

Summary of Non-consolidated Financial Results
for the Second Quarter of the Fiscal Year Ending March 31, 2014 (FY3/14)
(Six Months Ended September 30, 2013)

[Japanese GAAP]

Company name: Gene Techno Science Co.,Ltd.	Listing: Tokyo Stock Exchange
Stock code: 4584	URL: http://www.g-gts.com
Representative: Masanari Kawaminami, President	
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Scheduled date of filing of Quarterly Report:	November 12, 2013
Scheduled date of payment of dividend:	-
Preparation of supplementary materials for quarterly financial results:	Yes
Holding of quarterly financial results meeting:	Yes (for institutional investors and analysts)

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

1. Financial Results for the Second Quarter (April 1, 2013 – September 30, 2013) of the Fiscal Year Ending March 31, 2014

(1) Results of operations (Percentages represent year-on-year changes)

	Net sales		Operating income		Ordinary income		Net income	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Six months ended Sep. 30, 2013	156	286.3	(186)	-	(188)	-	(190)	-
Six months ended Sep. 30, 2012	40	-	(113)	-	(116)	-	(118)	-

	Net income per share	Diluted net income per share
	Yen	Yen
Six months ended Sep. 30, 2013	(90.35)	-
Six months ended Sep. 30, 2012	(88.06)	-

Note: Diluted net income per share is not presented since there was the outstanding stock acquisition rights, though posted a net loss.

(2) Financial position

	Total assets	Net assets	Shareholders' equity ratio
	Million yen	Million yen	%
As of Sep. 30, 2013	2,233	938	41.3
As of Mar. 31, 2013	922	888	96.3

Reference: Shareholders' equity (million yen) As of Sep. 30, 2013: 923 As of Mar. 31, 2013: 888

2. Dividends

	Dividend per share				
	1Q-end	2Q-end	3Q-end	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended Mar. 31, 2013	-	0.00	-	0.00	0.00
Fiscal year ending Mar. 31, 2014	-	0.00			
Fiscal year ending Mar. 31, 2014 (forecasts)			-	0.00	0.00

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

3. Forecast for the Fiscal Year Ending March 31, 2014 (April 1, 2013 – March 31, 2014)

(Percentages represent year-on-year changes)

	Net sales		Operating income		Ordinary income		Net income		Net income per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
Full year	312	415.9	(965)	-	(974)	-	(977)	-	(459.36)

Note: Revisions to the most recently announced forecast: None

*** Notes**

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

(2) 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

(3) Number of outstanding shares (common stock)

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

As of Sep. 30, 2013:	2,147,000 shares	As of Mar. 31, 2013:	2,081,100 shares
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2) Number of shares of treasury stock at the end of period

As of Sep. 30, 2013:	- shares	As of Mar. 31, 2013:	- shares
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3) Average number of shares outstanding during the period

Six months ended Sep. 30, 2013:	2,108,947 shares	Six months ended Sep. 30, 2012:	1,341,866 shares
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Note: A 100-for-1 stock split was conducted on August 8, 2012. Number of shares have been calculated as if this stock split had taken place at the beginning of the previous fiscal year.

Information regarding the implementation of quarterly review procedures

This summary report is exempted from quarterly review procedures based on the Financial Instruments and Exchange Act. At the time of disclosure, the quarterly review procedures for the quarterly financial statements have not been completed.

Cautionary statement with respect to forward-looking statements, and other special items

1. 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. These materials are not promises by the Company regarding future performance. Actual performance may differ significantly from these forecasts for a number of reasons. Please refer to "Explanation of Forecast and Other Forward-looking Statements" on page 3 of the attachments for forecast assumptions and notes of caution for usage.

2. Gene Techno Science plans to hold a financial results meeting for institutional investors and analysts on Wednesday, November 13, 2013. Materials to be distributed at this event will be available on the Company's website immediately thereafter.

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1. Qualitative Information on Quarterly Financial Performance

(1) Explanation of Results of Operations

In the first half of the fiscal year ending March 31, 2014, the Japanese government's economic policies (Abenomics) proved to be effective to a certain extent and led to rising stock prices and correcting the yen appreciation amid changes in consumer behavior and improved corporate earnings. Furthermore, the selection of Tokyo to host the 2020 Summer Olympics appears to have changed the momentum in a positive direction. However, the Japanese economy is currently somewhat sluggish in part because of concerns about the outlook for U.S. economic policies and Japan's relationship with China. As the consumption tax hike this coming spring is a certainty, maintaining confidence in an improving economy is the government's top priority.

In response to these issues, there is emphasis on more concrete initiatives within the Abenomics growth strategy. In particular, as we are engaged in the healthcare sector, one pillar of this growth strategy, the degree of deregulation and how it will ease the process from R&D to commercialization are important points. There are hopes that these measures will lead to the genuine revitalization of the Japanese economy. Another issue is how to rein in national healthcare costs, which are increasing each year along with the aging of the population. It has been said this will require regulatory changes that amount to a complete overhaul of the present system.

