

Consolidated Financial Report
for the Year Ended December 31, 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 Year 2015 (From Jan. 1, 2015 to Dec. 31, 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 | % |
| FY2015 | 430 | (52.7) | (4,171) | — | (4,089) | — | (4,143) | — |
| FY2014 | 909 | 85.2 | (2,273) | — | (2,395) | — | (2,369) | — |

*Comprehensive Income FY2015 : (4,191) million yen FY2014 : (2,335) million yen

| | Net loss per share | Diluted net loss per share | Return on Equity | Return on asset | Operating profit ratio |
|--------|--------------------|----------------------------|------------------|-----------------|------------------------|
| | Yen | Yen | % | % | % |
| FY2015 | (74.53) | — | (70.3) | (63.2) | (969.9) |
| FY2014 | (62.12) | — | (43.1) | (39.6) | (249.9) |

*Equity in net income of affiliates FY2015 : — million yen FY2014 : — million yen

(2) Financial Position

| | Total assets | Total net assets | Shareholders' equity ratio | Net assets per share |
|---------------|--------------|------------------|----------------------------|----------------------|
| | Million yen | Million yen | % | |
| Dec. 31, 2015 | 4,751 | 4,221 | 87.8 | 73.75 |
| Dec. 31, 2014 | 8,183 | 7,734 | 93.2 | 142.41 |

*Shareholder's equity Dec. 31, 2015 : 4,169 million yen Dec. 31, 2014 : 7,625 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 |
| FY2015 | (4,599) | (69) | 716 | 2,068 |
| FY2014 | (2,703) | (52) | 6,426 | 6,011 |

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 2014 | — | 0.00 | — | 0.00 | 0.00 | — | — | — |
| FY 2015 | — | 0.00 | — | 0.00 | 0.00 | — | — | — |
| FY 2016 (Forecast) | — | 0.00 | — | 0.00 | 0.00 | — | — | — |

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 |
| 2Q, 2016 | — | — | — | — | — | — | — | — | — |
| Full-year | 400 | — | (6,400) | — | (6,400) | — | (6,400) | — | (113.19) |

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) 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

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

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

| | | | |
|---------------|-------------------|---------------|-------------------|
| Dec. 31, 2015 | 56,544,361 shares | Dec. 31, 2014 | 53,544,361 shares |
|---------------|-------------------|---------------|-------------------|

2) Number of treasury stock

| | | | |
|---------------|-----------|---------------|-----------|
| Dec. 31, 2015 | 38 shares | Dec. 31, 2014 | 38 shares |
|---------------|-----------|---------------|-----------|

3) Average number of shares issued and outstanding

| | | | |
|--------|-------------------|--------|-------------------|
| FY2015 | 55,595,693 shares | FY2014 | 38,140,173 shares |
|--------|-------------------|--------|-------------------|

(Reference) Summary of Nonconsolidated Financial Reports

1. Business Results for the Year 2015 (From Jan. 1, 2015 to Dec. 31, 2015)

(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 | % |
| FY2015 | 430 | (52.7) | (4,214) | — | (4,131) | — | (4,169) | — |
| FY2014 | 909 | 106.2 | (2,295) | — | (2,421) | — | (2,386) | — |

| | Net loss per share | Diluted net loss per share |
|--------|--------------------|----------------------------|
| | Yen | Yen |
| FY2015 | (75.00) | — |
| FY2014 | (62.58) | — |

(2) Financial Position

| | Total assets | Total net assets | Shareholders' equity ratio | Net assets per share |
|---------------|--------------|------------------|----------------------------|----------------------|
| | Million yen | Million yen | % | Yen |
| Dec. 31, 2015 | 4,572 | 4,017 | 86.7 | 70.14 |
| Dec. 31, 2014 | 8,049 | 7,556 | 92.5 | 139.08 |

*Shareholder's equity Dec. 31, 2015 : 3,966 million yen Dec. 31, 2014 : 7,447 million yen

