



**Consolidated Financial Results for the Third Quarter of the Fiscal Year Ending December 31, 2013  
(Nine Months Ended September 30, 2013)**

[Japanese GAAP]

November 5, 2013

Company name: tella, Inc. Stock Exchange Listing: Tokyo Stock Exchange (JASDAQ)  
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 Scheduled submission of Quarterly Report: November 5, 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 November 5, 2013 at 15:30 (GMT +9).

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

**1. Consolidated Financial Results for the Nine Months Ended September 30, 2013 (Jan. 1, 2013 to Sep. 30, 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	%
Nine months ended Sep. 30, 2013	1,228	4.1	99	(51.5)	69	(64.9)	11	(87.3)
Nine months ended Sep. 30, 2012	1,179	20.0	205	199.9	198	288.4	88	266.4

Note: Comprehensive income (millions of yen) Nine months ended Sep. 30, 2013: 37 (down 63.4%)

Nine months ended Sep. 30, 2012: 103 (up 241.4%)

	Net income per share	Diluted net income per share
	Yen	Yen
Nine months ended Sep. 30, 2013	0.86	0.84
Nine months ended Sep. 30, 2012	6.76	6.67

(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, 2013	2,279	1,482	61.4	106.61
As of Dec. 31, 2012	2,079	1,437	67.3	106.56

Reference: Shareholders' equity (millions of yen) As of Sep. 30, 2013: 1,400 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	-	0.00	-	-	-
FY12/2013 (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, 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
Full year	1,717	11.2	155	(29.9)	100	(54.4)	21	(78.4)	1.64

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 Sep. 30, 2013:	13,137,000 shares	As of Dec. 31, 2012:	13,137,000 shares
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2) Number of shares of treasury stock at the end of period

As of Sep. 30, 2013:	239 shares	As of Dec. 31, 2012:	239 shares
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3) Average number of shares outstanding during the period

Nine months ended Sep. 30, 2013:	13,136,761 shares	Nine months ended Sep. 30, 2012:	13,120,079 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 Act for the quarterly consolidated financial statements had been completed.

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

Note concerning 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 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 nine months of 2013, the Japanese economy experienced a gradual recovery, supported primarily by the various economic stimulation measures enacted by the government. However, the outlook for the Japanese economy remains uncertain because of concerns about a downturn overseas caused by (or changes in the) the global economic environment.

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 universities and research institutions, and CRO business.

In the first nine months of 2013, net sales increased by 48,915 thousand yen, or 4.1%, from one year earlier to 1,228,700 thousand yen. This was attributable to firm sales in the Cell Therapy Support Business. Earnings benefited from higher sales in the Cell Therapy Support Business but were held down by lower sales in the Cell Therapy Technology Development Business and expenses associated with the growth strategy. As a result, operating income decreased by 105,800 thousand yen, or 51.5%, to 99,764 thousand yen, ordinary income fell by 128,486 thousand yen, or 64.9%, to 69,564 thousand yen, and net income declined by 77,411 thousand yen, or 87.3%, to 11,235 thousand yen.

First nine-month 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 Akita, Miyagi, Tokyo, Kanagawa, Aichi, Kyoto and Hyogo.

Regarding sales activities targeting medical institutions across Japan, the Company signed alliance agreements in August 2013 with the Kitasato Institute (Minato-ku, Tokyo) and the Medical Corporation Hakutokai, Hakutokai Takao Hospital (Hachioji City, Tokyo). Under these alliances, we will start providing technologies and know-how concerning the DC vaccine therapy to Kitasato University Kitasato Institute Hospital and Hakutokai Takao Hospital. We entered into client medical institution agreements with following medical institutions: Benihana Internal Medicine Clinic (Yamagata City, Yamagata) and Hachinohe Family Clinic (Hachinohe City, Aomori) in September 2013; Ikeda Surgery, Gastroenterology, Internal Medicine Clinic (Morioka City, Iwate) in October 2013. Adding these alliances raised to 32 the number of contracted medical institutions as of the end of September 2013.

