[Delayed] CONSOLIDATED FINANCIAL REPORT
For the Second Quarter of Fiscal Year Ending April 30, 2016
(Under Japan GAAP)

December 16, 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): December 15, 2015
Supplemental material of quarterly results: Yes
Convening briefing of quarterly results: Yes

(Figures are rounded down to the nearest million yen)

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

(1) Consolidated operating results (cumulative)

(%:Growth year on year)

	Business Revenues		Operating income		Ordinary income		Net income	
	(¥ million)	%	(¥ million)	%	(¥ million)	%	(¥ million)	%
2Q FY 2015	52	―	-980	―	-978	―	-930	―
2Q FY 2014	0	-100.0	-1,004	―	-984	―	-1,148	―

Note: Comprehensive income: 2Q Fiscal 2015 -963(―%) 2Q Fiscal 2014 -1,167(―%)

	Basic Net income per share	Diluted Net income per share
	(¥)	(¥)
2Q FY 2015	-43.40	―
2Q FY 2014	-55.46	―

(2) Consolidated financial positions

	Total assets	Net assets	Shareholders' equity per share
	(¥ million)	(¥ million)	%
As of October 31, 2015	5,826	5,409	87.3
As of April 30, 2015	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	―	0.00			
FY 2015(Forecast)			―	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		Net income per share
	(¥ million)	%	(¥ million)	%	(¥ million)	%	(¥ million)	%	¥
Full fiscal year	783	685.7	-1,996	—	-2,004	—	-2,005	—	-93.42
	~2,877	—	~24	—	~16	—	~11	—	~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: None
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)	2Q FY2015	21,466,400	FY2014	21,438,400
2) Number of treasury stock shares as of the end of the reporting period	2Q FY2015	112	FY2014	112
3) Average number of shares outstanding (cumulative)	2Q FY2015	21,450,184	2Q FY2014	20,706,768

※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 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 5 for details with regard to the assumptions and other related matters concerning consolidated financial results forecasts.

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1. Qualitative Information on Quarterly Financial Results

(1) Explanation of Results of Operations

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 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.The Group had been working to start clinical studies in the first half of the fiscal year ending April 2016. However, the examinations towards a determination on the design of the clinical studies have taken time and consultations with PMDA are still in progress. Therefore, the Group has decided to continue its efforts to submit the notification of the clinical trial plan in the fiscal year ending April 2016 and aim to start the clinical studies in the first quarter of the fiscal year ending April 2017.

The Group considers it important to examine the design of the clinical studies at the current stage in order to clearly demonstrate the effectiveness in the clinical studies. The Group is conducting activities so that it can submit a manufacturing and marketing approval application by starting more accurate clinical studies even if they take time.

As for the future total plan, taking into account the state of progress of consultations after the third quarter, the Group needs to carefully examine details of the examination and their effects on the plan. The careful examination of the effects will be conducted from the third quarter to the fourth quarter and is expected to be reflected onto the future plan.

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, which has started to sell the product in the U.K. and Germany to date, launched product sales in the second quarter under review through distributors in France, Switzerland, and Spain. The Group will continue to make efforts to steadily expand the distribution channel focusing on major European countries. Aiming to sell products in wider areas in Europe, the Group continues to negotiate with three candidates for distribution partnership in order to enter into a distribution license agreement with them.

Asia, Oceania: As CE marking is recognized in this region and 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 the previous fiscal year, the Group obtained product registration

approval in Singapore and Indonesia, and submitted an application for product registration in South Korea, which is expected to be approved this 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. In the second quarter under review as well, the Group is in negotiations for distribution partnerships concerning the future developments in Singapore and Malaysia. The Group plans to start product sales in Indonesia and Hong Kong this fiscal year and in the ASEAN region over the next fiscal year. As part of efforts in Oceania, the Group entered into a distribution alliance in Australia with Maquet Australia Pty Ltd (“Maquet”) in the second quarter under review. The Group has already submitted an application for product registration in Australia through Maquet. Registration approval is expected in this fiscal year and product sales are planned to begin from the start of the next fiscal year.

Latin America (Brazil, Colombia, Mexico, etc.): As CE marking is recognized in this region and 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. The Group obtained product registration approval in Columbia in the first quarter under review and product registration in Brazil in November 2015. Product registration is expected in Mexico as well during this fiscal year. The Group will start sales of the product after obtaining product registration approvals in the three countries.

