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Consolidated Financial Report
for the Three Months Ended March 31, 2012 (Unaudited)
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

Adoption of the U.S.GAAP: None

(Figures are rounded down to the nearest million yen)

1. Business Results for the First quarter 2012 (From Jan. 1, 2012 to Mar. 31, 2012)

(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	%
1Q 2012	68	(3.1)	(511)	—	(451)	—	(452)	—
1Q 2011	70	(6.0)	(629)	—	(356)	—	(373)	—

*Comprehensive Income 1Q 2012 : (582) million yen 1Q 2011 : (194) million yen

	Net loss per share	Diluted net loss per share
	Yen	Yen
1Q 2012	(3,698.42)	—
1Q 2011	(3,121.51)	—

(2) Financial Position

	Total assets	Total net assets	Shareholders' equity ratio
	Million yen	Million yen	%
Mar. 31, 2012	3,322	2,684	75.2
Dec. 31, 2011	3,889	3,271	79.2

*Shareholder's equity Mar. 31, 2012 : 2,496 million yen Dec. 31, 2011 : 3,078 million yen

2. Dividend

	Dividend per share				
	1Q	2Q	3Q	4Q	Full-year
	Yen	Yen	Yen	Yen	Yen
FY 2011	—	0.00	—	0.00	0.00
FY 2012	—	—	—	—	—
FY 2012 (Forecast)	—	0.00	—	0.00	0.00

3. Earnings Forecast for the Fiscal Year 2012 (From Jan. 1, 2012 to Dec. 31, 2012)

	Revenues		Operating loss		Ordinary loss		Net loss		Net loss per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
2Q, 2012	—	—	—	—	—	—	—	—	—
Full-year	350~450	—	(2,000)~ (1,600)	—	(1,900)~ (1,500)	—	(1,900)~ (1,500)	—	(15,531.38)~ (12,261.61)

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

4. Others

(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) Change caused by revision of accounting standard : None

2) Other changes : None

3) Change of accounting estimate : None

4) Restatement : None

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

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

Mar. 31, 2012	122,333 shares	Dec. 31, 2011	122,333 shares
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2) Number of treasury stock

Mar. 31, 2012	- shares	Dec. 31, 2011	- shares
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3) Average number of shares issued and outstanding (including treasury stock)

1Q 2012	122,333 shares	1Q 2011	119,779 shares
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**Since descriptions about future events, for instance, earnings forecast for FY 2012, 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.*

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

	December 31, 2011	March 31, 2012
Assets		
Current assets		
Cash and deposits	1,575,549	1,184,536
Accounts receivable-trade	76,410	85,526
Merchandise	90,211	67,312
Finished goods	—	9,072
Raw materials and supplies	519,588	510,566
Advance payments-trade	281,128	288,888
Prepaid expenses	27,030	20,635
Advances paid	18,415	18,175
Other	47,079	42,222
Total current assets	<u>2,635,414</u>	<u>2,226,935</u>
Noncurrent assets		
Property, plant and equipment		
Buildings	71,605	71,222
Accumulated depreciation	<u>(56,695)</u>	<u>(57,002)</u>
Buildings, net	<u>14,909</u>	<u>14,219</u>
Machinery and equipment	52,624	52,282
Accumulated depreciation	<u>(52,134)</u>	<u>(51,917)</u>
Machinery and equipment, net	<u>490</u>	<u>365</u>
Tools, furniture and fixtures	452,888	445,519
Accumulated depreciation	<u>(406,540)</u>	<u>(403,195)</u>
Tools, furniture and fixtures, net	<u>46,347</u>	<u>42,323</u>
Total property, plant and equipment	<u>61,747</u>	<u>56,908</u>
Intangible assets		
Patent right	140,416	128,670
Other	1,600	1,298
Total intangible assets	<u>142,016</u>	<u>129,969</u>
Investments and other assets		
Investment securities	951,199	813,580
Lease and guarantee deposits	54,081	53,231
Other	44,812	41,753
Total investments and other assets	<u>1,050,093</u>	<u>908,564</u>
Total noncurrent assets	<u>1,253,857</u>	<u>1,095,442</u>
Total assets	<u><u>3,889,272</u></u>	<u><u>3,322,377</u></u>

