

The Year Ended March 2010

Financial Results



~ For healthy and affluent lives of people around the world ~

<http://www.transgenic.co.jp>

May 26, 2010

TRANS GENIC INC.

Note: These materials are based on economic and social conditions as of the time this presentation was prepared and on reasonable management plans by the company. Revisions may be made without prior notice due to changes in the operating environment. These materials incorporate forward-looking statements. Various factors including market trends, development of new technologies and competitors' moves could cause actual operating and financial results to differ from the stated in these materials.



I . Overview of Consolidated Financial Results for the Year Ended March 2010

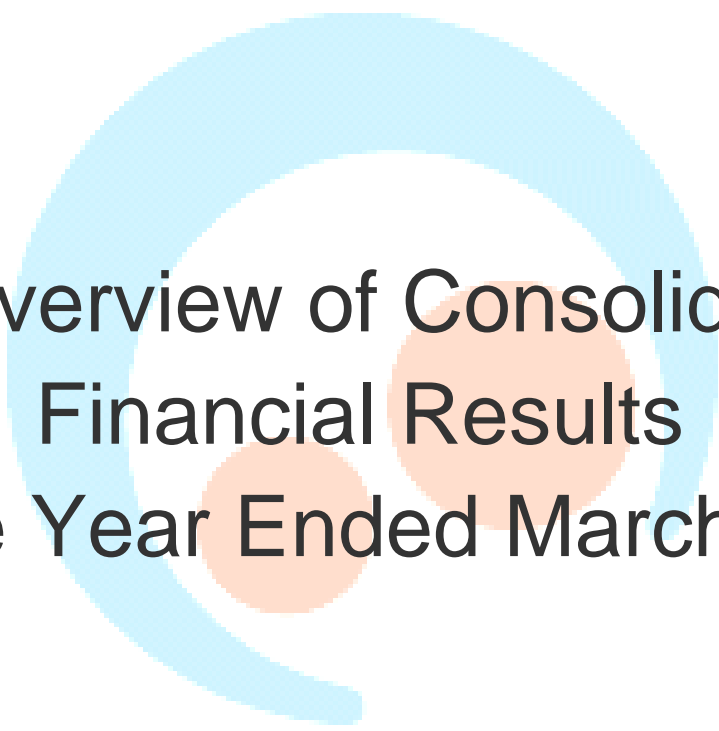
1. Overview of Sales Revenue by Segment
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II . Basic Strategies and Consolidated Business Forecast for the Year Ending March 2011

1. Basic Strategies
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III . Current Status of Research and Development

1. Research and Development Strategies
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I . Overview of Consolidated Financial Results for the Year Ended March 2010



1. Overview of Sales Revenue by Segment

Overview of Sales Revenue: Mouse Related Business

Operating Income substantially increased (went into the black) due to increase in sales and decrease in expenses.

Unit: thousand yen	March 2009	March 2010	Change	Rate of Change
Net sales	145,236	190,326	45,090	31.0%
Cost of sales	91,944	104,450	12,506	13.6%
Gross profit (Gross profit ratio)	53,292 (36.7%)	85,876 (45.1%)	32,584 (72.2%)	61.1%
R&D expense	33,906	13,492	▲20,414	▲60.2%
SG & A expenses	57,147	36,287	▲20,860	▲36.5%
Operating income	▲37,762	36,096	73,858	—

1. Gross profit ratio improved due to increase in sales.
2. As a result of 1 and thorough cost reduction, operating income increased by 73 million yen.
3. The next tasks are to expand sales channels and improve business efficiency.

Overview of Sales Revenue : Reagent Agency Business



Operating Income substantially increased (went into the black) due to increase in sales and decrease in expenses.

Unit: thousand yen	March 2009	March 2010	Change	Rate of Change
Net sales	67,243	92,058	24,815	36.9%
Cost of sales	33,007	41,730	8,723	26.4%
Gross profit (Gross profit ratio)	34,236 (50.9%)	50,327 (54.7%)	16,091 (64.8%)	47.0%
R&D expense	131	4,479	4,348	3,319.1%
SG & A expenses	93,629	40,460	▲53,169	▲56.8%
Operating income	▲59,524	5,386	64,910	—

1. Expanding sales of Primmune's products supported by sales efforts largely contributed to the net sales increase.
2. As a result of 1 and cost reduction, this business went into the black.
3. The next task is to expand sales channels through enhanced sales activities.

