



Released at October 29, 2010

Consolidated Financial Report
for the Nine Months Ended September 30, 2010 (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 Third quarter 2010 (From Jan. 1, 2010 to Sep. 30, 2010)

(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	%
3Q 2010 (9 Months)	187	(61.7)	(1,467)	—	(1,319)	—	(1,342)	—
3Q 2009 (9 Months)	489	—	(2,083)	—	(2,254)	—	(2,390)	—

	Net loss per share	Diluted net loss per share
	Yen	Yen
3Q 2010 (9 Months)	(11,378.04)	—
3Q 2009 (9 Months)	(20,300.85)	—

(2) Financial Position

	Total assets	Total net assets	Shareholders' equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
Sep. 30, 2010	5,610	4,943	85.7	40,742.66
Dec. 31, 2009	7,162	6,512	89.5	54,345.29

*Shareholder's equity Sep. 30, 2010 : 4,807 million yen Dec. 31, 2009 : 6,412 million yen

2. Dividend

	Dividend per share				
	1Q	2Q	3Q	4Q	Full-year
	Yen	Yen	Yen	Yen	Yen
FY 2009	—	0.00	—	0.00	0.00
FY 2010	—	0.00	—	—	—
FY 2010 (Forecast)	—	—	—	0.00	0.00

3. Earnings Forecast for the Fiscal Year 2010 (From Jan. 1, 2010 to Dec. 31, 2010)

	Revenues		Operating loss		Ordinary loss		Net loss		Net loss per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
Full-year	300	—	(2,300)	—	(2,100)	—	(2,100)	—	(17,797.97)

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 : Applicable

(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

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

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

Sep. 2010 : 117,991 shares Dec. 31, 2009 : 117,991 shares

2) Number of treasury stock

Sep. 2010 : - shares Dec. 31, 2009 : - shares

3) Average number of shares issued and outstanding

3Q 2010 : 117,991 shares 3Q 2009 : 117,751 shares

*Since descriptions about future events, for instance, earnings forecast for FY 2010, 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)

	September 30, 2010	December 31, 2009
Assets		
Current assets		
Cash and deposits	2,576,972	3,549,098
Accounts receivable-trade	73,822	64,648
Short-term investment securities	937,066	1,498,278
Merchandise	85,195	33,447
Work in process	—	1,798
Raw materials and supplies	612,889	480,416
Advance payments-trade	273,629	247,132
Prepaid expenses	23,279	28,215
Advances paid	436	1,089
Other	30,957	31,300
Total current assets	<u>4,614,249</u>	<u>5,935,426</u>
Noncurrent assets		
Property, plant and equipment		
Buildings	58,748	58,599
Accumulated depreciation	<u>(45,254)</u>	<u>(43,276)</u>
Buildings, net	<u>13,494</u>	<u>15,322</u>
Machinery and equipment	52,847	53,091
Accumulated depreciation	<u>(51,740)</u>	<u>(51,607)</u>
Machinery and equipment, net	<u>1,107</u>	<u>1,483</u>
Tools, furniture and fixtures	402,514	400,778
Accumulated depreciation	<u>(367,723)</u>	<u>(356,761)</u>
Tools, furniture and fixtures, net	<u>34,790</u>	<u>44,016</u>
Total property, plant and equipment	<u>49,392</u>	<u>60,823</u>
Intangible assets		
Patent right	160,467	195,654
Other	8,849	16,561
Total intangible assets	<u>169,316</u>	<u>212,215</u>
Investments and other assets		
Investment securities	662,698	829,443
Lease and guarantee deposits	54,663	54,784
Other	<u>59,848</u>	<u>69,453</u>
Total investments and other assets	<u>777,211</u>	<u>953,681</u>
Total noncurrent assets	<u>995,920</u>	<u>1,226,720</u>
Total assets	<u><u>5,610,170</u></u>	<u><u>7,162,146</u></u>

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

	September 30, 2010	December 31, 2009
Liabilities		
Current liabilities		
Accounts payable—trade	72,056	49,134
Accounts payable—other	50,894	42,199
Accrued expenses	7,507	11,161
Income taxes payable	14,149	23,821
Advances received	512,854	515,101
Deposits received	9,260	7,799
Total current liabilities	<u>666,722</u>	<u>649,218</u>
Total liabilities	<u>666,722</u>	<u>649,218</u>
Net assets		
Shareholders' equity		
Capital stock	9,460,618	9,460,618
Capital surplus	7,771,361	7,771,361
Retained earnings	<u>(12,500,592)</u>	<u>(11,158,086)</u>
Total shareholders' equity	<u>4,731,387</u>	<u>6,073,893</u>
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	118,014	370,141
Foreign currency translation adjustment	<u>(42,134)</u>	<u>(31,780)</u>
Total valuation and translation adjustments	<u>75,880</u>	<u>338,361</u>
Subscription rights to shares	<u>136,180</u>	<u>100,673</u>
Total net assets	<u>4,943,447</u>	<u>6,512,927</u>
Total liabilities and net assets	<u><u>5,610,170</u></u>	<u><u>7,162,146</u></u>

