



**Consolidated Financial Results for the Second Quarter of the Fiscal Year Ending December 31, 2012
(Six Months Ended June 30, 2012)**

[Japanese GAAP]

August 7, 2012

Company name: tella, Inc. Stock Exchange Listing: Osaka Securities Exchange (JASDAQ)
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 Scheduled submission of Quarterly Report: August 7, 2012
 Scheduled date of dividend payment: -
 Preparation of supplementary materials for quarterly financial results: Yes
 Holding of quarterly financial results meeting: Yes

Note: The original disclosure in Japanese was released on August 7, 2012 at 15:30 (GMT +9)

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

1. Consolidated Financial Results for the Six Months Ended June 30, 2012 (Jan. 1, 2012 to Jun. 30, 2012)

(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	%
Six months ended Jun. 30, 2012	808	23.5	160	225.2	156	309.4	63	326.4
Six months ended Jun. 30, 2011	655	-	49	-	38	-	14	-

Note: Comprehensive income (millions of yen) Six months ended Jun. 30, 2012: 80 (up 251.9%)
 Six months ended Jun. 30, 2011: 22 (n.a.)

	Net income per share	Diluted net income per share
	Yen	Yen
Six months ended Jun. 30, 2012	4.85	4.79
Six months ended Jun. 30, 2011	1.23	1.19

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of Jun. 30, 2012	2,183	1,394	62.5	103.82
As of Dec. 31, 2011	2,212	1,305	58.3	98.75

Reference: Shareholders' equity (millions of yen) As of Jun. 30, 2012: 1,363 As of Dec. 31, 2011: 1,291

2. Dividends

	Dividend per share				
	1Q-end	2Q-end	3Q-end	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
FY12/2011	-	0.00	-	0.00	0.00
FY12/2012	-	0.00	-	-	-
FY12/2012 (Forecast)	-	-	-	0.00	0.00

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

3. Consolidated Forecast for the Fiscal Year Ending December 31, 2012 (Jan. 1, 2012 to Dec. 31, 2012)

(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
Full year	1,513	14.4	107	50.9	96	85.1	29	78.1	2.25

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: None
 - 2) Changes in accounting policies other than 1) above: None
 - 3) Changes in accounting-based estimates: None
 - 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 Jun. 30, 2012:	13,137,000 shares	As of Dec. 31, 2011:	13,074,000 shares
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2) Number of shares of treasury stock at the end of period

As of Jun. 30, 2012:	239 shares	As of Dec. 31, 2011:	211 shares
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3) Average number of shares outstanding during the period

Six months ended Jun. 30, 2012:	13,111,646 shares	Six months ended Jun. 30, 2011:	12,165,960 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

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 4 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 half of 2012, the Japanese economy benefited from improving corporate earnings and a rebound in consumer spending in response to reconstruction demand following the Great East Japan Earthquake and other factors. However, the economic outlook remained uncertain because of factors including the risk of an overseas downturn in addition to the impact of the European sovereign debt crisis and the persistent strength of the yen.

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 the first half of 2012, net sales increased 153,814 thousand yen, or 23.5%, from one year earlier to 808,905 thousand yen. This was attributable to firm sales in the Cell Therapy Support segment. Earnings benefited greatly from the growth in net sales and successful efforts to reduce selling, general and administrative (SG&A) expenses. As a result, operating income increased sharply by 111,458 thousand yen, or 225.2%, to 160,952 thousand yen, ordinary income rose strongly by 118,077 thousand yen, or 309.4%, to 156,241 thousand yen, and net income grew by 48,687 thousand yen, or 326.4%, to 63,602 thousand yen.

First half performance by reportable segment was as follows.

1) 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 Miyagi, Tokyo, Aichi, Kyoto, Hiroshima, and Fukuoka.

During the second quarter (April-June) of 2012, there were approximately 380 cases in which the DC vaccine therapy was used. This raises to about 5,650 the total number of DC vaccine therapy cases since tella was established.

Segment sales for the first half increased by 11,601 thousand yen, or 1.9%, to 607,102 thousand yen as a result of a generally firm trend in the number of DC vaccine therapy cases. Operating income rose strongly from one year earlier by 84,162 thousand yen, or 363.4%, to 107,321 thousand yen due to a decrease in depreciation and a successful measures to reduce costs.

2) 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.

Segment sales for the first half rose strongly from one year earlier with growth of 142,213 thousand yen, or 238.7%, to 201,803 thousand yen. One reason was the inclusion of the entire first half-sales of Bio Medica Solution Co., Ltd., which became a consolidated subsidiary in February 2011. Another reason was the strong new orders for sales support and maintenance and management services. Although affected by an increase in the cost of sales as a result of this growth in orders, operating income increased sharply from one year earlier by 27,295 thousand yen, or 103.6%, to 53,631 thousand yen.

