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**Consolidated Financial Report**  
**for the Six Months Ended June 30, 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 Second quarter 2012 (From Jan. 1, 2012 to Jun. 30, 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	%
2Q 2012	288	133.0	(954)	—	(890)	—	(893)	—
2Q 2011	123	7.2	(1,063)	—	(786)	—	(807)	—

\*Comprehensive Income 2Q 2012 : (1,015) million yen 2Q 2011 : (443) million yen

	Net loss per share	Diluted net loss per share
	Yen	Yen
2Q 2012	(7,277.18)	—
2Q 2011	(6,676.81)	—

(2) Financial Position

	Total assets	Total net assets	Shareholders' equity ratio
	Million yen	Million yen	%
Jun. 30, 2012	3,032	2,460	74.7
Dec. 31, 2011	3,889	3,271	79.2

\*Shareholder's equity Jun. 30, 2012 : 2,263 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	—	0.00	—	—	—
FY 2012 (Forecast)	—	—	—	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
Full-year	350~450	—	(2,000)~ (1,600)	—	(1,900)~ (1,500)	—	(1,900)~ (1,500)	—	(14,822.71)~ (11,701.75)

\*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 standards : 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)

Jun. 30, 2012	128,186 shares	Dec. 31, 2011	122,333 shares
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2) Number of treasury stock

Jun. 30, 2012	- shares	Dec. 31, 2011	- shares
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3) Average number of shares issued and outstanding (including treasury stock)

2Q 2012	122,848 shares	2Q 2011	120,941 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	June 30, 2012
<b>Assets</b>		
Current assets		
Cash and deposits	1,575,549	959,127
Accounts receivable-trade	76,410	94,303
Merchandise	90,211	144,289
Finished goods	—	7,313
Raw materials and supplies	519,588	508,572
Advance payments-trade	281,128	156,218
Prepaid expenses	27,030	27,047
Advances paid	18,415	27,141
Other	47,079	13,809
Total current assets	<u>2,635,414</u>	<u>1,937,822</u>
Noncurrent assets		
Property, plant and equipment		
Buildings	71,605	71,495
Accumulated depreciation	<u>(56,695)</u>	<u>(57,605)</u>
Buildings, net	<u>14,909</u>	<u>13,890</u>
Machinery and equipment	52,624	52,282
Accumulated depreciation	<u>(52,134)</u>	<u>(52,038)</u>
Machinery and equipment, net	<u>490</u>	<u>243</u>
Tools, furniture and fixtures	452,888	445,250
Accumulated depreciation	<u>(406,540)</u>	<u>(408,769)</u>
Tools, furniture and fixtures, net	<u>46,347</u>	<u>36,481</u>
Total property, plant and equipment	<u>61,747</u>	<u>50,615</u>
Intangible assets		
Patent right	140,416	117,568
Other	1,600	2,619
Total intangible assets	<u>142,016</u>	<u>120,188</u>
Investments and other assets		
Investment securities	951,199	829,887
Lease and guarantee deposits	54,081	53,150
Other	44,812	40,434
Total investments and other assets	<u>1,050,093</u>	<u>923,472</u>
Total noncurrent assets	<u>1,253,857</u>	<u>1,094,276</u>
Total assets	<u><u>3,889,272</u></u>	<u><u>3,032,098</u></u>

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

	December 31, 2011	June 30, 2012
<b>Liabilities</b>		
Current liabilities		
Accounts payable–trade	60,472	155,013
Accounts payable–other	62,817	53,950
Accrued expenses	21,572	20,278
Income taxes payable	24,083	21,635
Advances received	416,914	288,066
Deposits received	15,443	15,942
Total current liabilities	601,304	554,888
Noncurrent liabilities		
Asset retirement obligations	16,911	17,045
Total noncurrent liabilities	16,911	17,045
Total liabilities	618,215	571,933
<b>Net assets</b>		
Shareholders' equity		
Capital stock	9,653,241	9,753,233
Capital surplus	7,963,981	8,063,973
Retained earnings	(14,940,366)	(15,834,350)
Total shareholders' equity	2,676,856	1,982,857
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	454,413	330,377
Foreign currency translation adjustment	(52,440)	(49,725)
Total valuation and translation adjustments	401,973	280,652
Subscription rights to shares	192,226	196,654
Total net assets	3,271,056	2,460,164
Total liabilities and net assets	3,889,272	3,032,098

