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**Consolidated Financial Report**  
**for the Three Months Ended March 31, 2011 (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 2011 (From Jan. 1, 2011 to Mar. 31, 2011)

(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 2011 (3 Months)	70	(6.0)	(629)	—	(356)	—	(373)	—
1Q 2010 (3 Months)	75	(57.9)	(507)	—	(432)	—	(444)	—

	Net loss per share	Diluted net loss per share
	Yen	Yen
1Q 2011 (3 Months)	(3,121.51)	—
1Q 2010 (3 Months)	(3,765.23)	—

(2) Financial Position

	Total assets	Total net assets	Shareholders' equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
Mar. 31, 2011	5,138	4,451	83.6	35,258.26
Dec. 31, 2010	5,004	4,287	82.7	35,019.99

\*Shareholder's equity Mar. 31, 2011 : 4,298 million yen Dec. 31, 2010 : 4,140 million yen

2. Dividend

	Dividend per share				
	1Q	2Q	3Q	4Q	Full-year
	Yen	Yen	Yen	Yen	Yen
FY 2010	—	0.00	—	0.00	0.00
FY 2011	—	—	—	—	0.00
FY 2011 (Forecast)	—	0.00	—	0.00	0.00

3. Earnings Forecast for the Fiscal Year 2011 (From Jan. 1, 2011 to Dec. 31, 2011)

	Revenues		Operating loss		Ordinary loss		Net loss		Net loss per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
2Q, 2011	—	—	—	—	—	—	—	—	—
Full-year	250	—	(2,400)	—	(2,200)	—	(2,200)	—	(18,044.92)
	~350	—	~(2,000)	—	~(1,800)	—	~(1,800)	—	~(14,764.02)

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 : Applicable

2) Other changes : None

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

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

Mar. 31, 2011 : 121,918 shares Dec. 31, 2010 : 118,231 shares

2) Number of treasury stock

Mar. 31, 2011 : - shares Dec. 31, 2010 : - shares

3) Average number of shares issued and outstanding (including treasury stock)

1Q, 2011 : 119,779 shares 1Q, 2010 : 117,991 shares

\*Since descriptions about future events, for instance, earnings forecast for FY 2011, 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.

## 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	
	NF- $\kappa$ B Decoy Oligo	Atopic Dermatitis	Japan	Phase II	Shionogi & Co., LTD.(JP) *Co-Development, Marketing Rights
US / Europe			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	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-7	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.

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

	March 31, 2011	December 31, 2010
<b>Assets</b>		
Current assets		
Cash and deposits	2,110,552	2,152,335
Accounts receivable-trade	66,437	78,466
Short-term investment securities	899,690	900,235
Merchandise	155,712	60,283
Work in process	752	—
Raw materials and supplies	536,673	575,333
Advance payments-trade	256,619	306,244
Prepaid expenses	22,934	25,129
Advances paid	1,680	1,656
Other	51,120	43,136
Total current assets	<u>4,102,174</u>	<u>4,142,821</u>
Noncurrent assets		
Property, plant and equipment		
Buildings	70,729	55,908
Accumulated depreciation	<u>(54,786)</u>	<u>(44,098)</u>
Buildings, net	<u>15,942</u>	<u>11,809</u>
Machinery and equipment	52,624	52,624
Accumulated depreciation	<u>(51,766)</u>	<u>(51,644)</u>
Machinery and equipment, net	<u>857</u>	<u>979</u>
Tools, furniture and fixtures	452,319	433,030
Accumulated depreciation	<u>(382,381)</u>	<u>(373,969)</u>
Tools, furniture and fixtures, net	<u>69,937</u>	<u>59,060</u>
Total property, plant and equipment	<u>86,738</u>	<u>71,850</u>
Intangible assets		
Patent right	139,177	150,786
Other	4,284	6,465
Total intangible assets	<u>143,462</u>	<u>157,252</u>
Investments and other assets		
Investment securities	698,539	521,739
Lease and guarantee deposits	54,156	54,131
Other	<u>53,827</u>	<u>56,679</u>
Total investments and other assets	<u>806,523</u>	<u>632,551</u>
Total noncurrent assets	<u>1,036,724</u>	<u>861,653</u>
Total assets	<u><u>5,138,898</u></u>	<u><u>5,004,474</u></u>

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

	March 31, 2011	December 31, 2010
<b>Liabilities</b>		
Current liabilities		
Accounts payable—trade	154,505	98,079
Accounts payable—other	59,536	75,341
Accrued expenses	6,525	20,933
Income taxes payable	10,599	25,581
Advances received	430,526	487,665
Deposits received	8,874	8,889
Total current liabilities	<u>670,568</u>	<u>716,490</u>
Noncurrent liabilities		
Asset retirement obligations	16,714	—
Total noncurrent liabilities	<u>16,714</u>	<u>—</u>
Total liabilities	<u>687,282</u>	<u>716,490</u>
<b>Net assets</b>		
Shareholders' equity		
Capital stock	9,642,866	9,466,618
Capital surplus	7,953,606	7,777,361
Retained earnings	(13,499,195)	(13,125,304)
Total shareholders' equity	<u>4,097,276</u>	<u>4,118,675</u>
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	245,055	68,357
Foreign currency translation adjustment	(43,715)	(46,583)
Total valuation and translation adjustments	<u>201,340</u>	<u>21,773</u>
Subscription rights to shares	152,998	147,535
Total net assets	<u>4,451,615</u>	<u>4,287,984</u>
Total liabilities and net assets	<u>5,138,898</u>	<u>5,004,474</u>

