



February 7, 2014

Consolidated Financial Report
for the Year Ended December 31, 2013 (Unaudited) (Japan GAAP)
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

(Figures are rounded down to the nearest million yen)

1. Business Results for the Year 2013 (From Jan. 1, 2013 to Dec. 31, 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	%
FY2013	491	10.5	△ 1,363	—	△ 1,383	—	△ 1,409	—
FY2012	444	82.6	△ 1,785	—	△ 1,716	—	△ 1,708	—

*Comprehensive Income FY2013: △ 1,618 million yen FY2012: △ 1,887 million yen

	Net loss per share	Diluted net loss per share	Return on equity	Return on asset	Operating profit ratio
	Yen	Yen	%	%	%
FY2013	△ 46.91	—	△ 56.90	△ 44.9	△ 277.5
FY2012	△ 67.67	—	△ 73.30	△ 55.8	△ 401.7

*Equity in net income of affiliates FY2013: — million yen FY2012: — million yen

(2) Financial Position

	Total assets	Total net assets	Shareholders' equity ratio	Net assets per share
	Million yen	Million yen	%	
Dec. 31, 2013	3,904	3,543	86.4	107.86
Dec. 31, 2012	2,260	1,738	70.0	60.32

*Shareholder's equity Dec. 31, 2013: 3,372 million yen Dec. 31, 2012: 1,581 million yen

(3) Cash Flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents, at end
	Million yen	Million yen	Million yen	Million yen
FY2013	△ 1,456	△ 27	3,389	2,295
FY2012	△ 1,631	7	387	354

2. Dividend

	Dividend per share					Dividend (Total)	Dividend payout ratio (Consolidated)	Dividend on equity (Consolidated)
	1Q	2Q	3Q	4Q	Full-year			
	Yen	Yen	Yen	Yen	Yen	Million yen	%	%
FY 2012	—	0.00	—	0.00	0.00	—	—	—
FY 2013	—	0.00	—	0.00	0.00	—	—	—
FY 2014 (Forecast)	—	0.00	—	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
2Q, 2014	—	—	—	—	—	—	—	—	—
Full-year	750~850	—	△2,600~ △2,400	—	△2,600~ △2,400	—	△2,600~ △2,400	—	△83.15~ △76.76

Notes:

(1) Change of reporting entities (change of condition of significant consolidated subsidiaries) : None

(2) 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 : None

4) Restatement : None

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

1) Number of shares issued and outstanding (including treasury stock)

Dec. 31, 2013	31,267,600 shares	Dec. 31, 2012	26,226,000 shares
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2) Number of treasury stock

Dec. 31, 2013	- shares	Dec. 31, 2012	- shares
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3) Average number of shares issued and outstanding (including treasury stock)

FY2013	30,052,957 shares	FY2012	25,245,240 shares
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**Since descriptions about future events, for instance, earnings forecast for FY 2014, 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)	Critical Limb Ischemia (CLI)	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	Phase II	Shionogi & Co., LTD. (JP) *Co-Development, Marketing Rights (World)
			Japan	Phase I	
		Disc Degeneration	Japan	Pre-clinical	Nippon Zoki Pharmaceutical Co., Ltd.(JP) *Co-Development, Marketing Rights
	Medical device	Drug-Coated PTA balloon catheter	Prevention of Vascular Restenosis	Japan	Clinical trials
Functional Peptides		Wound		Application Research	Morishita Jintan Co., Ltd. (JP) *Joint Research

<In-Licensed Program>

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

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

	December 31, 2012	December 31, 2013
Assets		
Current assets		
Cash and deposits	354,778	1,795,253
Accounts receivable-trade	104,097	108,979
Securities	—	499,900
Merchandise	83,174	101,714
Finished goods	11,836	—
Raw materials and supplies	553,186	516,829
Work in process	2,745	—
Advance payments-trade	147,366	173,587
Prepaid expenses	23,942	19,813
Advances paid	35,919	53,117
Other	25,411	35,611
Total current assets	1,342,459	3,304,806
Noncurrent assets		
Property, plant and equipment		
Buildings	71,520	52,280
Accumulated depreciation	△58,823	△42,244
Buildings, net	12,697	10,035
Machinery and equipment	52,084	320
Accumulated depreciation	△52,084	△320
Machinery and equipment, net	0	—
Tools, furniture and fixtures	410,420	206,166
Accumulated depreciation	△377,802	△192,905
Tools, furniture and fixtures, net	32,617	13,261
Total property, plant and equipment	45,315	23,297
Intangible assets		
Patent right	100,326	67,923
Other	2,350	1,851
Total intangible assets	102,676	69,775
Investments and other assets		
Investment securities	680,759	432,351
Lease and guarantee deposits	53,179	41,678
Other	35,838	32,255
Total investments and other assets	769,777	506,285
Total noncurrent assets	917,769	599,358
Total assets	2,260,229	3,904,164

