1 – Mar. 31, 2012)

Information related to net sales and profit or loss for each reportable segment

(Thousands of yen)

	Reportable segment			Total	Adjustments	Amounts shown on quarterly consolidated statements of income
	Cell Therapy Technology Development	Cell Therapy Support	Subtotal			
Net sales						
External sales	275,590	57,806	333,396	333,396	-	333,396
Inter-segment sales and transfers	-	-	-	-	-	-
Total	275,590	57,806	333,396	333,396	-	333,396
Segment profit	17,375	5,970	23,345	23,345	-	23,345

Note: Total segment profit is adjusted to be consistent with operating income shown on the quarterly consolidated statements of income.

II First three months of FY12/2013 (Jan. 1 – Mar. 31, 2013)

1. Information related to net sales and profit or loss for each reportable segment

(Thousands of yen)

	Reportable segment			Total	Adjustments	Amounts shown on quarterly consolidated statements of income
	Cell Therapy Technology Development	Cell Therapy Support	Subtotal			
Net sales						
External sales	277,973	69,045	347,019	347,019	-	347,019
Inter-segment sales and transfers	-	10	10	10	(10)	-
Total	277,973	69,055	347,029	347,029	(10)	347,019
Segment profit	22,027	6,766	28,793	28,793	-	28,793

Note: Total segment profit is adjusted to be consistent with operating income shown on the quarterly consolidated statements of income.

2. Information related to revisions for reportable segments

As described in “Changes in accounting policies that are difficult to distinguish from changes in accounting-based estimates,” in line with revisions to the Corporation Tax Law, the property, plant and equipment acquired on or after January 1, 2013 are depreciated according to the depreciation method stipulated in the revised Corporation Tax Law from the first quarter of the current fiscal year. Therefore depreciation method for reportable segments has been revised in line with revisions to the Corporation Tax Law.

The effect of this change on segment profit for the first three months of FY12/2013 is insignificant.

(6) Significant Changes in Shareholders' Equity

Not applicable.

(7) Material Subsequent Events

The Company's Board of Directors approved a resolution on April 9, 2013 to establish a consolidated subsidiary as follows.

1. Purpose of establishing the subsidiary

TITAN Inc. is a contract research organization (CRO) that utilizes advanced image diagnostic technologies to provide support for medical testing activities. The company will draw on tella's network of physicians and medical institutions associated with treating cancer, which is one of tella's main strengths. As a result, Titan is expected to produce synergies that will help achieve tella's strategic objectives as well as become a new source of sales.

2. Overview of the subsidiary

- | | |
|---------------------------|--|
| (1) Name: | TITAN Inc. |
| (2) Head office location: | 4-7-2 Kojimachi, Chiyoda-ku, Tokyo |
| (3) Established: | May 2, 2013 |
| (4) Capital: | 30 million yen |
| (5) Representative: | Toru Mafune, President |
| (6) Ownership ratio: | tella, Inc. 100% |
| (7) Business: | Support for tests for drugs and medical equipment
Support for drug and medical equipment tests using imaging technology
Sales and provision of medical IT technologies |

This financial report is solely a translation of "Kessan Tanshin" (in Japanese, including attachments), which has been prepared in accordance with accounting principles and practices generally accepted in Japan, for the convenience of readers who prefer an English translation.