

Financial Results

for FY 2010 ended March 2011



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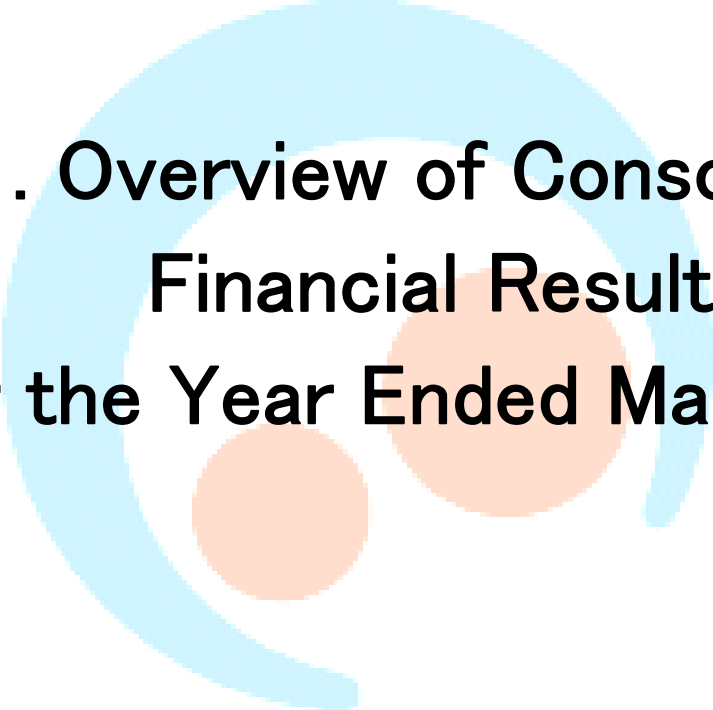
May 24, 2011
TRANS GENIC INC.

Note: This material includes forward-looking statements based on assumptions and beliefs in light of the information currently available to management and subject to significant risks and uncertainties.

Actual financial results may differ materially depending on a number of factors including adverse economic conditions, delays in new product launch, pricing and product initiatives of competitors, the inability of the company to market existing and new product effectively.



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I . Overview of Consolidated Financial Results for the Year Ended March 2011

Consolidated Financial Results Highlight

Superficially decreased in revenue, achieved drastic increase in sales practically for 2 consecutive terms, and improved profit and loss

※Reference

Unit: thousand yen	FY2009	FY2010	Change	FY2010 TG,PRM
Net Sales	603,985	509,100	▲94,885	382,734
Mouse Related Business	232,487	306,519	74,031	232,487
Antibody Related Business	55,807	77,750	21,942	55,807
Reagent Agency Business	94,439	124,830	30,391	94,439
Functional Food Business	221,251	—	▲221,251	—
Cost of Sales	373,210	271,666	▲101,543	187,724
Gross Profit on Sales	230,775	237,433	6,658	195,011
SG&A Expenses	615,977	370,595	▲245,381	494,048
R&D Expense	143,287	55,947	▲87,339	143,266
Operating Deficit	▲385,201	▲133,161	252,039	▲299,037
Ordinary Loss	▲389,603	▲144,288	245,314	▲277,080
Net Deficit	▲579,034	▲215,474	363,560	▲271,769

Overview of Business Performance by Categories



Increased in sales and profit in all business segments, ended in the black, reduced further in operating cost

Business Performance for FY2009

Unit: Thousand yen	Mouse	Antibody	Reagent	Food	SGA	Consolidated
Net sales	232,487	55,807	94,439	221,251	0	603,985
Operating Expense	181,411	151,555	97,182	283,268	275,769	989,187
Operating Profit	51,076	▲95,747	▲2,743	▲62,017	▲275,769	▲385,201

※ Since business categories are changed in FY2010, the numbers of FY2009 are recalculated according to the new categories.



Business Performance for FY2010

Unit: Thousand yen	Mouse	Antibody	Reagent	SGA	Consolidated
Net Sales	306,519	77,750	124,830	0	509,100
Operating Expense	251,562	71,458	101,974	217,266	642,261
Operating Profit	54,956	6,291	22,855	▲217,266	▲133,161

Increased in Sales and Profit

Increased in Sales, Turned into the black

Increased in Sales, Turned into the black

Reduced



Sales Growth, Increased in sales and profit for 3 consecutive terms

Unit: Thousand Yen	FY2009	FY2010	Change	Rate of Change
Net Sales	232,487	306,519	74,031	31.8%
Cost of Sales	130,409	190,179	59,769	45.8%
Gross Operating Profit	102,077 (43.9%)	116,340 (38.0%)	14,262	14.0%
R&D Expense	13,492	19,750	6,258	46.4%
SGA Expense	37,509	41,632	4,123	11.0%
Operating Profit	51,076	54,956	3,880	7.6%

※ Since business categories are changed in FY2010, the numbers of FY2009 are recalculated according to the new categories.