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

	December 31, 2011	March 31, 2012
Liabilities		
Current liabilities		
Accounts payable–trade	60,472	87,916
Accounts payable–other	62,817	63,870
Accrued expenses	21,572	14,462
Income taxes payable	24,083	10,672
Advances received	416,914	428,147
Deposits received	15,443	16,182
Total current liabilities	<u>601,304</u>	<u>621,252</u>
Noncurrent liabilities		
Asset retirement obligations	16,911	16,978
Total noncurrent liabilities	<u>16,911</u>	<u>16,978</u>
Total liabilities	<u>618,215</u>	<u>638,230</u>
Net assets		
Shareholders' equity		
Capital stock	9,653,241	9,653,241
Capital surplus	7,963,981	7,963,981
Retained earnings	(14,940,366)	(15,392,804)
Total shareholders' equity	<u>2,676,856</u>	<u>2,224,417</u>
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	454,413	316,794
Foreign currency translation adjustment	(52,440)	(44,430)
Total valuation and translation adjustments	<u>401,973</u>	<u>272,363</u>
Subscription rights to shares	192,226	187,366
Total net assets	<u>3,271,056</u>	<u>2,684,147</u>
Total liabilities and net assets	<u>3,889,272</u>	<u>3,322,377</u>

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

	Month ended Mar. 31, (From Jan. 1 to Mar.31)	
	2011	2012
Business revenues		
Net sales of goods	34,868	50,998
Net sales of finished goods	—	1,049
Research and development revenues	35,721	16,322
Total business revenues	<u>70,590</u>	<u>68,371</u>
Business expenses		
Cost of sales	15,684	23,064
Research and development expenses	494,696	319,245
Selling, general and administrative expenses	190,079	237,966
Total business expenses	<u>700,460</u>	<u>580,276</u>
Operating loss	<u>(629,870)</u>	<u>(511,905)</u>
Non-operating income		
Interest income	1,167	234
Gain on sales of securities	188	—
Subsidy income	276,664	63,132
Miscellaneous income	85	221
Total non-operating income	<u>278,107</u>	<u>63,588</u>
Non-operating expenses		
Stock issuance cost	1,857	—
Foreign exchange losses	2,417	2,735
Miscellaneous loss	0	4
Total non-operating expenses	<u>4,275</u>	<u>2,740</u>
Ordinary loss	<u>(356,038)</u>	<u>(451,057)</u>
Extraordinary income		
Gain on sales of noncurrent assets	68	—
Gain on reversal of subscription rights to shares	—	9,125
Total extraordinary income	<u>68</u>	<u>9,125</u>
Extraordinary loss		
Loss on retirement of noncurrent assets	3,268	—
Loss on adjustment for changes of accounting standard for asset retirement obligations	11,839	—
Office transfer expenses	—	8,140
Total extraordinary losses	<u>15,107</u>	<u>8,140</u>
Loss before income taxes	<u>(371,077)</u>	<u>(450,072)</u>
Income taxes—current	2,813	2,366
Total income taxes	<u>2,813</u>	<u>2,366</u>
Loss before minority interests	<u>(373,891)</u>	<u>(452,438)</u>
Net loss	<u>(373,891)</u>	<u>(452,438)</u>

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

	Month ended Mar. 31, (From Jan. 1 to Mar.31)	
	2011	2012
Loss before minority interests	(373,891)	(452,438)
Other comprehensive income		
Valuation difference on available-for-sale securities	176,698	(137,619)
Foreign currency translation adjustment	2,868	8,009
Total other comprehensive income	<u>179,566</u>	<u>(129,610)</u>
Comprehensive income	<u>(194,325)</u>	<u>(582,048)</u>
Comprehensive income attributable to owners of the parent	(194,325)	(582,048)
Comprehensive income attributable to minority interests	—	—

R&D Projects and its current 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		Available
		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	Pre-clinical	Available	
	NF- κ B Decoy Oligo	Atopic Dermatitis	Japan	Phase II	Shionogi & Co., LTD.(JP) *Co-Development, Marketing Rights
World			Pre-clinical		
Medical device	Drug-Eluting PTA balloon catheter	Prevention of Vascular Restenosis		Preparing for clinical trials	Medikit Co., Ltd. Hosokawa Micron Corp. (JP) *Joint Research
	Functional Peptides (Cure Peptin®)	Wound		Application Research	Morishita Jintan Co., Ltd. (JP) *Joint Research

<Alliance product>

Segment	Product name / Project	Target indications	Region	Development stage	Alliance partners
Medicine	Allovectine®	Metastatic Melanoma	US / Europe	Phase III	Vical, Inc. (US)

<Self-developed product at Genomlida>

Segment	Product name / Project	Target indications	Region	Development stage	Alliance partners
Medicine	GEN0101	Prostate cancer	Japan	Pre-clinical	TSD Japan, Inc.