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Consolidated Financial Report
for the Nine Months Ended September 30, 2016 (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 2016 (From Jan. 1, 2016 to Sep. 30, 2016)

(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 2016	256	(19.9)	(3,760)	—	(3,812)	—	(3,823)	—
3Q 2015	320	13.6	(3,025)	—	(2,954)	—	(3,007)	—

*Comprehensive Income 3Q 2016 : (4,131) million yen 3Q 2015 : (2,968) million yen

	Net loss per share	Diluted net loss per share
	Yen	Yen
3Q 2016	(62.66)	—
3Q 2015	(54.41)	—

(2) Financial Position

	Total assets	Total net assets	Shareholders' equity ratio
	Million yen	Million yen	%
Sep. 30, 2016	5,350	4,899	90.7
Dec. 31, 2015	4,751	4,221	87.8

*Shareholder's equity Sep. 30, 2016 : 4,854 million yen Dec. 31, 2015 : 4,169 million yen

2. Dividend

	Dividend per share				
	1Q	2Q	3Q	4Q	Full-year
	Yen	Yen	Yen	Yen	Yen
FY 2015	—	0.00	—	0.00	0.00
FY 2016	—	0.00	—	—	—
FY 2016 (Forecast)	—	—	—	0.00	0.00

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

3. Earnings Forecast for the Fiscal Year 2016 (From Jan. 1, 2016 to Dec. 31, 2016)

	Revenues		Operating loss		Ordinary loss		Net loss		Net loss per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
Full-year	400	—	(6,400)	—	(6,400)	—	(6,400)	—	(100.88)

*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 : Applicable
 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, 2016	70,409,161 shares	Dec. 31, 2015	56,544,361 shares
2) Number of treasury stock	Sep. 30, 2016	81 shares	Dec. 31, 2015	38 shares
3) Average number of shares issued and outstanding	3Q 2016	61,031,822 shares	3Q 2015	55,276,008 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, 2015	September 30, 2016
Assets		
Current assets		
Cash and deposits	2,074,872	1,688,974
Accounts receivable - trade	135,263	136,288
Merchandise	111,852	91,833
Raw materials and supplies	555,552	944,522
Advance payments - trade	1,208,868	1,252,899
Prepaid expenses	27,217	21,044
Consumption taxes receivable	126,656	144,234
Other	5,075	2,968
Allowance for doubtful accounts	(2,578)	-
Total current assets	4,242,782	4,282,765
Non-current assets		
Property, plant and equipment		
Buildings	71,283	71,216
Accumulated depreciation	(45,600)	(48,260)
Buildings, net	25,682	22,956
Tools, furniture and fixtures	245,236	279,490
Accumulated depreciation	(195,262)	(216,584)
Tools, furniture and fixtures, net	49,974	62,905
Total property, plant and equipment	75,657	85,862
Intangible assets		
Patent right	39,929	35,732
Other	11,279	18,112
Total intangible assets	51,208	53,845
Investments and other assets		
Investment securities	315,062	864,801
Lease and guarantee deposits	51,551	51,228
Other	15,732	12,275
Total investments and other assets	382,345	928,305
Total non-current assets	509,211	1,068,012
Total assets	4,751,994	5,350,778

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

	December 31, 2015	September 30, 2016
Liabilities		
Current liabilities		
Accounts payable - trade	246,560	189,275
Accounts payable - other	83,364	54,230
Accrued expenses	23,357	18,722
Income taxes payable	33,399	52,740
Advances received	82,902	70,185
Deposits received	12,296	9,959
Total current liabilities	481,880	395,113
Non-current liabilities		
Deferred tax liabilities	26,402	33,476
Asset retirement obligations	22,354	22,573
Total non-current liabilities	48,756	56,050
Total liabilities	530,637	451,163
Net assets		
Shareholders' equity		
Capital stock	15,214,941	17,623,289
Capital surplus	13,525,681	15,934,029
Retained earnings	(24,570,961)	(28,394,934)
Treasury shares	(11)	(23)
Total shareholders' equity	4,169,648	5,162,361
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	(29,942)	(294,330)
Foreign currency translation adjustment	30,210	(13,043)
Total accumulated other comprehensive income	268	(307,374)
Subscription rights to shares	51,439	44,627
Total net assets	4,221,356	4,899,614
Total liabilities and net assets	4,751,994	5,350,778

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

	Month ended Sep. 30, (From Jan. 1 to Sep.30)	
	2015	2016
Business revenues		
Net sales of goods	250,487	253,333
Research and development revenues	69,599	2,979
Total business revenues	320,086	256,312
Business expenses		
Cost of sales	127,907	129,376
Research and development expenses	2,584,016	3,192,088
Selling, general and administrative expenses	633,824	695,627
Total business expenses	3,345,748	4,017,093
Operating loss	(3,025,661)	(3,760,780)
Non-operating income		
Interest income	1,080	530
Foreign exchange gains	11,350	20,477
Subsidy income	72,811	-
Miscellaneous income	5,690	6,581
Total non-operating income	90,933	27,589
Non-operating expenses		
Share issuance cost	19,036	77,352
Loss on investments in partnership	1,053	-
Miscellaneous loss	-	1,798
Total non-operating expenses	20,089	79,151
Ordinary loss	(2,954,818)	(3,812,342)
Extraordinary income		
Gain on reversal of subscription rights to shares	49,523	7,138
Total extraordinary income	49,523	7,138
Extraordinary losses		
Loss on valuation of investment securities	92,569	-
Total extraordinary losses	92,569	-
Loss before income taxes	(2,997,863)	(3,805,204)
Income taxes - current	9,903	17,834
Income taxes - deferred	-	934
Total income taxes	9,903	18,769
Loss	(3,007,767)	(3,823,973)
Loss attributable to owners of parent	(3,007,767)	(3,823,973)

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

	Month ended Sep. 30,	
	(From Jan. 1 to Sep.30)	
	2015	2016
Loss	(3,007,767)	(3,823,973)
Other comprehensive income		
Valuation difference on available-for-sale securities	41,773	(264,388)
Foreign currency translation adjustment	(2,053)	(43,254)
Total other comprehensive income	39,720	(307,642)
Comprehensive income	(2,968,046)	(4,131,615)
Comprehensive income attributable to:		
owners of parent	(2,968,046)	(4,131,615)
non-controlling interests	-	-

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) <i>Marketing Rights</i>
			US, Europe	Terminated Global Phase III Planning for Phase III (US)	Mitsubishi Tanabe Pharma Corporation (JP) <i>Marketing Rights</i>
		Lymphedema	Japan	Phase I / II	Available
	Hypertension DNA Therapeutic Vaccine	Hypertension		Preclinical Preparing for Phase I (Australia)	Available
	NF-κB Decoy Oligo DNA	Atopic Dermatitis	Japan	(Ointment drug) Completed Phase III**	Shionogi & Co., LTD. (JP) <i>Marketing Rights <World ></i>
Disc Degeneration		US	Preclinical Preparing for Phase I / II	Available	
Medical device	Drug-Eluting PTA balloon catheter	Prevention of Vascular Restenosis	Japan	Clinical trials	Medikit Co., Ltd. (JP) <i>Joint Research</i>

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

** The Phase III study did not show the statistically significant difference against placebo.

<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 Corporation (South Korea)
	Allovectin®	Cancer	Development & marketing rights for Asia	Under review	Vical, Inc. (US)

* AnGes concluded a basic agreement with Morishita Jintan Co, Ltd. to license out all of its rights.