



Consolidated Financial Report
for the Nine Months Ended September 30, 2012 (Unaudited)
AnGes MG, Inc. <http://www.anges-mg.com/>

Listings: Mothers of the Tokyo Stock Exchange, Code 4563

Head Office: 4F, Saito Bio-Incubator, 7-7-15, Saito-Asagi, Ibaraki, Osaka, 567-0085, Japan

Adoption of the U.S.GAAP: None

(Figures are rounded down to the nearest million yen)

1. Business Results for the Third quarter 2012 (From Jan. 1, 2012 to Sep. 30, 2012)

(1) Results of Operations (Percentages indicate changes from the previous term)

	Revenues		Operating loss		Ordinary loss		Net loss	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
3Q 2012	362	104.5	(1,363)	—	(1,263)	—	(1,246)	—
3Q 2011	177	(5.5)	(1,492)	—	(1,174)	—	(1,197)	—

*Comprehensive Income 3Q 2012 : (1,261) million yen 3Q 2011 : (1,150) million yen

	Net loss per share	Diluted net loss per share
	Yen	Yen
3Q 2012	(9,978.03)	—
3Q 2011	(9,866.72)	—

(2) Financial Position

	Total assets	Total net assets	Shareholders' equity ratio
	Million yen	Million yen	%
Sep. 30, 2012	2,869	2,282	73.5
Dec. 31, 2011	3,889	3,271	79.2

*Shareholder's equity Sep. 30, 2012 : 2,107 million yen Dec. 31, 2011 : 3,078 million yen

2. Dividend

	Dividend per share				
	1Q	2Q	3Q	4Q	Full-year
	Yen	Yen	Yen	Yen	Yen
FY 2011	—	0.00	—	0.00	0.00
FY 2012	—	0.00	—	—	—
FY 2012 (Forecast)	—	—	—	0.00	0.00

3. Earnings Forecast for the Fiscal Year 2012 (From Jan. 1, 2012 to Dec. 31, 2012)

	Revenues		Operating loss		Ordinary loss		Net loss		Net loss per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
Full-year	350~450	—	(2,000)~ (1,600)	—	(1,900)~ (1,500)	—	(1,900)~ (1,500)	—	(14,686.22)~ (11,594.38)

*Change of earnings forecast from the most recent release: None

4. Others

- (1) Change of reporting entities (change of condition of significant consolidated subsidiaries) : None
 (2) Accounting procedure peculiar to the quarterly consolidated financial statements : None
 (3) Change of significant accounting and reporting policies for consolidated financial statements
 1) Change caused by revision of accounting standard : None
 2) Other changes : None
 3) Change of accounting estimate : None
 4) Restatement : None

(4) Number of shares issued and outstanding (common stock)

1) Number of shares issued and outstanding (including treasury stock)	Sep. 30, 2012	129,373 shares	Dec. 31, 2011	122,333 shares
2) Number of treasury stock	Sep. 30, 2012	- shares	Dec. 31, 2011	- shares
3) Average number of shares issued and outstanding (including treasury stock)	3Q 2012	124,965 shares	3Q 2011	121,410 shares

**Since descriptions about future events, for instance, earnings forecast for FY 2012, are estimation, results may differ from this estimation due to changes of several economic conditions.*

***This financial report has been translated from Japanese original which has been prepared in accordance with generally accepted accounting principles in Japan, for reference purposes only. Also some changes are added to this report in order to present in a form more familiar to the readers outside Japan.*

AnGes MG, Inc
Consolidated Balance Sheets
(In thousands)
(Unaudited)