1. Sales of TG Resource Bank® and DNA analysis did well
2. Due to the delay of management of contracted knockout mouse production efficiency, gross profit rate decreased, and the increase in operating profit reduced compared to the increasing amount in sales.

Overview of Business Performance

-Antibody Related Business



Sales Growth, Operating profit turned into black

Unit: Thousand Yen	FY2009	FY2010	Change	Rate of Change
Net Sales	55,807	77,750	21,942	39.3%
Cost of Sales	5,071	24,738	19,666	387.8%
Gross Operating Profit	50,735 (90.9%)	53,012 (68.2%)	2,276	4.5%
R&D Expense	125,295	36,197	▲89,097	▲71.1%
SGA Expense	21,188	10,523	▲10,665	▲50.3%
Operating Profit	▲95,747	6,291	102,039	—

※ Since business categories are changed in FY2010, the numbers of FY2009 are recalculated according to the new categories.

1. Sales goal of the contracted service was not accomplished, however the sales of original antibody products is in good condition.
2. Promotion of developing efficiency of new antibody product (shifted from self-development to collaborative research) brought reduction in R & D expenses to achieve a budget surplus.

Sales Growth, Operating profit turned into black

Unit: Thousand Yen	FY2009	FY2010	Change	Rate of Change
Net Sales	94,439	124,830	30,391	32.2%
Cost of Sales	52,242	56,749	4,506	8.6%
Gross Operating Profit	42,196 (44.7%)	68,081 (54.5%)	25,884 (64.8%)	61.3%
R&D Expense	4,479	0	▲4,479	▲100.0%
SGA Expense	40,460	45,225	4,764	11.8%
Operating Profit	▲2,743	22,855	25,599	—

1. Sales of cytokine and PTG products were in steady performance.
2. Sales increased by 30% due to the expanded product lines and strengthened sales.