Overview of Sales Revenue : Functional Food Business

Sales decreased due to bad weather

Unit: thousand yen	March 2009	March 2010	Change	Rate of Change
Net sales	—	221,251	221,251	—
Cost of sales	—	185,486	185,486	—
Gross profit (Gross profit ratio)	— (—)	35,764 (16.2%)	35,764 (16.2%)	— (—)
SG & A expenses	—	97,782	97,782	—
Operating income	—	▲62,017	▲62,017	—

1. Production of “baby leaf (mesclun)” , the main product of this business, dropped due to bad weather.
2. Severely-damaged market caused by poor harvest had not been fully recovered.
3. As a result of 1 and 2, sales decreased.

Overview of Sales Revenue : Other Business



Operating Income substantially increased (went into the black) due to increase in sales and decrease in expenses.

Unit: thousand yen	March 2009	March 2010	Change	Rate of Change
Net sales	31,755	48,996	17,241	54.3%
Cost of sales	14,512	37,101	22,589	155.7%
Gross profit (Gross profit ratio)	17,243 (54.3%)	11,895 (24.3%)	▲5,348 (—)	▲31.0%
R&D expense	0	0	0	—
SG & A expenses	21,945	1,222	▲20,723	▲94.4%
Operating income	▲4,702	10,673	15,375	—

1. Business as a sales agency for overseas clients continued satisfactorily.
2. Operating income substantially increased due to cost reduction.
3. The next task is to expand sales channels through enhanced sales activities.

Company-wide Cost-cutting



TG and PRM successfully cut costs by 300 million yen (Target: 200 billion yen)

Unit: thousand yen	March 2009	March 2010	Change	Rate of Change
Executive compensation	102,135	34,844	▲67,291	▲65.9%
Personnel expenses in sales and administrative departments	191,172	130,901	▲60,271	▲31.5%
Expenses in sales and administrative departments	295,746	185,033	▲110,713	▲37.4%
R&D expense	206,126	143,266	▲62,860	▲30.5%
Total	795,181	494,046	▲301,135	▲37.9%

※Consolidated figures of TG and PRM

1. Executive compensation was drastically slashed.
2. Expenses in sales and administrative departments were reviewed and trimmed.
3. R&D themes were reviewed and selected from the perspective of “concentration in core competence”.



2. Consolidated Financial Results Highlights

Sales Revenues: Segment Information

Segment Information for the Year Ended March 2009

Unit: thousand yen	Mouse	Antibody	Reagent	Food	Other	Administration	Consolidated
Net sales	145,236	80,629	67,243	—	31,755	0	324,865
Operating expense	182,998	140,431	126,767	—	36,458	462,387	949,043
Operating income	▲37,762	▲59,801	▲59,524		▲4,702	▲462,387	▲624,178



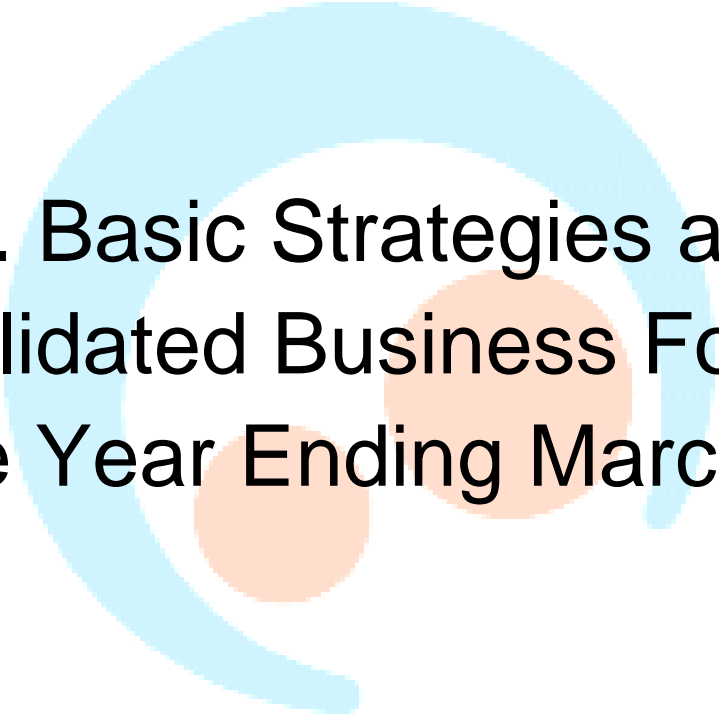
Segment Information for the Year Ended March 2010

