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Consolidated Financial Report
for the Six Months Ended June 30, 2013 (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 First quarter 2013 (From Jan. 1, 2013 to Jun. 30, 2013)

(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	%
2Q 2013	314	9.2	△ 632	—	△ 629	—	△ 652	—
2Q 2012	288	133.0	△ 954	—	△ 890	—	△ 893	—

*Comprehensive Income 2Q 2013 : △ 459 million yen 2Q 2012 : △ 1,015 million yen

	Net loss per share	Diluted net loss per share
	Yen	Yen
2Q 2013	△ 2,257.41	—
2Q 2012	△ 3,638.59	—

(2) Financial Position

	Total assets	Total net assets	Shareholders' equity ratio
	Million yen	Million yen	%
Jun. 30, 2013	4,464	3,863	82.8
Dec. 31, 2012	2,260	1,738	70.0

*Shareholder's equity Jun. 30, 2013 : 3,695 million yen Dec. 31, 2012 : 1,581 million yen

2. Dividend

	Dividend per share				
	1Q	2Q	3Q	4Q	Full-year
	Yen	Yen	Yen	Yen	Yen
FY 2012	—	0.00	—	0.00	0.00
FY 2013	—	0.00	—	—	—
FY 2013 (Forecast)	—	—	—	0.00	0.00

3. Earnings Forecast for the Fiscal Year 2013 (From Jan. 1, 2013 to Dec. 31, 2013)

	Revenues		Operating loss		Ordinary loss		Net loss		Net loss per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
Full-year	350~450	—	△ 1,200~ △ 900	—	△ 1,200~ △ 900	—	△ 1,300~ △ 1,000	—	△ 4,325.70~ △ 3,327.46

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 : Applicable
 2) Other changes : None
 3) Change of accounting estimate : Applicable
 4) Restatement : None

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

1) Number of shares issued and outstanding (including treasury stock)	Jun. 30, 2013	306,126 shares	Dec. 31, 2012	262,260 shares
2) Number of treasury stock	Jun. 30, 2013	- shares	Dec. 31, 2012	- shares
3) Average number of shares issued and outstanding (including treasury stock)	FY2013, 2Q	289,010 shares	FY2012, 2Q	245,695 shares

**Since descriptions about future events, for instance, earnings forecast for FY 2013, 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.*

Projects --- Current pipeline status

<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	Phase I	
Disc Degeneration		Japan	Pre-clinical	Nippon Zoki Pharmaceutical Co., Ltd. (JP) *Co-Development, Marketing Rights	
Medical device	Drug-Eluting PTA balloon catheter	Prevention of Vascular Restenosis	Japan	Clinical trials	Medikit Co., Ltd. (JP) Hosokawa Micron Corp. (JP) *Joint Research
	Functional Peptides (Cure Peptin®)	Wound		Application Research	Morishita Jintan Co., Ltd. (JP) *Joint Research

<Co-Development Program>

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

<In-Licensed Program>

Segment	Product name / Project	Target indications	Region	Development stage	Alliance partners
Medicine	CIN Therapeutic Vaccine	Cervical Precancerous Lesion	Japan/US /Europe /China	Pre-clinical *Japan: Clinical research at Tokyo University	Bio Leaders (South Korea)