Regarding R&D activities, the Company received an exclusive utilization right concerning the adjustment method for immune-control DC and applications (patent 4547174) in July 2013. As a result, the Company can proceed with the development of a new immunotherapy for individuals with autoimmune diseases and allergies in addition to continuing work on the DC vaccine therapy for the treatment of cancer.

Also in July 2013, the Company has signed a basic joint research and development agreement with AnGes MG, Inc. for research into a cervical intraepithelial neoplasia precancerous lesion therapeutic vaccine (hereinafter "CIN therapeutic vaccine"). In accordance with the agreement, the two companies will undertake joint research and development towards the realization of a feasible CIN therapeutic vaccine.

A research paper concerning the Company's DC vaccine therapy was published in the July 20, 2013 electronic version of the Journal of Gastrointestinal Surgery, the official publication of the U.S. Society for Surgery of the Alimentary Tract. The paper explains the effectiveness of this therapy for treating unresectable advanced recurrent biliary tract cancer and examines prognosis factors. In September, this research paper was published in the printed version of the Journal Gastrointestinal Surgery (2013 Sep; 17(9):1609-17).

The Company has been performing joint development with the National University Corporation Kyushu University concerning natural killer cells (NK cells), which we call ZNK® cells, that are highly effective killing cancer cells. A patent application was submitted in February 2012. An English-language research paper about the technology for culturing ZNK® cells was published in the electronic version of the July 25, 2013 Human Gene Therapy Methods. This is the official publication of the European Society of Gene and Cell Therapy, International Society for Cell and Gene Therapy of Cancer, the British Society for Gene and Cell Therapy and 10 other international academic associations. In August, this research paper was published in the printed version of the Human Gene Therapy Methods (2013 Aug; 24(4):241-52). The Company continues to promote the reinforcement of the scientific evidence.

In October 2013, the Company has signed a joint research agreement with the Kitasato Institute. Based on this agreement, a phase I clinical study will begin with Kitasato University Kitasato Institute Hospital for the DC vaccine therapy using cancer antigens for treating hepatocellular carcinoma (liver cancer).

Due to all of these activities, there were approximately 330 cases during the third quarter (Jul-Sep) of 2013 in which the DC vaccine therapy was used. This raises to about 7,300 the total number of DC vaccine therapy cases since the Company was established.

Segment sales for the first nine months decreased 87,788 thousand yen, or 9.5%, from one year earlier to 838,781 thousand yen because of slower growth in the number of cases. Profits were affected mainly by the decline in sales and higher R&D expenses caused by measures for the development of cellular pharmaceuticals for the DC vaccine therapy. As a result, operating income fell 142,840 thousand yen, or 89.6%, to 16,644 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, CRO business and others.

Segment sales for the first nine months increased 138,863 thousand yen, or 54.8%, from one year earlier to 392,078 thousand yen. This was due to the strong new orders for sales support and maintenance and management services. Operating income increased 37,867 thousand yen, or 82.2%, to 83,946 thousand yen.

### **(2) Qualitative Information Regarding Consolidated Financial Position**

#### **(a) Assets, Liabilities and Net Assets**

Total assets increased 200,250 thousand yen from the end of the previous fiscal year to 2,279,482 thousand yen as of the end of the third quarter of the current fiscal year. Current assets increased 99,328 thousand yen to 1,502,375 thousand yen, mainly due to an increase in cash and deposits of 62,621 thousand yen, booking of income taxes receivable of 27,518 thousand yen, and a decrease in allowance for doubtful accounts of 8,297 thousand yen. Noncurrent assets increased 100,922 thousand yen to 777,106 thousand yen, mainly due to the purchase of investment securities of 100,000 thousand yen.

Liabilities increased 155,197 thousand yen to 796,702 thousand yen. Current liabilities decreased 14,829 thousand yen to 412,362 thousand yen, mainly the result of an increase in accrued liabilities of 76,160 thousand yen, a decrease in interest-bearing debt (bonds payable, lease obligations, etc.) of 39,782 thousand yen, and a decrease in income taxes payable of 53,745 thousand yen. Noncurrent liabilities increased 170,026 thousand yen to 384,340 thousand yen, mainly due to an increase in long-term loans payable of 257,500 thousand yen, and a decrease in bonds payable and lease obligations of 86,410 thousand yen.