In this environment, we are partnering with pharmaceutical companies to develop biosimilars complying with the standards for generic biopharmaceutical products newly instituted by the Ministry of Health, Labour and Welfare. As a result, filgrastim was approved for inclusion in the National Health Insurance price listing as the first biosimilar in Japan on May 31, 2013. Domestic sales were launched by Fuji Pharma Co., Ltd., and Mochida Pharmaceutical Co., Ltd. Consequently, we sell drug ingredients to pharmaceutical companies for use in drugs that are on the market and have recorded sales as planned. On August 5, 2013, we entered into a capital and business alliance with Itochu Chemical Frontier Corporation and began joint development of biosimilars to succeed filgrastim.

At the same time, the new biologics business is focusing on sowing the seeds of promising pharmaceutical products. We were selected to participate in the fiscal 2013 subsidy program for the development of basic technologies (manufacturing technologies for next-generation antibody drugs that comply with international standards) for creating next-generation pharmaceuticals for personalized medicine. Although the new biologics business did not contribute to sales in the first half of the fiscal year under review, we will continue to perform extensive research activities while using the above subsidy and other measures with the aim of maximizing added value in each theme and then licensing out to other companies.

Net sales totaled 156,858 thousand yen (up 286.3% from the same period of the previous fiscal year), operating loss 186,816 thousand yen (vs. operating loss of 113,780 thousand yen in the same period of the previous fiscal year), ordinary loss 188,976 thousand yen (vs. ordinary loss of 116,463 thousand yen in the same period of the previous fiscal year), and net loss 190,547 thousand yen (vs. net loss of 118,158 thousand yen in the same period of the previous fiscal year).

(2) Explanation of Financial Position

1) Assets, liabilities and net assets

< Changes in assets >

Total assets increased 142.1% from the end of the previous fiscal year, to 2,233,213 thousand yen at the end of the second quarter of the current fiscal year. This was attributable mainly to increases of 1,066,418 thousand yen in cash and deposits, and 145,629 thousand yen in accounts receivable-trade. Increase in cash and deposits was mainly due to the issuance of convertible bond-type bonds with subscription rights to shares and other securities, and the funds procured by the third-party allotment. Accounts receivable-trade represent very few transactions and each receivable is large. As a result, the amount of accounts receivable-trade at the end of each quarter varies greatly depending on the status of the associated transactions immediately before at the end of each quarter.

< Changes in liabilities >

Total liabilities increased 1,260,501 thousand yen from the end of the previous fiscal year, to 1,294,921 thousand yen at the end of the second quarter of the current fiscal year. This was attributable mainly to an increase of 1,200,000 thousand yen in convertible bond-type bonds with subscription rights to shares.

< Changes in net assets >

The balance of net assets increased 5.7% from the end of the previous fiscal year, to 938,291 thousand yen at the end of the second quarter of the current fiscal year. Though posted a net loss of 190,547 thousand yen, capital stock and legal capital surplus increased 112,895 thousand yen each, which were resulting from the third-party allotment and the exercise of subscription rights to shares, and subscription rights to shares increased 15,040 thousand yen through the issuance of subscription rights to shares.

2) Cash flows

There was a net increase of 1,066,418 thousand yen in cash and cash equivalents to 1,953,846 thousand yen at the end of the second quarter of the current fiscal year.

Cash flows during the first half of the current fiscal year and major components were as follows.

< Operating activities >

Net cash used in operating activities totaled 369,996 thousand yen, compared with net cash used of 71,324 thousand yen in the same period of the previous fiscal year. This was mainly due to a 48,825 thousand yen increase in notes and accounts payable-trade, the booking of loss before income taxes of 188,976 thousand yen, a 136,008 thousand yen increase in notes and accounts receivable-trade, and a 109,856 thousand yen increase in advance payments.

< Investing activities >

Net cash used in investing activities totaled 1,916 thousand yen, compared with net cash used of 237 thousand yen in the same period of the previous fiscal year. This was mainly due to proceeds from collection of guarantee deposits of 1,650 thousand yen, purchase of property, plant and equipment of 226 thousand yen, and payments for guarantee deposits of 3,340 thousand yen.

< Financing activities >

Net cash provided by financing activities totaled 1,438,331 thousand yen, compared with net cash provided of 137,080 thousand yen in the same period of the previous fiscal year. This was mainly due to the issuance of convertible bond-type bonds with subscription rights to shares and the funds procured by the third-party allotment and other measures.

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

There are no revisions to the forecast that was announced on October 28, 2013.