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

	December 31, 2012	June 30, 2013
Assets		
Current assets		
Cash and deposits	354,778	1,505,110
Accounts receivable-trade	104,097	195,301
Short-term investment securities	—	799,730
Merchandise	83,174	179,199
Finished goods	11,836	—
Raw materials and supplies	553,186	529,958
Work in process	2,745	—
Advance payments-trade	147,366	118,695
Prepaid expenses	23,942	19,198
Advances paid	35,919	45,992
Other	25,411	24,631
Total current assets	<u>1,342,459</u>	<u>3,417,819</u>
Noncurrent assets		
Property, plant and equipment		
Buildings	71,520	52,643
Accumulated depreciation	<u>△ 58,823</u>	<u>△ 42,805</u>
Buildings, net	<u>12,697</u>	<u>9,837</u>
Machinery and equipment	52,084	1,603
Accumulated depreciation	<u>△ 52,084</u>	<u>△ 1,602</u>
Machinery and equipment, net	<u>0</u>	<u>0</u>
Tools, furniture and fixtures	410,420	281,072
Accumulated depreciation	<u>△ 377,802</u>	<u>△ 259,982</u>
Tools, furniture and fixtures, net	<u>32,617</u>	<u>21,090</u>
Total property, plant and equipment	<u>45,315</u>	<u>30,927</u>
Intangible assets		
Patent right	100,326	76,061
Other	2,350	1,922
Total intangible assets	<u>102,676</u>	<u>77,983</u>
Investments and other assets		
Investment securities	680,759	860,257
Lease and guarantee deposits	53,179	40,638
Other	35,838	37,203
Total investments and other assets	<u>769,777</u>	<u>938,099</u>
Total noncurrent assets	<u>917,769</u>	<u>1,047,011</u>
Total assets	<u>2,260,229</u>	<u>4,464,830</u>

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

	December 31, 2012	June 30, 2013
Liabilities		
Current liabilities		
Accounts payable–trade	66,871	241,220
Accounts payable–other	51,072	58,062
Accrued expenses	17,792	9,913
Income taxes payable	24,117	24,686
Advances received	331,472	232,377
Deposits received	13,162	9,911
Asset retirement obligations	2,323	—
Total current liabilities	<u>506,811</u>	<u>576,173</u>
Noncurrent liabilities		
Deferred tax liabilities	—	9,921
Asset retirement obligations	14,855	14,991
Total noncurrent liabilities	<u>14,855</u>	<u>24,912</u>
Total liabilities	<u>521,666</u>	<u>601,086</u>
Net assets		
Shareholders' equity		
Capital stock	9,848,427	11,135,381
Capital surplus	8,159,167	9,446,121
Retained earnings	△ 16,648,733	△ 17,301,147
Total shareholders' equity	<u>1,358,862</u>	<u>3,280,354</u>
Accumulated other comprehensive income		
Valuation difference on available–for–sale securities	259,373	431,021
Foreign currency translation adjustment	△ 36,280	△ 15,382
Total accumulated other comprehensive income	<u>223,092</u>	<u>415,639</u>
Subscription rights to shares	156,606	167,749
Total net assets	<u>1,738,562</u>	<u>3,863,743</u>
Total liabilities and net assets	<u>2,260,229</u>	<u>4,464,830</u>

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

	Month ended Jun. 30, (From Jan. 1 to Jun.30)	
	2012	2013
Business revenues		
Net sales of goods	104,369	114,332
Net sales of finished goods	6,901	7,513
Research and development revenues	177,195	193,066
Total business revenues	<u>288,466</u>	<u>314,912</u>
Business expenses		
Cost of sales	48,495	53,739
Research and development expenses	735,534	525,410
Selling, general and administrative expenses	458,439	368,747
Total business expenses	<u>1,242,469</u>	<u>947,898</u>
Operating loss	<u>△ 954,002</u>	<u>△ 632,986</u>
Non-operating income		
Interest income	365	104
Gain on investments in partnership	3,076	—
Subsidy income	63,132	26,445
Fiduciary obligation fee	301	301
Miscellaneous income	714	1,880
Other	—	57
Total non-operating income	<u>67,591</u>	<u>28,791</u>
Non-operating expenses		
Stock issuance cost	1,329	15,979
Loss on investments in partnership	—	1,807
Foreign exchange losses	2,387	6,378
Miscellaneous loss	39	662
Total non-operating expenses	<u>3,757</u>	<u>24,827</u>
Ordinary loss	<u>△ 890,168</u>	<u>△ 629,022</u>
Extraordinary income		
Gain on reversal of subscription rights to shares	9,125	11,542
Gain on sales of subsidiaries' stocks	—	9,045
Total extraordinary income	<u>9,125</u>	<u>20,588</u>
Extraordinary loss		
Office transfer expenses	8,180	—
Expenditures for downsizing and restructuring	—	39,547
Total extraordinary losses	<u>8,180</u>	<u>39,547</u>
Loss before income taxes and minority interests	<u>△ 889,223</u>	<u>△ 647,981</u>
Income taxes—current	4,760	4,433
Total income taxes	<u>4,760</u>	<u>4,433</u>
Loss before minority interests	<u>△ 893,983</u>	<u>△ 652,414</u>
Net loss	<u>△ 893,983</u>	<u>△ 652,414</u>