Net assets increased 45,053 thousand yen to 1,482,779 thousand yen and shareholders' equity ratio was 61.4%.

**(b) Cash Flows**

Cash and cash equivalents as of the end of the third quarter of the current fiscal year totaled 1,093,172 thousand yen, 62,621 thousand yen more than as of the end of 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 totaled 140,552 thousand yen, compared with net cash provided of 300,596 thousand yen in the same period of the previous fiscal year. Major items included income before income taxes and minority interests of 69,517 thousand yen, depreciation and amortization of 118,902 thousand yen, a decrease in allowance for doubtful accounts of 10,243 thousand yen, a decrease in notes and accounts receivable-trade of 43,616 thousand yen, an increase in prepaid expenses of 21,669 thousand yen, an increase in notes and accounts payable-trade of 44,927 thousand yen, and income taxes paid of 112,955 thousand yen.

**Cash Flow from Investing Activities**

Net cash used in investing activities totaled 216,847 thousand yen, compared with net cash used of 109,876 thousand yen in the same period of the previous fiscal year. Major items included purchase of property, plant and equipment of 31,545 thousand yen, purchase of intangible assets of 40,721 thousand yen, purchase of investment securities of 100,000 thousand yen, and payments for lease and guarantee deposits of 42,675 thousand yen.

**Cash Flow from Financing Activities**

Net cash provided by financing activities totaled 138,917 thousand yen, compared with net cash used of 122,463 thousand yen in the same period of the previous fiscal year. There were 150,000 thousand yen in proceeds from short-term loans payable, 150,000 thousand yen in repayment of short-term loans payable, 350,000 thousand yen in proceeds from long-term loans payable, 94,500 thousand yen in repayment of long-term loans payable, 95,900 thousand yen in redemption of bonds, 28,292 thousand yen in repayments of lease obligations, 10,080 thousand yen in cash dividends paid, and 17,690 thousand yen in proceeds from issuance of subscription rights to shares.

**(3) Qualitative Information Regarding Consolidated Forecast**

There are no revisions to the forecast in the Consolidated Financial Results for the Second Quarter of the Fiscal Year Ending December 31, 2013 [Japanese GAAP] that was announced on August 6, 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 (Notes)****(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

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.

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

(Thousands of yen)

	FY12/2012 (As of Dec. 31, 2012)	Third quarter of FY12/2013 (As of Sep. 30, 2013)
Assets		
Current assets		
Cash and deposits	1,030,551	1,093,172
Notes and accounts receivable-trade	291,667	248,051
Raw materials	3,390	3,963
Prepaid expenses	50,390	72,807
Income taxes receivable	-	27,518
Deferred tax assets	9,666	12,527
Other	25,887	44,544
Allowance for doubtful accounts	(8,506)	(209)
Total current assets	1,403,047	1,502,375
Noncurrent assets		
Property, plant and equipment		
Buildings, net	212,256	183,081
Tools, furniture and fixtures, net	215,570	168,926
Lease assets, net	54,633	29,158
Construction in progress	-	19,844
Total property, plant and equipment	482,460	401,009
Intangible assets		
Software	9,167	16,807
Software in progress	41,567	74,103
Right of using patent	14,791	11,416
Total intangible assets	65,526	102,328
Investments and other assets		
Investment securities	36,750	136,750
Lease deposits	64,666	107,302
Insurance funds	9,681	11,626
Deferred tax assets	16,837	15,921
Other	2,207	2,167
Allowance for doubtful accounts	(1,946)	-
Total investments and other assets	128,196	273,768
Total noncurrent assets	676,183	777,106
Total assets	2,079,231	2,279,482