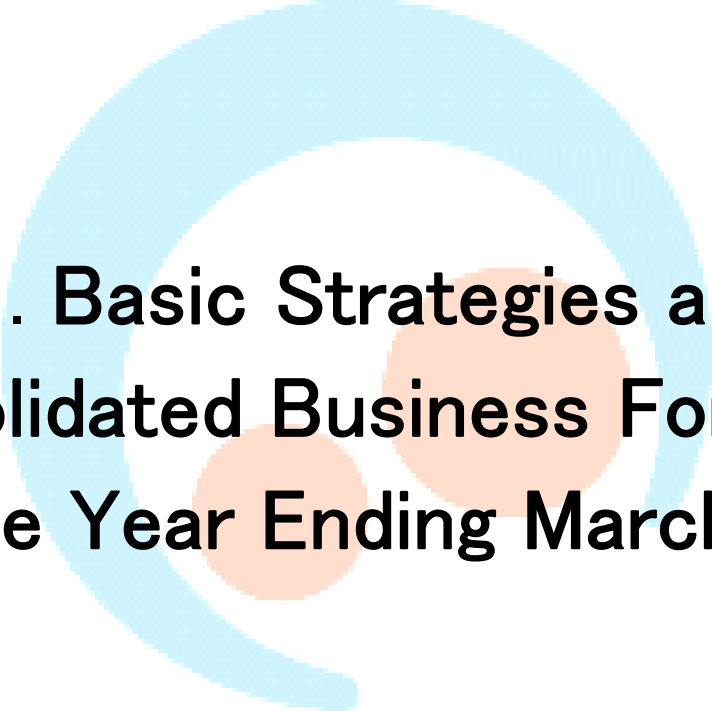


II . Business Topic



— Combine both strength and synergize the business —

	TRANS GENIC	IBL
<p>Existing business</p> <p><i>Though business segments are similar, each has its own characteristic and no overlap or competition</i></p>	<p><u>Antibody related business, Reagent agency business</u></p> <ul style="list-style-type: none"> • GANP® technology • Network with pharmaceutical companies and public research organization • New cancer marker <p><u>Laboratory animal related business</u></p> <ul style="list-style-type: none"> • Gene-Trapping technology • TG Resource Bank® • contract service 	<p><u>Research related business</u></p> <ul style="list-style-type: none"> • Antibody product, kit product specialized for Alzheimer disease • cancer/inflammation • metabolism • Utilize lab animal-related laboratory with functions and capacity, and disease model mouse <p><u>Pharmaceutical related business</u></p> <ul style="list-style-type: none"> • Network with pharmaceutical companies and public research organization
<p>Challenges</p>	<ul style="list-style-type: none"> • Complement antibody and reagent agency business • Maximize the value of intellectual property • Expand laboratory animal business 	<ul style="list-style-type: none"> • Enrich and expand products and services • Innovate new technology • Review independent business operation by downsizing laboratory animal business
<p>Operative examples</p>	<ul style="list-style-type: none"> • Reinforce the profit growth of GANP® technology <p style="background-color: red; color: white; text-align: center; padding: 2px;">Licensing-in GANP technology launched on March 11, 2011</p> <ul style="list-style-type: none"> • Commercialize existing research technique efficiently <p style="background-color: red; color: white; text-align: center; padding: 2px;">Co-development of pancreatic cancer marker launched on April 25, 2011</p> <ul style="list-style-type: none"> • Utilize IBL's accumulated sales network 	<ul style="list-style-type: none"> • Develop by using GANP® technology, advance the added value of service <ul style="list-style-type: none"> • Innovate and commercialize the promising seeds <ul style="list-style-type: none"> • Utilize laboratory animal business for TRANS GENIC