Unit: thousand yen	Mouse	Antibody	Reagent	Food	Other	Administration	Consolidated
Net sales	190,326	51,353	92,058	221,251	48,996	0	603,985
Operating expense	154,229	150,925	86,671	283,268	38,323	275,769	989,187
Operating income	36,096	▲99,571	5,386	▲62,017	10,673	▲275,769	▲385,201

Consolidated Financial Results Highlight for the year ended March 2010



Unit: thousand yen	March 2009	March 2010	Rate of Change	March 2010 TG,PRM
Net sales	324,865	603,985	279,120	382,734
Mouse Related Business	145,236	190,326	45,090	190,326
Antibody Related Business	80,629	51,353	▲29,276	51,353
Reagent Agency Business	67,243	92,058	24,815	92,058
Functional Food Business	—	221,251	221,251	—
Other Business	31,755	48,996	17,241	48,996
Cost of sales	153,861	373,210	219,349	187,724
Gross profit	171,003	230,775	59,772	195,011
SG & A expenses	795,181	615,977	▲179,204	494,048
R&D expense	206,126	143,287	▲62,839	143,266
Operating income	▲624,178	▲385,201	238,977	▲299,037
Ordinary income	▲605,285	▲389,603	215,682	▲277,080
Net income	▲634,877	▲579,034	55,843	▲271,769



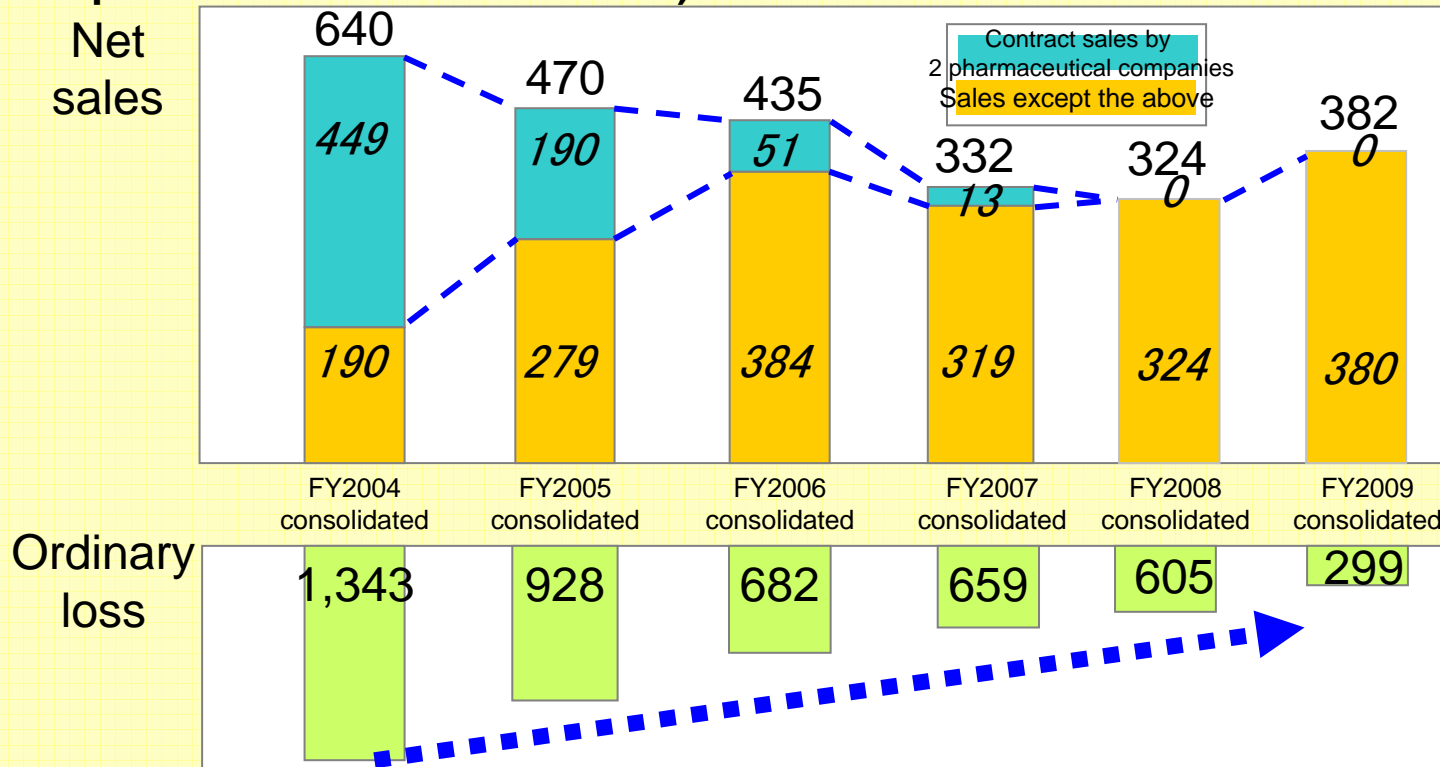
II . Basic Strategies and Consolidated Business Forecast for the Year Ending March 2011

