

**Summary of Non-consolidated Financial Results
for the Second Quarter of the Fiscal Year Ending March 31, 2016 (FY3/16)
(Six Months Ended September 30, 2015)**

[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, 2015

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, 2015 – September 30, 2015) of the Fiscal Year Ending March 31, 2016

(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, 2015	791	443.7	(116)	-	(99)	-	(100)	-
Six months ended Sep. 30, 2014	145	(7.2)	(396)	-	(369)	-	(370)	-

	Net income per share	Diluted net income per share
	Yen	Yen
Six months ended Sep. 30, 2015	(41.21)	-
Six months ended Sep. 30, 2014	(155.51)	-

Note: Diluted net income per share is not presented, though there were outstanding dilutive shares, due to a net loss.

(2) Financial position

	Total assets	Net assets	Shareholders' equity ratio
	Million yen	Million yen	%
As of Sep. 30, 2015	1,296	362	26.4
As of Mar. 31, 2015	1,146	270	21.7

Reference: Shareholders' equity (million yen) As of Sep. 30, 2015: 342 As of Mar. 31, 2015: 249

2. Dividends

	Dividend per share				
	1Q-end	2Q-end	3Q-end	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended Mar. 31, 2015	-	0.00	-	0.00	0.00
Fiscal year ending Mar. 31, 2016	-	0.00	-	-	-
Fiscal year ending Mar. 31, 2016 (forecasts)	-	-	-	0.00	0.00

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

3. Forecast for the Fiscal Year Ending March 31, 2016 (April 1, 2015 – March 31, 2016)

(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	1,132	252.1	(1,045)	-	(1,019)	-	(1,021)	-	(404.73)

Note: Revisions to the most recently announced forecast: Yes

*** 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 shares)

As of Sep. 30, 2015:	2,501,442 shares	As of Mar. 31, 2015:	2,394,105 shares
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2) Number of treasury shares at the end of period

As of Sep. 30, 2015:	- shares	As of Mar. 31, 2015:	- shares
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3) Average number of shares outstanding during the period

Six months ended Sep. 30, 2015:	2,445,567 shares	Six months ended Sep. 30, 2014:	2,384,105 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 Gene Techno Science 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. New shares will be issued on November 20, 2015 due to the exercise of subscription rights to shares. The net income per share forecast incorporates the increase of 137,709 shares due to the issuance of new shares.
3. Gene Techno Science plans to hold a financial results meeting for institutional investors and analysts on Wednesday, November 18, 2015. 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, 2016, earnings increased mainly at major exporting companies in Japan as economic stimulus measures caused the yen to weaken. However, the outlook for the global economy is difficult to determine. Monetary easing in the United States is about to end and China's economic growth, which has been fueling global economic growth, is slowing down. These uncertainties are affecting stock prices and foreign exchange rates.

In the healthcare and pharmaceuticals sector, where Gene Techno Science operates, there is an urgent need in Japan to reduce social security expenses. As one way to lower healthcare expenses, Japan has been focusing on increasing the use of generic drugs in recent years. The government has established the goal of raising the volume-based share of generic drugs to 80%. Furthermore, activities are now extending beyond the conventional scope of generic drugs to include biosimilars, the primary business field of Gene Techno Science. Awareness of biosimilars in Japan has been increasing rapidly following the March 2015 establishment of the Parliamentary Association for Promoting Biosimilars, which has won supra-party support. There are expectations of more progress with creating an environment in Japan for increasing the use of biosimilars in order to help hold down social security expenses. The recent Trans-Pacific Partnership agreement includes a data exclusivity period for biosimilars. Further negotiations may be necessary, but moves to open up the market for biosimilars are expected.

Due to this favorable environment, in the biosimilar business of Gene Techno Science, sales of Filgrastim BS, a treatment for neutropenia that is marketed by Fuji Pharma Co., Ltd. and Mochida Pharmaceutical Co., Ltd., have been strong.