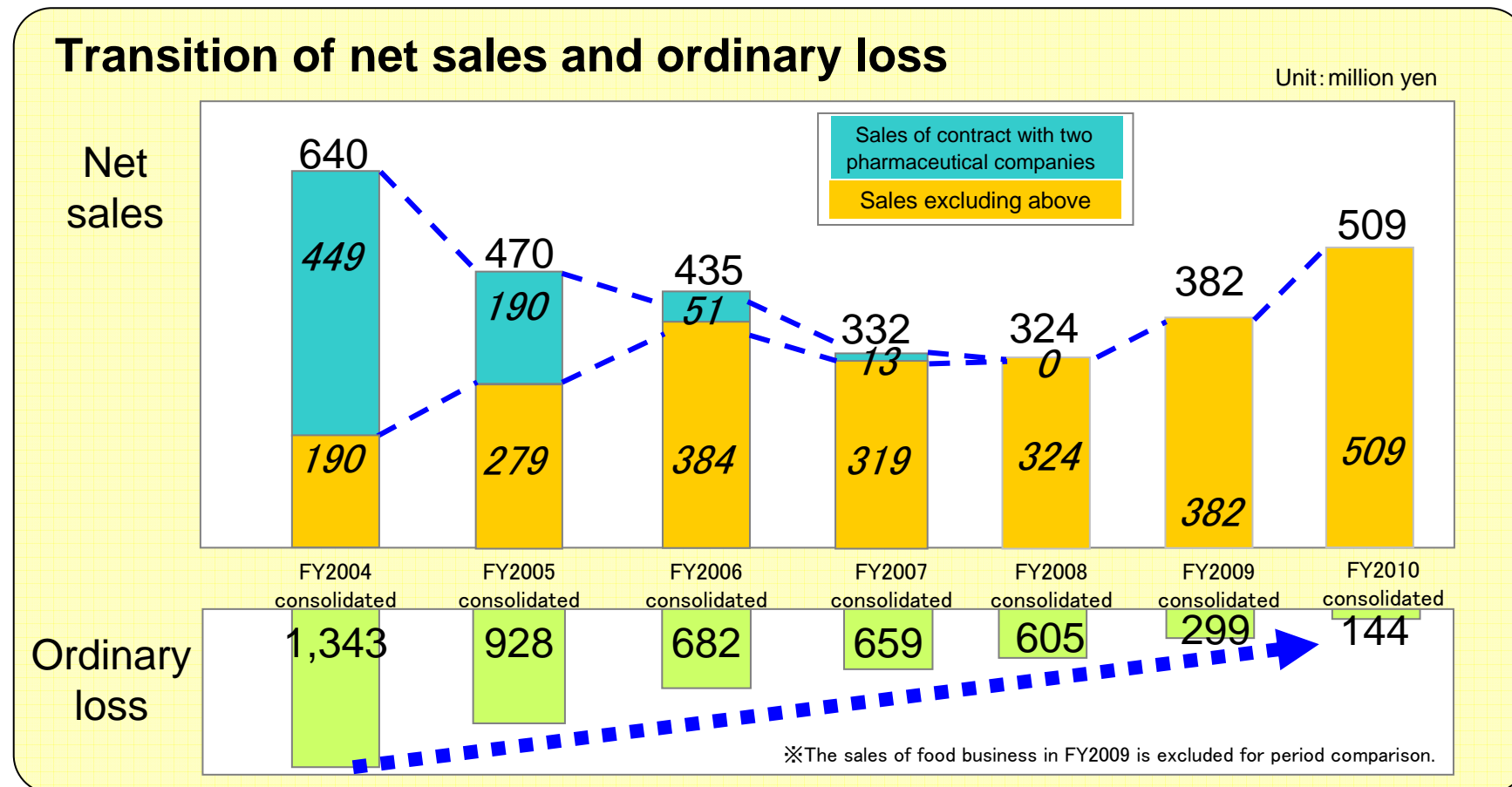


III. Basic Strategies and Consolidated Business Forecast for the Year Ending March 2012

Transition of Profit and loss for the past 7 years



1. FY2008: Decreased in net sales, improved ordinary loss
2. FY2009: Increased sales and reduced cost to go into the black
3. FY2010: Established the revenue base to accomplish a surplus in a short period
4. FY2011: Strengthening the revenue base to achieve a surplus





Overview of the Year Ended March 2011

- Accomplished significant sales increase by concentrating operating resources to the area of specialty
- Knockout mouse business, reagent agency business:
 - Accomplished sales increase and profitability due to enhanced business operation
- Antibody related business:
 - Resumed custom-antibody production, but did not achieve a sales target because of the delay in the market recovery project
 - Achieved a surplus in operating profit



Basic Strategies for the Year Ending March 2012

1. Achieve company-wide surplus by maintaining the growth trend in sales and profit of each division
2. Promote overseas development including Chinese market
3. Antibody related business: Develop useful biomarker in collaborative research
4. Enhance business operation and streamline R&D by comprehensive business collaboration with IBL

Flowchart of management planning for the next fiscal year



FY2009 Segment information



Sales increase for the first time in 5 years
Drastic cost reduction

Unit : thousand yen	Mouse	Antibody	Reagent	SGA	Consolidated
Net Sales	232,487	55,807	94,439	0	382,734
Operating Expense	181,411	151,555	97,182	251,623	681,772
Operating Profit	51,076	▲95,747	▲2,743	▲251,623	▲299,038

FY2010 Segment information



Sales and profit increase in all business segments
Construction of revenue base

Unit : thousand yen	Mouse	Antibody	Reagent	SGA	Consolidated
Net Sales	306,519	77,750	124,830	0	509,100
Operating Expense	251,562	71,458	101,974	217,266	642,261
Operating Profit	54,956	6,291	22,855	▲217,266	▲133,161

Management plan for the next fiscal year



Promote profit increase in all business segments
Achieve the first surplus after the listing

Unit : thousand yen	Mouse	Antibody	Reagent	SGA	Consolidated
Net Sales	407,582	150,515	147,681	0	705,778
Operating Expense	277,352	110,501	106,495	197,381	691,729
Operating Profit	130,230	40,014	41,186	▲197,381	14,049

