



**Consolidated Financial Results for the Third Quarter of the Fiscal Year Ending December 31, 2011
(Nine months ended September 30, 2011)**

[Japanese GAAP]

November 4, 2011

Company name: tella, Inc. Stock Exchange Listing: Osaka Securities Exchange (JASDAQ)
 Stock code: 2191 URL: <http://www.tella.jp/>
 Representative: Yuichiro Yazaki, Representative Director and President
 Contact: Ryohei Yamamoto, Director and General Manager, Administrative Headquarters
 TEL: +81-3-6272-6477

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Holding of quarterly financial results meeting: None

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

**1. Consolidated Financial Results for the Nine Months Ended November 30, 2011
(January 1, 2011 to September 30, 2011)**

(1) Consolidated results of operating (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	%
Nine months ended Sep. 30, 2011	982	-	68	-	50	-	24	-
Nine months ended Sep. 30, 2010	-	-	-	-	-	-	-	-

	Net income per share	Diluted net income per share
	Yen	Yen
Nine months ended Sep. 30, 2011	1.98	1.93
Nine months ended Sep. 30, 2010	-	-

Note: We have not included year-on-year comparisons because we prepare consolidated financial statements starting from the first quarter of FY12/2011.

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of Sep. 30, 2011	2,060	1,010	48.5	80.71
As of Dec. 31, 2010	-	-	-	-

Reference: Shareholders' equity (millions of yen) Sep. 30, 2011: 998 Dec. 31, 2010: -

Note: We have not included figures for FY12/2010 because we prepare consolidated financial statements starting from the first quarter of FY12/2011.

2. Dividends

	Dividend per share				
	1Q-end	2Q-end	3Q-end	Yearend	Total
	Yen	Yen	Yen	Yen	Yen
FY12/2010	-	0.00	-	0.60	0.60
FY12/2011	-	0.00	-	-	-
FY12/2011 (Forecast)	-	-	-	0.00	0.00

Note: Revision of dividend forecast during the period: None

3. Consolidated Forecast for the Fiscal Year Ending December 31, 2011 (January 1, 2011 to December 31, 2011)

(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	1,384	-	40	-	19	-	7	-	0.59

Notes: 1. Revision of forecast during the period: None

2. We have not included year-on-year comparison because we prepare consolidated financial statements starting from the first quarter of FY12/2011.

4. Others (Please refer to “Other Information” on page 4 of the attachments for further information.)

(1) Changes in significant subsidiaries during the period: None

Note: Changes in specified subsidiaries affecting the scope of consolidation during the period

(2) Application of simplified accounting methods and special accounting methods: None

Note: Application of simplified accounting methods and special accounting methods for presenting quarterly consolidated financial statements

(3) Changes in accounting principles, procedures, presentation methods, etc.

1) Changes caused by revision of accounting standards: Yes

2) Other changes: None

Note: Changes in accounting principles, procedures, presentation methods, etc. for presenting quarterly consolidated financial statements described in “Changes in the Significant Accounting Policies for the Preparation of Quarterly Consolidated Financial Statements”

(4) Number of shares outstanding (common stock)

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

Sep. 30, 2011:	12,377,000 shares	Dec. 31, 2010:	12,079,000 shares
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2) Number of shares of treasury stock at the end of period

Sep. 30, 2011:	211 shares	Dec. 31, 2010:	211 shares
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3) Average number of shares outstanding during the period

Nine months ended Sep. 30, 2011:	12,213,565 shares	Nine months ended Sep. 30, 2010:	11,940,071 shares
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Note 1: Information regarding the implementation of quarterly review procedures

At the time of disclosure, we have completed the review process based on the Financial Instruments and Exchange Law for these consolidated statements.

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 nine months of the current fiscal year, the outlook for the Japanese economy remained unclear. The economy is feeling the effects of electricity shortages, the nuclear plant accident subsequent to the Great East Japan Earthquake and high unemployment. The direction of foreign exchange rates and stock prices is another source of concern due to the slow pace of the U.S. economic recovery and instability of financial markets in Europe.