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

	9 months ended September 30, (From Jan. 1 to Sep.30)	
	2009	2010
Business revenues		
Net sales of goods	97,728	126,192
Research and development revenues	391,923	61,199
Total business revenues	<u>489,651</u>	<u>187,391</u>
Business expenses		
Cost of sales	46,862	57,902
Research and development expenses	1,999,852	1,010,514
Selling, general and administrative expenses	526,660	586,033
Total business expenses	<u>2,573,376</u>	<u>1,654,450</u>
Operating loss	<u>(2,083,724)</u>	<u>(1,467,058)</u>
Non-operating income		
Interest income	11,146	7,073
Foreign exchange gains	—	22,163
Subsidy income	147,367	120,843
Fiduciary obligation fee	3,015	3,015
Miscellaneous income	1,357	3,080
Total non-operating income	<u>162,886</u>	<u>156,176</u>
Non-operating expenses		
Stock issuance cost	201	—
Loss on investments in partnership	321,288	8,258
Foreign exchange losses	12,228	—
Miscellaneous loss	16	—
Provision of allowance for doubtful accounts	227	—
Total non-operating expenses	<u>333,962</u>	<u>8,258</u>
Ordinary loss	<u>(2,254,801)</u>	<u>(1,319,139)</u>
Extraordinary loss		
Loss on retirement of noncurrent assets	25,378	16,182
Loss on valuation of investment securities	100,029	—
Total extraordinary losses	<u>125,408</u>	<u>16,182</u>
Loss before income taxes	<u>(2,380,209)</u>	<u>(1,335,322)</u>
Income taxes—current	10,236	7,183
Total income taxes	<u>10,236</u>	<u>7,183</u>
Net loss	<u>(2,390,445)</u>	<u>(1,342,506)</u>

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

	9 months ended September 30, (From Jan. 1 to Sep.30)	
	2009	2010
Net cash (used in) operating activities		
Loss before income taxes	(2,380,209)	(1,335,322)
Depreciation and amortization	93,890	75,213
Interest income	(11,146)	(7,073)
Foreign exchange losses	8,613	3,564
Loss on investments in partnership	323,272	10,242
Loss on retirement of noncurrent assets	24,531	16,182
Loss on valuation of investment securities	100,029	—
Stock issuance cost	201	—
Share-based compensation expenses	28,567	35,507
(Increase) decrease in notes and accounts receivable-trade	5,339	(9,173)
(Increase) decrease in inventories	51,612	(182,422)
Increase in notes and accounts payable-trade	9,015	22,922
(Increase) in advance payments	(7,664)	(26,497)
Increase (decrease) in accounts payable-other	(13,388)	7,525
(Decrease) in advances received	(83,602)	(2,246)
Decrease in other current assets	22,765	4,666
(Decrease) in other current liabilities	(19,168)	(14,506)
Decrease in other noncurrent assets	921	—
Subtotal	<u>(1,846,418)</u>	<u>(1,401,415)</u>
Interest income received	11,364	11,201
Income taxes paid	(13,987)	(4,611)
Net cash (used in) operating activities	<u>(1,849,040)</u>	<u>(1,394,825)</u>
Net cash provided by (used in) investing activities		
Payments into time deposits	(500,000)	—
Proceeds from withdrawal of time deposits	500,000	500,000
Purchase of short-term investment securities	(1,000,030)	(740,115)
Proceeds from redemption of securities	1,000,000	1,800,000
Purchase of property, plant and equipment	(8,358)	(7,351)
Proceeds from sales of property, plant and equipment	—	19
Purchase of intangible assets	(23,435)	(18,929)
Purchase of investment securities	—	(97,000)
Proceeds from sales of investment securities	15,178	—
Purchase of long-term prepaid expenses	(2,719)	—
Payments for lease and guarantee deposits	—	(401)
Proceeds from collection of lease and guarantee deposits	165	396
Other proceeds	2,719	—
Net cash provided by (used in) investing activities	<u>(16,480)</u>	<u>1,436,616</u>
Net cash (used in) financing activities		
Other payments	(201)	—
Net cash (used in) financing activities	<u>(201)</u>	<u>—</u>
Effect of exchange rate change on cash and cash equivalents	(8,578)	(13,967)
Net increase (decrease) in cash and cash equivalents	<u>(1,874,300)</u>	<u>27,824</u>
Cash and cash equivalents at beginning of period	5,799,571	3,049,098
Cash and cash equivalents at end of period	<u>3,925,270</u>	<u>3,076,922</u>