(2) Qualitative Information Regarding Consolidated Financial Position

1) Assets, Liabilities and Net Assets

Total assets decreased 29,296 thousand yen from the end of the previous fiscal year to 2,183,501 thousand yen as of the end of the second quarter of the current fiscal year. Current assets decreased 38,623 thousand yen to 1,467,018 thousand yen, mainly due to an increase in prepaid expenses, an increase in notes and accounts receivable-trade, and a decrease in cash and deposits. Noncurrent assets increased 9,327 thousand yen to 716,483 thousand yen, mainly the result of the purchase of property, plant and equipment to support basic affiliated medical institutions.

Liabilities decreased 118,498 thousand yen to 789,175 thousand yen. Current liabilities increased 33,681 thousand yen to 473,631 thousand yen, mainly due to an increase in income taxes payable. Noncurrent liabilities decreased 152,180 thousand yen to 315,543 thousand yen, mainly due to decreases in bonds payable, long-term loans payable and lease obligations.

Net assets increased 89,202 thousand yen to 1,394,326 thousand yen and shareholders' equity ratio was 62.5%.

2) Cash Flows

Cash and cash equivalents as of the end of the second quarter of the current fiscal year totaled 1,007,167 thousand yen, 85,502 thousand yen less than as of the end of the previous fiscal year.

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

Cash Flow from Operating Activities

Net cash provided by operating activities totaled 183,478 thousand yen, compared with net cash provided of 121,761 thousand yen in the same period of the previous fiscal year. Major items included income before income taxes and minority interests of 146,482 thousand yen, depreciation and amortization of 78,259 thousand yen, an increase in notes and accounts receivable-trade of 11,742 thousand yen, an increase in notes and accounts payable-trade of 25,545 thousand yen, an increase in prepaid expenses of 32,987 thousand yen, and income taxes paid of 22,086 thousand yen.

Cash Flow from Investing Activities

Net cash used in investing activities totaled 106,504 thousand yen, compared with net cash used of 50,272 thousand yen in the same period of the previous fiscal year. There were payments of 77,038 thousand yen for the purchase of property, plant and equipment to support our facilities and basic affiliated medical institutions and 27,560 thousand yen for the purchase of intangible assets.

Cash Flow from Financing Activities

Net cash used in financing activities totaled 162,477 thousand yen, compared with net cash used of 11,475 thousand yen in the same period of the previous fiscal year. There were 85,200 thousand yen in repayment of long-term loans payable, 62,200 thousand yen in redemption of bonds, 24,078 thousand yen in repayments of lease obligations, and 9,023 thousand yen in proceeds from issuance of stock resulting from exercise of subscription rights to shares.

(3) Qualitative Information Regarding Consolidated Forecast

For net sales, there are no revisions to the forecast that was announced on February 10, 2012. We expect earnings to exceed the initial forecasts announced on February 10, 2012 because, although we anticipate an increase in expenses due to up-front investment in research and development in the third and fourth quarters of 2012 to realize the objectives of our strategy for medium-term growth, we anticipate this will be more than compensated for by other factors including a reduction in SG&A and other costs.

Consolidated forecasts for the fiscal year ending December 31, 2012

	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
Previous forecast (A)	1,513	70	57	24	1.90
Revised forecast (B)	1,513	107	96	29	2.25
Change (B – A)	0	37	39	4	-
Percentage change (%)	0.0	53.3	68.8	19.1	-
(Reference) Previous year's results (Fiscal year ended Dec. 31, 2011)	1,322	71	52	16	1.35

Forecasts regarding future performance in these materials are based on information available to the Company at the time these materials were created. Consequently, these statements incorporate many uncertainties. Actual performance may differ from above 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

Not applicable.

(4) Additional Information

Application of Accounting Standard for Accounting Changes and Error Corrections

The Company has adopted the “Accounting Standard for Accounting Changes and Error Corrections” (Accounting Standards Board of Japan (ASBJ) Statement No. 24, December 4, 2009) and “Guidance on Accounting Standard for Accounting Changes and Error Corrections” (ASBJ Guidance No. 24, December 4, 2009) for accounting method revisions and for corrections to past errors from the beginning of the first quarter of the current fiscal year.