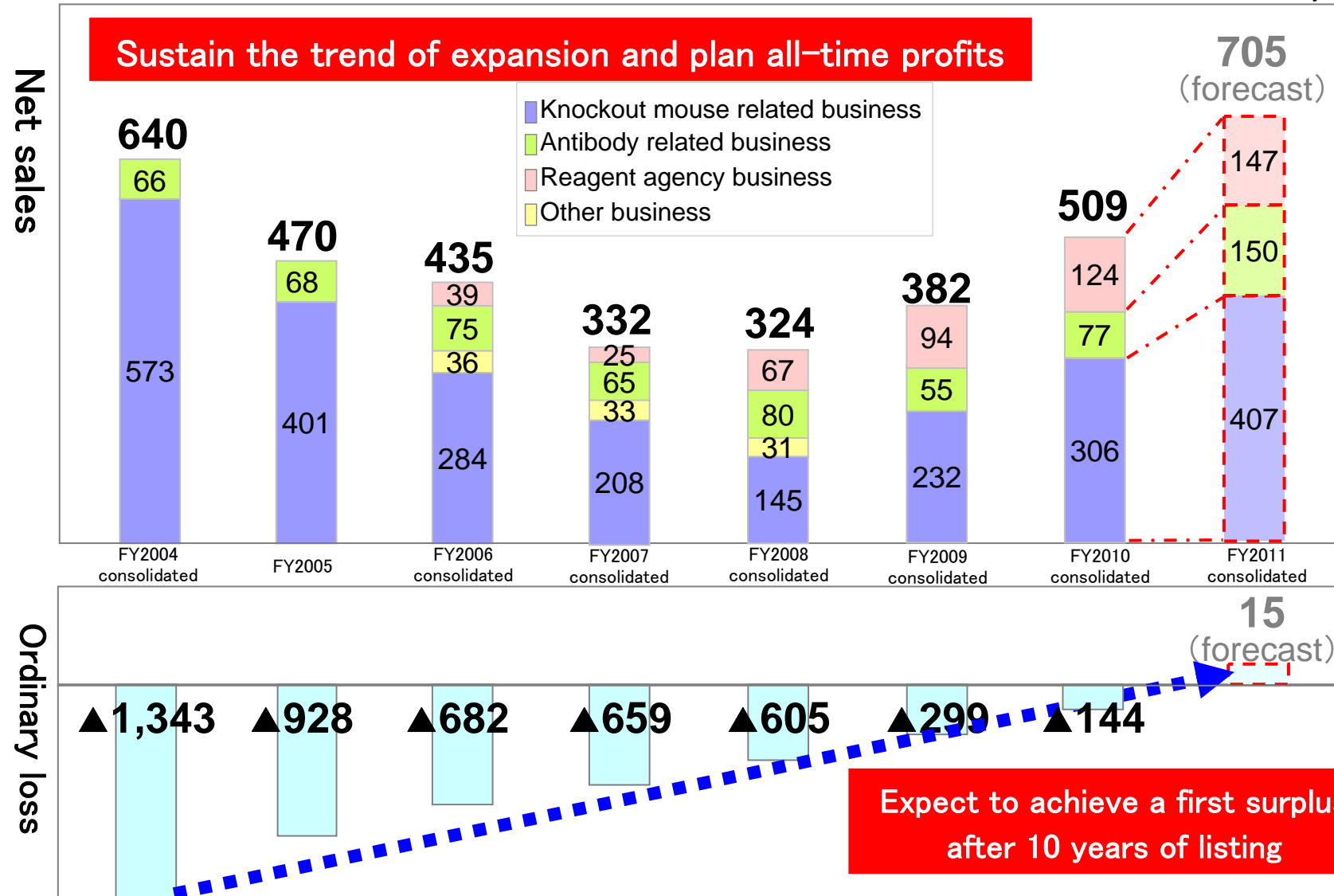
Consolidated Business Forecast for the Year Ending March 2012

Pass point on the Mid-term plan = A surplus will be achieved as an extension of the past.

Unit: thousand yen	FY2010 (result)	FY2011 (forecast)
Net sales	509,100	705,778
Mouse related business	306,519	407,582
Antibody related business	77,750	150,515
Reagent agency business	124,830	147,681
Cost of sales	271,666	336,955
Gross profit	237,433	368,823
SGA expence	370,595	354,774
R&D expence	55,947	50,353
Operating profit	▲133,161	14,049
Ordinary profit	▲144,288	15,612
Net profit	▲215,474	10,442

Consolidated Business Forecast for the Year Ending March 2012

Unit: million yen



※ The sales of food business in FY2009 is excluded for period comparison



III. Current Status of Research and Development

Topics of Research & Development for the year ended March 2011

Apr.	“Method for producing high-affinity antibody of GANP® mouse technology” was patented in Japan
	“Assay system for cancer diagnosis using urine sample” was patented in the U.S.
Jun.	“Exchangeable Gene-trap mouse technology” was patented in China
Aug.	Presented research results at the international convention of 23 rd Japanese Association for Animal Cell Technology, 2010
Sep.	Business collaboration with GMJ
Oct.	Joint research agreement with Harbin Medical University
Nov.	“Diacetylpermine as early stage cancer marker” was patented in Japan
	Exclusive license agreement with Liaoning MEDI biotechnology
Dec.	License agreement for tumor marker (ACTN4) antibody with Abnova Corporation
	“Exchangeable Gene-trap mouse technology” was patented in Hong Kong
	Joint research agreement with Kumamoto University
Feb.	Joint patent application with Hiroshima University for high level protein expression technology
	“Exchangeable Gene-trap mouse technology” was patented in Japan
	License agreement for GANP® mouse technology with GeneScript
Mar.	License agreement for GANP® mouse technology with Immuno-Biological Research
	Comprehensive business collaboration with Immuno-Biological Research

