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Consolidated Financial Report
for the Nine Months Ended September 30, 2014 (Unaudited)(Japan GAAP)
AnGes MG, Inc. <http://www.anges-mg.com/>

Listings: Mothers of the Tokyo Stock Exchange, Code 4563

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(Figures are rounded down to the nearest million yen)

1. Business Results for the Third quarter 2014 (From Jan. 1, 2014 to Sep. 30, 2014)

(1) Results of Operations (Percentages indicate changes from the same period of the previous fiscal year)

	Revenues		Operating loss		Ordinary loss		Net loss	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
3Q 2014	281	(28.0)	(2,048)	—	(2,121)	—	(2,090)	—
3Q 2013	391	8.1	(946)	—	(946)	—	(971)	—

*Comprehensive Income 3Q 2014 : (2,102) million yen 3Q 2013 : (1,181) million yen

	Net loss per share	Diluted net loss per share
	Yen	Yen
3Q 2014	(63.45)	—
3Q 2013	(32.78)	—

(2) Financial Position

	Total assets	Total net assets	Shareholders' equity ratio
	Million yen	Million yen	%
Sep. 30, 2014	8,659	7,967	90.8
Dec. 31, 2013	3,904	3,543	86.4

*Shareholder's equity Sep. 30, 2014 : 7,858 million yen Dec. 31, 2013 : 3,372 million yen

2. Dividend

	Dividend per share				
	1Q	2Q	3Q	4Q	Full-year
	Yen	Yen	Yen	Yen	Yen
FY 2013	—	0.00	—	0.00	0.00
FY 2014	—	0.00	—	—	—
FY 2014 (Forecast)	—	—	—	0.00	0.00

3. Earnings Forecast for the Fiscal Year 2014 (From Jan. 1, 2014 to Dec. 31, 2014)

	Revenues		Operating loss		Ordinary loss		Net loss		Net loss per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
Full-year	750~850	—	(2,600)~ (2,400)	—	(2,600)~ (2,400)	—	(2,600)~ (2,400)	—	(68.17)~(62.93)

Notes:

- (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) Changes caused by revision of accounting standard : None
 2) Changes in accounting policies other than 1) : None
 3) Changes in accounting estimates : 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, 2014	53,544,361 shares	Dec. 31, 2013	31,267,600 shares
2) Number of treasury stock	Sep. 30, 2014	- shares	Dec. 31, 2013	- shares
3) Average number of shares issued and outstanding (including treasury stock)	FY2014, 3Q	32,949,024 shares	FY2013, 3Q	29,643,626 shares

**Performance forecasts or any other future events contained in this report are based on currently available information which are believed to be reasonable at the time of forecasts. Actual results may differ from the forecasts due to various factors.*

***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 of yen)
(Unaudited)

	December 31, 2013	September 30, 2014
Assets		
Current assets		
Cash and deposits	1,795,253	7,135,969
Accounts receivable - trade	108,979	133,979
Securities	499,900	-
Merchandise	101,714	133,875
Raw materials and supplies	516,829	313,999
Advance payments - trade	173,587	302,172
Prepaid expenses	19,813	22,414
Advances paid	53,117	125
Other	35,611	49,701
Total current assets	3,304,806	8,092,237
Non-current assets		
Property, plant and equipment		
Buildings	52,280	52,294
Accumulated depreciation	(42,244)	(43,400)
Buildings, net	10,035	8,894
Machinery and equipment	320	320
Accumulated depreciation	(320)	(320)
Machinery and equipment, net	-	-
Tools, furniture and fixtures	206,166	213,240
Accumulated depreciation	(192,905)	(199,665)
Tools, furniture and fixtures, net	13,261	13,575
Total property, plant and equipment	23,297	22,469
Intangible assets		
Patent right	67,923	54,834
Other	1,851	1,430
Total intangible assets	69,775	56,265
Investments and other assets		
Investment securities	432,351	409,931
Lease and guarantee deposits	41,678	41,934
Other	32,255	36,316
Total investments and other assets	506,285	488,183
Total non-current assets	599,358	566,918
Total assets	3,904,164	8,659,155