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

	December 31, 2012	December 31, 2013
Liabilities		
Current liabilities		
Accounts payable-trade	66,871	42,161
Accounts payable-other	51,072	32,933
Accrued expenses	17,792	12,895
Income taxes payable	24,117	31,825
Advances received	331,472	217,645
Deposits received	13,162	7,950
Asset retirement obligations	2,323	—
Total current liabilities	<u>506,811</u>	<u>345,412</u>
Noncurrent liabilities		
Deferred tax liabilities	—	108
Asset retirement obligations	14,855	15,108
Total noncurrent liabilities	<u>14,855</u>	<u>15,217</u>
Total liabilities	<u>521,666</u>	<u>360,629</u>
Net assets		
Shareholders' equity		
Capital stock	9,848,427	11,552,853
Capital surplus	8,159,167	9,863,593
Retained earnings	△16,648,733	△18,058,419
Total shareholders' equity	<u>1,358,862</u>	<u>3,358,027</u>
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	259,373	15,105
Foreign currency translation adjustment	△36,280	△593
Total accumulated other comprehensive income	<u>223,092</u>	<u>14,511</u>
Subscription rights to shares	156,606	170,995
Total net assets	<u>1,738,562</u>	<u>3,543,534</u>
Total liabilities and net assets	<u>2,260,229</u>	<u>3,904,164</u>

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

	Year ended Dec. 31, (From Jan. 1 to Dec.31)	
	2012	2013
Business revenues		
Net sales of goods	241,710	271,361
Net sales of finished goods	15,328	7,513
Research and development revenues	187,470	212,436
Total business revenues	444,509	491,311
Business expenses		
Cost of sales	129,250	131,225
Research and development expenses	1,200,073	1,024,573
Selling, general and administrative expenses	900,571	698,664
Total business expenses	2,229,895	1,854,463
Operating loss	△1,785,385	△1,363,151
Non-operating income		
Interest income	522	777
Subsidy income	96,466	26,445
Fiduciary obligation fee	603	603
Miscellaneous income	1,101	3,156
Total non-operating income	98,693	30,982
Non-operating expenses		
Interest expenses	243	—
Stock issuance cost	2,971	22,340
Subscription rights to shares issuance cost	—	16,733
Loss on investments in partnership	15,374	3,659
Foreign exchange losses	11,045	7,660
Miscellaneous loss	39	662
Total non-operating expenses	29,673	51,056
Ordinary loss	△1,716,366	△1,383,225
Extraordinary income		
Gain on reversal of subscription rights to shares	51,164	11,542
Gain on sales of subsidiaries' stocks	—	9,045
Total extraordinary income	51,164	20,588
Extraordinary loss		
Loss on valuation of investment securities	27,700	—
Office transfer expenses	8,187	—
Expenditures for downsizing and restructuring	—	39,547
Total extraordinary losses	35,887	39,547
Loss before income taxes and minority interests	△1,701,089	△1,402,184
Income taxes-current	7,277	7,502
Total income taxes	7,277	7,502
Loss before minority interests	△1,708,366	△1,409,686
Net loss	△1,708,366	△1,409,686

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

	Year ended Dec. 31, (From Jan. 1 to Dec.31)	
	2012	2013
Income before minority interests	△1,708,366	△1,409,686
Other comprehensive income		
Valuation difference on available-for-sale securities	△195,040	△244,268
Foreign currency translation adjustment	16,159	35,686
Total other comprehensive income	△178,880	△208,581
Comprehensive income	△1,887,247	△1,618,268
(Breakdown)		
Comprehensive income attributable to owners of the parent	△1,887,247	△1,618,268
Comprehensive income attributable to minority interests	—	—