The tella Group continued to perform R&D involving the dendritic cell (DC) vaccine therapy, which is one type of cancer vaccine therapy. We conducted sales activities targeting medical institutions nationwide. In addition, we conducted 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 operation, maintenance and management services of cell culture equipment by contract chiefly to university medical institutions.

In August 2011, tella and TES Holdings Co., Ltd. signed an agreement in principle concerning various forms of collaboration. This cooperation may include the licensing of tella's regenerative medicine technology and cell processing technology, the creation of new technologies by using joint research with universities, and forming ties with more medical institutions for the provision of the DC vaccine therapy.

In September 2011, tella signed a contract with Asahi Kasei Corporation for joint R&D activities for the creation of cell processing equipment to be used for treating cancer. Signing this agreement will allow tella to combine its own technologies with Asahi Kasei's outstanding technologies concerning cell therapy and regenerative medicine. The objective is to create cell processing equipment for practical use that can grow high-quality cells consistently and efficiently in order to treat cancer.

In the first nine months of 2011, net sales totaled 982,819 thousand yen. This was attributable to an increase in DC vaccine therapy cases in the Cell Therapy Technology Development Business and to making BMS Inc. a consolidated subsidiary. Earnings included the results of the newly added Cell Therapy Support Business but were affected by up-front expenses for initiatives associated with our medium-term growth strategy that we started in the first quarter. As a result, operating income was 68,543 thousand yen, ordinary income was 50,987 thousand yen and net income was 24,194 thousand yen.

Since we have prepared consolidated financial statements for the first time in this fiscal year, there are no comparisons with the same period of the previous fiscal year.

Third quarter performance for business segments was as follows.

1) Cell Therapy Technology Development Business

In this business segment, the tella Group provides 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 Hokkaido, Miyagi, Tokyo, Aichi, Kyoto, Osaka, Hyogo, and Fukuoka prefectures.

Regarding R&D activities, a patent application was submitted in July 2011 with Kyushu University concerning natural killer (NK) cells. Cell immunology treatments using NK cells based on this technology are highly effective at killing tumors. This raises hopes that this treatment will be highly effective at fighting tumors and thus become an effective means of treating cancer. In July 2011, the electronic version of *Pancreas*, which is published by the American Pancreatic Association, included a paper about the DC vaccine therapy provided by tella. The paper covered the results of clinical tests concerning the use of this therapy with anti-cancer drugs for individuals with advanced pancreatic cancer. The paper also included the results of immunological analysis.

In October 2011, tella signed a joint research agreement with the National Center for Global Health and Medicine*. The objectives are to develop technologies for the DC vaccine therapy and perform research involving the clinical use of these technologies. tella plans to start supplying its DC vaccine therapy to this center in the spring of 2012.

Due to all of these activities, there were about 380 cases during the third quarter of the current fiscal year in which the DC vaccine therapy was used. This raises to about 4,600 the total number of DC vaccine therapy cases since tella was established.

First nine months segment sales totaled 899,530 thousand yen. Sales at some contracted medical institutions were lower. But sales benefited from the generally steady growth in contracted medical institutions that signed to receive technologies and other know-how from tella during the fiscal year ended December 2010. Expenses rose because of growth in 2010 in the number of basic affiliated medical institutions receiving technologies and other know-how. Activities to sign up new affiliated medical institutions also weighed on earnings as well as increases in depreciation expenses, personnel expenses, and R&D expenses associated with new businesses and R&D activities. Advertising expenses also increased for the purpose of reinforcing the support provided to contracted medical institutions. The result was segment operating income of 48,034 thousand yen.