	(Thousands of yen)	
	FY12/2012 (As of Dec. 31, 2012)	Third quarter of FY12/2013 (As of Sep. 30, 2013)
<b>Liabilities</b>		
<b>Current liabilities</b>		
Notes and accounts payable-trade	18,085	61,624
Current portion of bonds	95,900	73,200
Current portion of long-term loans payable	116,400	114,400
Lease obligations	36,991	21,909
Accounts payable-other	56,411	89,033
Income taxes payable	69,753	16,008
Asset retirement obligations	-	5,634
Other	33,649	30,551
<b>Total current liabilities</b>	<b>427,192</b>	<b>412,362</b>
<b>Noncurrent liabilities</b>		
Bonds payable	113,200	40,000
Long-term loans payable	22,500	280,000
Lease obligations	23,204	9,993
Long-term lease deposited	50,537	50,537
Asset retirement obligations	4,871	-
Other	-	3,808
<b>Total noncurrent liabilities</b>	<b>214,313</b>	<b>384,340</b>
<b>Total liabilities</b>	<b>641,505</b>	<b>796,702</b>
<b>Net assets</b>		
<b>Shareholders' equity</b>		
Capital stock	593,017	593,017
Capital surplus	464,694	464,694
Retained earnings	342,390	343,116
Treasury stock	(270)	(270)
<b>Total shareholders' equity</b>	<b>1,399,832</b>	<b>1,400,558</b>
Subscription rights to shares	-	17,690
Minority interests	37,892	64,530
<b>Total net assets</b>	<b>1,437,725</b>	<b>1,482,779</b>
<b>Total liabilities and net assets</b>	<b>2,079,231</b>	<b>2,279,482</b>



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

	(Thousands of yen)	
	First nine months of FY12/2012 (Jan. 1 – Sep. 30, 2012)	First nine months of FY12/2013 (Jan. 1 – Sep. 30, 2013)
Net sales	1,179,785	1,228,700
Cost of sales	393,785	458,866
Gross profit	785,999	769,833
Selling, general and administrative expenses	580,434	670,068
Operating income	205,564	99,764
Non-operating income		
Interest income	197	203
Rent income of real estate	59,570	57,793
Subsidy income	533	147
Other	3,098	1,902
Total non-operating income	63,399	60,046
Non-operating expenses		
Interest expenses	7,013	3,407
Interest on bonds	2,197	1,334
Rent cost of real estate	59,570	57,793
Stock issuance cost	174	-
Guarantee commission	1,044	639
Other	913	27,072
Total non-operating expenses	70,913	90,247
Ordinary income	198,050	69,564
Extraordinary loss		
Loss on retirement of noncurrent assets	11	-
Loss on abandonment of noncurrent assets	-	46
Loss on valuation of investment securities	9,747	-
Loss on cancellation of lease contracts	0	-
Total extraordinary losses	9,758	46
Income before income taxes and minority interests	188,292	69,517
Income taxes-current	90,320	33,589
Income taxes-deferred	(5,497)	(1,944)
Total income taxes	84,822	31,644
Income before minority interests	103,469	37,873
Minority interests in income	14,822	26,637
Net income	88,646	11,235

**Quarterly Consolidated Statements of Comprehensive Income**  
**For the Nine-month Period**

	(Thousands of yen)	
	First nine months of FY12/2012 (Jan. 1 – Sep. 30, 2012)	First nine months of FY12/2013 (Jan. 1 – Sep. 30, 2013)
Income before minority interests	103,469	37,873
Other comprehensive income		
Total other comprehensive income	-	-
Comprehensive income	103,469	37,873
Comprehensive income attributable to		
Comprehensive income attributable to owners of the parent	88,646	11,235
Comprehensive income attributable to minority interests	14,822	26,637

**(3) Quarterly Consolidated Statements of Cash Flows**

(Thousands of yen)