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

	Month ended Jun. 30, (From Jan. 1 to Jun.30)	
	2012	2013
Loss before minority interests	△ 893,983	△ 652,414
Other comprehensive income		
Valuation difference on available-for-sale securities	△ 124,036	171,648
Foreign currency translation adjustment	2,714	20,897
Total other comprehensive income	△ 121,321	192,546
Comprehensive income	△ 1,015,305	△ 459,868
Comprehensive income attributable to		
Comprehensive income attributable to owners of the parent	△ 1,015,305	△ 459,868
Comprehensive income attributable to minority interests	—	—

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

	Month ended Jun. 30, (From Jan. 1 to Jun.30)	
	2012	2013
Net cash provided by (used in) operating activities		
Loss before income taxes and minority interests	△ 889,223	△ 647,981
Depreciation and amortization	49,592	33,123
Interest income	△ 365	△ 104
Foreign exchange losses (gains)	101	△ 1,426
Loss (gain) on sales of noncurrent assets	—	△ 57
Loss (gain) on investments in partnership	△ 2,878	2,005
Loss (gain) on sales of subsidiaries' stocks	—	△ 9,393
Stock issuance cost	1,329	15,979
Share-based compensation expenses	13,553	3,612
Gain on reversal of subscription rights to shares	△ 9,125	△ 11,542
Expenditures for downsizing and restructuring	—	38,445
Decrease (increase) in notes and accounts receivable-trade	△ 17,892	△ 96,399
Decrease (increase) in inventories	△ 50,375	△ 62,765
Increase (decrease) in notes and accounts payable-trade	94,541	174,349
Decrease (increase) in advance payments	125,114	30,065
Increase (decrease) in accounts payable-other	△ 4,855	17,030
Increase (decrease) in advances received	△ 128,847	△ 61,944
Decrease (increase) in other current assets	24,692	△ 4,401
Decrease (increase) in other noncurrent assets	—	△ 4,305
Increase (decrease) in other current liabilities	△ 1,212	△ 6,790
Increase (decrease) in other noncurrent liabilities	133	135
Subtotal	<u>△ 795,717</u>	<u>△ 592,367</u>
Interest income received	456	104
Expenditures for downsizing and restructuring paid	—	△ 34,856
Income taxes paid	△ 6,932	△ 4,558
Net cash provided by (used in) operating activities	<u>△ 802,193</u>	<u>△ 631,678</u>
Net cash provided by (used in) investing activities		
Purchase of property, plant and equipment	△ 5,689	△ 8,533
Purchase of intangible assets	△ 9,873	△ 1,468
Net decrease from sale of consolidated subsidiaries	—	△ 16,351
Purchase of long-term prepaid expenses	△ 1,852	△ 3,598
Payments for lease and guarantee deposits	△ 319	△ 75
Proceeds from collection of lease and guarantee deposits	1,279	12,666
Other proceeds	—	955
Net cash provided by (used in) investing activities	<u>△ 16,455</u>	<u>△ 16,406</u>
Net cash provided by (used in) financing activities		
Proceeds from issuance of common stock	199,985	2,550,557
Proceeds from issuance of subscription rights to shares	△ 187	26,900
Net cash provided by (used in) financing activities	<u>199,797</u>	<u>2,577,457</u>

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

	Month ended Jun. 30,	
	(From Jan. 1 to Jun.30)	
	2012	2013
Effect of exchange rate change on cash and cash equivalents	2,428	20,688
Net increase (decrease) in cash and cash equivalents	△ 616,422	1,950,061
Cash and cash equivalents at beginning of period	1,575,549	354,778
Cash and cash equivalents at end of period	959,127	2,304,840