Profit and Loss for the Last Six Years

- 1. FY 2008: Net sales decreased. Ordinary loss also decreased.
- 2. FY 2009: Sales had to increase to go into the black.
- 3. FY 2010: Building a solid revenue base is necessary to go into the black in a short period.

Transition of net sales and ordinary loss for the last six years (except Functional Food Business)

(Unit: million yen)



Basic Strategies for the Year Ending March 2011

Overview of the Year Ended March 2010

- Ordinary loss was substantially reduced by concentrating management resources in our core competence.
- Development of biomarkers (e.g. pancreatic cancer markers) in Antibody Related Business was steadily advanced.
- Operating incomes of Mouse Related Business, Reagent Agency Business and Other Business went into the black.



Basic Strategies for the Year Ending March 2011

We will....

1. Concentrate management resources on our core businesses (Mouse Related Business, Antibody Related Business and Reagent Agency Business), from the perspective of “concentration in core competence”.
2. Further enhance sales activities in Mouse Related Business and Reagent Agency Business.
3. Resume custom-production service in Antibody Related Business to strengthen the revenue base.

Creating Management Plan for the Next Fiscal Year

Segment information for the year ended March 2009

Unit: thousand yen	Mouse	Antibody	Reagent	Other	Administration	Consolidated
Net sales	145,236	80,629	67,243	31,755	0	324,865
Operating expense	182,998	140,431	126,767	36,458	462,387	949,043
Operating income	▲37,762	▲59,801	▲59,524	▲4,702	▲462,387	▲624,178

Improvement

Kajitsudo has been included in the scope of consolidation since July 2009.

Segment information for the year ended March 2010

Unit: thousand yen	Mouse	Antibody	Reagent	Other	Administration	TG-PRM	Kajitsudo	Consolidated
Net sales	190,326	51,353	92,058	48,996	0	382,734	221,251	603,985
Operating expense	154,229	150,925	86,671	38,323	251,623	681,771	307,414	989,187
Operating income	36,096	▲99,571	5,386	10,673	▲251,623	▲299,037	▲86,163	▲385,201

Acceleration

Management plan for the next fiscal year

Unit: thousand yen	Mouse	Antibody	Reagent	Other	Administration	Consolidated
Net sales	307,000	96,000	110,000	Incorporated into Mouse Related Business	0	513,000
Operating expense	192,000	104,000	100,000		215,000	611,000
Operating income	115,000	▲8,000	10,000		▲215,000	▲98,000

