



**Consolidated Financial Results for the Third Quarter of the Fiscal Year Ending December 31, 2015
(Nine Months Ended September 30, 2015)**

[Japanese GAAP]

November 10, 2015

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Scheduled date of dividend payment: -

Preparation of supplementary materials for quarterly financial results: None

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 September 30, 2015

(Jan. 1, 2015 to Sep. 30, 2015)

(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, 2015	1,479	3.0	(406)	-	(429)	-	(449)	-
Nine months ended Sep. 30, 2014	1,436	16.9	(197)	-	(227)	-	(207)	-

Note: Comprehensive income (millions of yen) Nine months ended Sep. 30, 2015: (442) (- %)

Nine months ended Sep. 30, 2014: (195) (- %)

	Net income per share	Diluted net income per share
	Yen	Yen
Nine months ended Sep. 30, 2015	(32.26)	-
Nine months ended Sep. 30, 2014	(15.07)	-

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of Sep. 30, 2015	3,160	2,084	63.3
As of Dec. 31, 2014	3,396	2,499	70.8

Reference: Shareholders' equity (millions of yen) As of Sep. 30, 2015: 2,000 As of Dec. 31, 2014: 2,406

2. Dividends

	Dividend per share				
	1Q-end	2Q-end	3Q-end	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
FY12/2014	-	0.00	-	0.00	0.00
FY12/2015	-	0.00	-	-	-
FY12/2015 (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, 2015 (Jan. 1, 2015 to Dec. 31, 2015)

(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	1,945	4.3	(681)	-	(711)	-	(726)	-	(52.15)

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 shares)

As of Sep. 30, 2015:	13,995,156 shares	As of Dec. 31, 2014:	13,795,156 shares
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2) Number of treasury shares at the end of period

As of Sep. 30, 2015:	253 shares	As of Dec. 31, 2014:	239 shares
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3) Average number of shares outstanding during the period

Nine months ended Sep. 30, 2015:	13,922,388 shares	Nine months ended Sep. 30, 2014:	13,758,473 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 have 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 "Explanation of Consolidated Forecast and Other Forward-looking Statements" 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) Explanation of Results of Operations

In the first nine months of 2015, the tella Group's operating environment was as follows. The promotion of regenerative and cell medicine is one of the main elements of the Abenomics growth strategy. One result was the April 2013 passage of the Act concerning the Comprehensive Promotion of Measures for the Rapid and Safe Use of Regenerative Medicine in Japan. An additional two laws were passed in November 2013. One is the Act concerning the Assurance of Quality, Efficacy and Safety for Pharmaceuticals and Medical Devices, which newly defines regenerative medicine products and establishes a system for quick approvals of these products with certain conditions. The other is the Act concerning the Assurance of Safety for Regenerative Medicine, which is aimed at facilitating the commercialization of cell processing operations. Overall, there is progress toward establishing an environment for regenerative medicine and cell therapy businesses and even creating an industry for these activities.

The tella Group performs R&D activities involving the dendritic cell vaccine therapy, which is one type of cancer immunotherapy. We provide cancer treatment technologies and know-how, which incorporate many exclusive modifications of ours, to contracted medical institutions. We conduct sales activities targeting medical institutions nationwide and academic and information activities. In particular, we provide information to patients by using seminars and other methods and present research results at academic conferences. We also operate cell processing facilities by contract chiefly at universities and research institutions and provide maintenance and management services for these facilities, sell cell processing devices, and operate a CRO business, small-amount short-term insurance business and pharmaceuticals business.

In October 2015, tella made an investment in Karydo TherapeutiX, Inc., which works on the development of an innovative technology platform for the early diagnosis and prevention of cancer and other diseases. With this investment, tella has entered a business involving the early diagnosis and prevention of diseases.

In the first nine months, net sales increased 42,680 thousand yen, or 3.0%, from one year earlier to 1,479,500 thousand yen because of the August 2014 start of the small-amount short-term insurance business in the Medical Support Business. There were losses due mainly to up-front development expenses in the Pharmaceuticals Business in association with full-scale development activities to receive regulatory approval. In addition, some consolidated subsidiaries are in the start-up phase of their operations in the Medical Support Business. The operating loss increased from 197,413 thousand yen one year earlier to 406,851 thousand yen, the ordinary loss increased from 227,342 thousand yen to 429,063 thousand yen and the net loss increased from 207,360 thousand yen to 449,176 thousand yen.