*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 | December 31, 2015 |
|-------------------------------------|----------------------|----------------------|
| Assets | | |
| Current assets | | |
| Cash and deposits | 6,017,356 | 2,074,872 |
| Accounts receivable - trade | 659,012 | 135,263 |
| Merchandise | 91,452 | 111,852 |
| Raw materials and supplies | 265,744 | 555,552 |
| Advance payments - trade | 521,892 | 1,208,868 |
| Prepaid expenses | 20,137 | 27,217 |
| Consumption taxes receivable | 14,688 | 126,656 |
| Other | 3,654 | 5,075 |
| Allowance for doubtful accounts | - | (2,578) |
| Total current assets | <u>7,593,940</u> | <u>4,242,782</u> |
| Non-current assets | | |
| Property, plant and equipment | | |
| Buildings | 52,333 | 71,283 |
| Accumulated depreciation | (43,801) | (45,600) |
| Buildings, net | <u>8,532</u> | <u>25,682</u> |
| Tools, furniture and fixtures | 219,244 | 245,236 |
| Accumulated depreciation | (200,194) | (195,262) |
| Tools, furniture and fixtures, net | <u>19,050</u> | <u>49,974</u> |
| Total property, plant and equipment | <u>27,582</u> | <u>75,657</u> |
| Intangible assets | | |
| Patent right | 52,148 | 39,929 |
| Other | 2,072 | 11,279 |
| Total intangible assets | <u>54,220</u> | <u>51,208</u> |
| Investments and other assets | | |
| Investment securities | 438,139 | 315,062 |
| Lease and guarantee deposits | 42,058 | 51,551 |
| Other | 27,582 | 15,732 |
| Total investments and other assets | <u>507,780</u> | <u>382,345</u> |
| Total non-current assets | <u>589,583</u> | <u>509,211</u> |
| Total assets | <u>8,183,524</u> | <u>4,751,994</u> |

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

| | December 31, 2014 | December 31, 2015 |
|---|----------------------|----------------------|
| Liabilities | | |
| Current liabilities | | |
| Accounts payable - trade | 207,085 | 246,560 |
| Accounts payable - other | 44,224 | 83,364 |
| Accrued expenses | 7,231 | 23,357 |
| Income taxes payable | 42,357 | 33,399 |
| Advances received | 115,988 | 82,902 |
| Deposits received | 6,401 | 12,296 |
| Total current liabilities | 423,289 | 481,880 |
| Non-current liabilities | | |
| Deferred tax liabilities | 10,446 | 26,402 |
| Asset retirement obligations | 15,347 | 22,354 |
| Total non-current liabilities | 25,793 | 48,756 |
| Total liabilities | 449,083 | 530,637 |
| 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) | (24,570,961) |
| Treasury shares | (11) | (11) |
| Total shareholders' equity | 7,577,234 | 4,169,648 |
| Accumulated other comprehensive income | | |
| Valuation difference on available-for-sale securities | 17,005 | (29,942) |
| Foreign currency translation adjustment | 31,035 | 30,210 |
| Total accumulated other comprehensive income | 48,041 | 268 |
| Subscription rights to shares | 109,165 | 51,439 |
| Total net assets | 7,734,440 | 4,221,356 |
| Total liabilities and net assets | 8,183,524 | 4,751,994 |

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

| | Year ended Dec. 31, (From Jan. 1 to Dec.31) | |
|---|--|-------------|
| | 2014 | 2015 |
| Business revenues | | |
| Net sales of goods | 308,602 | 350,113 |
| Research and development revenues | 601,319 | 80,041 |
| Total business revenues | 909,922 | 430,154 |
| Business expenses | | |
| Cost of sales | 150,994 | 179,702 |
| Research and development expenses | 2,338,856 | 3,532,691 |
| Selling, general and administrative expenses | 693,955 | 889,744 |
| Total business expenses | 3,183,807 | 4,602,139 |
| Operating loss | (2,273,885) | (4,171,985) |
| Non-operating income | | |
| Interest income | 518 | 1,103 |
| Foreign exchange gains | - | 21,099 |
| Subsidy income | 61,451 | 72,811 |
| Fiduciary obligation fee | 603 | - |
| Miscellaneous income | 2,676 | 7,697 |
| Total non-operating income | 65,249 | 102,712 |
| Non-operating expenses | | |
| Share issuance cost | 137,984 | 19,036 |
| Subscription rights to shares issuance cost | 1,379 | - |
| Loss on investments in partnership | 39,228 | 1,053 |
| Foreign exchange losses | 8,100 | - |
| Miscellaneous loss | 0 | - |
| Total non-operating expenses | 186,692 | 20,089 |
| Ordinary loss | (2,395,329) | (4,089,362) |
| Extraordinary income | | |
| Gain on reversal of subscription rights to shares | 37,714 | 57,780 |
| Total extraordinary income | 37,714 | 57,780 |
| Extraordinary losses | | |
| Loss on valuation of investment securities | - | 92,569 |
| Total extraordinary losses | - | 92,569 |
| Loss before income taxes and minority interests | (2,357,614) | (4,124,150) |
| Income taxes - current | 11,591 | 19,185 |
| Total income taxes | 11,591 | 19,185 |
| Loss before minority interests | (2,369,205) | (4,143,335) |
| Net loss | (2,369,205) | (4,143,335) |