*The National Center for Global Health and Medicine is one of the six national advanced specialized medical research centers in Japan and plays a central role in the medical policies of the Japanese government. This center is responsible for all areas of advanced health care. The center has a general hospital with a full range of medical departments in order to provide highly advanced general health care, deal with international outbreaks of diseases and cooperate with overseas health care organizations. In addition, there is a research center with 14 departments and other activities. Since being transformed into an incorporated administrative agency in April 2010, the center has been engaged in clinical development and research programs mainly for “promotion of clinically-oriented R&D” and “promotion of R&D activities in hospitals” as medium-term goals.

2) Cell Therapy Support Business

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

Due in part to the delay in starting operations in the inspection business, segment sales in the first nine months totaled 83,289 thousand yen and operating income was 20,508 thousand yen.

(2) Qualitative Information Regarding Consolidated Financial Position

1) Assets, Liabilities and Net Assets

Total assets were 2,060,919 thousand yen at the end of the third quarter of 2011, liabilities totaled 1,050,640 thousand yen, and net assets totaled 1,010,278 thousand yen.

Since we have prepared consolidated financial statements for the first time in the first quarter of this fiscal year, there are no figures for the previous fiscal year.

2) Cash Flows

Cash and cash equivalents as of the end of the first nine months of 2011 totaled 984,803 thousand yen.

Since we have prepared consolidated financial statements for the first time in the first quarter of this fiscal year, there are no figures for the previous fiscal year.

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

Cash Flow from Operating Activities

Net cash provided by operating activities was 162,827 thousand yen. Major sources of cash were income before income taxes and minority interests of 55,152 thousand yen, and depreciation and amortization of 149,154 thousand yen, and a decrease of 17,476 thousand yen in notes and accounts receivable-trade. Major uses of cash were income taxes paid of 30,180 thousand yen, and an increase of 35,595 thousand yen in prepaid expenses.

Cash Flow from Investing Activities

Net cash used in investing activities was 64,589 thousand yen. There were payments of 66,385 thousand yen for the purchase of property, plant and equipment to support our facilities and basic affiliated medical institutions, a 10,000 thousand yen purchase of investment securities, and proceeds of 14,156 thousand yen from acquisition of consolidated subsidiary stock.

Cash Flow from Financing Activities

Net cash provided by financing activities was 215,537 thousand yen. There were proceeds of 200,000 thousand yen from short-term loans payable, 150,000 thousand yen from long-term loans payable, 195,924 thousand yen from issuance of bonds, and 40,713 thousand yen from issuance of stock resulting from exercise of subscription rights to shares. Major outflow components were 117,200 thousand yen for the repayment of short-term loans payable, 97,500 thousand yen for the repayment of long-term loans payable, 101,000 thousand yen for bond redemptions, 32,649 thousand yen for the repayments of lease obligations, 7,002 thousand yen for cash dividends paid, and 15,968 thousand yen for the repayment of installment payables.

(3) Qualitative Information Regarding Consolidated Forecast

There are no revisions to the revised forecasts for 2011 performance and the year-end dividend that were announced on July 29, 2011.

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. Other Information

(1) Overview of Changes in Significant Subsidiaries

Not applicable.

(2) Application of Simplified Accounting Methods and Special Accounting Methods

Not applicable.

(3) Changes in Accounting Principles, Procedures, Presentation Methods, etc.

1) Accounting standard for asset retirement obligations

Beginning with the first quarter of the current fiscal year, “Accounting Standard for Asset Retirement Obligations” (Accounting Standards Board of Japan (ASBJ) Statement No. 18, March 31, 2008) and “Guidance on Accounting Standard for Asset Retirement Obligations” (ASBJ Guidance No. 21, March 31, 2008) have been applied.

The effect of this change was to decrease operating income and ordinary income by 612 thousand yen each and income before income taxes and minority interests by 1,685 thousand yen for the first nine months under review.

2) Application of Accounting Standards for Business Combinations

Beginning with the first quarter of the current fiscal year, “Accounting Standard for Business Combinations” ASBJ Statement No. 21, December 26, 2008), and “Guidance on Accounting Standard for Business Combinations and Accounting Standard for Business Divestitures” (ASBJ Guidance No. 10, December 26, 2008) have been applied.