Performance by reportable segment was as follows.

(a) Cell Medicine Business

In this business segment, tella provides unique cancer treatment technologies and know-how, chiefly the dendritic cell 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 Hokkaido, Miyagi, Tokyo, Kanagawa, Yamanashi, Aichi, Gifu, Kyoto, Hyogo, and Fukuoka.

Regarding sales activities targeting medical institutions across Japan, we conducted a broad range of activities to raise awareness of our technologies and operations. These activities were primarily cancer therapy forums for physicians and other types of seminars. We established a client medical institution agreement with Ageo Central General Hospital in September 2015. This brought the total number of contracted medical institutions in Japan to 38.

In the same month, Fukushima Medical University Hospital, which is one of tella's contracted medical institutions, started providing the WT1 peptide pulsed DC vaccine therapy as an advanced medical treatment for stomach cancer, esophageal cancer and lung cancer.

Regarding R&D activities, tella signed a joint research agreement with the Jikei University School of Medicine Malignant Tumor Treatment Research Department in July 2015 and started research concerning the establishment of dendritic cells derived from human iPS cells. The purpose is to develop detection methods for endotoxins and other pyrogenic substances that contaminate pharmaceuticals and other substances.

There were approximately 280 cases during the third quarter (July to September) of 2015 in which the dendritic cell vaccine therapy was used in the contracted medical institutions. This raised the total number of these therapy cases since the establishment of tella to about 9,800.

Segment sales for the first nine months decreased 41,661 thousand yen, or 5.1%, from one year earlier to 776,586 thousand yen due to the decline in the number of cases from one year earlier, Operating loss totaled 141,091 thousand yen compared with an operating loss of 122,858 thousand yen one year earlier.

(b) Medical 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 cell culture devices, sales of small-amount short-term insurance, the CRO business and the genetic diagnosis support business.

Segment sales for the first nine months decreased 4,010 thousand yen, or 0.6%, from one year earlier to 703,026 thousand yen despite the August 2014 inclusion of Tella Small Amount and Short Term Insurance Inc., which operates the small-amount short-term insurance business. Lower segment sales were mainly due to a decline in sales of cell culture devices. As some consolidated subsidiaries are in the start-up phase of their operations, operating loss totaled 174,755 thousand yen compared with operating income of 7,491 thousand yen one year earlier.

(c) Pharmaceuticals Business

In the Pharmaceuticals Business, we are strengthening development operations for the purpose of receiving pharmaceutical approval for a regenerative medicine product for treating pancreatic cancer. In addition, we are concentrating on performing these development activities.

There was an operating loss of 117,129 thousand yen compared with an operating loss of 77,389 thousand yen one year earlier because of development activities to obtain pharmaceutical approval.

(2) Explanation of Financial Position

Total assets decreased 236,654 thousand yen from the end of 2014 to 3,160,011 thousand yen as of the end of the third quarter of 2015. Current assets decreased 379,300 thousand yen to 1,806,596 thousand yen, mainly due to a decrease in cash and deposits resulting from repayments of long-term loans payable. Non-current assets increased 142,645 thousand yen to 1,353,415 thousand yen. The main reasons were the purchase of non-current assets for the introduction of a new system, the investments in cell culture facilities for the basic affiliated medical institutions and the purchase of investment securities.

Total liabilities increased 178,837 thousand yen to 1,075,678 thousand yen. Current liabilities increased 187,323 thousand yen to 552,143 thousand yen. The main reason was an increase in loans from financial institutions. Non-current liabilities decreased 8,486 thousand yen to 523,535 thousand yen.

Net assets decreased 415,492 thousand yen to 2,084,332 thousand yen, and the shareholders' equity ratio was 63.3%.

(3) Explanation of Consolidated Forecast and Other Forward-looking Statements

There are no revisions to the forecast in the Consolidated Financial Results for the Second Quarter of the Fiscal Year Ending December 31, 2015 [Japanese GAAP] that was announced on August 7, 2015.

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

Not applicable.

3. Important Information about Going Concern Assumption

The tella Group performs R&D activities involving the dendritic cell vaccine therapy, which is one type of cancer immunotherapy. We make up-front investments to make medical institutions aware of technologies incorporating many exclusive modifications of ours and to increase the use of these technologies. Furthermore, expenses are incurred prior to earnings involving R&D and medical support services associated with cancer treatment technologies and other know-how. For these reasons, there are significant doubts about the going concern assumption because of the resulting operating losses year after year.