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

(Thousands of yen)

	FY12/2011 (As of Dec. 31, 2011)	Second quarter of FY12/2012 (As of Jun. 30, 2012)
Assets		
Current assets		
Cash and deposits	1,092,670	1,007,167
Notes and accounts receivable-trade	338,881	350,624
Raw materials	4,540	2,903
Prepaid expenses	52,984	85,839
Deferred tax assets	5,874	9,517
Other	19,126	19,401
Allowance for doubtful accounts	(8,437)	(8,437)
Total current assets	1,505,641	1,467,018
Noncurrent assets		
Property, plant and equipment		
Buildings, net	247,186	229,721
Tools, furniture and fixtures, net	185,813	227,806
Lease assets, net	95,493	72,620
Total property, plant and equipment	528,492	530,148
Intangible assets		
Software	7,902	8,430
Software in progress	7,560	26,460
Right of using patent	19,291	17,041
Total intangible assets	34,753	51,932
Investments and other assets		
Investment securities	46,750	37,003
Lease deposits	69,163	63,960
Insurance funds	7,724	9,655
Deferred tax assets	15,998	18,121
Other	6,383	7,608
Allowance for doubtful accounts	(2,109)	(1,946)
Total investments and other assets	143,910	134,402
Total noncurrent assets	707,156	716,483
Total assets	2,212,798	2,183,501

	(Thousands of yen)	
	FY12/2011 (As of Dec. 31, 2011)	Second quarter of FY12/2012 (As of Jun. 30, 2012)
Liabilities		
Current liabilities		
Notes and accounts payable-trade	11,200	36,745
Current portion of bonds	124,400	121,400
Current portion of long-term loans payable	158,200	142,200
Lease obligations	44,432	38,958
Accounts payable-other	59,714	39,188
Income taxes payable	22,867	74,471
Other	19,135	20,667
Total current liabilities	439,949	473,631
Noncurrent liabilities		
Bonds payable	209,100	149,900
Long-term loans payable	138,900	69,700
Lease obligations	59,190	40,574
Long-term lease deposited	55,741	50,537
Asset retirement obligations	4,792	4,831
Total noncurrent liabilities	467,724	315,543
Total liabilities	907,673	789,175
Net assets		
Shareholders' equity		
Capital stock	588,418	593,017
Capital surplus	460,095	464,694
Retained earnings	242,767	306,370
Treasury stock	(258)	(270)
Total shareholders' equity	1,291,023	1,363,812
Minority interests	14,101	30,514
Total net assets	1,305,124	1,394,326
Total liabilities and net assets	2,212,798	2,183,501

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

	(Thousands of yen)	
	First six months of FY12/2011 (Jan. 1 – Jun. 30, 2011)	First six months of FY12/2012 (Jan. 1 – Jun. 30, 2012)
Net sales	655,091	808,905
Cost of sales	216,180	271,599
Gross profit	438,910	537,306
Selling, general and administrative expenses	* 389,416	* 376,354
Operating income	49,494	160,952
Non-operating income		
Interest income	70	95
Rent income of real estate	42,468	40,277
Subsidy income	910	533
Other	1,089	3,004
Total non-operating income	44,538	43,910
Non-operating expenses		
Interest expenses	6,295	5,018
Interest on bonds	1,196	1,517
Rent cost of real estate	42,468	40,277
Stock issuance cost	173	174
Guarantee commission	571	720
Other	5,163	913
Total non-operating expenses	55,868	48,621
Ordinary income	38,164	156,241
Extraordinary income		
Gain on negative goodwill	4,274	-
Reversal of allowance for doubtful accounts	23	-
Gain on reversal of subscription rights to shares	15	-
Total extraordinary income	4,313	-
Extraordinary loss		
Loss on retirement of noncurrent assets	170	11
Loss on abandonment of noncurrent assets	51	-
Loss on valuation of investment securities	-	9,747
Loss on cancellation of lease contracts	26	0
Loss on adjustment for changes of accounting standard for asset retirement obligations	1,073	-
Total extraordinary losses	1,321	9,758
Income before income taxes and minority interests	41,156	146,482
Income taxes-current	26,129	72,234
Income taxes-deferred	(7,708)	(5,766)
Total income taxes	18,421	66,467
Income before minority interests	22,735	80,015
Minority interests in income	7,820	16,413
Net income	14,914	63,602

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

(Thousands of yen)

	First six months of FY12/2011 (Jan. 1 – Jun. 30, 2011)	First six months of FY12/2012 (Jan. 1 – Jun. 30, 2012)
Income before minority interests	22,735	80,015
Other comprehensive income		
Total other comprehensive income	-	-
Comprehensive income	22,735	80,015
Comprehensive income attributable to		
Comprehensive income attributable to owners of the parent	14,914	63,602
Comprehensive income attributable to minority interests	7,820	16,413