2. Quarterly Financial Statements

(1) Quarterly Balance Sheets

	(Thousands of yen)	
	FY3/13 (As of Mar. 31, 2013)	Second quarter of FY3/14 (As of Sep. 30, 2013)
Assets		
Current assets		
Cash and deposits	887,428	1,953,846
Notes and accounts receivable-trade	16,833	152,842
Other	14,878	121,590
Total current assets	919,140	2,228,279
Noncurrent assets		
Property, plant and equipment	582	695
Intangible assets	323	304
Investments and other assets	2,382	3,933
Total noncurrent assets	3,288	4,933
Total assets	922,429	2,233,213
Liabilities		
Current liabilities		
Accounts payable-trade	-	48,825
Income taxes payable	6,788	4,241
Other	18,122	32,930
Total current liabilities	24,910	85,996
Noncurrent liabilities		
Convertible bond-type bonds with subscription rights to shares	-	1,200,000
Provision for retirement benefits	9,510	8,925
Total noncurrent liabilities	9,510	1,208,925
Total liabilities	34,420	1,294,921
Net assets		
Shareholders' equity		
Capital stock	1,239,895	1,352,790
Capital surplus	1,143,161	1,256,057
Retained earnings	(1,495,048)	(1,685,595)
Total shareholders' equity	888,008	923,251
Subscription rights to shares	-	15,040
Total net assets	888,008	938,291
Total liabilities and net assets	922,429	2,233,213

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

	(Thousands of yen)	
	First six months of FY3/13 (Apr. 1, 2012 – Sep. 30, 2012)	First six months of FY3/14 (Apr. 1, 2013 – Sep. 30, 2013)
Net sales	40,601	156,858
Cost of sales	380	75,984
Gross profit	40,220	80,874
Selling, general and administrative expenses		
Research and development expenses	67,259	137,352
Other	86,741	130,339
Total selling, general and administrative expenses	154,001	267,691
Operating income (loss)	(113,780)	(186,816)
Non-operating income		
Interest income	31	288
Foreign exchange gains	11	-
Miscellaneous income	52	56
Total non-operating income	95	345
Non-operating expenses		
Bond issuance and other costs	-	918
Stock issuance cost	580	1,580
Going public expenses	2,198	-
Foreign exchange losses	-	6
Miscellaneous loss	-	0
Total non-operating expenses	2,779	2,504
Ordinary income (loss)	(116,463)	(188,976)
Income (loss) before income taxes	(116,463)	(188,976)
Income taxes-current	1,695	1,570
Total income taxes	1,695	1,570
Net income (loss)	(118,158)	(190,547)

(3) Quarterly Statements of Cash Flows

(Thousands of yen)

	First six months of FY3/13 (Apr. 1, 2012 – Sep. 30, 2012)	First six months of FY3/14 (Apr. 1, 2013 – Sep. 30, 2013)
Net cash provided by (used in) operating activities		
Income (loss) before income taxes	(116,463)	(188,976)
Depreciation and amortization	131	271
Increase (decrease) in provision for retirement benefits	1,395	(585)
Interest and dividends income	(31)	(288)
Bond issuance and other costs	-	918
Stock issuance cost	580	1,580
Going public expenses	2,198	-
Decrease (increase) in notes and accounts receivable-trade	167,315	(136,008)
Decrease (increase) in advance payments	105	(109,856)
Increase (decrease) in notes and accounts payable-trade	(93,930)	48,825
Increase (decrease) in accounts payable-other	(32,178)	14,809
Other, net	2,909	2,425
Subtotal	(67,967)	(366,884)
Interest and dividends income received	31	288
Income taxes paid	(3,387)	(3,400)
Net cash provided by (used in) operating activities	(71,324)	(369,996)
Net cash provided by (used in) investing activities		
Purchase of property, plant and equipment	-	(226)
Payments for guarantee deposits	-	(3,340)
Proceeds from collection of guarantee deposits	-	1,650
Purchase of long-term prepaid expenses	(237)	-
Net cash provided by (used in) investing activities	(237)	(1,916)
Net cash provided by (used in) financing activities		
Proceeds from issuance of convertible bond-type bonds with subscription rights to shares	-	1,199,081
Proceeds from issuance of common stock	139,279	200,402
Proceeds from issuance of stock resulting from exercise of subscription rights to shares	-	23,807
Proceeds from issuance of subscription rights to shares	-	15,040
Payments for going public expenses	(2,198)	-
Net cash provided by (used in) financing activities	137,080	1,438,331
Effect of exchange rate change on cash and cash equivalents	-	-
Net increase (decrease) in cash and cash equivalents	65,518	1,066,418
Cash and cash equivalents at beginning of period	285,534	887,428
Cash and cash equivalents at end of period	351,052	1,953,846

(4) Notes to Quarterly Financial Statements

Going-concern Assumption

Not applicable.

Significant Changes in Shareholders' Equity

The Company has receipt of funds for the third-party allotment from Itochu Chemical Frontier Corporation on August 22, 2013. Accordingly, capital stock and legal capital surplus increased 100,895 thousand yen each. In addition to an increase from the exercise of subscription rights to shares in the first half of the fiscal year, capital stock and legal capital surplus totaled 1,352,790 thousand yen and 1,256,057 thousand yen, respectively as of the end of the second quarter of the fiscal year.

This summary report is solely a translation of "Kessan Tanshin" (in Japanese, including the 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.