At this time, we believe that there are no concerns about the continuity of our business operations after considering cash and cash equivalents at the end of the third quarter of 2015 and the outlook for cash flows. Furthermore, group companies are improving operating efficiency and holding down investments and operating expenses as much as possible in order to defuse the current situation. We are determined to become profitable at an early date as we establish more relationships with medical institutions with respect to business operations and technologies.

We will continue to work on improving profitability by taking these actions and we have secured adequate working capital for upcoming business activities. Consequently, we believe that there are no significant uncertainties regarding the going concern assumption.

4. Quarterly Consolidated Financial Statements**(1) Quarterly Consolidated Balance Sheet**

(Thousands of yen)

	FY12/2014 (As of Dec. 31, 2014)	Third quarter of FY12/2015 (As of Sep. 30, 2015)
Assets		
Current assets		
Cash and deposits	1,749,478	1,326,536
Notes and accounts receivable-trade	297,662	333,518
Merchandise	-	2,430
Raw materials	9,027	3,737
Work in process	-	13,860
Prepaid expenses	37,883	65,453
Advances paid	20,301	195
Deferred tax assets	156	8,625
Income taxes receivable	45	132
Other	71,536	52,356
Allowance for doubtful accounts	(196)	(250)
Total current assets	2,185,896	1,806,596
Non-current assets		
Property, plant and equipment		
Buildings, net	227,056	188,232
Tools, furniture and fixtures, net	227,135	174,615
Leased assets, net	18,451	20,847
Construction in progress	-	127,980
Total property, plant and equipment	472,643	511,674
Intangible assets		
Software	91,415	88,684
Goodwill	47,969	45,185
Right of using patent	20,133	15,408
Other	6,335	4,983
Total intangible assets	165,854	154,262
Investments and other assets		
Investment securities	379,335	404,582
Lease deposits	110,062	156,101
Insurance funds	13,596	15,541
Deferred tax assets	4,340	3,322
Other	64,935	107,929
Total investments and other assets	572,271	687,477
Total non-current assets	1,210,769	1,353,415
Total assets	3,396,666	3,160,011

	(Thousands of yen)	
	FY12/2014 (As of Dec. 31, 2014)	Third quarter of FY12/2015 (As of Sep. 30, 2015)
Liabilities		
Current liabilities		
Notes and accounts payable-trade	29,049	43,388
Short-term loans payable	-	90,000
Current portion of bonds	20,000	20,000
Current portion of long-term loans payable	152,360	172,360
Lease obligations	12,814	8,250
Outstanding claims	2,085	1,201
Policy reserve	253	242
Accounts payable-other	100,594	161,957
Income taxes payable	10,936	5,256
Other	36,725	49,485
Total current liabilities	364,819	552,143
Non-current liabilities		
Bonds payable	20,000	-
Long-term loans payable	420,390	376,120
Lease obligations	14,607	20,329
Long-term lease deposited	50,537	97,111
Asset retirement obligations	19,622	19,810
Deferred tax liabilities	3,598	10,164
Other	3,264	-
Total non-current liabilities	532,021	523,535
Total liabilities	896,841	1,075,678
Net assets		
Shareholders' equity		
Capital stock	1,332,178	1,346,778
Capital surplus	1,203,855	1,218,455
Retained earnings	(129,346)	(578,522)
Treasury shares	(270)	(282)
Total shareholders' equity	2,406,417	1,986,429
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	-	13,781
Total accumulated other comprehensive income	-	13,781
Subscription rights to shares	11,128	19,854
Minority interests	82,279	64,267
Total net assets	2,499,825	2,084,332
Total liabilities and net assets	3,396,666	3,160,011

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

(Thousands of yen)

