

**Summary of Non-consolidated Financial Results
for the Second Quarter of the Fiscal Year Ending March 31, 2015 (FY3/15)
(Six Months Ended September 30, 2014)**

[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		
Contact:	Katsutoshi Mitsugi, Director, Chief Financial Officer	Tel:	+81-3-3517-1353
Scheduled date of filing of Quarterly Report:			November 13, 2014
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, 2014 – September 30, 2014) of the Fiscal Year Ending March 31, 2015

(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, 2014	145	(7.2)	(396)	-	(369)	-	(370)	-
Six months ended Sep. 30, 2013	156	286.3	(186)	-	(188)	-	(190)	-

	Net income per share	Diluted net income per share
	Yen	Yen
Six months ended Sep. 30, 2014	(155.51)	-
Six months ended Sep. 30, 2013	(90.35)	-

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, 2014	1,514	682	43.6
As of Mar. 31, 2014	1,886	1,052	54.7

Reference: Shareholders' equity (million yen) As of Sep. 30, 2014: 660 As of Mar. 31, 2014: 1,031

2. Dividends

	Dividend per share				
	1Q-end	2Q-end	3Q-end	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended Mar. 31, 2014	-	0.00	-	0.00	0.00
Fiscal year ending Mar. 31, 2015	-	0.00			
Fiscal year ending Mar. 31, 2015 (forecasts)			-	0.00	0.00

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

3. Forecast for the Fiscal Year Ending March 31, 2015 (April 1, 2014 – March 31, 2015)

(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	310	3.0	(970)	-	(946)	-	(948)	-	(397.97)

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, 2014:	2,384,105 shares	As of Mar. 31, 2014:	2,384,105 shares
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2) Number of shares of treasury stock at the end of period

As of Sep. 30, 2014:	- shares	As of Mar. 31, 2014:	- shares
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3) Average number of shares outstanding during the period

Six months ended Sep. 30, 2014:	2,384,105 shares	Six months ended Sep. 30, 2013:	2,108,947 shares
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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 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 19, 2014. 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, 2015, there were signs of an economic recovery in Japan, mainly at exporting companies, as monetary easing brought down the yen. But demand fell after the April 2014 consumption tax increase and the cost of food and energy rose because of the weaker yen and unseasonable weather. Only a small number of companies benefited from the recovery. In addition, the outlook for the global economy remains uncertain. There are concerns about upcoming monetary tightening in the United States as the economy recovers, turmoil in Ukraine and the Middle East, and the Ebola outbreak in western Africa.

In the healthcare and pharmaceuticals sector, which Gene Techno Science Co.,Ltd. operates, payments in fiscal 2013 to medical institutions in Japan for the treatment of diseases and injuries totaled 39.3 trillion yen, 2.2% more than in the previous fiscal year. This was reported by Japan's Ministry of Health, Labour and Welfare in the Fiscal 2013 Medical Expense Trends – Estimated Fiscal Year Healthcare Payments. Per capita healthcare payments were 308,000 yen, 2.4% above the previous fiscal year and a record-high for the fifth consecutive year. Funding Japan's growing social security expenses was the objective of the consumption tax increase. In response to the growing threat posed by these expenses, the Japanese government is gradually enacting measures such as increasing the use of generic drugs for holding down the growth of social security expenses as the population ages. These changes are creating significant challenges for the pharmaceuticals industry while at the same time creating new business opportunities.

In our biosimilar business, filgrastim, a treatment for neutropenia, is posting solid sales in Japan. This product is marketed by Fuji Pharma Co., Ltd. and Mochida Pharmaceutical Co., Ltd.

Work is under way to develop more biosimilars. Activities include

- 1) Maximizing the value of filgrastim through the development of the PEG-filgrastim, a next-generation filgrastim, and expansion of overseas sales
- 2) Joint development activities with Itochu Chemical Frontier Corporation
- 3) The joint development of darbepoetin alfa in Japan with Sanwa Kagaku Kenkyusho Co., Ltd.

We are making steady progress with advancing to the next stages of development, such as by starting non-clinical trials for PEG-filgrastim.

In the new biologics business, we are performing research activities involving new drug themes by utilizing a number of subsidies. In addition, there were activities to prepare for operations based on the nucleic acid joint business agreement with GeneDesign Inc. that was signed on June 12, 2014.

We expect that it will take some time to become profitable in the biosimilar business or the new biologics business. Consequently, we are starting activities in the healthcare sector in order to improve our performance until these two businesses start producing earnings.

Net sales totaled 145,626 thousand yen (down 7.2% from the same period of the previous fiscal year), operating loss 396,196 thousand yen (vs. operating loss of 186,816 thousand yen in the same period of the previous fiscal year), ordinary loss 369,807 thousand yen (vs. ordinary loss of 188,976 thousand yen in the same period of the previous fiscal year), and net loss 370,757 thousand yen (vs. net loss of 190,547 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 decreased 19.7% from the end of the previous fiscal year, to 1,514,913 thousand yen at the end of the second quarter of the current fiscal year. This was attributable mainly to increases of 7,318 thousand yen in accounts receivable-trade, 2,629 thousand yen in consumption taxes receivable which is included in other under current assets, and a decrease of 382,153 thousand yen in cash and deposits. The decrease in cash and deposits was mainly due to expenses for developing biosimilars.