Heading for Surplus

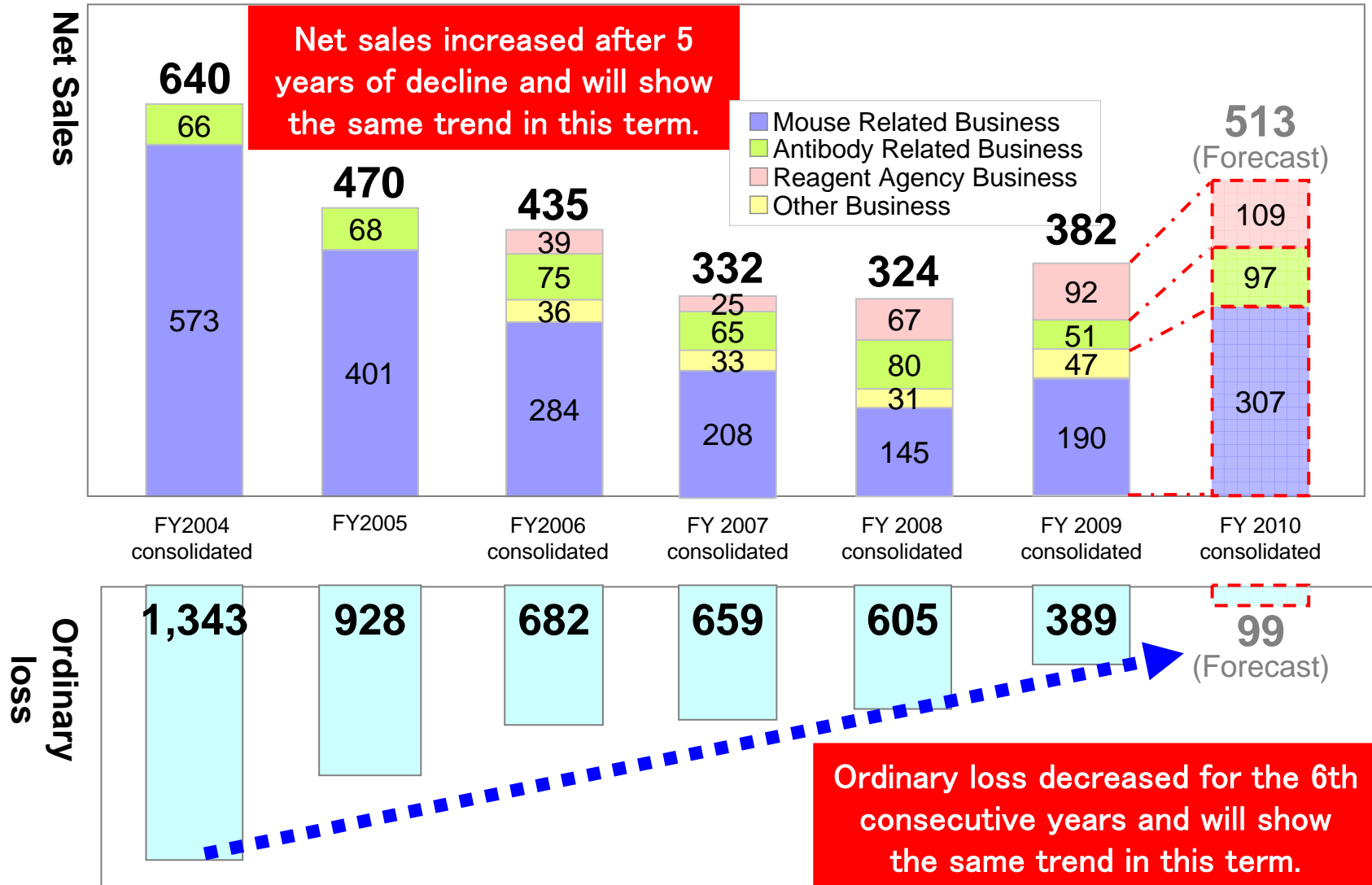
Consolidated Business Forecast for the Year Ending March 2011

Unit: thousand yen	March 2010 (Result)	March 2011 (Forecast)
Net Sales	603,985	513,000
Mouse Related Business	190,326	307,000
Antibody Related Business	51,353	97,000
Reagent Agency Business	92,058	109,000
Functional Food Business	221,251	—
Other Business	48,996	—
Cost of sales	373,210	247,000
Gross profit	230,775	266,000
SG &A expenses	615,977	364,000
R&D expense	143,287	54,000
Operating income	▲385,201	▲98,000
Ordinary income	▲389,603	▲99,000
Net income	▲579,034	▲105,000

Consolidated Business Forecast for the Year Ending March 2011 (except Functional Food Business)



Unit: million yen





III. Current Status of Research and Development

Research and Development Strategies



We will...