(4) Overview of Important Information about Going Concern Assumption

Not applicable.

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

	(Thousands of yen)
	Third quarter of FY12/2011 (As of Sep. 30, 2011)
Assets	
Current assets	
Cash and deposits	984,803
Notes and accounts receivable-trade	265,931
Raw materials	2,429
Prepaid expenses	50,031
Deferred tax assets	2,741
Other	9,820
Total current assets	<u>1,315,758</u>
Noncurrent assets	
Property, plant and equipment	
Buildings, net	256,950
Tools, furniture and fixtures, net	211,408
Lease assets, net	106,925
Total property, plant and equipment	<u>575,283</u>
Intangible assets	
Right of using patent	20,416
Software	3,087
Software in progress	4,788
Total intangible assets	<u>28,292</u>
Investments and other assets	
Investment securities	46,750
Lease deposits	69,163
Insurance funds	7,711
Deferred tax assets	16,827
Other	3,242
Allowance for doubtful accounts	(2,109)
Total investments and other assets	<u>141,585</u>
Total noncurrent assets	<u>745,161</u>
Total assets	<u>2,060,919</u>

	(Thousands of yen)
	Third quarter of FY12/2011
	(As of Sep. 30, 2011)
Liabilities	
Current liabilities	
Notes and accounts payable-trade	11,747
Short-term loans payable	100,000
Current portion of long-term loans payable	164,500
Current portion of bonds	124,400
Lease obligations	47,102
Accounts payable-other	54,286
Income taxes payable	17,366
Other	17,947
Total current liabilities	<u>537,350</u>
Noncurrent liabilities	
Bonds payable	209,100
Long-term loans payable	175,400
Lease obligations	68,276
Long-term lease deposited	55,741
Asset retirement obligations	4,772
Total noncurrent liabilities	<u>513,290</u>
Total liabilities	<u>1,050,640</u>
Net assets	
Shareholders' equity	
Capital stock	438,563
Capital surplus	310,240
Retained earnings	250,348
Treasury stock	(258)
Total shareholders' equity	<u>998,893</u>
Minority interests	<u>11,385</u>
Total net assets	<u>1,010,278</u>
Total liabilities and net assets	<u>2,060,919</u>

(2) Quarterly Consolidated Statements of Income
For the Nine-month Period

	(Thousands of yen)
	First nine months of FY12/2011 (Jan. 1 – Sep. 30, 2011)
Net sales	982,819
Cost of sales	333,327
Gross profit	649,492
Selling, general and administrative expenses	580,948
Operating income	68,543
Non-operating income	
Interest income	136
Rent income of real estate	63,730
Subsidy income	910
Other	1,507
Total non-operating income	66,285
Non-operating expenses	
Interest expenses	9,673
Interest on bonds	1,791
Rent cost of real estate	63,730
Stock issuance cost	374
Bond issuance cost	2,156
Guarantee commission	879
Other	5,234
Total non-operating expenses	83,841
Ordinary income	50,987
Extraordinary income	
Gain on negative goodwill	4,274
Reversal of allowance for doubtful accounts	23
Gain on reversal of subscription rights to shares	1,187
Total extraordinary income	5,486
Extraordinary loss	
Loss on retirement of noncurrent assets	170
Loss on abandonment of noncurrent assets	51
Loss on cancellation of lease contracts	26
Loss on adjustment for changes of accounting standard for asset retirement obligations	1,073
Total extraordinary losses	1,321
Income before income taxes and minority interests	55,152
Income taxes-current	32,798
Income taxes-deferred	(7,951)
Total income taxes	24,847
Income before minority interests	30,305
Minority interests in income	6,110
Net income	24,194