Our Intellectual Property

Status of the Patents



Exchangeable Gene-trap Mouse Technology

“AU778719” Patented in Australia
 “US7,312,075” Patented in the U.S.
 “EP1201759” Patented in Europe
 “ZL00812904.5” Patented in China
 “HK1048830B” Patented in Hong Kong
 “JP4664554” Patented in Japan

Apr. 2005
 Dec. 2007
 Mar. 2010
 Jun. 2010
 Dec. 2010
 Feb. 2011

GANP® Mouse Technology

“ZL2003801028324” Patented in China
 “AU2003277620” Patented in Australia
 “EP1559318” Patented in Europe
 “JP4426728”, “JP4478577” Patented in Japan
 “KR941905” Patented in Korea
 “JP4478577” Patented in Japan
 “US7,919,674” Patented in the U.S.

Jul. 2008
 Feb. 2009
 Apr. 2009
 Jan., Apr. 2010
 Mar. 2010
 Apr. 2010
 Apr. 2011

Cancer marker in urine: Assay system for cancer diagnosis using urine sample

“JP3816512” Patented in Japan
 “US7,700,741” Patented in the U.S.
 “JP4608432” Patented in Japan (diagnosis of early stage cancer)

Jun. 2006
 Apr. 2010
 Nov. 2010

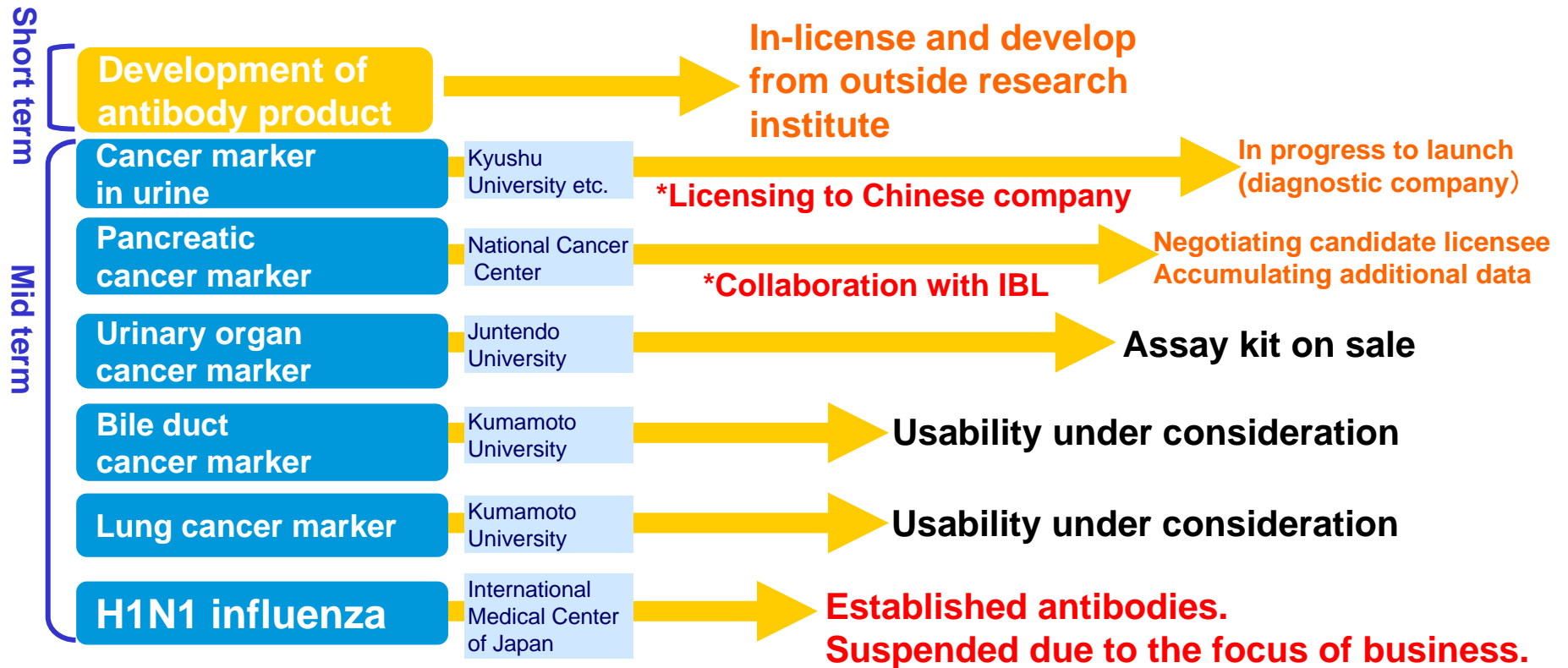
Pancreatic cancer marker: Antibody and its diagnosis application