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

	<b>3 Months ended March 31,</b> <b>(From Jan. 1 to Mar.31)</b>	
	<b>2010</b>	<b>2011</b>
<b>Business revenues</b>		
Net sales of goods	34,394	34,868
Research and development revenues	40,691	35,721
Total business revenues	<u>75,085</u>	<u>70,590</u>
<b>Business expenses</b>		
Cost of sales	16,167	15,684
Research and development expenses	377,673	494,696
Selling, general and administrative expenses	188,916	190,079
Total business expenses	<u>582,756</u>	<u>700,460</u>
Operating loss	<u>(507,671)</u>	<u>(629,870)</u>
<b>Non-operating income</b>		
Interest income	3,285	1,167
Gain on sales of securities	—	188
Subsidy income	73,177	276,664
Miscellaneous income	2,620	85
Total non-operating income	<u>79,083</u>	<u>278,107</u>
<b>Non-operating expenses</b>		
Stock issuance cost	—	1,857
Foreign exchange losses	4,103	2,417
Miscellaneous loss	—	0
Total non-operating expenses	<u>4,103</u>	<u>4,275</u>
Ordinary loss	<u>(432,691)</u>	<u>(356,038)</u>
<b>Extraordinary income</b>		
Gain on sales of noncurrent assets	—	68
Total extraordinary income	<u>—</u>	<u>68</u>
<b>Extraordinary loss</b>		
Loss on retirement of noncurrent assets	9,107	3,268
Loss on adjustment for changes of accounting standard for asset retirement obligations	—	11,839
Total extraordinary losses	<u>9,107</u>	<u>15,107</u>
Loss before income taxes	<u>(441,798)</u>	<u>(371,077)</u>
Income taxes—current	2,466	2,813
Total income taxes	<u>2,466</u>	<u>2,813</u>
Income before minority interests	<u>—</u>	<u>(373,891)</u>
Net loss	<u>(444,265)</u>	<u>(373,891)</u>

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

	<b>3 Months ended March 31,</b>	
	<b>(From Jan. 1 to Mar.31)</b>	
	<b>2010</b>	<b>2011</b>
<b>Net cash (used in) operating activities</b>		
Loss before income taxes	(441,798)	(371,077)
Depreciation and amortization	25,532	26,696
Loss on adjustment for changes of accounting standard for asset retirement obligations	—	11,839
Interest income	(3,285)	(1,167)
Foreign exchange (gains)	(756)	(2,492)
(Gain) on sales of noncurrent assets	—	(68)
Loss on retirement of noncurrent assets	9,107	3,268
(Gain) on sales of securities	—	(188)
Stock issuance cost	—	1,857
Share-based compensation expenses	11,687	5,463
Decrease (increase) in notes and accounts receivable-trade	(3,400)	12,029
(Increase) in inventories	(65,766)	(57,522)
Increase in notes and accounts payable-trade	113,181	56,426
(Increase) decrease in advance payments	(9,345)	49,625
(Decrease) in accounts payable-other	(3,993)	(17,272)
(Decrease) increase in advances received	18,475	(54,861)
(Increase) decrease in other current assets	17,639	(4,028)
(Decrease) in other current liabilities	(15,857)	(23,600)
Decrease in other noncurrent assets	—	65
Subtotal	<u>(348,580)</u>	<u>(365,009)</u>
Interest income received	4,719	524
Income taxes paid	(5,654)	(9,492)
Net cash (used in) operating activities	<u>(349,515)</u>	<u>(373,976)</u>
<b>Net cash (used in) provided by investing activities</b>		
Proceeds from withdrawal of time deposits	500,000	—
Purchase of short-term investment securities	(302,027)	(99,900)
Proceeds from redemption of securities	800,000	—
Proceeds from sales of short-term investment securities	—	100,100
Purchase of property, plant and equipment	(810)	(19,979)
Proceeds from sales of property, plant and equipment	19	100
Purchase of intangible assets	(4,338)	(3,127)
Purchase of investment securities	(14,000)	—
Purchase of long-term prepaid expenses	—	(205)
Other proceeds	—	175
Net cash (used in) provided by investing activities	<u>978,843</u>	<u>(22,838)</u>
<b>Net cash provided by financing activities</b>		
Proceeds from issuance of common stock	—	351,859
Net cash provided by financing activities	<u>—</u>	<u>351,859</u>
Effect of exchange rate change on cash and cash equivalents	<u>1,292</u>	<u>3,172</u>

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

	<b>3 Months ended March 31,</b>	
	<b>(From Jan. 1 to Mar.31)</b>	
	<b>2010</b>	<b>2011</b>
Net (decrease) increase in cash and cash equivalents	<u>630,619</u>	<u>(41,782)</u>
Cash and cash equivalents at beginning of period	<u>3,049,098</u>	<u>2,152,335</u>
Cash and cash equivalents at end of period	<u><u>3,679,718</u></u>	<u><u>2,110,552</u></u>