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

| | Year ended Dec. 31, (From Jan. 1 to Dec.31) | |
|---|--|-------------|
| | 2014 | 2015 |
| Loss before minority interests | (2,369,205) | (4,143,335) |
| Other comprehensive income | | |
| Valuation difference on available-for-sale securities | 1,900 | (46,948) |
| Foreign currency translation adjustment | 31,628 | (824) |
| Total other comprehensive income | 33,529 | (47,772) |
| Comprehensive income | (2,335,676) | (4,191,108) |
| Comprehensive income attributable to: | | |
| owners of parent | (2,335,676) | (4,191,108) |
| minority interests | - | - |

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

Year ended Dec.31, 2014 (From Jan.1 to Dec.31, 2014)

| | Shareholders' equity | | | | Total shareholders' equity |
|--|----------------------|-----------------|-------------------|-----------------|----------------------------|
| | Capital stock | Capital surplus | Retained earnings | Treasury shares | |
| Balance at the beginning of the period | 11,552,853 | 9,863,593 | (18,058,419) | - | 3,358,027 |
| Changes of items during the period | | | | | |
| Issuance of new shares | 3,294,212 | 3,294,212 | | | 6,588,424 |
| Net loss | | | (2,369,205) | | (2,369,205) |
| Purchase of treasury shares | | | | (11) | (11) |
| Net changes of items other than shareholders' equity | | | | | |
| Total changes of items during the period | 3,294,212 | 3,294,212 | (2,369,205) | (11) | 4,219,207 |
| Balance at the end of current period | 14,847,066 | 13,157,806 | (20,427,625) | (11) | 7,577,234 |

| | Accumulated other comprehensive income | | | Subscription rights to shares | Total net assets |
|--|---|---|--|-------------------------------|------------------|
| | Valuation difference on available-for-sale securities | Foreign currency translation adjustment | Total accumulated other comprehensive income | | |
| Balance at the beginning of the period | 15,105 | (593) | 14,511 | 170,995 | 3,543,534 |
| Changes of items during the period | | | | | |
| Issuance of new shares | | | | | 6,588,424 |
| Net loss | | | | | (2,369,205) |
| Purchase of treasury shares | | | | | (11) |
| Net changes of items other than shareholders' equity | 1,900 | 31,628 | 33,529 | (61,830) | (28,300) |
| Total changes of items during the period | 1,900 | 31,628 | 33,529 | (61,830) | 4,190,906 |
| Balance at the end of current period | 17,005 | 31,035 | 48,041 | 109,165 | 7,734,440 |

Year ended Dec.31, 2015 (From Jan.1 to Dec.31, 2015)

| | Shareholders' equity | | | | Total shareholders' equity |
|--|----------------------|-----------------|-------------------|-----------------|----------------------------|
| | Capital stock | Capital surplus | Retained earnings | Treasury shares | |
| Balance at the beginning of the period | 14,847,066 | 13,157,806 | (20,427,625) | (11) | 7,577,234 |
| Changes of items during the period | | | | | |
| Issuance of new shares | 367,875 | 367,875 | | | 735,750 |
| Net loss | | | (4,143,335) | | (4,143,335) |
| Purchase of treasury shares | | | | | - |
| Net changes of items other than shareholders' equity | | | | | - |
| Total changes of items during the period | 367,875 | 367,875 | (4,143,335) | - | (3,407,585) |
| Balance at the end of current period | 15,214,941 | 13,525,681 | (24,570,961) | (11) | 4,169,648 |

| | Accumulated other comprehensive income | | | Subscription rights to shares | Total net assets |
|--|---|---|--|-------------------------------|------------------|
| | Valuation difference on available-for-sale securities | Foreign currency translation adjustment | Total accumulated other comprehensive income | | |
| Balance at the beginning of the period | 17,005 | 31,035 | 48,041 | 109,165 | 7,734,440 |
| Changes of items during the period | | | | | |
| Issuance of new shares | | | | | 735,750 |
| Net loss | | | | | (4,143,335) |
| Purchase of treasury shares | | | | | - |
| Net changes of items other than shareholders' equity | (46,948) | (824) | (47,772) | (57,725) | (105,498) |
| Total changes of items during the period | (46,948) | (824) | (47,772) | (57,725) | (3,513,084) |
| Balance at the end of current period | (29,942) | 30,210 | 268 | 51,439 | 4,221,356 |