For the Three-month Period

	(Thousands of yen)
	Third quarter of FY12/2011 (Jul. 1 – Sep. 30, 2011)
Net sales	327,728
Cost of sales	117,147
Gross profit	210,581
Selling, general and administrative expenses	191,531
Operating income	19,049
Non-operating income	
Interest income	66
Rent income of real estate	21,262
Other	417
Total non-operating income	21,746
Non-operating expenses	
Interest expenses	3,378
Interest on bonds	594
Rent cost of real estate	21,262
Stock issuance cost	200
Bond issuance cost	2,156
Guarantee commission	308
Other	71
Total non-operating expenses	27,972
Ordinary income	12,823
Extraordinary income	
Gain on reversal of subscription rights to shares	1,172
Total extraordinary income	1,172
Income before income taxes and minority interests	13,996
Income taxes-current	6,669
Income taxes-deferred	(243)
Total income taxes	6,425
Income before minority interests	7,570
Minority interests in loss	(1,709)
Net income	9,280

(3) Quarterly Consolidated Statements of Cash Flows

	(Thousands of yen)
	First nine months of FY12/2011 (Jan. 1 – Sep. 30, 2011)
Net cash provided by (used in) operating activities	
Income before income taxes and minority interests	55,152
Depreciation and amortization	149,154
Increase (decrease) in allowance for doubtful accounts	(23)
Interest and dividends income	(136)
Interest expenses paid on loans and bonds	11,465
Gain on negative goodwill	(4,274)
Subsidy income	(910)
Share-based compensation expenses	967
Loss on retirement of noncurrent assets	170
Loss on abandonment of noncurrent assets	51
Loss (gain) on cancellation of insurance contract	4,376
Stock issuance cost	374
Loss on cancellation of leases	26
Gain on reversal of subscription rights to shares	(1,187)
Loss on adjustment for changes of accounting standard for asset retirement obligations	1,073
Decrease (increase) in notes and accounts receivable-trade	17,476
Decrease (increase) in inventories	(2,429)
Increase (decrease) in notes and accounts payable-trade	5,659
Decrease (increase) in prepaid expenses	(35,595)
Decrease (increase) in accounts receivable-other	6,000
Increase (decrease) in accounts payable-other	(11,806)
Increase (decrease) in accrued expenses	(134)
Increase (decrease) in accrued consumption taxes	4,165
Other, net	5,562
Subtotal	205,177
Interest and dividends income received	136
Interest expenses paid	(12,306)
Income taxes paid	(30,180)
Net cash provided by (used in) operating activities	162,827
Net cash provided by (used in) investing activities	
Purchase of property, plant and equipment	(66,385)
Proceeds from sales of property, plant and equipment	30
Purchase of investment securities	(10,000)
Purchase of intangible assets	(7,931)
Purchase of insurance funds	(1,944)
Proceeds from cancellation of insurance funds	7,980
Payments for lease and guarantee deposits	(496)
Proceeds from purchase of investments in subsidiaries resulting in change in scope of consolidation	14,156
Net cash provided by (used in) investing activities	(64,589)

	(Thousands of yen)
	First nine months of FY12/2011 (Jan. 1 – Sep. 30, 2011)
Net cash provided by (used in) financing activities	
Increase in short-term loans payable	200,000
Decrease in short-term loans payable	(117,200)
Proceeds from long-term loans payable	150,000
Repayment of long-term loans payable	(97,500)
Proceeds from issuance of bonds	195,924
Redemption of bonds	(101,000)
Cash dividends paid	(7,002)
Repayments of lease obligations	(32,649)
Proceeds from issuance of stock resulting from exercise of subscription rights to shares	40,713
Proceeds from issuance of subscription rights to shares	220
Repayments of installment payables	(15,968)
Net cash provided by (used in) financing activities	<u>215,537</u>
Net increase (decrease) in cash and cash equivalents	<u>313,775</u>
Cash and cash equivalents at beginning of period	<u>671,028</u>
Cash and cash equivalents at end of period	<u>984,803</u>

(4) Going Concern Assumption

Not applicable.