< Changes in liabilities >

Total liabilities decreased 0.1% from the end of the previous fiscal year, to 832,831 thousand yen at the end of the second quarter of the current fiscal year. This was attributable mainly to an increase of 994 thousand yen in accounts payable-other which is included in other under current liabilities, and a decrease of 2,247 thousand yen in income taxes payable.

< Changes in net assets >

Net assets decreased 35.2% from the end of the previous fiscal year, to 682,081 thousand yen at the end of the second quarter of the current fiscal year. This was attributable mainly to the net loss of 370,757 thousand yen.

2) Cash flows

There was a net decrease of 382,153 thousand yen in cash and cash equivalents (hereinafter “net cash”) from the end of the previous fiscal year, to 1,228,090 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 382,153 thousand yen, compared with net cash used of 369,996 thousand yen in the same period of the previous fiscal year. This was mainly due to a loss before income taxes of 369,807 thousand yen, and a 7,318 thousand yen increase in notes and accounts receivable-trade.

< Investing activities >

No cash was used or provided by investing activities. In the same period of the previous fiscal year, investing activities used net cash of 1,916 thousand yen.

< Financing activities >

No cash was used or provided by financing activities. In the same period of the previous fiscal year, financing activities provided net cash of 1,438,331 thousand yen.

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

There are no revisions to the forecast that was announced on May 14, 2014.

2. Quarterly Financial Statements

(1) Quarterly Balance Sheet

	(Thousands of yen)	
	FY3/14 (As of Mar. 31, 2014)	Second quarter of FY3/15 (As of Sep. 30, 2014)
Assets		
Current assets		
Cash and deposits	1,610,244	1,228,090
Accounts receivable-trade	148,932	156,250
Other	122,780	125,953
Total current assets	1,881,956	1,510,294
Non-current assets		
Property, plant and equipment	552	463
Intangible assets	285	266
Investments and other assets	3,983	3,888
Total non-current assets	4,820	4,618
Total assets	1,886,777	1,514,913
Liabilities		
Current liabilities		
Income taxes payable	6,300	4,052
Other	43,758	44,898
Total current liabilities	50,058	48,951
Non-current liabilities		
Convertible bond-type bonds with subscription rights to shares	775,000	775,000
Provision for retirement benefits	8,880	8,880
Total non-current liabilities	783,880	783,880
Total liabilities	833,938	832,831
Net assets		
Shareholders' equity		
Capital stock	1,571,290	1,571,290
Capital surplus	1,474,557	1,474,557
Retained earnings	(2,014,349)	(2,385,106)
Total shareholders' equity	1,031,497	660,740
Subscription rights to shares	21,341	21,341
Total net assets	1,052,839	682,081
Total liabilities and net assets	1,886,777	1,514,913

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

	(Thousands of yen)	
	First six months of FY3/14 (Apr. 1, 2013 – Sep. 30, 2013)	First six months of FY3/15 (Apr. 1, 2014 – Sep. 30, 2014)
Net sales	156,858	145,626
Cost of sales	75,984	67,200
Gross profit	80,874	78,426
Selling, general and administrative expenses		
Research and development expenses	137,352	327,306
Other	130,339	147,317
Total selling, general and administrative expenses	267,691	474,623
Operating income (loss)	(186,816)	(396,196)
Non-operating income		
Interest income	288	353
Subsidy income	-	26,012
Foreign exchange gains	-	0
Miscellaneous income	56	22
Total non-operating income	345	26,389
Non-operating expenses		
Bond issuance and other costs	918	-
Share issuance cost	1,580	-
Foreign exchange losses	6	-
Miscellaneous loss	0	-
Total non-operating expenses	2,504	-
Ordinary income (loss)	(188,976)	(369,807)
Income (loss) before income taxes	(188,976)	(369,807)
Income taxes-current	1,570	950
Total income taxes	1,570	950
Net income (loss)	(190,547)	(370,757)

(3) Quarterly Statement of Cash Flows

(Thousands of yen)