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

| | Year ended Dec. 31, (From Jan. 1 to Dec.31) | |
|--|--|--------------------|
| | 2014 | 2015 |
| Cash flows from operating activities | | |
| Loss before income taxes and minority interests | (2,357,614) | (4,124,150) |
| Depreciation | 45,947 | 48,983 |
| Increase (decrease) in allowance for doubtful accounts | - | 2,578 |
| Interest income | (518) | (1,103) |
| Foreign exchange losses (gains) | (21,273) | (10,642) |
| Loss (gain) on investments in partnership | 39,625 | 1,053 |
| Loss (gain) on valuation of investment securities | 0 | 92,569 |
| Share issuance cost | 137,984 | 19,036 |
| Subscription rights to shares issuance cost | 1,379 | - |
| Share-based compensation expenses | (1,615) | 55 |
| Gain on reversal of subscription rights to shares | (37,714) | (57,780) |
| Proceeds from miscellaneous income | - | (3,044) |
| Decrease (increase) in notes and accounts receivable - trade | (550,033) | 523,749 |
| Decrease (increase) in inventories | 261,346 | (310,207) |
| Increase (decrease) in notes and accounts payable - trade | 164,885 | 39,473 |
| Decrease (increase) in advance payments | (341,577) | (686,948) |
| Decrease (increase) in consumption taxes refund receivable | 8,106 | (111,949) |
| Increase (decrease) in accounts payable - other | 10,096 | 29,007 |
| Increase (decrease) in advances received | (101,656) | (33,086) |
| Decrease (increase) in other current assets | 62,312 | (8,381) |
| Decrease (increase) in other non-current assets | (15,386) | (3,825) |
| Increase (decrease) in other current liabilities | 3,001 | 9,390 |
| Increase (decrease) in other non-current liabilities | 238 | 234 |
| Subtotal | <u>(2,692,466)</u> | <u>(4,584,990)</u> |
| Interest income received | 518 | 1,103 |
| Income taxes paid | (11,676) | (15,529) |
| Net cash provided by (used in) operating activities | <u>(2,703,624)</u> | <u>(4,599,416)</u> |
| Cash flows from investing activities | | |
| Payments into time deposits | - | (6,072) |
| Proceeds from withdrawal of time deposits | - | 6,055 |
| Purchase of property, plant and equipment | (14,512) | (45,368) |
| Purchase of intangible assets | (3,820) | (18,249) |
| Purchase of investment securities | (103,441) | - |
| Proceeds from sales of investment securities | - | 87 |
| Dividends from investment funds | 70,000 | 3,676 |
| Payments for lease and guarantee deposits | (307) | (9,500) |
| Net cash provided by (used in) investing activities | <u>(52,082)</u> | <u>(69,371)</u> |

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

| | Year ended Dec. 31, (From Jan. 1 to Dec.31) | |
|---|--|-------------|
| | 2014 | 2015 |
| Cash flows from financing activities | | |
| Proceeds from issuance of common shares | 6,449,244 | 716,713 |
| Purchase of treasury shares | (11) | - |
| Payments for purchase of treasury subscription right to share | (22,500) | - |
| Net cash provided by (used in) financing activities | 6,426,732 | 716,713 |
| Effect of exchange rate change on cash and cash equivalents | 45,150 | 9,569 |
| Net increase (decrease) in cash and cash equivalents | 3,716,175 | (3,942,504) |
| Cash and cash equivalents at beginning of period | 2,295,153 | 6,011,329 |
| Cash and cash equivalents at end of period | 6,011,329 | 2,068,825 |