(5) Segment Information

Segment Information

1) Overview of reportable segment

Segments used for financial reporting are tella's constituent units for which separate financial information is available and for which the Board of Directors performs periodic studies for the purposes of determining the allocation of resources and evaluating performance.

The Company has two reportable segments that are based on services provided to customers: Cell Therapy Technology Development and Cell Therapy Support.

The Cell Therapy Technology Development segment involves the provision of exclusive cancer treatment technologies and know-how, chiefly the DC vaccine therapy. The Cell Therapy Support segment involves the operation of cell culture equipment by contract, the provision of maintenance and management services for this equipment, and others.

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

First nine months of FY12/2011 (Jan. 1 – Sep. 30, 2011)

(Thousands of yen)

	Reportable segment			Total	Adjustments	Amounts shown on quarterly consolidated statement of income
	Cell Therapy Technology Development	Cell Therapy Support	Total			
Net sales						
External sales	899,530	83,289	982,819	982,819	-	982,819
Inter-segment sales and transfers	-	-	-	-	-	-
Total	899,530	83,289	982,819	982,819	-	982,819
Segment profit	48,034	20,508	68,543	68,543	-	68,543

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

Third quarter of FY12/2011 (Jul. 1 – Sep. 30, 2011)

(Thousands of yen)

	Reportable segment			Total	Adjustments	Amounts shown on quarterly consolidated statement of income
	Cell Therapy Technology Development	Cell Therapy Support	Total			
Net sales						
External sales	304,028	23,699	327,728	327,728	-	327,728
Inter-segment sales and transfers	-	-	-	-	-	-
Total	304,028	23,699	327,728	327,728	-	327,728
Segment profit (loss)	24,876	(5,827)	19,049	19,049	-	19,049

Note: Segment profit (loss) is adjusted to be consistent with operating income shown on the quarterly consolidated statements of income.

3) Reconciliation of reported quarterly consolidated income with total profit (or loss) for reportable segments

Not applicable.

4) Information related to impairment losses of noncurrent assets, goodwill, etc. for each reportable segment

Significant gain on negative goodwill

In the Cell Therapy Support segment, a significant gain on negative goodwill was recorded because the purchase of stock of BMS Inc. in the first quarter of the current fiscal year made this company a consolidated subsidiary.

A gain of negative goodwill of 4,274 thousand yen was recorded in the first nine months under review in association with the acquisition of BMS Inc.

Additional Information

Beginning with the first quarter of the current fiscal year, “Accounting Standard for Disclosures about Segments of an Enterprise and Related Information” (ASBJ Statement No. 17, March 27, 2009) and “Guidance on the Accounting Standard for Disclosures about Segments of an Enterprise and Related Information” (ASBJ Guidance No. 20, March 21, 2008) have been applied.

(6) Significant Changes in Shareholders' Equity

Not applicable.

4. Reference: Quarterly Non-consolidated Financial Statements

tella started preparing quarterly consolidated financial statements in the first quarter of the current fiscal year. Non-consolidated financial statements for the first nine months/third quarter of the previous fiscal year and as of the end of the previous fiscal year are presented for reference.

(1) Balance Sheets

	(Thousands of yen)
	FY12/2010
	(As of Dec. 31, 2010)
Assets	
Current assets	
Cash and deposits	671,028
Accounts receivable-trade	278,450
Prepaid expenses	14,205
Deferred tax assets	825
Accounts receivable-other	10,624
Other	1,110
Total current assets	<u>976,246</u>
Noncurrent assets	
Property, plant and equipment	
Buildings, net	264,259
Tools, furniture and fixtures, net	236,836
Lease assets, net	79,003
Total property, plant and equipment	<u>580,099</u>
Intangible assets	
Software	4,095
Software in progress	2,709
Right of using patent	23,791
Total intangible assets	<u>30,596</u>
Investments and other assets	
Investment securities	36,750
Lease deposits	68,189
Deferred tax assets	10,142
Insurance funds	18,124
Other	1,348
Allowance for doubtful accounts	(2,133)
Total investments and other assets	<u>132,420</u>
Total noncurrent assets	<u>743,116</u>
Total assets	<u>1,719,362</u>