“JP4319700” Patented in Japan

Jun. 2009

Overview of Research & Development Pipeline

Status of the Pipeline





Colon cancer

	DiAcSpm	CEA	CA19-9
Stage 0	13/21 (62%)	2/21 (9.5%)	1/21 (4.8%)
Stage I	24/40 (60%)	4/40 (10%)	3/40 (7.5%)
Stage II	42/60 (70%)	25/60 (42%)	3/60 (5.0%)
Stage III	92/113 (81%)	53/113 (47%)	24/113 (21%)
Stage IV	14/16 (88%)	10/16 (63%)	5/16 (30%)

Breast cancer

	DiAcSpm	CEA	CA15-3
Stage I	3/15 (20%)	0/15 (0%)	0/15 (0%)
Stage II	6/17 (35%)	1/17 (6%)	0/17 (0%)
Stage III	3/4 (75%)	2/4 (50%)	2/4 (50%)
Stage IV	38/47 (81%)	28/47 (60%)	29/47 (62%)

Research & Development Pipeline – Tumor Markers for Pancreatic cancers

Development Pipeline - Pancreatic Tumor marker



◆ Outline and progress of research

Produced antibodies by GANP® mouse technology against new pancreatic tumor marker identified by National Cancer Center, and established a new measuring procedure for pancreatic tumor marker.

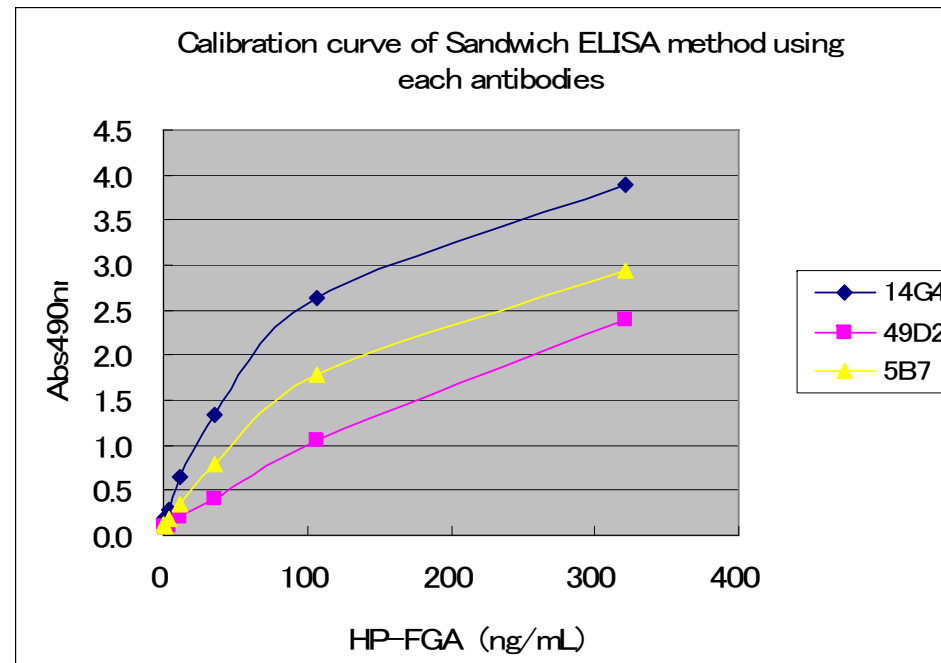
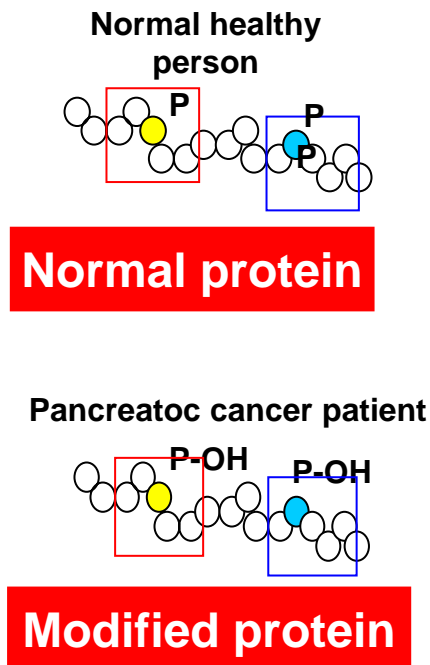
Antibody production	Produced antibodies by GANP® mouse technology	Completed	
Utility verification	Verified by Western blot analysis using clinical samples	Completed	June 2009 Patented in Japan
Assay system establishment	Reviewed Competitive ELISA and Sandwich ELISA	Completed	Utility evaluation
Clinical development	Accumulating data for diagnostic company Negotiating candidate licensee	In progress	