	December 31, 2011	September 30, 2012
Assets		
Current assets		
Cash and deposits	1,575,549	483,563
Accounts receivable-trade	76,410	108,197
Short-term investment securities	—	200,010
Merchandise	90,211	114,629
Finished goods	—	15,105
Raw materials and supplies	519,588	555,465
Work in process	—	2,725
Advance payments-trade	281,128	161,861
Prepaid expenses	27,030	28,675
Advances paid	18,415	22,814
Other	47,079	18,076
Total current assets	<u>2,635,414</u>	<u>1,711,126</u>
Noncurrent assets		
Property, plant and equipment		
Buildings	71,605	71,490
Accumulated depreciation	<u>(56,695)</u>	<u>(58,212)</u>
Buildings, net	<u>14,909</u>	<u>13,277</u>
Machinery and equipment	52,624	52,282
Accumulated depreciation	<u>(52,134)</u>	<u>(52,160)</u>
Machinery and equipment, net	<u>490</u>	<u>121</u>
Tools, furniture and fixtures	452,888	446,669
Accumulated depreciation	<u>(406,540)</u>	<u>(414,329)</u>
Tools, furniture and fixtures, net	<u>46,347</u>	<u>32,340</u>
Total property, plant and equipment	<u>61,747</u>	<u>45,740</u>
Intangible assets		
Patent right	140,416	110,402
Other	1,600	2,576
Total intangible assets	<u>142,016</u>	<u>112,978</u>
Investments and other assets		
Investment securities	951,199	907,845
Lease and guarantee deposits	54,081	53,143
Other	44,812	38,542
Total investments and other assets	<u>1,050,093</u>	<u>999,531</u>
Total noncurrent assets	<u>1,253,857</u>	<u>1,158,250</u>
Total assets	<u><u>3,889,272</u></u>	<u><u>2,869,376</u></u>

AnGes MG, Inc
Consolidated Balance Sheets
(In thousands)
(Unaudited)

	December 31, 2011	September 30, 2012
Liabilities		
Current liabilities		
Accounts payable–trade	60,472	170,344
Accounts payable–other	62,817	54,189
Accrued expenses	21,572	18,873
Income taxes payable	24,083	13,800
Advances received	416,914	273,340
Deposits received	15,443	14,517
Suspense receipt	—	24,000
Other	—	271
Total current liabilities	<u>601,304</u>	<u>569,337</u>
Noncurrent liabilities		
Asset retirement obligations	<u>16,911</u>	<u>17,111</u>
Total noncurrent liabilities	<u>16,911</u>	<u>17,111</u>
Total liabilities	<u>618,215</u>	<u>586,449</u>
Net assets		
Shareholders' equity		
Capital stock	9,653,241	9,798,325
Capital surplus	7,963,981	8,109,065
Retained earnings	<u>(14,940,366)</u>	<u>(16,187,271)</u>
Total shareholders' equity	<u>2,676,856</u>	<u>1,720,120</u>
Valuation and translation adjustments		
Valuation difference on available–for–sale securities	454,413	440,000
Foreign currency translation adjustment	<u>(52,440)</u>	<u>(52,245)</u>
Total valuation and translation adjustments	<u>401,973</u>	<u>387,754</u>
Subscription rights to shares	<u>192,226</u>	<u>175,052</u>
Total net assets	<u>3,271,056</u>	<u>2,282,927</u>
Total liabilities and net assets	<u><u>3,889,272</u></u>	<u><u>2,869,376</u></u>

AnGes MG, Inc
Consolidated Statements of Operations
(In thousands)
(Unaudited)