(Thousands of yen)	
FY12/2010	
(As of Dec. 31, 2010)	
Liabilities	
Current liabilities	
Accounts payable-trade	4,575
Short-term loans payable	17,200
Current portion of bonds	101,000
Current portion of long-term loans payable	118,400
Lease obligations	28,300
Accounts payable-other	60,700
Accounts payable-installment purchase	15,968
Income taxes payable	4,546
Accrued consumption taxes	6,253
Other	7,656
Total current liabilities	<u>364,601</u>
Noncurrent liabilities	
Long-term loans payable	169,000
Bonds payable	133,500
Lease obligations	55,661
Long-term lease deposited	55,741
Total noncurrent liabilities	<u>413,902</u>
Total liabilities	<u>778,504</u>
Net assets	
Shareholders' equity	
Capital stock	418,009
Capital surplus	
Legal capital surplus	289,706
Total capital surpluses	<u>289,706</u>
Retained earnings	
Other retained earnings	
Retained earnings brought forward	233,400
Total retained earnings	<u>233,400</u>
Treasury stock	<u>(258)</u>
Total shareholders' equity	<u>940,857</u>
Total net assets	<u>940,857</u>
Total liabilities and net assets	<u>1,719,362</u>

(2) Quarterly Statements of Income
For the Nine-month Period

	(Thousands of yen)
	First nine months of FY12/2010 (Jan. 1 – Sep. 30, 2010)
Operating revenues	836,555
Operating cost	276,994
Operating gross profit	559,560
Selling, general and administrative expenses	436,808
Operating income	122,752
Non-operating income	
Interest income	226
Rent income of real estate	58,311
Subsidy income	1,214
Other	2,652
Total non-operating income	62,405
Non-operating expenses	
Interest expenses	6,071
Interest on bonds	2,321
Bond issuance cost	3,388
Rent cost of real estate	58,311
Stock issuance cost	243
Other	2,898
Total non-operating expenses	73,234
Ordinary income	111,923
Extraordinary income	
Reversal of allowance for doubtful accounts	10,609
Total extraordinary income	10,609
Extraordinary loss	
Loss on abandonment of noncurrent assets	103
Total extraordinary losses	103
Income before income taxes	122,429
Income taxes-current	38,383
Income taxes-deferred	15,471
Total income taxes	53,854
Net income	68,574

For the Three-month Period

	(Thousands of yen)
	Third quarter of FY12/2010 (Jul. 1 – Sep. 30, 2010)
Operating revenues	345,073
Operating cost	104,357
Operating gross profit	240,715
Selling, general and administrative expenses	151,060
Operating income	89,655
Non-operating income	
Interest income	106
Rent income of real estate	21,475
Subsidy income	889
Other	374
Total non-operating income	22,845
Non-operating expenses	
Interest expenses	2,073
Interest on bonds	805
Rent cost of real estate	21,475
Stock issuance cost	173
Other	386
Total non-operating expenses	24,915
Ordinary income	87,586
Income before income taxes	87,586
Income taxes-current	36,920
Income taxes-deferred	741
Total income taxes	37,661
Net income	49,924