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

	Month ended Jun. 30, (From Jan. 1 to Jun.30)	
	2011	2012
<b>Business revenues</b>		
Net sales of goods	86,105	104,369
Net sales of finished goods	—	6,901
Research and development revenues	37,692	177,195
Total business revenues	<u>123,797</u>	<u>288,466</u>
<b>Business expenses</b>		
Cost of sales	38,689	48,495
Research and development expenses	775,398	735,534
Selling, general and administrative expenses	373,242	458,439
Total business expenses	<u>1,187,330</u>	<u>1,242,469</u>
Operating loss	<u>(1,063,533)</u>	<u>(954,002)</u>
<b>Non-operating income</b>		
Interest income	2,008	365
Gain on sales of securities	188	—
Gain on investments in partnership	—	3,076
Foreign exchange gains	2,178	—
Subsidy income	276,664	63,132
Fiduciary obligation fee	301	301
Miscellaneous income	95	714
Total non-operating income	<u>281,437</u>	<u>67,591</u>
<b>Non-operating expenses</b>		
Stock issuance cost	2,198	1,329
Loss on investments in partnership	2,304	—
Foreign exchange losses	—	2,387
Miscellaneous loss	0	39
Total non-operating expenses	<u>4,503</u>	<u>3,757</u>
Ordinary loss	<u>(786,599)</u>	<u>(890,168)</u>
<b>Extraordinary income</b>		
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>
<b>Extraordinary loss</b>		
Loss on retirement of noncurrent assets	3,516	—
Loss on adjustment for changes of accounting standard for asset retirement obligations	11,839	—
Office transfer expenses	—	8,180
Total extraordinary losses	<u>15,356</u>	<u>8,180</u>
Loss before income taxes	<u>(801,887)</u>	<u>(889,223)</u>
Income taxes—current	5,613	4,760
Total income taxes	<u>5,613</u>	<u>4,760</u>
Loss before minority interests	<u>(807,501)</u>	<u>(893,983)</u>
Net loss	<u>(807,501)</u>	<u>(893,983)</u>

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

	Month ended Jun. 30, (From Jan. 1 to Jun.30)	
	2011	2012
Loss before minority interests	(807,501)	(893,983)
Other comprehensive income		
Valuation difference on available-for-sale securities	364,602	(124,036)
Foreign currency translation adjustment	(790)	2,714
Total other comprehensive income	<u>363,811</u>	<u>(121,321)</u>
Comprehensive income	<u>(443,689)</u>	<u>(1,015,305)</u>
Comprehensive income attributable to owners of the parent	(443,689)	(1,015,305)
Comprehensive income attributable to minority interests	—	—

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

	<b>Month ended Jun. 30,</b> <b>(From Jan. 1 to Jun.30)</b>	
	<b>2011</b>	<b>2012</b>
<b>Net cash (used in) operating activities</b>		
Loss before income taxes	(801,887)	(889,223)
Depreciation and amortization	54,976	49,592
Loss on adjustment for changes of accounting standard for asset retirement obligations	11,839	—
Interest income	(2,008)	(365)
Foreign exchange losses (gain)	(191)	101
Loss (gain) on investments in partnership	2,502	(2,878)
(Gain) on sales of noncurrent assets	(68)	—
Loss on retirement of noncurrent assets	3,516	—
(Gain) on sales of securities	(188)	—
Stock issuance cost	2,198	1,329
Share-based compensation expenses	21,658	13,553
Gain on reversal of subscription rights to shares	—	(9,125)
Decrease (increase) in notes and accounts receivable-trade	9,370	(17,892)
(Increase) in inventories	(28,559)	(50,375)
Increase in notes and accounts payable-trade	55,143	94,541
Decrease in advance payments	53,371	125,114
Increase (decrease) in accounts payable-other	80,402	(4,855)
(Decrease) in advances received	(44,673)	(128,847)
Decrease in other current assets	10,318	24,692
(Decrease) in other current liabilities	(11,794)	(1,212)
Increase in other noncurrent liabilities	113	133
Subtotal	<u>(583,960)</u>	<u>(795,717)</u>
Interest income received	3,038	456
Income taxes paid	(8,387)	(6,932)
Net cash (used in) operating activities	<u>(589,309)</u>	<u>(802,193)</u>
<b>Net cash provided by (used in) investing activities</b>		
Purchase of short-term investment securities	(99,900)	—
Proceeds from redemption of securities	900,000	—
Proceeds from sales of short-term investment securities	100,100	—
Purchase of property, plant and equipment	(39,442)	(5,689)
Proceeds from sales of property, plant and equipment	100	—
Purchase of intangible assets	(35,943)	(9,873)
Purchase of investment securities	(49,860)	—
Purchase of long-term prepaid expenses	(205)	(1,852)
Payments for lease and guarantee deposits	—	(319)
Proceeds from collection of lease and guarantee deposits	—	1,279
Other proceeds	175	—
Net cash provided by (used in) investing activities	<u>775,023</u>	<u>(16,455)</u>

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

	<b>Month ended Jun. 30,</b> <b>(From Jan. 1 to Jun.30)</b>	
	<b>2011</b>	<b>2012</b>
<b>Net cash provided by financing activities</b>		
Proceeds from issuance of common stock	371,301	199,985
Proceeds from issuance of subscription rights to shares	—	(187)
Net cash provided by financing activities	<u>371,301</u>	<u>199,797</u>
Effect of exchange rate change on cash and cash equivalents	<u>(399)</u>	<u>2,428</u>
Net increase in cash and cash equivalents	<u>556,616</u>	<u>(616,422)</u>
Cash and cash equivalents at beginning of period	<u>2,152,335</u>	<u>1,575,549</u>
Cash and cash equivalents at end of period	<u><u>2,708,951</u></u>	<u><u>959,127</u></u>



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<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		Mitsubishi Tanabe Pharma Corporation (JP) *Marketing Rights
		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- $\kappa$ 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	Japan	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	Allovetine®	Metastatic Melanoma	US / Europe	Phase III	Vical, Inc. (US)

<Self-developed product at GenomIdia>

Segment	Product name / Project	Target indications	Region	Development stage	Alliance partners
Medicine	GEN0101	All Diseases	World	Pre-clinical	Ishihara Sangyo Kaisha, Ltd. (JP)