Results of operations have become more stable following the successful launch of Filgrastim BS. To grow even faster, we are working on the following activities.

- a. Development of PEG-filgrastim, a next-generation filgrastim
- b. The joint development of darbepoetin alfa in Japan with Sanwa Kagaku Kenkyusho Co., Ltd.
- c. A business alliance with Mochida Pharmaceutical on biosimilars in the oncology field
- d. Other measures to expand our pipeline

In the new biologics business, we are conducting R&D activities for next-generation antibody drugs. In addition, we are working with GeneDesign Inc. to identify opportunities in the field of nucleic acid drugs. Acquiring new technologies is another priority. One example is exosome, for which a joint patent application with the National Cancer Center Research Institute has been submitted.

Since considerable time is needed to develop drugs, we are conducting research involving the commercialization of medical equipment, diagnostic reagents, regenerative medicine and other products in the healthcare sector. The goal is to build an even more stable framework for our business operations.

In July 2015, DyDo Drinco, Inc. became a shareholder of Gene Techno Science. The two companies will use their knowledge of the pharmaceutical industry to provide each other with ideas involving their respective operations. This relationship is expected to contribute to the launch and growth of business activities involving healthcare.

As a result, net sales totaled 791 million yen (up 443.7% from the same period of the previous fiscal year), operating loss 116 million yen (vs. operating loss of 396 million yen in the same period of the previous fiscal year), ordinary loss 99 million yen (vs. ordinary loss of 369 million yen in the same period of the previous fiscal year), and net loss 100 million yen (vs. net loss of 370 million 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 13.1% from the end of the previous fiscal year to 1,296 million yen at the end of the second quarter of the current fiscal year. This was attributable mainly to an increase of 158 million yen in cash and deposits resulting primarily from the payment for the exercise of subscription rights to shares.

< Changes in liabilities >

Total liabilities increased 6.7% from the end of the previous fiscal year to 934 million yen at the end of the second quarter of the current fiscal year. This was attributable mainly to increases of 14 million yen in accounts payable-other, 23 million yen in accrued consumption taxes, and 20 million yen in advances received, all of which are included in other under current liabilities

< Changes in net assets >

Net assets increased 34.0% from the end of the previous fiscal year to 362 million yen at the end of the second quarter of the current fiscal year. This was attributable mainly to an increase of 96 million yen each for capital stock and legal capital surplus due to the exercise of subscription rights to shares, while there was a net loss of 100 million yen.

2) Cash flows

There was a net increase of 158 million yen from the end of the previous fiscal year to 757 million yen in cash and cash equivalents (“net cash”).

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 25 million yen, compared with net cash used of 382 million yen in the same period of the previous fiscal year. This was mainly due to a loss before income taxes of 99 million yen and a 22 million yen increase in notes and accounts receivable-trade. Cash was provided by a 12 million yen decrease in advance payments, an increase of 14 million yen in accounts payable-other, and there was cash of 70 million yen from other, net because of changes in assets and liabilities.

< Investing activities >

Net cash used in investing activities totaled 7 million yen (no cash flows in the same period of the previous fiscal year). This was mainly due to payments for guarantee deposits.

< Financing activities >

Net cash provided by financing activities totaled 190 million yen (no cash flows in the same period of the previous fiscal year). This was mainly due to proceeds from the issuance of shares resulting from the exercise of subscription rights to shares.

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

In the biosimilar business, we have changed the priority of our pipeline for development, that is, we focus on a product for which a business alliance has been established or there are good prospects for an alliance. To launch these products, we have increased R&D expenditures in this fiscal year in order to aggressively expedite R&D activities for the prioritized products. As a result, the forecast has been revised.

Please refer to “Announcement of Revision of the Operational Guideline” released on November 12, 2015 for further information.