(3) Quarterly Statements of Cash Flows

	(Thousands of yen)
	First nine months of FY12/2010 (Jan. 1 – Sep. 30, 2010)
Net cash provided by (used in) operating activities	
Income before income taxes	122,429
Depreciation and amortization	148,299
Increase (decrease) in allowance for doubtful accounts	(13,442)
Interest and dividends income	(226)
Interest expenses paid on loans and bonds	8,393
Subsidy income	(1,214)
Stock issuance cost	243
Loss (gain) on cancellation of insurance contract	1,958
Decrease (increase) in accounts receivable-trade	(2,996)
Decrease (increase) in prepaid expenses	5,216
Decrease (increase) in inventories	(49)
Decrease (increase) in accounts receivable-other	4,453
Increase (decrease) in accounts payable-trade	1,469
Increase (decrease) in accounts payable-other	(8,260)
Increase (decrease) in accrued expenses	(162)
Increase (decrease) in accrued consumption taxes	(10,327)
Other, net	16,984
Subtotal	272,765
Interest and dividends income received	227
Interest expenses paid	(9,439)
Income taxes paid	(129,243)
Net cash provided by (used in) operating activities	134,309
Net cash provided by (used in) investing activities	
Purchase of property, plant and equipment	(227,772)
Proceeds from sales of property, plant and equipment	28
Purchase of intangible assets	(5,000)
Purchase of investment securities	(36,750)
Payments for investments in capital	(10)
Purchase of insurance funds	(7,263)
Proceeds from cancellation of insurance funds	1,851
Collection of lease deposits	4,967
Proceeds from long-term deposits received	18,207
Net cash provided by (used in) investing activities	(251,741)
Net cash provided by (used in) financing activities	
Increase in short-term loans payable	142,000
Decrease in short-term loans payable	(261,434)
Proceeds from long-term loans payable	180,000
Repayment of long-term loans payable	(21,300)
Proceeds from issuance of bonds	146,442
Redemption of bonds	(80,500)
Repayments of installment payables	(48,686)
Proceeds from issuance of stock resulting from exercise of subscription rights to shares	22,988
Purchase of treasury stock	(85)
Repayments of lease obligations	(18,319)
Cash dividends paid	(11,558)
Net cash provided by (used in) financing activities	49,548
Net increase (decrease) in cash and cash equivalents	(67,884)
Cash and cash equivalents at beginning of period	621,634
Cash and cash equivalents at end of period	553,750

5. Supplementary Information

(1) Production, Orders and Sales

1) Production

Not applicable because there were no production activities.

2) Orders received

Not applicable because there were no production activities in response to orders received.

3) Sales

Sales by operating segment in the first nine months of the current fiscal year are as follows. Since we have prepared consolidated financial statements for the first time in the first quarter of this fiscal year, there are no comparisons with the same quarter of the previous fiscal year.

(Thousands of yen)

Segment	Revenue
Cell Therapy Technology Development	899,530
Cell Therapy Support	83,289
Total	982,819

Notes: 1. Inter-segment transactions have been eliminated.
2. Sales to major customers and the ratio to net sales

(Thousands of yen, %)

Medical institution	First nine months of FY12/2011 (Jan. 1 – Sep. 30, 2011)	
	Sales	Pct. of total
Iso-kai SEREN CLINIC KOBE	128,777	13.1
Iso-kai SEREN CLINIC NAGOYA	128,042	13.0
Iso-kai SEREN CLINIC TOKYO	117,430	11.9
Iso-kai Fukuoka-imaxclinic	89,765	9.1

Sales to major customers and the ratio to net sales in the first nine months of FY12/2010 are as follows.

(Thousands of yen, %)

Medical institution	First nine months of FY12/2010 (Jan. 1 – Sep. 30, 2010)	
	Sales	Pct. of total
Iso-kai SEREN CLINIC	152,707	18.3
Iso-kai Midland clinic	133,082	15.9
Clinic Saint Louis	115,445	13.8
Shin-Yokohama Kato-clinic	81,727	9.8

3. SEREN CLINIC and Midland clinic were renamed on April 1, 2011 to SEREN CLINIC TOKYO and SEREN CLINIC NAGOYA, respectively and Shin-Yokohama Kato-clinic was renamed to Shinju-kai Shin-Yokohama Kato-clinic on December 1, 2010 when approval was received to become a medical corporation.

4. The above amounts do not include consumption and other taxes.

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.