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. The clinical trial continues to progress in the second quarter under review. 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, Product sales of the Hemostat in Europe and Asia and initial payments received associated with distribution alliances in Asia resulted in business revenues for the six months ended October, 2015, totaled ¥52,739 thousand (up ¥52,739 thousand from the same period of the previous year). Business revenues are generally progressing in line with the full-year plan and remain at a range that has no effect on earnings. Including research and development expenses, expenses remain within the range of the full-year plan. With an ordinary loss of ¥ 978,197 thousand (compared to an ordinary loss of

¥984,509 thousand in the same period of the previous year), and a net loss of ¥930,838 thousand (compared to a net loss of ¥1,148,475 thousand in the same period of the previous year).

(2) Explanation of Financial Position

AS of October 31, 2015, total assets stood at ¥5,826,977 thousand (down ¥982,268 thousand from the end of the previous year).

Current assets totaled ¥5,223,385 thousand (down ¥980,534thousand), due mainly to a decrease of ¥875,972 thousand in cash and deposits.

Noncurrent assets totaled ¥ 603,591 thousand (down ¥ 1,733 thousand), due mainly to a decrease of ¥35,000 thousand in amortization of goodwill included in intangible assets and a recording of ¥9,321 thousand in depreciation and amortization of property and equipment, despite an increase of ¥37,294 thousand in long-term prepaid expenses included in investments and other assets.

Meanwhile, liabilities totaled ¥417,525 thousand (down ¥10,196 thousand), due mainly to a decrease of ¥53,269 thousand in accounts payable-other, despite an increase of ¥18,260 thousand in advances received and ¥19,005 thousand in accrued expenses included in 'other' of current liabilities.

Net assets totaled ¥5,409,451 thousand (down ¥972,071 thousand), due mainly to a decrease of ¥930,838 thousand in retained earnings as net loss of attributable to owners of the parent.

(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 six 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 Second six 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)	Second Quarter of FY2015 (as of October 31, 2015)
Assets		
Current assets		
Cash and deposits	5,136,835	4,260,863
Accounts receivable	52,315	65,458
Inventories	776,640	713,230
Other, net	238,129	183,833
Total current assets	6,203,920	5,223,385
Noncurrent assets		
Property, plant and equipment	94,062	84,740
Intangible assets		
Goodwill	186,667	151,667
Other, net	206,141	211,156
Total intangible assets	392,808	362,823
Investments and other assets	118,454	156,027
Total noncurrent assets	605,325	603,591
Total assets	6,809,245	5,826,977
Liabilities		
Current liabilities		
Short-term loans payable	200,000	200,000
Income taxes payable	18,834	19,286
Other, net	190,456	187,400
Total current liabilities	409,290	406,686
Noncurrent liabilities		
Other, net	18,431	10,838
Total noncurrent liabilities	18,431	10,838
Total liabilities	427,722	417,525
Net assets		
Shareholders' equity		
Capital stock	5,930,207	5,935,809
Capital surplus	5,920,077	5,925,679
Retained earnings	(5,786,552)	(6,717,390)
Treasury stock	(59)	(59)
Total shareholders' equity	6,063,673	5,144,038
Accumulated other comprehensive income		
Foreign currency translation adjustment	(23,029)	(55,457)
Total accumulated other comprehensive income	(23,029)	(55,457)
Subscription rights to shares	340,880	320,871
Total net assets	6,381,523	5,409,451
Total liabilities and net assets	6,809,245	5,826,977

(2) Quarterly Consolidated Statements of Income and Comprehensive Income

Quarterly consolidated statements of income
for the six months ended October 31, 2015

(Thousands of yen)