Future plan	✓ Based on the collaborative development with IBL, optimize kit products for potential out-licensing
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◆ Establishment of **Sandwich ELISA method**

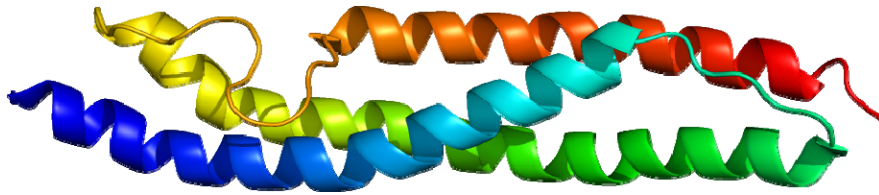
- ✓ Established Sandwich ELISA method by using two antibodies, produced with GANP® mouse to recognize HP-FGA (the common site of proline-hydroxide modification site and FGA)



Development Pipeline - ACTININ-4

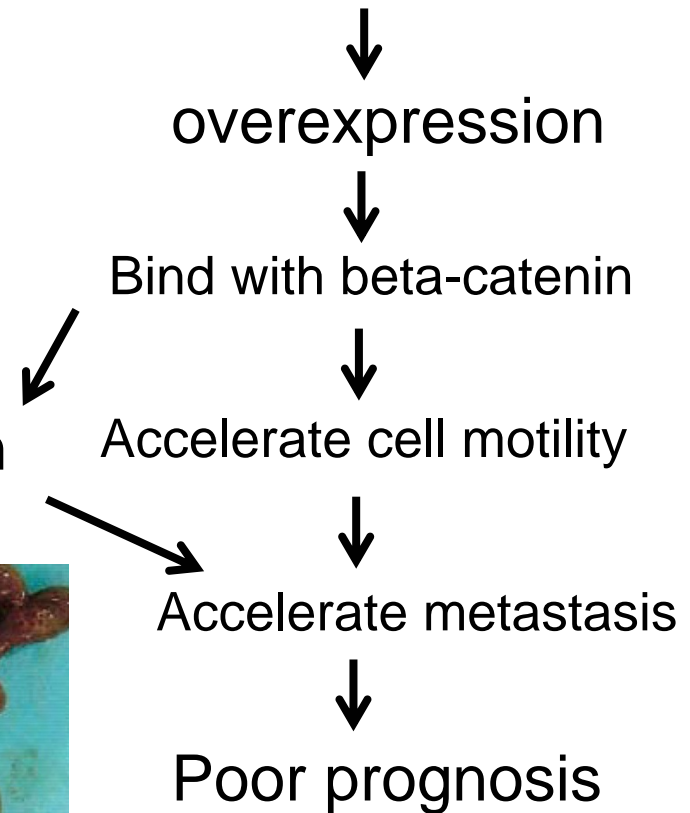
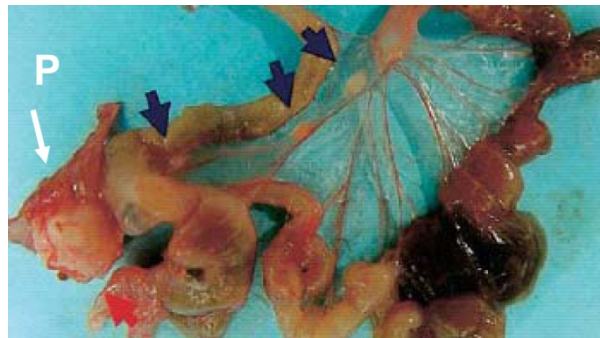


ACTN4 : actin-binding protein, concerned with bundle of actin



Inhibit the binding to adhesion molecule cadherin

White arrow P : primary tumor (transplant site)
Blue arrow : mesenteric lymph nodes metastases



Overexpression of actinin-4 gene in colon cancer cell line enhances cell motility, and transplanting the cell to ileocecal area of mouse results in metastasis to a regional lymph node of mesenterium.

Honda et al.



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