AnGes MG, Inc
Consolidated Statements of Changes in Net Assets
(In thousands of yen)
(Unaudited)

Year ended Dec.31, 2012 (From Jan.1 to Dec.31, 2012)

	Shareholders' equity			
	Capital stock	Capital surplus	Retained earnings	Total shareholders' equity
Balance at the beginning of the period	9,653,241	7,963,981	△ 14,940,366	2,676,856
Changes of items during the period				
Issuance of new shares	195,186	195,186	△ 1,708,366	390,373
Net loss				△ 1,708,366
Net changes of items other than shareholders' equity				
Total changes of items during the period	195,186	195,186	△ 1,708,366	△ 1,317,993
Balance at the end of current period	9,848,427	8,159,167	△ 16,648,733	1,358,862

	Accumulated other comprehensive income			Subscription rights to shares	Total net assets
	Valuation difference on available-for-sale	Foreign currency translation adjustment	Total accumulated other comprehensive		
Balance at the beginning of the period	454,413	△ 52,440	401,973	192,226	3,271,056
Changes of items during the period					
Issuance of new shares					390,373
Net loss					△ 1,708,366
Net changes of items other than shareholders' equity	△ 195,040	16,159	△ 178,880	△ 35,620	△ 214,500
Total changes of items during the period	△ 195,040	16,159	△ 178,880	△ 35,620	△ 1,532,494
Balance at the end of current period	259,373	△ 36,280	223,092	156,606	1,738,562

Year ended Dec.31, 2013 (From Jan.1 to Dec.31, 2013)

	Shareholders' equity			
	Capital stock	Capital surplus	Retained earnings	Total shareholders' equity
Balance at the beginning of the period	9,848,427	8,159,167	△ 16,648,733	1,358,862
Changes of items during the period				
Issuance of new shares	1,704,425	1,704,425	△ 1,409,686	3,408,851
Net loss				△ 1,409,686
Net changes of items other than shareholders' equity				
Total changes of items during the period	1,704,425	1,704,425	△ 1,409,686	1,999,164
Balance at the end of current period	11,552,853	9,863,593	△ 18,058,419	3,358,027

	Accumulated other comprehensive income			Subscription rights to shares	Total net assets
	Valuation difference on available-for-sale	Foreign currency translation adjustment	Total accumulated other comprehensive		
Balance at the beginning of the period	259,373	△ 36,280	223,092	156,606	1,738,562
Changes of items during the period					
Issuance of new shares					3,408,851
Net loss					△ 1,409,686
Net changes of items other than shareholders' equity	△ 244,268	35,686	△ 208,581	14,389	△ 194,192
Total changes of items during the period	△ 244,268	35,686	△ 208,581	14,389	1,804,972
Balance at the end of current period	15,105	△ 593	14,511	170,995	3,543,534

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

	Year ended Dec. 31, (From Jan. 1 to Dec.31)	
	2012	2013
Net cash provided by (used in) operating activities		
Loss before income taxes and minority interests	△1,701,089	△1,402,184
Depreciation and amortization	93,434	60,117
Interest income	△522	△777
Interest expenses	243	—
Foreign exchange losses (gains)	△998	△2,074
Loss (gain) on investments in partnership	15,771	4,056
Loss (gain) on sales of subsidiaries' stocks	—	△9,045
Loss (gain) on valuation of investment securities	27,700	—
Stock issuance cost	2,971	22,324
Subscription rights to shares issuance cost	—	16,733
Share-based compensation expenses	15,931	5,845
Gain on reversal of subscription rights to shares	△51,164	△11,542
Expenditures for downsizing and restructuring	—	38,130
Decrease (increase) in notes and accounts receivable-trade	△27,686	△10,077
Decrease (increase) in inventories	△41,144	27,848
Increase (decrease) in notes and accounts payable-	6,399	△24,709
Decrease (increase) in advance payments	134,911	△23,331
Increase (decrease) in accounts payable-other	△15,104	△4,766
Increase (decrease) in advances received	△85,442	△76,677
Decrease (increase) in other current assets	7,017	△22,732
Increase (decrease) in other current liabilities	△6,096	△1,557
Increase (decrease) in other noncurrent liabilities	267	253
Subtotal	△1,624,600	△1,414,167
Interest income received	651	777
Interest expenses paid	△243	—
Expenditures for downsizing and restructuring paid	—	△38,130
Income taxes paid	△6,882	△5,116
Net cash provided by (used in) operating activities	△1,631,074	△1,456,637