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

| | December 31, 2014 | December 31, 2015 |
|--|----------------------|----------------------|
| Assets | | |
| Current assets | | |
| Cash and deposits | 5,827,262 | 1,842,867 |
| Accounts receivable - trade | 659,012 | 135,263 |
| Merchandise | 91,452 | 111,852 |
| Raw materials | 262,646 | 519,467 |
| Supplies | 3,098 | 36,084 |
| Advance payments - trade | 514,483 | 1,201,432 |
| Prepaid expenses | 19,981 | 24,149 |
| Consumption taxes receivable | 14,675 | 126,635 |
| Other | 3,276 | 4,699 |
| Allowance for doubtful accounts | - | (2,578) |
| Total current assets | 7,395,889 | 3,999,874 |
| Non-current assets | | |
| Property, plant and equipment | | |
| Buildings | 51,917 | 70,867 |
| Accumulated depreciation | (43,615) | (45,369) |
| Buildings, net | 8,301 | 25,498 |
| Tools, furniture and fixtures | 199,605 | 223,030 |
| Accumulated depreciation | (186,887) | (180,087) |
| Tools, furniture and fixtures, net | 12,717 | 42,943 |
| Total property, plant and equipment | 21,019 | 68,441 |
| Intangible assets | | |
| Patent right | 52,148 | 39,929 |
| Trademark right | 129 | 79 |
| Software | 1,856 | 11,044 |
| Telephone subscription right | 86 | 86 |
| Total intangible assets | 54,220 | 51,140 |
| Investments and other assets | | |
| Investment securities | 438,139 | 315,062 |
| Shares of subsidiaries and associates | 71,684 | 71,684 |
| Long-term prepaid expenses | 27,582 | 15,732 |
| Lease and guarantee deposits | 41,403 | 50,903 |
| Total investments and other assets | 578,810 | 453,382 |
| Total non-current assets | 654,049 | 572,964 |
| Total assets | 8,049,938 | 4,572,839 |

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

| | December 31, 2014 | December 31, 2015 |
|---|----------------------|----------------------|
| Liabilities | | |
| Current liabilities | | |
| Accounts payable - trade | 206,772 | 246,560 |
| Accounts payable - other | 92,616 | 131,994 |
| Accrued expenses | 7,231 | 6,461 |
| Income taxes payable | 39,543 | 26,819 |
| Advances received | 115,988 | 82,902 |
| Deposits received | 5,815 | 11,748 |
| Total current liabilities | 467,968 | 506,486 |
| Non-current liabilities | | |
| Deferred tax liabilities | 10,446 | 26,402 |
| Asset retirement obligations | 15,347 | 22,354 |
| Total non-current liabilities | 25,793 | 48,756 |
| Total liabilities | 493,761 | 555,243 |
| Net assets | | |
| Shareholders' equity | | |
| Capital stock | 14,847,066 | 15,214,941 |
| Capital surplus | | |
| Legal capital surplus | 13,157,806 | 13,525,681 |
| Total capital surpluses | 13,157,806 | 13,525,681 |
| Retained earnings | | |
| Other retained earnings | | |
| Retained earnings brought forward | (20,574,854) | (24,744,512) |
| Total retained earnings | (20,574,854) | (24,744,512) |
| Treasury shares | (11) | (11) |
| Total shareholders' equity | 7,430,006 | 3,996,098 |
| Valuation and translation adjustments | | |
| Valuation difference on available-for-sale securities | 17,005 | (29,942) |
| Total valuation and translation adjustments | 17,005 | (29,942) |
| Subscription rights to shares | 109,165 | 51,439 |
| Total net assets | 7,556,177 | 4,017,595 |
| Total liabilities and net assets | 8,049,938 | 4,572,839 |

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

| | Year ended Dec. 31, (From Jan. 1 to Dec.31) | |
|---|--|-------------|
| | 2014 | 2015 |
| Business revenues | | |
| Net sales of goods | 308,602 | 350,113 |
| Research and development revenues | 601,319 | 80,041 |
| Total business revenues | 909,922 | 430,154 |
| Business expenses | | |
| Cost of sales | 150,994 | 179,702 |
| Research and development expenses | 2,358,941 | 3,573,391 |
| Selling, general and administrative expenses | 695,197 | 891,167 |
| Total business expenses | 3,205,132 | 4,644,261 |
| Operating loss | (2,295,210) | (4,214,107) |
| Non-operating income | | |
| Interest income | 312 | 1,000 |
| Interest on securities | 100 | - |
| Foreign exchange gains | - | 21,037 |
| Subsidy income | 61,451 | 72,811 |
| Fiduciary obligation fee | 603 | - |
| Miscellaneous income | 2,676 | 7,697 |
| Total non-operating income | 65,142 | 102,547 |
| Non-operating expenses | | |
| Share issuance cost | 137,984 | 19,036 |
| Subscription rights to shares issuance cost | 1,379 | - |
| Loss on investments in partnership | 39,228 | 1,053 |
| Foreign exchange losses | 12,543 | - |
| Miscellaneous loss | 0 | - |
| Total non-operating expenses | 191,136 | 20,089 |
| Ordinary loss | (2,421,204) | (4,131,649) |
| Extraordinary income | | |
| Gain on reversal of subscription rights to shares | 37,714 | 57,780 |
| Total extraordinary income | 37,714 | 57,780 |
| Extraordinary losses | | |
| Loss on valuation of investment securities | - | 92,569 |
| Total extraordinary losses | - | 92,569 |
| Loss before income taxes | (2,383,489) | (4,166,437) |
| Income taxes - current | 3,220 | 3,220 |
| Total income taxes | 3,220 | 3,220 |
| Net loss | (2,386,709) | (4,169,657) |

