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Consolidated Financial Report
for the Three Months Ended March 31, 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 First quarter 2010 (From Jan. 1, 2010 to Mar. 31, 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	%
1Q 2010 (3 Months)	75	(57.9)	(507)	—	(432)	—	(444)	—
1Q 2009 (3 Months)	178	—	(775)	—	(633)	—	(639)	—

	Net loss per share	Diluted net loss per share
	Yen	Yen
1Q 2010 (3 Months)	(3,765.25)	—
1Q 2009 (3 Months)	(5,433.22)	—

(2) Financial Position

	Total assets	Total net assets	Shareholders' equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
Mar. 31, 2010	6,856	6,096	87.3	50,720.14
Dec. 31, 2009	7,162	6,512	89.5	54,345.29

*Shareholder's equity Mar. 31, 2010 : 5,984 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	—	—	—	—	—
FY 2010 (Forecast)	—	0.00	—	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
2Q	—	—	—	—	—	—	—	—	—
Full-year	~ 500 ~ 800	—	~ (2,400) ~ (2,100)	—	~ (2,300) ~ (2,000)	—	~ (2,300) ~ (2,000)	—	~ (19,493.01) ~ (16,950.45)

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)

Mar. 31, 2010 : 117,991 shares	Dec. 31, 2009 : 117,991 shares
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 - 2) Number of treasury stock

Mar. 31, 2010 : - shares	Dec. 31, 2009 : - shares
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 - 3) Average number of shares issued and outstanding

1Q 2010 : 117,991 shares	1Q 2009 : 117,751 shares
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**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)

	March 31, 2010	December 31, 2009
Assets		
Current assets		
Cash and deposits	3,179,738	3,549,098
Accounts receivable-trade	68,049	64,648
Short-term investment securities	1,500,992	1,498,278
Merchandise and finished goods	126,930	33,447
Work in process	62	1,798
Raw materials and supplies	454,437	480,416
Advance payments-trade	256,477	247,132
Prepaid expenses	22,591	28,215
Advances paid	1,190	1,089
Other	20,287	31,300
Total current assets	<u>5,630,757</u>	<u>5,935,426</u>
Noncurrent assets		
Property, plant and equipment		
Buildings	58,604	58,599
Accumulated depreciation	<u>(43,942)</u>	<u>(43,276)</u>
Buildings, net	<u>14,661</u>	<u>15,322</u>
Machinery and equipment	53,091	53,091
Accumulated depreciation	<u>(51,731)</u>	<u>(51,607)</u>
Machinery and equipment, net	<u>1,360</u>	<u>1,483</u>
Tools, furniture and fixtures	399,783	400,778
Accumulated depreciation	<u>(359,807)</u>	<u>(356,761)</u>
Tools, furniture and fixtures, net	<u>39,976</u>	<u>44,016</u>
Total property, plant and equipment	<u>55,997</u>	<u>60,823</u>
Intangible assets		
Patent right	177,016	195,654
Other	13,829	16,561
Total intangible assets	<u>190,846</u>	<u>212,215</u>
Investments and other assets		
Investment securities	858,237	829,443
Lease and guarantee deposits	54,798	54,784
Other	66,241	69,453
Total investments and other assets	<u>979,277</u>	<u>953,681</u>
Total noncurrent assets	<u>1,226,121</u>	<u>1,226,720</u>
Total assets	<u><u>6,856,879</u></u>	<u><u>7,162,146</u></u>

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

	March 31, 2010	December 31, 2009
Liabilities		
Current liabilities		
Accounts payable—trade	162,315	49,134
Accounts payable—other	38,325	42,199
Accrued expenses	6,587	11,161
Income taxes payable	10,427	23,821
Advances received	533,577	515,101
Deposits received	8,764	7,799
Total current liabilities	<u>759,998</u>	<u>649,218</u>
Total liabilities	<u>759,998</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>(11,602,351)</u>	<u>(11,158,086)</u>
Total shareholders' equity	<u>5,629,627</u>	<u>6,073,893</u>
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	386,053	370,141
Foreign currency translation adjustment	<u>(31,160)</u>	<u>(31,780)</u>
Total valuation and translation adjustments	<u>354,892</u>	<u>338,361</u>
Subscription rights to shares	<u>112,360</u>	<u>100,673</u>
Total net assets	<u>6,096,880</u>	<u>6,512,927</u>
Total liabilities and net assets	<u><u>6,856,879</u></u>	<u><u>7,162,146</u></u>