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

	December 31, 2013	September 30, 2014
Liabilities		
Current liabilities		
Accounts payable - trade	42,161	307,806
Accounts payable - other	32,933	151,522
Accrued expenses	12,895	25,457
Income taxes payable	31,825	24,819
Advances received	217,645	160,132
Deposits received	7,950	6,240
Total current liabilities	<u>345,412</u>	<u>675,980</u>
Non-current liabilities		
Deferred tax liabilities	108	-
Asset retirement obligations	15,108	15,287
Total non-current liabilities	<u>15,217</u>	<u>15,287</u>
Total liabilities	<u>360,629</u>	<u>691,268</u>
Net assets		
Shareholders' equity		
Capital stock	11,552,853	14,847,066
Capital surplus	9,863,593	13,157,806
Retained earnings	(18,058,419)	(20,149,052)
Total shareholders' equity	<u>3,358,027</u>	<u>7,855,819</u>
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	15,105	(2,384)
Foreign currency translation adjustment	(593)	5,450
Total accumulated other comprehensive income	<u>14,511</u>	<u>3,066</u>
Subscription rights to shares	<u>170,995</u>	<u>109,001</u>
Total net assets	<u>3,543,534</u>	<u>7,967,887</u>
Total liabilities and net assets	<u>3,904,164</u>	<u>8,659,155</u>

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

	Month ended Sep. 30, (From Jan. 1 to Sep.30)	
	2013	2014
Business revenues		
Net sales of goods	186,916	221,785
Net sales of finished goods	7,513	-
Research and development revenues	196,918	60,071
Total business revenues	<u>391,349</u>	<u>281,857</u>
Business expenses		
Cost of sales	89,556	108,571
Research and development expenses	720,748	1,709,127
Selling, general and administrative expenses	527,243	512,767
Total business expenses	<u>1,337,548</u>	<u>2,330,466</u>
Operating loss	<u>(946,199)</u>	<u>(2,048,608)</u>
Non-operating income		
Interest income	541	490
Subsidy income	26,445	61,451
Fiduciary obligation fee	301	301
Miscellaneous income	2,038	1,843
Total non-operating income	<u>29,326</u>	<u>64,086</u>
Non-operating expenses		
Share issuance cost	22,343	118,613
Loss on investments in partnership	1,807	4,479
Foreign exchange losses	4,420	13,538
Miscellaneous loss	662	0
Total non-operating expenses	<u>29,233</u>	<u>136,631</u>
Ordinary loss	<u>(946,105)</u>	<u>(2,121,154)</u>
Extraordinary income		
Gain on reversal of subscription rights to shares	11,542	37,714
Gain on sales of shares of subsidiaries	9,045	-
Total extraordinary income	<u>20,588</u>	<u>37,714</u>
Extraordinary losses		
Expenditures for downsizing and restructuring	39,547	-
Total extraordinary losses	<u>39,547</u>	<u>-</u>
Loss before income taxes and minority interests	<u>(965,064)</u>	<u>(2,083,439)</u>
Income taxes - current	6,729	7,192
Total income taxes	6,729	7,192
Loss before minority interests	<u>(971,794)</u>	<u>(2,090,632)</u>
Net loss	<u>(971,794)</u>	<u>(2,090,632)</u>

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

	Month ended Sep. 30, (From Jan. 1 to Sep.30)	
	2013	2014
Loss before minority interests	(971,794)	(2,090,632)
Other comprehensive income		
Valuation difference on available-for-sale securities	(230,334)	(17,489)
Foreign currency translation adjustment	20,237	6,044
Total other comprehensive income	(210,097)	(11,444)
Comprehensive income	(1,181,891)	(2,102,077)
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	(1,181,891)	(2,102,077)
Comprehensive income attributable to minority interests	-	-

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, Europe		Mitsubishi Tanabe Pharma Corporation (JP) *Marketing Rights (US)
		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	Phase I / II	Available	
	NF-κB Decoy Oligo	Atopic Dermatitis	Japan	(Ointment drug) Preparing for Phase III (New formulation) Pre-clinical	Shionogi & Co., LTD. (JP) *Marketing Rights (World)
			Japan	Pre-clinical	
Medical device	Drug-Eluting PTA balloon catheter	Prevention of Vascular Restenosis	Japan	Clinical trials	Medikit Co., Ltd. (JP) *Joint Research
	Functional Peptides (Cure Peptin®)	Wound		Application Research	Morishita Jintan Co., Ltd. (JP) *Joint Research

<In-Licensed Program>

Segment	Product name / Project	Target indications	Rights of AnGes	Development stage	Alliance partners
Medicine	CIN Therapeutic Vaccine	Cervical Precancerous Lesion	Development & Marketing rights for Japan, US, UK & China	Investigated-Initiate Study	Bio Leaders (South Korea)
	Allovectin®	Cancer	Development & marketing rights for Asia	Under Review	Vical, Inc. (US)