	First nine months of FY12/2014 (Jan. 1 – Sep. 30, 2014)	First nine months of FY12/2015 (Jan. 1 – Sep. 30, 2015)
Net sales	1,436,819	1,479,500
Cost of sales	676,976	786,852
Gross profit	759,843	692,647
Selling, general and administrative expenses	957,256	1,099,499
Operating loss	(197,413)	(406,851)
Non-operating income		
Interest income	1,452	1,100
Dividend income	-	450
Rent income of real estate	58,181	63,058
Subsidy income	432	-
Other	3,411	6,554
Total non-operating income	63,477	71,163
Non-operating expenses		
Interest expenses	5,150	6,168
Interest on bonds	688	273
Share of loss of entities accounted for using equity method	3,471	5,353
Foreign exchange losses	-	6
Rent cost of real estate	58,181	63,058
Share issuance cost	5,384	142
Guarantee commission	463	251
Other	20,066	18,121
Total non-operating expenses	93,406	93,375
Ordinary loss	(227,342)	(429,063)
Extraordinary income		
Gain on reversal of subscription rights to shares	-	20
Total extraordinary income	-	20
Extraordinary losses		
Loss on change in equity	-	7,480
Impairment loss	-	11,260
Loss on retirement of non-current assets	224	5,326
Total extraordinary losses	224	24,068
Loss before income taxes and minority interests	(227,567)	(453,112)
Income taxes-current	23,053	10,549
Income taxes-deferred	(55,498)	(7,703)
Total income taxes	(32,444)	2,845
Loss before minority interests	(195,122)	(455,957)
Minority interests in income (loss)	12,237	(6,781)
Net loss	(207,360)	(449,176)

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

(Thousands of yen)

	First nine months of FY12/2014 (Jan. 1 – Sep. 30, 2014)	First nine months of FY12/2015 (Jan. 1 – Sep. 30, 2015)
Loss before minority interests	(195,122)	(455,957)
Other comprehensive income		
Valuation difference on available-for-sale securities	-	13,781
Total other comprehensive income	-	13,781
Comprehensive income	(195,122)	(442,175)
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	(207,360)	(435,394)
Comprehensive income attributable to minority interests	12,237	(6,781)

(3) Notes to Quarterly Consolidated Financial Statements**Going Concern Assumption**

Not applicable.

Significant Changes in Shareholders' Equity

There was no significant change in shareholders' equity compared to the end of the previous fiscal year.

Segment and Other Information

Segment Information

I First nine months of FY12/2014 (Jan. 1 – Sep. 30, 2014)

1. Information related to net sales and profit or loss for reportable segments (Thousands of yen)

	Reportable segment				Total	Adjustments	Amounts shown on quarterly consolidated statement of income
	Cell Medicine	Medical Support	Pharmaceuticals	Subtotal			
Net sales							
External sales	818,247	618,572	-	1,436,819	1,436,819	-	1,436,819
Inter-segment sales and transfers	-	88,465	-	88,465	88,465	(88,465)	-
Total	818,247	707,037	-	1,525,285	1,525,285	(88,465)	1,436,819
Segment profit (loss)	(122,858)	7,491	(77,389)	(192,756)	(192,756)	(4,656)	(197,413)

Notes: 1. The negative adjustment of 4,656 thousand yen to segment loss is an elimination for inter-segment transactions of 3,984 thousand yen and an adjustment of -8,641 thousand yen to non-current assets.

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

2. Information related to goodwill, etc. for reportable segments

Significant change in goodwill

Goodwill was booked in the Medical Support segment as a result of the business combination relating to acquisition of business, the acquisition of a new consolidated subsidiary, and an additional investment in a consolidated subsidiary.

The event caused an increase of goodwill by 51,679 thousand yen for the first nine months of FY12/2014.

II First nine months of FY12/2015 (Jan. 1 – Sep. 30, 2015)

1. Information related to net sales and profit or loss for reportable segments (Thousands of yen)

	Reportable segment				Total	Adjustments	Amounts shown on quarterly consolidated statement of income
	Cell Medicine	Medical Support	Pharmaceuticals	Subtotal			
Net sales							
External sales	776,586	702,913	-	1,479,500	1,479,500	-	1,479,500
Inter-segment sales and transfers	-	113	-	113	113	(113)	-
Total	776,586	703,026	-	1,479,613	1,479,613	(113)	1,479,500
Segment loss	(141,091)	(174,755)	(117,129)	(432,975)	(432,975)	26,124	(406,851)

Notes: 1. The adjustment of 26,124 thousand yen to segment loss is an elimination for inter-segment transactions of 23,265 thousand yen and an adjustment of 2,858 thousand yen to non-current assets.

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

2. Information related to impairment losses of non-current assets for reportable segments

Significant impairment losses related to non-current assets

In the first nine months of FY12/2015, an impairment loss of 11,260 thousand yen was recorded in the Cell Medicine segment. The loss is the result of the impairment of a right to use a patent because of declining profitability due to a significant change in expected demand compared with when this right was acquired. The loss reflects the current outlook for using this patent and other factors.

Material Subsequent Events

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.