CONSOLIDATED FINANCIAL REPORT
For the First Quarter of Fiscal Year Ending April 30, 2016
(Under Japan GAAP)

September, 2015

Company name: 3-D Matrix, Ltd.
Stock exchange listings: Tokyo JASDAQ
Stock code number: 7777
URL: http://www. 3d-matrix.co.jp
Representative: Kentaro Takamura, President
Inquiries: Tomoyuki Arai, Director
Telephone: +81-3-3511-3440
Quarterly statement filling date (as planned): September 7, 2015
Supplemental material of quarterly results: None
Convening briefing of quarterly results: None

(Figures are rounded down to the nearest million yen)

1. Consolidated results for the first quarter of FY 2015 (May 1, 2015 – July 31, 2015)

(1)Consolidated operating results (cumulative)

(%:Growth year on year)

	Business Revenues		Operating income		Ordinary income		Net income	
	(¥ million)	%	(¥ million)	%	(¥ million)	%	(¥ million)	%
1Q FY 2015	46	―	-519	―	-476	―	-452	―
1Q FY 2014	0	-100.0	-438	―	-470	―	-634	―

Note: Comprehensive income: 1Q Fiscal 2015 -489(―%) 1Q Fiscal 2014 -640(―%)

	Basic Net income per share	Diluted Net income per share
	(¥)	(¥)
1Q FY 2015	-21.12	―
1Q FY 2014	-31.39	―

(2)Consolidated financial positions

	Total assets	Net assets	Shareholders' equity per share
	(¥ million)	(¥ million)	%
As of April 30, 2015	6,341	5,902	87.7
As of April 30, 2014	6,809	6,381	88.7

2. Dividends

	Annual dividends per share				
	1Q end	2Q end	3Q end	Year end	Total
	(¥)	(¥)	(¥)	(¥)	(¥)
FY 2014	―	0.00	―	0.00	0.00
FY 2015	―				
FY 2015(Forecast)		0.00	―	0.00	0.00

Note: Revisions to the latest dividend forecast: None

3. Consolidated financial forecasts for Fiscal 2015

(May 1, 2015 – April 30, 2016)

(%:Growth year on year)

	Business Revenues		Operating Income		Ordinary income		Net income		Basic Net income per share
	(¥ million)	%	(¥ million)	%	(¥ million)	%	(¥ million)	%	¥
Full fiscal year	783 ~2,877	685.7 —	-1,996 ~24	—	-2,004 ~16	—	-2,005 ~11	—	-93.45 ~0.56

Note: Revisions to the latest dividend forecast: None

※Note

(1) Changes in number of significant subsidiaries during the period (changes in specified subsidiaries resulting in a change in scope of consolidation): None

(2) Application of special accounting treatment in preparation of consolidated quarterly financial statements: None

(3) Changes in accounting policies, accounting estimates and restatements

1) Changes in accounting policies in connection with revisions to accounting standards: Yes

2) Changes in accounting policies other than 1): None

3) Changes in accounting estimates: None

4) Restatements: None

(4) Number of shares issued (common stock)

(shares)

1) Number of shares issued as of the end of the reporting period (including treasury stock)	1Q FY2015	21,460,000	FY2014	21,438,400
2) Number of treasury stock shares as of the end of the reporting period	1Q FY2015	112	FY2014	112
3) Average number of shares outstanding (cumulative)	1Q FY2015	21,440,410	1Q FY2014	20,219,684

※Indication regarding execution of quarterly review procedures.

This quarterly financial results report is exempt from the quarterly review procedures in accordance with the Financial Instruments and Exchange Act. At the time of disclosure of this quarterly financial report, the review procedures for quarterly financial statement in accordance with the Financial Instruments and Exchange Act have not been completed.

※Disclaimer regarding forward-looking information including appropriate use of forecasted financial results

The forecasted statements shown in these materials are based on information currently available and certain assumptions that the Company regards as reasonable. Actual performance and other results may differ from these forecasted figures due to various factors. Please refer to page 3 for details with regard to the assumptions and other related matters concerning consolidated financial results forecasts.

Table of Contents of Appendix

1. Qualitative Information on Quarterly Financial Results

(1) Explanation of Results of Operations

During FY2014, 3-D Matrix Group continued to focus on developing medical devices using self-assembling peptide, which is the Group's core technology. Specific products include the surgical hemostat TDM-621 ("Hemostat") and the endoscopic mucosal resection aid TDM-641 ("Endoscopic Mucosal Resection Aid") in the field of surgery and the dental bone filler TDM-711 ("Dental Bone Filler") and the wound treatment material TDM-511 ("Wound Treatment Material") in the field of the regenerative medicine.