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

	Year ended Dec. 31, (From Jan. 1 to Dec.31)	
	2012	2013
Net cash provided by (used in) investing activities		
Payments into time deposits	—	△4,886
Purchase of property, plant and equipment	△7,226	△9,950
Proceeds from sales of property, plant and equipment	—	0
Purchase of intangible assets	△14,787	△4,830
Dividends from investment funds	31,664	—
Payments for sales of investments in subsidiaries resulting in change in scope of consolidation	—	△16,351
Purchase of long-term prepaid expenses	△3,436	△3,726
Payments for lease and guarantee deposits	△320	△1,079
Proceeds from collection of lease and guarantee depos	1,280	12,666
Other proceeds	—	955
Net cash provided by (used in) investing activities	7,174	△27,203
Net cash provided by (used in) financing activities		
Proceeds from issuance of common stock	387,348	3,373,522
Proceeds from exercise of stock option	—	772
Proceeds from issuance of subscription rights to shares	△187	32,666
Payments for purchase of treasury subscription rights to shares	—	△17,081
Net cash provided by (used in) financing activities	387,160	3,389,880
Effect of exchange rate change on cash and cash equivalents	15,968	34,334
Net increase (decrease) in cash and cash equivalents	△1,220,770	1,940,374
Cash and cash equivalents at beginning of period	1,575,549	354,778
Cash and cash equivalents at end of period	354,778	2,295,153

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

	December 31, 2012	December 31, 2013
Assets		
Current assets		
Cash and deposits	194,486	1,620,344
Accounts receivable-trade	103,326	108,979
Securities	—	499,900
Merchandise	83,174	101,714
Finished goods	11,836	—
Raw materials	545,550	513,491
Work in process	210	—
Supplies	5,619	3,338
Advance payments-trade	146,029	169,446
Prepaid expenses	22,868	19,454
Short-term loans receivable from subsidiaries and affiliates	200,000	—
Consumption taxes receivable	23,254	22,533
Advances paid	35,533	53,117
Other	1,198	14,251
Allowance for doubtful accounts	△200,000	—
Total current assets	1,173,089	3,126,570
Noncurrent assets		
Property, plant and equipment		
Buildings	56,136	51,917
Accumulated depreciation	△44,816	△42,133
Buildings, net	11,320	9,783
Machinery and equipment	1,603	320
Accumulated depreciation	△1,602	△320
Machinery and equipment, net	0	—
Tools, furniture and fixtures	328,952	193,409
Accumulated depreciation	△300,465	△181,345
Tools, furniture and fixtures, net	28,486	12,063
Total property, plant and equipment	39,806	21,847
Intangible assets		
Patent right	90,584	67,923
Right of trademark	229	179
Software	2,029	1,585
Telephone subscription right	86	86
Total intangible assets	92,929	69,775
Investments and other assets		
Investment securities	680,759	432,351
Stocks of subsidiaries and affiliates	71,684	71,684
Long-term prepaid expenses	35,838	26,985
Lease and guarantee deposits	52,831	41,165
Total investments and other assets	841,114	572,187
Total noncurrent assets	973,849	663,810
Total assets	2,146,939	3,790,381

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

	December 31, 2012	December 31, 2013
Liabilities		
Current liabilities		
Accounts payable-trade	66,871	42,161
Accounts payable-other	54,399	51,368
Accrued expenses	14,637	12,895
Income taxes payable	22,538	29,286
Advances received	255,609	217,645
Deposits received	11,817	7,403
Asset retirement obligations	2,323	—
Total current liabilities	428,196	360,760
Noncurrent liabilities		
Deferred tax liabilities	—	108
Asset retirement obligations	14,855	15,108
Total noncurrent liabilities	14,855	15,217
Total liabilities	443,052	375,978
Net assets		
Shareholders' equity		
Capital stock	9,848,427	11,552,853
Capital surplus		
Legal capital surplus	8,159,167	9,863,593
Total capital surpluses	8,159,167	9,863,593
Retained earnings		
Other retained earnings		
Retained earnings brought forward	△16,719,688	△18,188,144
Total retained earnings	△16,719,688	△18,188,144
Total shareholders' equity	1,287,907	3,228,302
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	259,373	15,105
Total valuation and translation adjustments	259,373	15,105
Subscription rights to shares	156,606	170,995
Total net assets	1,703,887	3,414,403
Total liabilities and net assets	2,146,939	3,790,381