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

Year ended Dec.31, 2014 (From Jan.1 to Dec.31, 2014)

| | Shareholders' equity | | | | |
|--|----------------------|-----------------------|--|-----------------|----------------------------|
| | Capital stock | Capital surplus | Retained earnings | Treasury shares | Total shareholders' equity |
| | | Legal capital surplus | Other retained earnings Retained earnings brought forward | | |
| Balance at the beginning of the period | 11,552,853 | 9,863,593 | (18,188,144) | - | 3,228,302 |
| Changes of items during the period | | | | | |
| Issuance of new shares | 3,294,212 | 3,294,212 | | | 6,588,424 |
| Net loss | | | (2,386,709) | | (2,386,709) |
| Purchase of treasury shares | | | | (11) | (11) |
| Net changes of items other than shareholders' equity | | | | | - |
| Total changes of items during the period | 3,294,212 | 3,294,212 | (2,386,709) | (11) | 4,201,703 |
| Balance at the end of current period | 14,847,066 | 13,157,806 | (20,574,854) | (11) | 7,430,006 |

| | Valuation and translation adjustments | Subscription rights to shares | Total net assets |
|--|---|-------------------------------|------------------|
| | Valuation difference on available-for-sale securities | | |
| Balance at the beginning of the period | 15,105 | 170,995 | 3,414,403 |
| Changes of items during the period | | | |
| Issuance of new shares | | | 6,588,424 |
| Net loss | | | (2,386,709) |
| Purchase of treasury shares | | | (11) |
| Net changes of items other than shareholders' equity | 1,900 | (61,830) | (59,929) |
| Total changes of items during the period | 1,900 | (61,830) | 4,141,773 |
| Balance at the end of current period | 17,005 | 109,165 | 7,556,177 |

Year ended Dec.31, 2015 (From Jan.1 to Dec.31, 2015)

| | Shareholders' equity | | | | |
|--|----------------------|-----------------------|--|-----------------|----------------------------|
| | Capital stock | Capital surplus | Retained earnings | Treasury shares | Total shareholders' equity |
| | | Legal capital surplus | Other retained earnings Retained earnings brought forward | | |
| Balance at the beginning of the period | 14,847,066 | 13,157,806 | (20,574,854) | (11) | 7,430,006 |
| Changes of items during the period | | | | | |
| Issuance of new shares | 367,875 | 367,875 | | | 735,750 |
| Net loss | | | (4,169,657) | | (4,169,657) |
| Purchase of treasury shares | | | | | - |
| Net changes of items other than shareholders' equity | | | | | - |
| Total changes of items during the period | 367,875 | 367,875 | (4,169,657) | - | (3,433,907) |
| Balance at the end of current period | 15,214,941 | 13,525,681 | (24,744,512) | (11) | 3,996,098 |

| | Valuation and translation adjustments | Subscription rights to shares | Total net assets |
|--|---|-------------------------------|------------------|
| | Valuation difference on available-for-sale securities | | |
| Balance at the beginning of the period | 17,005 | 109,165 | 7,556,177 |
| Changes of items during the period | | | |
| Issuance of new shares | | | 735,750 |
| Net loss | | | (4,169,657) |
| Purchase of treasury shares | | | - |
| Net changes of items other than shareholders' equity | (46,948) | (57,725) | (104,673) |
| Total changes of items during the period | (46,948) | (57,725) | (3,538,581) |
| Balance at the end of current period | (29,942) | 51,439 | 4,017,595 |

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 | Phase III | Mitsubishi Tanabe Pharma Corporation (JP) <i>Marketing Rights <US></i> |
| | | Lymphedema | Japan | Phase I / II | Available |
| | NF-κB Decoy Oligo DNA | Atopic Dermatitis | Japan | (Ointment drug) Phase III | Shionogi & Co., LTD. (JP) <i>Marketing Rights <JP></i> |
| | | 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) <i>Joint Research</i> |

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