	First nine months of FY12/2012 (Jan. 1 – Sep. 30, 2012)	First nine months of FY12/2013 (Jan. 1 – Sep. 30, 2013)
Net cash provided by (used in) operating activities		
Income before income taxes and minority interests	188,292	69,517
Depreciation and amortization	117,056	118,902
Increase (decrease) in allowance for doubtful accounts	(162)	(10,243)
Interest and dividends income	(197)	(203)
Interest expenses paid on loans and bonds	9,211	4,742
Subsidy income	(533)	(147)
Loss (gain) on valuation of investment securities	9,747	-
Loss on retirement of noncurrent assets	11	-
Loss on abandonment of noncurrent assets	-	46
Stock issuance cost	174	-
Loss on cancellation of leases	0	-
Decrease (increase) in notes and accounts receivable-trade	36,408	43,616
Decrease (increase) in inventories	1,297	(573)
Increase (decrease) in notes and accounts payable-trade	10,962	44,927
Decrease (increase) in prepaid expenses	(18,720)	(21,669)
Decrease (increase) in accounts receivable-other	(2,168)	12,864
Increase (decrease) in accounts payable-other	(2,339)	30,890
Increase (decrease) in accrued expenses	16	3,326
Increase (decrease) in accrued consumption taxes	4,282	2,380
Other, net	(3,215)	(40,604)
Subtotal	350,122	257,773
Interest and dividends income received	197	203
Interest expenses paid	(9,988)	(6,092)
Subsidies received	4,761	1,622
Income taxes paid	(45,900)	(112,955)
Income taxes refund	1,405	-
Net cash provided by (used in) operating activities	300,596	140,552
Net cash provided by (used in) investing activities		
Purchase of property, plant and equipment	(79,317)	(31,545)
Proceeds from sales of property, plant and equipment	25	-
Purchase of investment securities	-	(100,000)
Purchase of intangible assets	(27,934)	(40,721)
Purchase of insurance funds	(1,944)	(1,944)
Payments for lease and guarantee deposits	(705)	(42,675)
Proceeds from collection of lease and guarantee deposits	5,203	39
Repayments of long-term deposits received	(5,203)	-
Net cash provided by (used in) investing activities	(109,876)	(216,847)

	(Thousands of yen)	
	First nine months of FY12/2012 (Jan. 1 – Sep. 30, 2012)	First nine months of FY12/2013 (Jan. 1 – Sep. 30, 2013)
Net cash provided by (used in) financing activities		
Increase in short-term loans payable	250,000	150,000
Decrease in short-term loans payable	(100,000)	(150,000)
Proceeds from long-term loans payable	-	350,000
Repayment of long-term loans payable	(121,700)	(94,500)
Redemption of bonds	(124,400)	(95,900)
Repayments of lease obligations	(35,359)	(28,292)
Proceeds from issuance of stock resulting from exercise of subscription rights to shares	9,023	-
Proceeds from issuance of subscription rights to shares	-	17,690
Purchase of treasury stock	(11)	-
Cash dividends paid	(15)	(10,080)
Net cash provided by (used in) financing activities	(122,463)	138,917
Net increase (decrease) in cash and cash equivalents	68,257	62,621
Cash and cash equivalents at beginning of period	1,092,670	1,030,551
Cash and cash equivalents at end of period	1,160,927	1,093,172

**(4) Going Concern Assumption**

Not applicable.

**(5) Segment and Other Information**

I First nine months of FY12/2012 (Jan. 1 – Sep. 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	926,570	253,215	1,179,785	1,179,785	-	1,179,785
Inter-segment sales and transfers	-	-	-	-	-	-
Total	926,570	253,215	1,179,785	1,179,785	-	1,179,785
Segment profit	159,485	46,079	205,564	205,564	-	205,564

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

II First nine months of FY12/2013 (Jan. 1 – Sep. 30, 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	838,781	389,919	1,228,700	1,228,700	-	1,228,700
Inter-segment sales and transfers	-	2,159	2,159	2,159	(2,159)	-
Total	838,781	392,078	1,230,859	1,230,859	(2,159)	1,228,700
Segment profit	16,644	83,946	100,591	100,591	(826)	99,764

Notes: 1. The -826 thousand yen adjustment to segment profit comprises elimination for inter-segment transactions.

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

3. A consolidated subsidiary TITAN Inc. was included in the Cell Therapy Support segment in the first six months of FY12/2013.

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 nine months of FY12/2013 is insignificant.

A consolidated subsidiary TITAN Inc. was included in the Cell Therapy Support segment in the first six months of FY12/2013.

**(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.*