Short Term

Development of
New Technology

- Provide high-quality antibodies based on assessment of external research institutes.
- Expand content of custom-production service of antibodies for the resumption of the service.

Mid Term

Discovery of
New Biomarkers

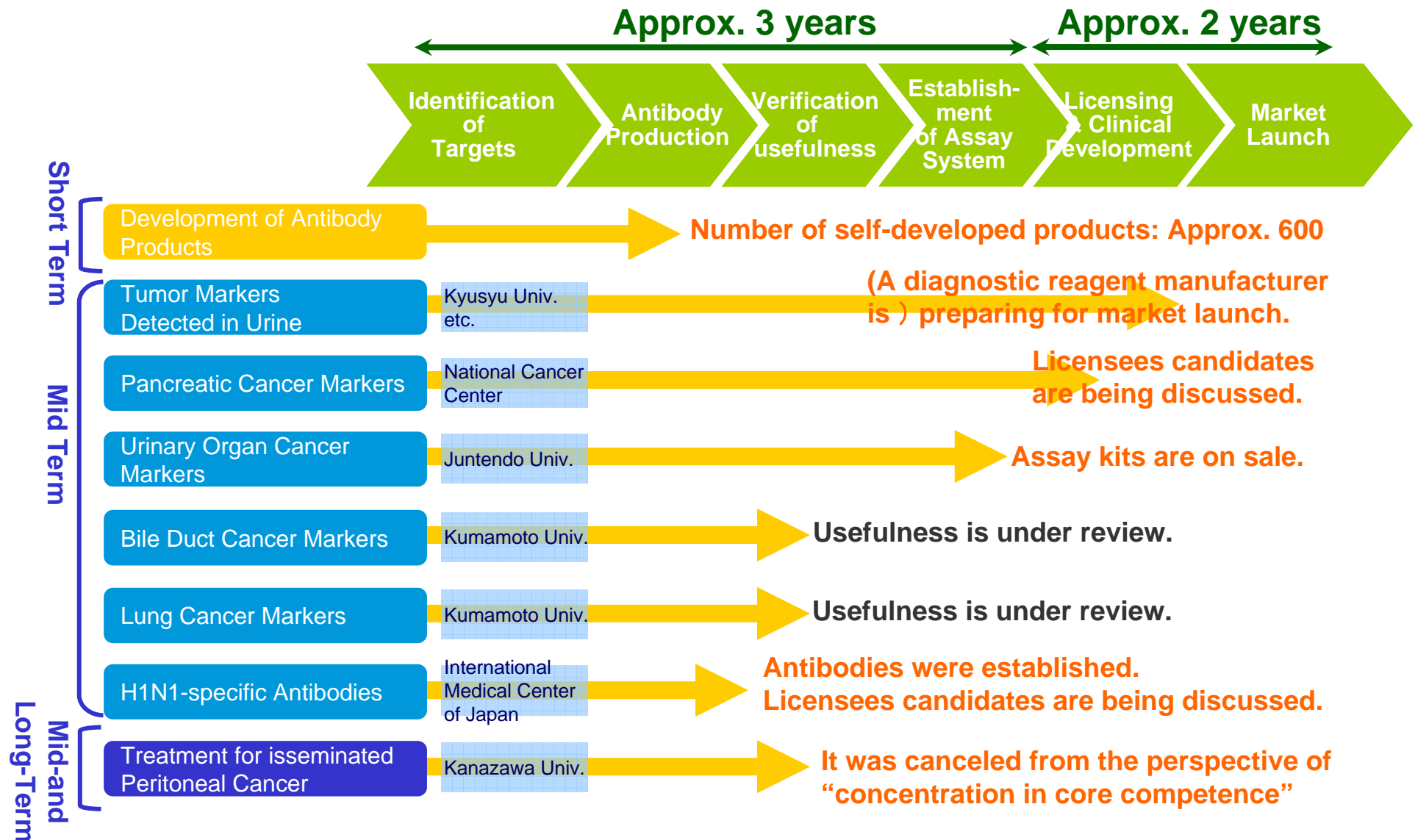
- Produce antibodies by GANP® mouse technology, against **new biomarkers** identified by universities and research institutions and then verify their usefulness.
- Develop biomarkers into **diagnostic reagents** to earn licensing fees and milestone fees.