	Month ended Sep. 30, (From Jan. 1 to Sep.30)	
	2011	2012
Business revenues		
Net sales of goods	130,936	171,024
Net sales of finished goods	—	11,515
Research and development revenues	46,103	179,583
Total business revenues	<u>177,040</u>	<u>362,122</u>
Business expenses		
Cost of sales	58,819	79,108
Research and development expenses	1,043,849	961,501
Selling, general and administrative expenses	566,721	684,661
Total business expenses	<u>1,669,390</u>	<u>1,725,272</u>
Operating loss	<u>(1,492,349)</u>	<u>(1,363,149)</u>
Non-operating income		
Interest income	2,626	470
Gain on sales of securities	188	—
Gain on investments in partnership	—	3,076
Foreign exchange gains	8,491	575
Subsidy income	309,997	96,466
Fiduciary obligation fee	301	301
Miscellaneous income	1,099	740
Total non-operating income	<u>322,705</u>	<u>101,630</u>
Non-operating expenses		
Interest paid	43	—
Stock issuance cost	2,312	1,978
Loss on investments in partnership	2,304	—
Miscellaneous loss	0	39
Total non-operating expenses	<u>4,660</u>	<u>2,018</u>
Ordinary loss	<u>(1,174,304)</u>	<u>(1,263,536)</u>
Extraordinary income		
Gain on sales of noncurrent assets	68	—
Gain on reversal of subscription rights to shares	—	31,897
Total extraordinary income	<u>68</u>	<u>31,897</u>
Extraordinary loss		
Loss on retirement of noncurrent assets	3,516	—
Loss on adjustment for changes of accounting standard for asset retirement obligations	11,839	—
Office transfer expenses	—	8,144
Total extraordinary losses	<u>15,356</u>	<u>8,144</u>
Loss before income taxes	<u>(1,189,592)</u>	<u>(1,239,783)</u>
Income taxes—current	8,327	7,121
Total income taxes	<u>8,327</u>	<u>7,121</u>
Loss before minority interests	<u>(1,197,920)</u>	<u>(1,246,905)</u>
Net loss	<u>(1,197,920)</u>	<u>(1,246,905)</u>

AnGes MG, Inc
Consolidated Statements of Comprehensive Income
(In thousands)
(Unaudited)

	Month ended Sep. 30, (From Jan. 1 to Sep.30)	
	2011	2012
Loss before minority interests	(1,197,920)	(1,246,905)
Other comprehensive income		
Valuation difference on available-for-sale securities	55,212	(14,413)
Foreign currency translation adjustment	(7,432)	194
Total other comprehensive income	<u>47,779</u>	<u>(14,218)</u>
Comprehensive income	<u>(1,150,140)</u>	<u>(1,261,123)</u>
Comprehensive income attributable to owners of the parent	(1,150,140)	(1,261,123)
Comprehensive income attributable to minority interests	—	—

<Self-developed product>

Segment	Product name / Project	Target indications	Region	Development stage	Alliance partners
Medicine	Collategene® (HGF Plasmid)	Peripheral Arterial Disease (PAD)	Japan	Preparing for phase III	Daiichi-Sankyo Co., Ltd. (JP) *Marketing Rights
			US		Mitsubishi Tanabe Pharma Corporation (JP) *Marketing Rights
		Ischemic Heart Disease (IHD)	Japan	Preparing for clinical trials	Daiichi-Sankyo Co., Ltd. (JP) *Marketing Rights
			US	Phase I	Available
		Parkinson's Disease		Pre-clinical	Available
		Lymphedema	Japan	Preparing for phase I / II	Available
	NF- κ B Decoy Oligo	Atopic Dermatitis	Japan	Phase II	Shionogi & Co., LTD.(JP) *Co-Development, Marketing Rights
			World	Pre-clinical	
Medical device	Drug-Eluting PTA balloon catheter	Prevention of Vascular Restenosis	Japan	Clinical trials	Medikit Co., Ltd. Hosokawa Micron Corp. (JP) *Joint Research
	Functional Peptides (Cure Peptin®)	Wound		Application Research	Morishita Jintan Co., Ltd. (JP) *Joint Research

<Alliance product>

Segment	Product name / Project	Target indications	Region	Development stage	Alliance partners
Medicine	Allovectine®	Metastatic Melanoma	US / Europe	Phase III	Vical, Inc. (US)

<Self-developed product at GenomIdia>

Segment	Product name / Project	Target indications	Region	Development stage	Alliance partners
Medicine	GEN0101	All Diseases	World	Pre-clinical	Ishihara Sangyo Kaisha, Ltd. (JP) *Signed a Letter of Intent for Business Transfer