(3) Quarterly Consolidated Statements of Cash Flows

(Thousands of yen)

	First six months of FY12/2011 (Jan. 1 – Jun. 30, 2011)	First six months of FY12/2012 (Jan. 1 – Jun. 30, 2012)
Net cash provided by (used in) operating activities		
Income before income taxes and minority interests	41,156	146,482
Depreciation and amortization	98,226	78,259
Increase (decrease) in allowance for doubtful accounts	(23)	(162)
Interest and dividends income	(70)	(95)
Interest expenses paid on loans and bonds	7,491	6,535
Gain on negative goodwill	(4,274)	-
Subsidy income	(910)	(533)
Share-based compensation expenses	534	-
Loss (gain) on valuation of investment securities	-	9,747
Loss on retirement of noncurrent assets	170	11
Loss on abandonment of noncurrent assets	51	-
Loss (gain) on cancellation of insurance contract	4,376	-
Stock issuance cost	173	174
Loss on cancellation of leases	26	0
Gain on reversal of subscription rights to shares	(15)	-
Loss on adjustment for changes of accounting standard for asset retirement obligations	1,073	-
Decrease (increase) in notes and accounts receivable-trade	21,844	(11,742)
Decrease (increase) in inventories	-	1,636
Increase (decrease) in notes and accounts payable-trade	1,280	25,545
Decrease (increase) in prepaid expenses	(40,389)	(32,987)
Decrease (increase) in accounts receivable-other	7,132	(46)
Increase (decrease) in accounts payable-other	(9,964)	(12,223)
Increase (decrease) in accrued expenses	1,581	733
Increase (decrease) in accrued consumption taxes	583	1,531
Other, net	2,748	(6,985)
Subtotal	132,801	205,881
Interest and dividends income received	70	95
Interest expenses paid	(8,031)	(6,577)
Subsidies received	-	4,761
Income taxes paid	(3,079)	(22,086)
Income taxes refund	-	1,405
Net cash provided by (used in) operating activities	121,761	183,478

	(Thousands of yen)	
	First six months of FY12/2011 (Jan. 1 – Jun. 30, 2011)	First six months of FY12/2012 (Jan. 1 – Jun. 30, 2012)
Net cash provided by (used in) investing activities		
Purchase of property, plant and equipment	(64,557)	(77,038)
Proceeds from sales of property, plant and equipment	30	25
Purchase of intangible assets	(5,951)	(27,560)
Purchase of insurance funds	(1,931)	(1,931)
Proceeds from cancellation of insurance funds	7,980	-
Proceeds from collection of lease and guarantee deposits	-	5,203
Repayments of long-term deposits received	-	(5,203)
Proceeds from purchase of investments in subsidiaries resulting in change in scope of consolidation	14,156	-
Net cash provided by (used in) investing activities	(50,272)	(106,504)
Net cash provided by (used in) financing activities		
Increase in short-term loans payable	100,000	100,000
Decrease in short-term loans payable	(117,200)	(100,000)
Proceeds from long-term loans payable	150,000	-
Repayment of long-term loans payable	(59,200)	(85,200)
Redemption of bonds	(53,000)	(62,200)
Repayments of lease obligations	(21,079)	(24,078)
Repayments of installment payables	(15,968)	-
Proceeds from issuance of stock resulting from exercise of subscription rights to shares	11,714	9,023
Proceeds from issuance of subscription rights to shares	220	-
Purchase of treasury stock	-	(11)
Cash dividends paid	(6,961)	(10)
Net cash provided by (used in) financing activities	(11,475)	(162,477)
Net increase (decrease) in cash and cash equivalents	60,013	(85,502)
Cash and cash equivalents at beginning of period	671,028	1,092,670
Cash and cash equivalents at end of period	* 731,041	* 1,007,167

(4) Going Concern Assumption

Not applicable.

(5) Segment and Other Information

I First six months of FY12/2011 (Jan. 1 – Jun. 30, 2011)

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	595,501	59,590	655,091	655,091	-	655,091
Inter-segment sales and transfers	-	-	-	-	-	-
Total	595,501	59,590	655,091	655,091	-	655,091
Segment profit	23,158	26,335	49,494	49,494	-	49,494

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

II First six months of FY12/2012 (Jan. 1 – Jun. 30, 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	607,102	201,803	808,905	808,905	-	808,905
Inter-segment sales and transfers	-	-	-	-	-	-
Total	607,102	201,803	808,905	808,905	-	808,905
Segment profit	107,321	53,631	160,952	160,952	-	160,952

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

(6) Significant Changes in Shareholders' Equity

Not applicable.

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.