Hemostat

Japan: After withdrawing the previously submitted application to the Pharmaceuticals and Medical Devices Agency, Japan (PMDA), for certification to manufacture and sell the product in Japan on March 13, 2015, the Group has been consulting with the PMDA in order to restart clinical studies to test the scientific validity of the effectiveness assessment of the product and is working to submit the application again to be able to start selling the product as soon as possible.

Europe: After obtaining the CE marking on January 14, 2014, the product has accumulated the experience of clinical use, as part of its pre-marketing, by prominent doctors and leading medical institutions in major European countries including Germany, France, and the U.K. The Group started to sell the product in the first quarter under review through distributors in Germany following the previously started sales in the U.K. The Group will continue to make efforts to expand the product distribution channel focusing on larger euro economies. Aiming to sell products in wider areas in Europe, the Group continues to negotiate with several candidates for distribution partnership in order to enter into a distribution license agreement with them.

Asia: As CE marking is recognized in this region, the Group is conducting activities toward the submission of an application for product registration as a medical device and the launch of product sales in various countries. As a result, the Group obtained the product registration approval in Singapore and Indonesia in the previous fiscal year. In the first quarter under review, the Group entered into an exclusive distribution license agreement with Daewoong Pharmaceutical Co., Ltd. ("Daewoong") in South Korea concerning the future developments in the ASEAN region (Thailand, Vietnam and the Philippines) and received initial payments from Daewoong as consideration for the contract. The Group is in the process of product registration application in South Korea where it has granted the exclusive distributorship to Daewoong and expects to obtain the registration approval by the end of FY2015 and to start selling products in FY2016 both in South Korea and in the ASEAN region.

Latin America (Brazil, Colombia, Mexico, etc.): As CE marking is recognized in this region, the Group is conducting activities toward the submission of an application for product registration as a medical device and the launch of product sales in various countries. In Colombia, the Group has obtained the product registration approval in the first quarter under review. The Group has also

submitted the same application in Brazil and Mexico and plans to start selling products in these three countries after completing the acquisition of the product registration approval during FY2015.

United States: The Group has been consulting with the U.S. Food and Drug Administration (FDA) regarding the protocol in order to launch a clinical study in the U.S.; the Group plans to start clinical trials in FY2015.

Endoscopic Mucosal Resection Aid

Japan: The Group moved forward with discussions with PMDA to launch a clinical trial and started clinical trials in Japan on December 11, 2014. However, the Group temporarily halted them at its decision on February 16, 2015 in order to consider the improvement of the test method and pharmaceutical preparations so that the effectiveness of the product can be more clearly demonstrated. The Group currently plans to ensure that the development schedule for the product through the introduction into the market will not be affected by resuming the clinical trials by the end of the third quarter of FY2015. The Group has also implemented initiatives for improvement in the first quarter under review and will continue to work to secure a competitive advantage of the product as soon as possible.

Dental Bone Filler

United States: The product has been used as part of clinical studies in 15 cases and the related follow-up has been completed in the U.S. to produce favorable results and data regarding bone formation. Consequently, the Group moved on to the next phase of clinical study in the first quarter under review after obtaining the FDA approval. The Group will continue to push ahead with the development activities toward product commercialization, although the follow-up process takes considerable time as it needs to confirm bone formation.

Wound Treatment Material

United States: On October 23, 2014, the Group submitted to the FDA an application for 510(k) premarket approval, which is part of the review process for medical devices in the U.S. On February 16, 2015, the Group was granted the permission to sell the product from the U.S. FDA. As the product is expected to have a higher curative effect when it is administered in combination with other pharmaceuticals (administration of a mixture with an antibiotic, anticancer agent, hyaluronic acid, etc.), the Group has continued in the first quarter under review to push ahead with the commercialization aiming to introduce a high value-added product in the field of cosmetic surgery, etc. mainly focusing on burn treatment and skin cancer treatment.

Other fields

In relation to the joint project with the National Cancer Center to cure triple-negative breast cancer by nucleic acid-based drugs targeting ribophorin II (RPN2), the Company has provided the

self-assembling peptide A6K as the drug delivery system (DDS) for siRNA-based drugs. In the first quarter under review, an investigator-initiated clinical trial at the National Cancer Center has been started using the new siRNA-based drug "TDM-812 (RPN2siRNA/A6K complex)," which has been developed by the Group jointly with the Center and its Research Institute. This clinical trial is the world's first first-in-human trial targeting patients of treatment-resistant breast cancer, who have a local mass that is palpable from the surface of the body.

Another joint research project with the New Energy and Industrial Technology Development Organization (NEDO), which is to develop new device promoting automatic regeneration of tissues with fewer cells in vivo, has been proceeding since FY2010 and the Company provides technology for the use of self-assembling peptide as a cell scaffolding material for cartilage regeneration.