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

	Year ended Dec. 31, (From Jan. 1 to Dec.31)	
	2012	2013
Business revenues		
Net sales of goods	241,710	271,361
Net sales of finished goods	15,328	7,513
Research and development revenues	185,036	162,436
Total business revenues	442,075	441,311
Business expenses		
Cost of sales	129,250	131,225
Research and development expenses	1,150,447	1,028,788
Selling, general and administrative expenses	862,585	696,432
Total business expenses	2,142,284	1,856,445
Operating loss	△1,700,208	△1,415,133
Non-operating income		
Interest income	380	171
Interest on securities	44	512
Subsidy income	24,108	26,445
Fiduciary obligation fee	603	603
Miscellaneous income	971	3,156
Total non-operating income	26,107	30,889
Non-operating expenses		
Stock issuance cost	2,971	21,639
Subscription rights to shares issuance cost	—	16,733
Loss on investments in partnership	15,374	3,659
Foreign exchange losses	12,101	9,951
Miscellaneous loss	35	654
Total non-operating expenses	30,482	52,639
Ordinary loss	△1,704,583	△1,436,883
Extraordinary income		
Gain on reversal of subscription rights to shares	51,164	11,542
Total extraordinary income	51,164	11,542
Extraordinary loss		
Loss on valuation of investment securities	27,700	—
Loss on transfer of receivables	—	348
Expenditures for downsizing and restructuring	—	39,547
Total extraordinary losses	27,700	39,895
Loss before income taxes	△1,681,119	△1,465,236
Income taxes-current	3,220	3,220
Total income taxes	3,220	3,220
Net loss	△1,684,339	△1,468,456

AnGes MG, Inc
Nonconsolidated Statements of Changes in Net Assets
(In thousands of yen)
(Unaudited)

Year ended Dec.31, 2012 (From Jan.1 to Dec.31, 2012)

	Shareholders' equity				Valuation and translation adjustments	Subscription rights to shares	Total net assets
	Capital stock	Capital surplus Legal capital surplus	Retained earnings Other retained earnings Retained earnings brought forward	Total shareholders' equity	Valuation difference on available-for-sale securities		
Balance at the beginning of the period	9,653,241	7,963,981	△ 15,035,349	2,581,873	454,413	192,226	3,228,514
Changes of items during the period							
Issuance of new shares	195,186	195,186		390,373			390,373
Net loss			△ 1,684,339	△ 1,684,339			△ 1,684,339
Net changes of items other than shareholders' equity					△ 195,040	△ 35,620	△ 230,660
Total changes of items during the period	195,186	195,186	△ 1,684,339	△ 1,293,966	△ 195,040	△ 35,620	△ 1,524,627
Balance at the end of current period	9,848,427	8,159,167	△ 16,719,688	1,287,907	259,373	156,606	1,703,887

Year ended Dec.31, 2013 (From Jan.1 to Dec.31, 2013)

	Shareholders' equity				Valuation and translation adjustments	Subscription rights to shares	Total net assets
	Capital stock	Capital surplus Legal capital surplus	Retained earnings Other retained earnings Retained earnings brought forward	Total shareholders' equity	Valuation difference on available-for-sale securities		
Balance at the beginning of the period	9,848,427	8,159,167	△ 16,719,688	1,287,907	259,373	156,606	1,703,887
Changes of items during the period							
Issuance of new shares	1,704,425	1,704,425		3,408,851			3,408,851
Net loss			△ 1,468,456	△ 1,468,456			△ 1,468,456
Net changes of items other than shareholders' equity					△ 244,268	14,389	△ 229,879
Total changes of items during the period	1,704,425	1,704,425	△ 1,468,456	1,940,395	△ 244,268	14,389	1,710,516
Balance at the end of current period	11,552,853	9,863,593	△ 18,188,144	3,228,302	15,105	170,995	3,414,403