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Consolidated Financial Report
for the Six Months Ended June 30, 2015 (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 Second Quarter 2015 (From Jan. 1, 2015 to Jun. 30, 2015)

(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	%
2Q 2015	240	37.7	(2,005)	—	(1,943)	—	(2,040)	—
2Q 2014	174	(44.6)	(1,035)	—	(998)	—	(968)	—

*Comprehensive Income 2Q 2015 : (1,924) million yen 2Q 2014 : (986) million yen

	Net loss per share	Diluted net loss per share
	Yen	Yen
2Q 2015	(37.34)	—
2Q 2014	(30.51)	—

(2) Financial Position

	Total assets	Total net assets	Shareholders' equity ratio
	Million yen	Million yen	%
Jun. 30, 2015	7,312	6,542	88.0
Dec. 31, 2014	8,183	7,734	93.2

*Shareholder's equity Jun. 30, 2015 : 6,436 million yen Dec. 31, 2014 : 7,625 million yen

2. Dividend

	Dividend per share				
	1Q	2Q	3Q	4Q	Full-year
	Yen	Yen	Yen	Yen	Yen
FY 2014	—	0.00	—	0.00	0.00
FY 2015	—	0.00	—	—	—
FY 2015 (Forecast)	—	—	—	0.00	0.00

3. Earnings Forecast for the Fiscal Year 2015 (From Jan. 1, 2015 to Dec. 31, 2015)

	Revenues		Operating loss		Ordinary loss		Net loss		Net loss per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
Full-year	450	—	(5,800)	—	(5,800)	—	(5,800)	—	(108.32)

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

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)	Jun. 30, 2015	56,544,361 shares	Dec. 31, 2014	53,544,361 shares
2) Number of treasury stock	Jun. 30, 2015	38 shares	Dec. 31, 2014	38 shares
3) Average number of shares issued and outstanding	FY2015, 2Q	54,631,340 shares	FY2014, 2Q	31,757,276 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, 2014	June 30, 2015
Assets		
Current assets		
Cash and deposits	6,017,356	4,707,853
Accounts receivable - trade	659,012	187,824
Merchandise	91,452	204,713
Raw materials and supplies	265,744	309,895
Advance payments - trade	521,892	1,146,882
Prepaid expenses	20,137	25,285
Advances paid	75	82
Other	18,267	65,014
Total current assets	7,593,940	6,647,552
Non-current assets		
Property, plant and equipment		
Buildings	52,333	52,339
Accumulated depreciation	(43,801)	(44,467)
Buildings, net	8,532	7,872
Tools, furniture and fixtures	219,244	230,975
Accumulated depreciation	(200,194)	(205,630)
Tools, furniture and fixtures, net	19,050	25,345
Total property, plant and equipment	27,582	33,217
Intangible assets		
Patent right	52,148	46,108
Other	2,072	6,354
Total intangible assets	54,220	52,462
Investments and other assets		
Investment securities	438,139	501,474
Lease and guarantee deposits	42,058	50,064
Other	27,582	27,325
Total investments and other assets	507,780	578,864
Total non-current assets	589,583	664,545
Total assets	8,183,524	7,312,098

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

	December 31, 2014	June 30, 2015
Liabilities		
Current liabilities		
Accounts payable - trade	207,085	444,772
Accounts payable - other	44,224	106,121
Accrued expenses	7,231	12,062
Income taxes payable	42,357	32,451
Advances received	115,988	95,801
Deposits received	6,401	7,492
Total current liabilities	423,289	698,702
Non-current liabilities		
Deferred tax liabilities	10,446	55,644
Asset retirement obligations	15,347	15,468
Total non-current liabilities	25,793	71,112
Total liabilities	449,083	769,815
Net assets		
Shareholders' equity		
Capital stock	14,847,066	15,214,941
Capital surplus	13,157,806	13,525,681
Retained earnings	(20,427,625)	(22,467,708)
Treasury shares	(11)	(11)
Total shareholders' equity	7,577,234	6,272,901
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	17,005	126,942
Foreign currency translation adjustment	31,035	36,206
Total accumulated other comprehensive income	48,041	163,148
Subscription rights to shares	109,165	106,232
Total net assets	7,734,440	6,542,282
Total liabilities and net assets	8,183,524	7,312,098