As a result, consolidated operating revenue for the three months ended July, 2015, totaled ¥46,760 thousand (up ¥46,760 thousand from the same period of the previous year), with an ordinary loss of ¥ 476,842 thousand (compared to an ordinary loss of ¥470,826 thousand in the same period of the previous year), and a net loss of ¥452,763 thousand (compared to a net loss of ¥634,774 thousand in the same period of the previous year).

(2) Explanation of Financial Position

As of July 31, 2015, total assets stood at ¥6,341,316 thousand (down ¥467,929 thousand from the end of the previous year).

Current assets totaled ¥ 5,727,645 thousand (down ¥476,274 thousand) due mainly to a decrease of ¥524,292 thousand in cash and deposits.

Noncurrent assets totaled ¥613,670 thousand (up ¥8,345 thousand).

Meanwhile, liabilities totaled ¥438,448 thousand (up ¥10,725 thousand), due mainly to a increase of ¥18,260 thousand in advances received included in other assets of current liabilities, despite a decrease of 9,192 thousand in income taxes payable.

Net assets totaled ¥5,902,868 thousand (down ¥478,655 thousand), due mainly to a decrease of ¥452,763 thousand in retained earnings by net loss .

(3) Explanation of Consolidated Financial Results Forecast and Other Forward-looking Information

There is no change in our forecast of financial results for the fiscal year ending April 30, 2016, announced on June 12, 2015.

2. Notes to summary information

(1) Changes in number of significant subsidiaries during the period

Not applicable.

(2) Application of special accounting treatment in preparation of consolidated quarterly financial statements

Not applicable.

(3) Changes in accounting policies, accounting estimates and restatements

(Application of the Accounting Standard for Business Combinations, Etc.)

The Company has applied the "Accounting Standard for Business Combinations" (ASBJ Statement No. 21, September 13, 2013; hereinafter the "Business Combinations Standard"), "Accounting Standard for Consolidated Financial Statements" (ASBJ Statement No. 22, September 13, 2013; hereinafter the "Consolidated Financial Statements Standard"), and "Accounting Standard for Business Divestitures" (ASBJ Statement No. 7, September 13, 2013; hereinafter the "Business Divestitures Standard"), etc. effective from the consolidated first quarter under review. As a result, the method of recording the amount of difference caused by changes in the Company's ownership interests in subsidiaries in the case of subsidiaries under ongoing control of the Company was changed to one in which it is recorded as capital surplus, and the method of recording acquisition-related costs was changed to one in which they are recognized as expenses for the consolidated fiscal year in which they are incurred. Furthermore, for business combinations carried out on or after the beginning of the consolidated first quarter under review, the accounting method was changed to one in which the reviewed acquisition cost allocation resulting from the finalization of the tentative accounting treatment is reflected in the quarterly consolidated financial statements for the quarterly period in which the business combination occurs. In addition, a change in the presentation of quarterly net income, etc. and a change in the presentation of the minority interests to non-controlling interests were adopted. In order to reflect these changes in presentation, the quarterly consolidated financial statements for the first three months of the previous fiscal year and the consolidated financial statements for the previous fiscal year were reclassified.

The application of the Business Combinations Standard, etc. is subject to the transitional treatment provided for in Paragraph 58-2(4) of the Business Combinations Standard, Paragraph 44-5(4) of the Consolidated Financial Statements Standard, and Paragraph 57-4(4) of the Business Divestitures Standard. Accordingly, these standards have been applied prospectively from the beginning of the consolidated first quarter under review.

This change in accounting policies has no impact on the Company's consolidated financial statements for the consolidated first three months under review.

3. Significant Events Concerning the Going Concern Assumption

As the Group incurs research and development expenses ahead of revenue, it has continued to post operating losses and negative cash flows from operation. As a result, the Company recognizes the existence of a situation that gives rise to significant doubt about the going concern assumption. However, the Company has determined that there is no significant uncertainty about the going concern assumption as the Company has developed and focusing on the implementation of measures to eliminate or mitigate this situation.

In order to eliminate or mitigate this situation, the Group will generate revenue from sales of Hemostat, the product that is sold globally in the medical device business, as well as to secure revenue from initial payments and milestone payments under distribution license agreements mainly in the U.S., Europe, Asia, and Latin America. In addition, given the progress in our efforts to promote the sharing and streamlining of basic research in research and development conducted between the parent company and a subsidiary, the Group will strive to eliminate the significant event by reducing selling, general and administrative expenses and improving its revenue structure through, among others, the improvement of business efficiency to reduce various expenses.