2. Quarterly Financial Statements

(1) Quarterly Balance Sheet

	(Thousands of yen)	
	FY3/15 (As of Mar. 31, 2015)	Second quarter of FY3/16 (As of Sep. 30, 2015)
Assets		
Current assets		
Cash and deposits	599,471	757,710
Accounts receivable	189,952	212,468
Advance payments	276,286	263,895
Other	26,674	3,099
Total current assets	1,092,384	1,237,172
Non-current assets		
Property, plant and equipment	334	281
Intangible assets	247	228
Investments and other assets	53,789	59,316
Total non-current assets	54,371	59,826
Total assets	1,146,755	1,296,999
Liabilities		
Current liabilities		
Income taxes payable	5,275	5,111
Other	86,940	145,425
Total current liabilities	92,215	150,536
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	876,095	934,416
Net assets		
Shareholders' equity		
Capital stock	1,576,290	1,673,134
Capital surplus	1,479,557	1,576,401
Retained earnings	(2,806,528)	(2,907,319)
Total shareholders' equity	249,318	342,216
Subscription rights to shares	21,341	20,366
Total net assets	270,659	362,582
Total liabilities and net assets	1,146,755	1,296,999

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

	(Thousands of yen)	
	First six months of FY3/15 (Apr. 1, 2014 – Sep. 30, 2014)	First six months of FY3/16 (Apr. 1, 2015 – Sep. 30, 2015)
Net sales	145,626	791,800
Cost of sales	67,200	333,000
Gross profit	78,426	458,800
Selling, general and administrative expenses		
Research and development expenses	327,306	399,060
Other	147,317	176,146
Total selling, general and administrative expenses	474,623	575,207
Operating income (loss)	(396,196)	(116,407)
Non-operating income		
Interest income	353	42
Subsidy income	26,012	20,000
Foreign exchange gains	0	-
Miscellaneous income	22	437
Total non-operating income	26,389	20,479
Non-operating expenses		
Share issuance cost	-	1,098
Loss on transfer of receivables	-	862
Commission fee	-	1,600
Foreign exchange losses	-	201
Miscellaneous loss	-	150
Total non-operating expenses	-	3,912
Ordinary income (loss)	(369,807)	(99,840)
Income (loss) before income taxes	(369,807)	(99,840)
Income taxes-current	950	950
Total income taxes	950	950
Net income (loss)	(370,757)	(100,790)

(3) Quarterly Statement of Cash Flows

(Thousands of yen)

	First six months of FY3/15 (Apr. 1, 2014 – Sep. 30, 2014)	First six months of FY3/16 (Apr. 1, 2015 – Sep. 30, 2015)
Cash flows from operating activities		
Income (loss) before income taxes	(369,807)	(99,840)
Depreciation	107	72
Interest and dividend income	(353)	(42)
Share issuance cost	-	1,098
Decrease (increase) in notes and accounts receivable	(7,318)	(22,516)
Decrease (increase) in advance payments	439	12,391
Increase (decrease) in accounts payable-other	994	14,899
Other, net	(4,061)	70,178
Subtotal	(379,998)	(23,757)
Interest and dividend income received	353	42
Income taxes paid	(2,507)	(1,871)
Net cash provided by (used in) operating activities	(382,153)	(25,586)
Cash flows from investing activities		
Payments for guarantee deposits	-	(7,072)
Net cash provided by (used in) investing activities	-	(7,072)
Cash flows from financing activities		
Proceeds from issuance of shares resulting from exercise of subscription rights to shares	-	190,897
Net cash provided by (used in) financing activities	-	190,897
Effect of exchange rate change on cash and cash equivalents	-	-
Net increase (decrease) in cash and cash equivalents	(382,153)	158,239
Cash and cash equivalents at beginning of period	1,610,244	599,471
Cash and cash equivalents at end of period	1,228,090	757,710

(4) Notes to Quarterly Financial Statements

Going-concern Assumption

Not applicable.