AnGes MG, Inc
Consolidated Statements of Operations
(In thousands, except per share data)
(Unaudited)

	3 months ended March 31,	
	2009	2010
Business revenues		
Net sales of goods	27,752	34,394
Research and development revenues	150,615	40,691
Total business revenues	<u>178,368</u>	<u>75,085</u>
Business expenses		
Cost of sales	13,317	16,167
Research and development expenses	762,399	377,673
Selling, general and administrative expenses	178,578	188,916
Total business expenses	<u>954,295</u>	<u>582,756</u>
Operating loss	<u>(775,926)</u>	<u>(507,671)</u>
Non-operating income		
Interest income	4,958	3,285
Subsidy income	143,343	73,177
Miscellaneous income	978	2,620
Total non-operating income	<u>149,279</u>	<u>79,083</u>
Non-operating expenses		
Stock issuance cost	201	—
Foreign exchange losses	6,529	4,103
Miscellaneous loss	16	—
Total non-operating expenses	<u>6,747</u>	<u>4,103</u>
Ordinary loss	<u>(633,394)</u>	<u>(432,691)</u>
Extraordinary loss		
Loss on retirement of noncurrent assets	2,963	9,107
Total extraordinary losses	<u>2,963</u>	<u>9,107</u>
Loss before income taxes and minority interests	<u>(636,357)</u>	<u>(441,798)</u>
Income taxes—current	3,409	2,466
Total income taxes	<u>3,409</u>	<u>2,466</u>
Net loss	<u>(639,767)</u>	<u>(444,265)</u>
Loss per share:		
Basic	(3,765.25)	(5,433.22)
Diluted	—	—
Shares used in calculation of loss per share data:		
Basic	117,751	117,991
Diluted	—	—

**Diluted loss per share data is not calculated because the impact was anti-dilutive.*

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

	3 months ended March 31,	
	2009	2010
Net cash used in operating activities		
Loss before income taxes and minority interests	(636,357)	(441,798)
Depreciation and amortization	31,213	25,532
Interest income	(4,958)	(3,285)
Foreign exchange (gains) losses	5,360	(756)
Loss on retirement of noncurrent assets	2,963	9,107
Stock issuance cost	201	—
Share-based compensation expenses	11,955	11,687
(Increase) in notes and accounts receivable-trade	(13,612)	(3,400)
(Increase) in inventories	(32,981)	(65,766)
Increase in notes and accounts payable-trade	102,126	113,181
(Increase) in advance payments	(12,828)	(9,345)
(Decrease) increase in accounts payable-other	4,527	(3,993)
Increase (decrease) in advances received	(44,408)	18,475
Decrease in other current assets	18,059	17,639
(Decrease) in other current liabilities	(18,502)	(15,857)
Subtotal	<u>(587,239)</u>	<u>(348,580)</u>
Interest income received	7,134	4,719
Income taxes paid	(11,237)	(5,654)
Net cash used in operating activities	<u>(591,342)</u>	<u>(349,515)</u>
Net cash provided by investing activities		
Payments into time deposits	(500,000)	—
Proceeds from withdrawal of time deposits	500,000	500,000
Purchase of short-term investment securities	—	(302,027)
Proceeds from redemption of securities	600,000	800,000
Purchase of property, plant and equipment	(2,150)	(810)
Proceeds from sales of property, plant and equipment	—	19
Purchase of intangible assets	(7,635)	(4,338)
Purchase of investment securities	—	(14,000)
Purchase of long-term prepaid expenses	(2,719)	—
Net cash provided by investing activities	<u>587,493</u>	<u>978,843</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	2,323	1,292
Net increase (decrease) in cash and cash equivalents	<u>(1,726)</u>	<u>630,619</u>
Cash and cash equivalents at beginning of period	<u>5,799,571</u>	<u>3,049,098</u>
Cash and cash equivalents at end of period	<u><u>5,797,845</u></u>	<u><u>3,679,718</u></u>