The Group has secured sufficient operating funds necessary to support the progress of its research and development activities and business activities. The Group has also renewed, on a regular basis, agreements with various financial institutions for the establishment of loan facilities and commitment lines to enable the Group to borrow funds promptly as necessary.

4. Quarterly Consolidated Financial Statements
(1) Quarterly Consolidated Balance Sheets

(Thousands of yen)

	Previous Fiscal year (as of April 30, 2015)	First quarter of FY2015 (as of July 31, 2015)
Assets		
Current assets		
Cash and deposits	5,136,835	4,612,543
Accounts receivable	52,315	93,360
Inventories	776,640	806,212
Advance payments	142,432	93,430
Other, net	95,697	122,098
Total current assets	6,203,920	5,727,645
Noncurrent assets		
Property, plant and equipment	94,062	90,115
Intangible assets		
Goodwill	186,667	169,167
Other, net	206,141	215,022
Total intangible assets	392,808	384,190
Investments and other assets	118,454	139,364
Total noncurrent assets	605,325	613,670
Total assets	6,809,245	6,341,316
Liabilities		
Current liabilities		
Short-term loans payable	200,000	200,000
Income taxes payable	18,834	9,642
Other, net	190,456	214,058
Total current liabilities	409,290	423,700
Noncurrent liabilities		
Other, net	18,431	14,747
Total noncurrent liabilities	18,431	14,747
Total liabilities	427,722	438,448
Net assets		
Shareholders' equity		
Capital stock	5,930,207	5,935,009
Capital surplus	5,920,077	5,924,879
Retained earnings	(5,786,552)	(6,239,316)
Treasury stock	(59)	(59)
Total shareholders' equity	6,063,673	5,620,512
Accumulated other comprehensive income		
Foreign currency translation adjustment	(23,029)	(60,038)
Total accumulated other comprehensive income	(23,029)	(60,038)
Subscription rights to shares	340,880	342,394
Total net assets	6,381,523	5,902,868
Total liabilities and net assets	6,809,245	6,341,316

(2) Quarterly Consolidated Statements of Income and Comprehensive Income

Quarterly consolidated statements of income
for the three months ended July 31, 2015

(Thousands of yen)

	Three months Ended July 31, 2014 (From May 1 to July 31, 2014)	Three months Ended July 31, 2015 (From May 1 to July 31, 2015)
Business revenues		
Sales	-	15,780
Research and development revenues	-	30,979
Total business revenues	-	46,760
Business expenses		
Cost of goods sold	-	45,599
Research and development expenses	141,015	166,579
Selling, general and administrative expenses	297,233	353,756
Total business expenses	438,248	565,935
Operating loss	(438,248)	(519,175)
Non-operating income		
Interest income	203	1,339
Foreign exchange gains	3,538	43,021
Other, net	58	398
Total non-operating income	3,800	44,759
Non-operating expenses		
Interest expenses	3,473	1,351
Commission fee	1,008	1,008
Stock issuance cost	31,849	30
Other, net	45	37
Total non-operating expenses	36,377	2,427
Ordinary income (loss)	(470,826)	(476,842)
Extraordinary income		
Gain on reversal of subscription rights to shares	-	24,504
Total extraordinary income	-	24,504
Extraordinary loss		
Settlement money	160,375	
Total extraordinary loss	160,375	
Loss before income taxes and minority interests	(631,201)	(452,338)
Income taxes-current	562	562
Income taxes-deferred	3,011	(137)
Total income taxes	3,573	425
Net loss	(634,774)	(452,763)
Net income attributable to noncontrolling shareholders		
Net loss attributable to owners of the parent	(634,774)	(452,763)

Quarterly consolidated statements of comprehensive income
for the three months ended July 31, 2015

(Thousands of yen)

	Three months Ended July 31, 2014 (From May 1 to July 31, 2014)	Three months Ended July 31, 2015 (From May 1 to July 31, 2015)
Quarterly net (loss)	(634,774)	(452,763)
Other comprehensive income		
Foreign currency translation adjustment	(5,701)	(37,008)
Total other comprehensive income	(5,701)	(37,008)
Comprehensive income	(640,476)	(489,772)
Comprehensive income attributable to		
Comprehensive income attributable to owners of the parent	(640,476)	(489,772)
Comprehensive income attributable to noncontrolling shareholders	-	-

(3) Notes to Quarterly Consolidated Financial Statements

(Notes to Going Concern Assumptions)

For the three months ended July 31, 2015 (From May 1 to July 31, 2015)

Not applicable.

(Notes in Case of Significant Changes in Shareholders' Equity)

For the three months ended July 31, 2015 (From May 1 to July 31, 2015)

Not applicable.

(Segment Information)

For the three months ended July 31, 2015 (From May 1 to July 31, 2015)

Since the Group has only a single segment (medical products), segment information is omitted.