Significant Changes in Shareholders' Equity

On July 17, 2015, Whiz Partners Inc. exercised the 2nd Stock Acquisition Rights that were held by an investment limited partnership that was established with Whiz Partners as the general partner. Due to the exercise of these rights, there were increases of 90 million yen in capital stock and legal capital surplus. Other stock acquisition rights were exercised during the fiscal year's first half, too. As a result, at the end of the second quarter, capital stock was 1,673 million yen and legal capital surplus was 1,576 million yen.

Material Subsequent Events

Capital and business alliance

Gene Techno Science signed memorandum of understanding with Senju Pharmaceutical Co.,Ltd. on November 12, 2015 for the capital and business alliance.

1. Background of capital and business alliance

In November 2012, Gene Techno Science obtained regulatory approval for filgrastim BS, the first biosimilar product under Japan's biosimilar guidelines and currently manufactures the drug substance for sale to its business partners. To retain its position as a pioneer in the field of biosimilars, Gene Techno Science is conducting extensive development activities for a number of biosimilars.

Senju Pharmaceutical is a specialty pharmaceutical company of ethical and OTC drugs for the eyes, ears, nose and throat. The company is one of Japan's leaders in the field of ophthalmology drugs. Senju Pharmaceutical is an ideal partner for Gene Techno Science for receiving regulatory approval for and the subsequent sale for an ophthalmology biosimilar.

Gene Techno Science is currently developing an ophthalmology biosimilar and has almost established a manufacturing process for this biosimilar. In addition, Senju Pharmaceutical recognizes our accomplishments in the field of biosimilars and the potential for the growth in sales of our biosimilars. Consequently, a memorandum of understanding concerning a capital and business alliance was signed for the purpose of performing joint development activities for obtaining approval to manufacture and sell an ophthalmology biosimilar in Japan.

Gene Techno Science and Senju Pharmaceutical are holding discussions to determine their respective roles, the division of expenses and other items. The two companies plan to sign a joint business agreement by the end of March 2016.

2. Details of capital and business alliance

(1) Business alliance

Gene Techno Science and Senju Pharmaceutical will perform studies to determine the best division of roles for the purpose of working together for the development and sale of ophthalmology biosimilars in order to provide these products consistently to patients. The two companies will hold discussions to establish a business plan, decide how to divide expenses and determine other items concerning this alliance.

(2) Capital alliance

Gene Techno Science and Senju Pharmaceutical have reached an agreement for the purchase of Gene Techno Science common stock by Senju Pharmaceutical. The purpose is to establish a sound mutually beneficial relationship for making steady progress with work for commercializing biosimilars. Discussions were held by

Gene Techno Science, Senju Pharmaceutical and Whiz Partners Inc., the unlimited partner of Whiz Healthcare PE 1 Limited Partnership (Whiz Healthcare), which is the largest shareholder of Gene Techno Science. These discussions resulted in an agreement for Whiz Healthcare to sell 138,800 shares of Gene Techno Science common stock to Senju Pharmaceutical.

In association with the sale of this stock, Whiz Healthcare plans to exercise 13 of the Gene Techno Science 2nd stock acquisition rights held by this fund as follows;

1) Type and number of shares to be issued	137,709 shares of common stock
2) Issue price	1,888 yen per share
3) Total issue price	259 million yen
4) Total amount to be incorporated into capital stock	131 million yen
5) Planned exercise date	November 20, 2015

After shares are issued for the exercise of these stock acquisition rights, there will be 2,639,151 shares issued and Senju Pharmaceutical will own 5.26% of these shares.

3. Profile of Senju Pharmaceutical

- (1) Name: Senju Pharmaceutical Co.,Ltd.
- (2) Address: 2-5-8, Hirano-machi, Chuo-ku, Osaka
- (3) Representative: Yukoh Yoshida, President
- (4) Main business: Pharmaceuticals business
- (5) Capital: 1,415,500,000 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.