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

	Month ended Jun. 30, (From Jan. 1 to Jun.30)	
	2014	2015
Business revenues		
Net sales of goods	137,815	171,498
Research and development revenues	36,684	68,733
Total business revenues	174,500	240,232
Business expenses		
Cost of sales	67,621	86,841
Research and development expenses	816,653	1,710,879
Selling, general and administrative expenses	326,106	447,805
Total business expenses	1,210,382	2,245,525
Operating loss	(1,035,882)	(2,005,293)
Non-operating income		
Interest income	301	584
Foreign exchange gains	-	7,164
Subsidy income	61,451	72,256
Fiduciary obligation fee	301	-
Miscellaneous income	1,312	1,878
Total non-operating income	63,366	81,883
Non-operating expenses		
Share issuance cost	9,267	19,036
Loss on investments in partnership	4,479	1,487
Foreign exchange losses	12,434	-
Total non-operating expenses	26,181	20,523
Ordinary loss	(998,697)	(1,943,932)
Extraordinary income		
Gain on reversal of subscription rights to shares	34,622	2,988
Total extraordinary income	34,622	2,988
Extraordinary losses		
Loss on valuation of investment securities	-	92,569
Total extraordinary losses	-	92,569
Loss before income taxes and minority interests	(964,074)	(2,033,513)
Income taxes - current	4,777	6,569
Total income taxes	4,777	6,569
Loss before minority interests	(968,852)	(2,040,082)
Net loss	(968,852)	(2,040,082)

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

	Month ended Jun. 30,	
	(From Jan. 1 to Jun.30)	
	2014	2015
Loss before minority interests	(968,852)	(2,040,082)
Other comprehensive income		
Valuation difference on available-for-sale securities	(8,146)	109,936
Foreign currency translation adjustment	(9,534)	5,171
Total other comprehensive income	(17,681)	115,107
Comprehensive income	(986,533)	(1,924,975)
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	(986,533)	(1,924,975)
Comprehensive income attributable to minority interests	-	-

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

	Month ended Jun. 30, (From Jan. 1 to Jun.30)	
	2014	2015
Cash flows from operating activities		
Loss before income taxes and minority interests	(964,074)	(2,033,513)
Depreciation	21,178	22,773
Interest income	(301)	(584)
Foreign exchange losses (gains)	15,260	697
Loss (gain) on investments in partnership	4,677	1,487
Loss (gain) on valuation of investment securities	-	92,569
Share issuance cost	9,267	19,036
Share-based compensation expenses	(1,943)	55
Gain on reversal of subscription rights to shares	(34,622)	(2,988)
Decrease (increase) in notes and accounts receivable - trade	(6,846)	471,188
Decrease (increase) in inventories	(135,675)	(157,411)
Increase (decrease) in notes and accounts payable - trade	223,775	237,626
Decrease (increase) in advance payments	38,486	(624,073)
Increase (decrease) in accounts payable - other	(4,195)	56,515
Increase (decrease) in advances received	(32,270)	(20,186)
Decrease (increase) in other current assets	53,204	(51,828)
Decrease (increase) in other non-current assets	(9,083)	(1,464)
Increase (decrease) in other current liabilities	(9,012)	(238)
Increase (decrease) in other non-current liabilities	119	121
Subtotal	<u>(832,056)</u>	<u>(1,990,218)</u>
Interest income received	296	583
Income taxes paid	(8,078)	(10,385)
Net cash provided by (used in) operating activities	<u>(839,838)</u>	<u>(2,000,020)</u>
Cash flows from investing activities		
Payments into time deposits	-	(6,028)
Proceeds from withdrawal of time deposits	-	6,015
Purchase of property, plant and equipment	(1,194)	(10,444)
Purchase of intangible assets	(1,347)	(7,296)
Payments for lease and guarantee deposits	-	(7,988)
Net cash provided by (used in) investing activities	<u>(2,542)</u>	<u>(25,743)</u>
Cash flows from financing activities		
Proceeds from issuance of common shares	490,736	718,166
Other payments	(10,800)	-
Net cash provided by (used in) financing activities	<u>479,936</u>	<u>718,166</u>
Effect of exchange rate change on cash and cash equivalents	(23,922)	4,121
Net increase (decrease) in cash and cash equivalents	<u>(386,367)</u>	<u>(1,303,475)</u>
Cash and cash equivalents at beginning of period	<u>2,295,153</u>	<u>6,011,329</u>
Cash and cash equivalents at end of period	<u>1,908,785</u>	<u>4,707,853</u>

Projects --- Current pipeline status

<Self-developed products>

Segment	Project	Target indications	Region	Development stage	Alliance partners
Medicine	HGF Plasmid	Peripheral Arterial Disease (PAD)	Japan	Completed Phase III, additional study ongoing (physician-led study)*	Mitsubishi Tanabe Pharma Corporation (JP) Marketing Rights
			US, Europe	Phase III	Mitsubishi Tanabe Pharma Corporation (JP) Marketing Rights (US)
		Lymphedema	Japan	Phase I / II	Available
	NF-κB Decoy Oligo	Atopic Dermatitis	Japan	(Ointment drug) Phase III (New formulation) Pre-clinical	Shionogi & Co., LTD. (JP) Marketing Rights (World)
		Disc Degeneration	US	Preparing for Phase I / II	Available
Medical device	Drug-Eluting PTA balloon catheter	Prevention of Vascular Restenosis	Japan	Clinical trials	Medikit Co., Ltd. (JP) Joint Research

* Drug application under conditional approval system is planned for HGF Plasmid in Japan

<In-licenced program>

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