	First six months of FY3/14 (Apr. 1, 2013 – Sep. 30, 2013)	First six months of FY3/15 (Apr. 1, 2014 – Sep. 30, 2014)
Cash flows from operating activities		
Income (loss) before income taxes	(188,976)	(369,807)
Depreciation	271	107
Increase (decrease) in provision for retirement benefits	(585)	-
Interest and dividend income	(288)	(353)
Bond issuance and other costs	918	-
Share issuance cost	1,580	-
Decrease (increase) in notes and accounts receivable-trade	(136,008)	(7,318)
Decrease (increase) in advance payments	(109,856)	439
Increase (decrease) in notes and accounts payable-trade	48,825	-
Other, net	17,235	(3,066)
Subtotal	(366,884)	(379,998)
Interest and dividend income received	288	353
Income taxes paid	(3,400)	(2,507)
Net cash provided by (used in) operating activities	(369,996)	(382,153)
Cash flows from investing activities		
Purchase of property, plant and equipment	(226)	-
Payments for guarantee deposits	(3,340)	-
Proceeds from collection of guarantee deposits	1,650	-
Net cash provided by (used in) investing activities	(1,916)	-
Cash flows from financing activities		
Proceeds from issuance of convertible bond-type bonds with subscription rights to shares	1,199,081	-
Proceeds from issuance of common shares	200,402	-
Proceeds from issuance of shares resulting from exercise of subscription rights to shares	23,807	-
Proceeds from issuance of subscription rights to shares	15,040	-
Net cash provided by (used in) financing activities	1,438,331	-
Effect of exchange rate change on cash and cash equivalents	-	-
Net increase (decrease) in cash and cash equivalents	1,066,418	(382,153)
Cash and cash equivalents at beginning of period	887,428	1,610,244
Cash and cash equivalents at end of period	1,953,846	1,228,090

(4) Notes to Quarterly Financial Statements

Going-concern Assumption

Not applicable.

Significant Changes in Shareholders' Equity

Not applicable.

Material Subsequent Events

Capital and business alliance

The Board of Directors of Gene Techno Science approved a resolution on November 10, 2014 to establish a capital and business alliance with ORTHOREBIRTH CO., LTD. and to purchase new shares of this company through a private placement. The payment for these shares was made on November 13, 2014.

1. Purpose and reason of capital and business alliance

Gene Techno Science is focusing on the development of drugs in the biosimilar business and new biologics business in order to capitalize on opportunities in the biopharmaceutical products sector, a market category that is expected to grow. Developing pharmaceuticals has a significant negative short-term impact on earnings because of the long time frames and large investments. To offset this weakness of in our business model, we are moving quickly to start a business involving healthcare that can become profitable within a shorter time.

ORTHOREBIRTH is a start-up company engaged in R&D involving synthetic bone. The company has a patent for its cottony flexible synthetic bone. This bone is clearly different from the products of other companies because it can be easily shaped during surgery and is efficiently replaced with natural bone. In August 2014, ORTHOREBIRTH submitted a 510(k) application to the U.S. Food and Drug Administration (FDA) for the clearance as synthetic bone for treating external injuries. The clearance was received on October 31. The company continues to conduct R&D activities and plans to start selling more new products.

Gene Techno Science and ORTHOREBIRTH agreed that forming an alliance would enable ORTHOREBIRTH to speed up its business activities that are centered on synthetic bone. Furthermore, we believe that the alliance will allow us to start healthcare-related businesses faster, thereby making a big contribution to increasing corporate value.

2. Detail of the capital and business alliance

(1) Detail of the business alliance

1) Joint development of products

Gene Techno Science and ORTHOREBIRTH will perform joint development activities for creating new types of synthetic bone. The two companies plan on rapidly introducing more products to follow up on the injury-repair synthetic bone that has received the FDA clearance. Based on the joint development contract that was signed on November 10, 2014, Gene Techno Science will extend support for ORTHOREBIRTH's new product development programs by paying part of the expenses for these programs.

2) More powerful framework for sales

As the injury-repair synthetic bone having received the FDA clearance is planned to start selling in the United States, a framework is needed for the efficient sale of this product. Gene Techno Science will sell products that are purchased from ORTHOREBIRTH because this will facilitate more efficient sales by using the trust in Gene Techno Science as a publicly owned company. In addition, we believe that this marketing structure will lead to growth in sales because we can use our business network to establish relationships with new customers.

(2) Detail of the capital alliance

In addition to the business alliance, Gene Techno Science has purchased newly issued stock of ORTHOREBIRTH for the purposes of aligning the interests of the two companies and speeding up the joint development of new types of synthetic bone. Using a private placement by ORTHOREBIRTH of 1,209 shares of newly issued common stock and 3,680 shares of no-voting stock, we purchased 909 shares of common stock as shown below. As a result, we own 6.1% of all outstanding shares and 8.1% of voting rights of ORTHOREBIRTH stock after the capital increase .

1) Shares purchased	909 shares of common stock
2) Payment amount	55,000 yen per share
3) Total payment amount	49,995,000 yen
4) Payment date	November 13, 2014

3. Profile of ORTHOREBIRTH

- (1) Name: ORTHOREBIRTH CO., LTD.
- (2) Address: 3-17-43, Chigasaki Higashi, Tsuzuki-ku, Yokohama City
- (3) Representative: Yasutoshi Nishikawa, President & CEO
- (4) Main business: Research and development, manufacturing, and sales of cottony flexible synthetic bone
- (5) Capital: 30,000 thousand yen

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.