	Six Months Ended October 31, 2014 (From May 1 to October 31, 2014)	Six Months Ended October 31, 2015 (From May 1 to October 31, 2015)
Business revenues		
Net sales	-	23,086
Research and development revenues	-	29,652
Total business revenues	-	52,739
Business expenses		
Cost of sales	-	60,677
Research and development expenses	421,807	341,142
Selling, general and administrative expenses	583,014	630,969
Total business expenses	1,004,821	1,032,789
Operating loss	(1,004,821)	(980,050)
Non-operating income		
Interest income	1,361	3,727
Foreign exchange gains	58,383	3,113
Subsidy income	87	-
Other, net	315	-
Total non-operating income	60,147	6,840
Non-operating expenses		
Interest expenses	6,124	2,648
Commission fee	2,016	2,005
Stock issuance cost	31,601	90
Other, net	92	243
Total non-operating expenses	39,834	4,987
Ordinary loss	(984,509)	(978,197)
Extraordinary profit		
Gain on reversal of subscription rights to shares	-	48,090
Total extraordinary profit	-	48,090
Extraordinary loss		
Settlement money	160,375	-
Total extraordinary loss	160,375	-
Loss before income taxes and minority interests	(1,144,884)	(930,106)
Income taxes-current	605	865
Income taxes-deferred	2,986	(133)
Total income taxes	3,591	731
Net loss	(1,148,475)	(930,838)
Net income attributable to noncontrolling shareholders	-	-
Net loss attributable to owners of the parent	(1,148,475)	(930,838)

Quarterly consolidated statements of comprehensive income
for the six months ended October 31, 2015

(Thousands of yen)

	Six Months Ended October 31, 2014 (From May 1 to October 31, 2014)	Six Months Ended October 31, 2015 (From May 1 to October 31, 2015)
Net loss	(1,148,475)	(930,838)
Other comprehensive income		
Foreign currency translation adjustment	(19,088)	(32,428)
Total other comprehensive income	(19,088)	(32,428)
Comprehensive income	(1,167,563)	(963,266)
Comprehensive income attributable to		
Comprehensive income attributable to owners of the parent	(1,167,563)	(963,266)
Comprehensive income attributable to noncontrolling shareholder	-	-

(3) Quarterly Consolidated Statements of Cash Flows

	Six Months Ended October 31, 2014 (From May 1 to October 31, 2014)	Six Months Ended October 31, 2015 (From May 1 to October 31, 2015)
Net cash provided by (used in) operating activities		
Income before income taxes and minority interests	(1,144,884)	(930,106)
Depreciation and amortization	18,511	29,122
Amortization of goodwill	35,000	35,000
Interest income	(1,361)	(3,727)
Interest expenses	6,124	2,648
Commission fee	2,016	-
Foreign exchange losses (gains)	(32,050)	(26,808)
Stock issuance cost	31,601	90
Share-based compensation expenses	82,980	29,457
Gain on reversal of subscription rights to shares	-	(48,090)
Decrease (increase) in accounts receivable-trade	-	(15,273)
Decrease (increase) in inventories	(7,371)	63,346
Decrease (increase) in prepayments	(28,773)	113,205
Decrease (increase) in prepaid expenses	(10,202)	(1,563)
Increase (decrease) in accounts payable-other	2,024	(42,713)
Increase (decrease) in accrued expenses	9,514	(10,141)
Increase (decrease) in advances received	45,000	18,260
Other, net	21,438	(41,691)
Subtotal	(970,432)	(828,985)
Interest income received	1,361	3,727
Interest expenses paid	(5,841)	(2,781)
Income taxes paid	(1,210)	(1,210)
Net cash provided by (used in) operating activities	(976,122)	(829,250)
Net cash provided by (used in) investing activities		
Purchase of property, plant and equipment	(4,805)	(215)
Purchase of intangible assets	(18,262)	(18,322)
Purchase of long-term prepaid expenses	(30,927)	(25,803)
Other, net	(182)	(318)
Net cash provided by (used in) investing activities	(54,178)	(44,660)
Net cash provided by (used in) financing activities		
Net increase (decrease) in short-term loans payable	(800,000)	-
Proceeds from issuance of common stock	5,043,356	9,737
Repayments of lease obligations	(6,619)	(7,060)
Other, net	(2,168)	(2,060)
Net cash provided by (used in) financing activities	4,234,567	616
Effect of exchange rate change on cash and cash equivalents	6,716	(2,678)
Net increase (decrease) in cash and cash equivalents	3,210,983	(875,972)
Cash and cash equivalents at beginning of period	2,640,535	5,136,835
Cash and cash equivalents at end of period	5,851,518	4,260,863

(4) Notes concerning Quarterly Consolidated Financial Statements

Notes to Going Concern Assumptions

For the six months ended October 31, 2015 (From May 1 to October 31, 2015)

Not applicable.

Notes in Case of Significant Changes in Shareholders' Equity

Not applicable.

Segment Information

For the six months ended October 31, 2015 (From May 1 to October 31, 2015)

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