Mid-and Long-Term

Identification of
Innovative
Druggable Targets

- Develop **therapeutic antibodies**.
- Earn licensing revenues from pharmaceuticals.

Development Pipelines

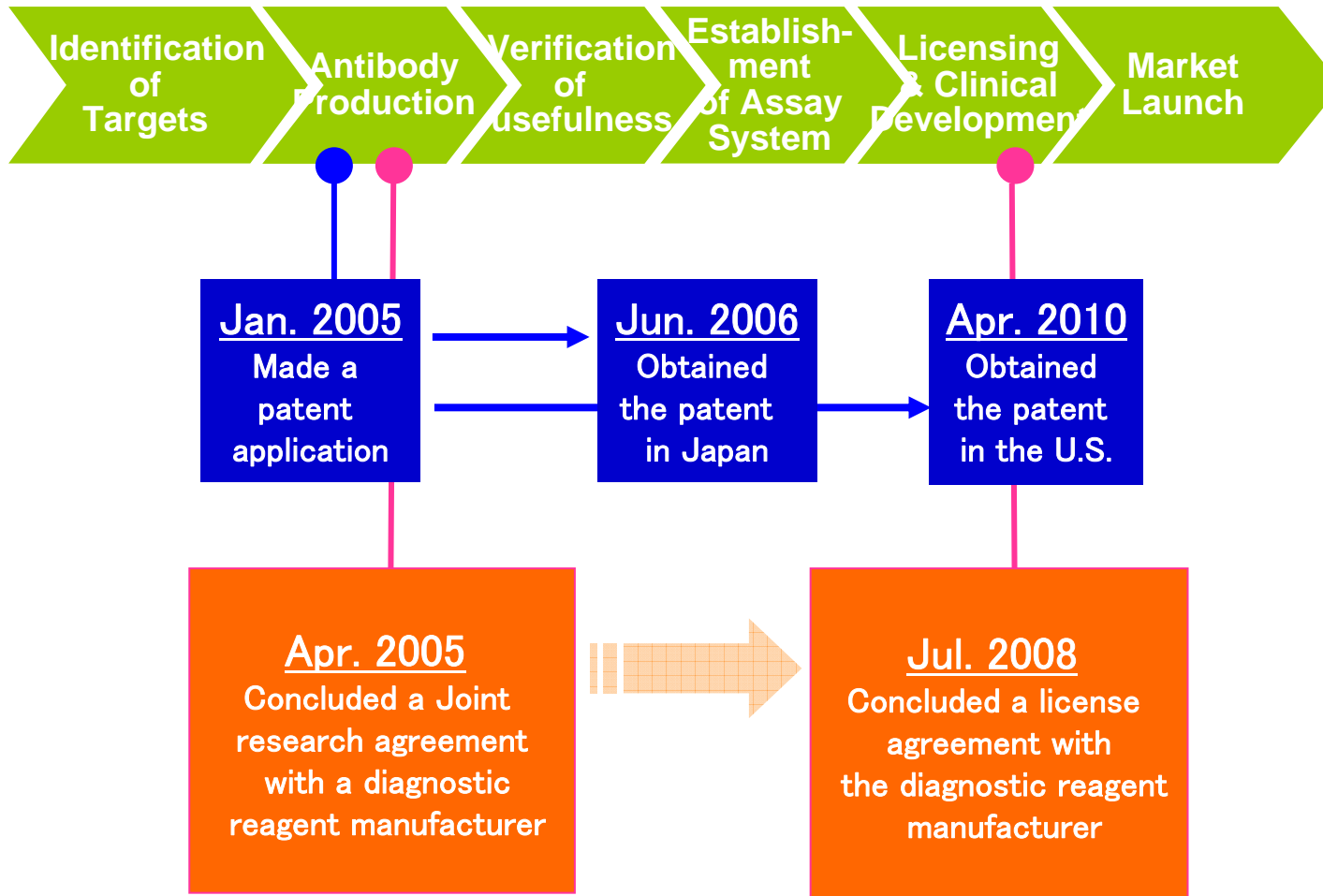


Important Patents Having Been Granted to TG



Tumor Markers Detected in Urine 『US7,700,741』 Assay system for cancer diagnosis using urine samples (Patented in the U.S.)	April 2010
Pancreatic Cancer Markers 『JP4319700』 Antibody against pancreatic cancer marker and its diagnostic application (Patented in Japan)	June 2009
Gene-trap Mouse Technology 『EP1201759』 Exchangeable gene-trap mouse technology (Patented in Europe)	March 2010
GANP® Mouse Technology 『JP4478577』『JP4426728』『EP1559318』『KR941905』 GANP® mouse technology (Patented in Japan, Europe and Korea).	April 2009 ~ March 2010

Development Pipeline –Tumor Markers Detected in Urine (Patent Acquisition and Actions Taken in Response)



Development Pipeline

– Pancreatic Cancer Markers

◆ Outline and Progress of the Research

We have produced antibodies by GANP® mouse technology, against new pancreatic cancer markers identified by National Cancer Center and established a new diagnostic method.

Antibody Production	Produce antibodies by GANP® mouse technology	Finished	
Verification of Usefulness	Assess the antibodies with clinical samples by Western blotting	Finished	Patented in Japan in June 2009
Establishment of Assay System	Try to establish competitive ELISA and Sandwich ELISA	Finished	Usefulness was confirmed
Clinical Development	Accumulate data for diagnostic reagent manufacturers Negotiate with licensee candidates	In Progress	

Future Plan	<ul style="list-style-type: none"> ✓ Intend to differentiate the antibodies from conventional pancreatic cancer marker (CA19-9). ✓ Accumulate data for diagnostic reagent manufacturers and negotiate with licensee candidates
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Development Pipeline

– **Verification of Usefulness (1)**: Pancreatic Cancer Markers

◆ Production and Specificity Assessment of **Anti HP-FGA Antibody**

- ✓ Succeeded in producing specific recognition monoclonal antibodies by GANP® technology against one of the two antigenic sites.
- ✓ Confirmed high expression of HP-FGA protein in plasma of pancreatic cancer patients, as a result of analysis of anti HP-FGA antibodies by Western blotting.



Source: J Biol Chem. 2009 Aug 20. Masaya Ono, *et al.*

※HP-FGA: Prolyl 4-Hydroxylation of α -Fibrinogen

Development Pipeline

– **Verification of Usefulness (2): Pancreatic Cancer Markers**

◆ Establishing **competitive ELISA method** and verifying assessment of the clinical samples

✓ Plasma of 100 pancreatic cancer patients kept by National Cancer Center (stage IA ~ IIB, III, and IV) and 30 healthy controls were measured by a competitive ELISA method.

➤ **Usefulness was verified**

◆ Establishing assay system with a view to practical application and verifying assessment of the clinical samples

◆ Negotiating “licensing out” at present

Research and Development Topics for the Year Ended March 2010



Apr.

"GANP® mouse technology" was patented in Europe.

May

TG held a luncheon seminar at the 6th GPCR meeting.

TG presented research results at the 56th annual meeting of the Japanese Association for Laboratory Animal Science.

Jun.

"Antibody against pancreatic cancer marker and its diagnostic application" was patented in Japan

Self-developed anti GPCR monoclonal antibodies were launched.

Jul.

TG concluded a joint research and development agreement with the International Medical Center of Japan (antibodies against H1N1flu).

TG presented research results at the 7th JHUPO (Japan Human Proteome Organization) Conference 2009.

Sep.

Self-developed AGEs Assay Kit was launched.

Oct.

TG concluded a licensing agreement with the Japan Human Sciences Foundation (related to pancreatic cancer marker).

TG presented research results at the 68th annual meeting of the Japanese Cancer Association.

TG presented research results at the 82nd annual meeting of the Japanese Biochemical Society.

Nov.

Self-developed Soluble CD147 (EMMPRIN) ELISA Kit was launched.

Jan.

GANP gene (GANP® mouse technology) was patented in Japan.

Anti human GPCR monoclonal antibodies were launched.

Results of a research using our KO mice were published in FEBS Journal.

Mar.

TG presented research results at the 84th annual meeting of the Japanese Pharmacological Society.

GANP gene (GANP® mouse technology) was patented in Korea.

"Exchangeable gene-trap mouse technology" was patented in Europe.



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