

June 23, 2003
AnGes MG, Inc.

AnGes MG transfers part of HVJ-E operations to subsidiary

At its meeting on June 23, 2003, AnGes MG's Board of directors decided to transfer its HVJ envelope vector (HVJ-E) division to GenomIdea, Inc. (a subsidiary of the Company) on September 1, 2003.

Description

1. Purpose of the transfer

AnGes MG has so far been developing HVJ-E projects as one of its three major technologies. The development resulted in Ishihara Sangyo Co., Ltd. distributing the Company's research reagents (used in genetic analysis) from April 2002. AnGes MG has been utilizing the specific properties of HVJ-E in its own research on genetic therapies and drug delivery systems.

On the other hand, the Company established a subsidiary of GenomIdea in July 2002 to advance research on prospective genes that would be applicable for genetic therapy and diagnostics.

The purpose of the present transfer is to consolidate the management of research facilities, property rights and other assets related to HVJ-E research as currently these are unevenly distributed between AnGes MG and GenomIdea. This will enable management resources to be utilized more efficiently and also speed up the corporate decision-making process. The transfer should thus reinforce the Group's operations, unifying the HVJ-E operations.

2. Overview of procedures

1. Schedule

Board meeting to approve the transfer documents (AnGes MG)	June 23, 2003 (Scheduled)
Board meeting to approve the transfer documents (GenomIdea)	June 24, 2003 (Scheduled)
General shareholder meeting to approve the transfer documents (GenomIdea)	July 22, 2003 (scheduled)
Transfer of HVJ-E operations	September 1, 2003
Formal transfer completion (registering the transfer)	September 1, 2003

2. Transfer method

i. Transfer method

AnGes MG being the transferor and GenomIdea - the transferee, the transaction is a spin off-assimilation type of transfer. The transaction will be conducted (as prescribed in Article 374, Paragraph 22-1 of Japan's Commercial Code) without the Company needs to obtain approval at its General shareholder meeting (as stipulated in Article 374, Paragraph 17-1 of Japan's Commercial Code).

ii. Reasons for selecting the above transfer method

The transfer method as described above was selected due to the Company's intent to streamline the Group's organizational structure, improve decision-making and capital efficiency, as well as to promote HVJ-E operations / business development.

3. Stock allocation

i. Allocation of shares

211 shares of GenomIdea's common stock are to be transferred to AnGes MG as a settlement.

ii. Principal calculation method for stock allocation

Ensuring fair mutual compromise, AnGes MG and GenomIdea invited a third party (Nikko Cordial Securities Co., Ltd.) to evaluate the transaction. Calculations were conducted using DCF (discounted cash flow) and NAV (net asset value) methods.

4. Monetary payments for the asset transfer

None are to be made

5. Claims and obligations being transferred to GenomIdea, Inc.

i. Assets and liabilities

All research equipment, intellectual property rights, and other assets/property rights related to the HVJ-E research are to be transferred from AnGes MG to GenomIdea. No liabilities are being transferred.

ii. Contracts

GenomIdea shall carry on with the joint development, research outsourcing, lease, as well as property right agreements pertaining to HVJ-E operations with the exception of all sales/distribution-related activities.

iii. Personnel

AnGes MG continues to perform its obligations on employment contracts for all personnel related to HVJ-E operations. AnGes MG shall dispatch (and GenomIdea shall accept such assignment) these employees as of the day of transfer.

6. Ability to perform obligations

The transfer does not materially affect the net assets of AnGes MG. Regarding the assets/liabilities subject to the transfer, both companies are determined to perform the obligations prior to liquidating those on or after the date of transfer.

7. New management for the transferee company

No board directors / auditors are to be elected for GenomIdea pursuant to the current transfer.

3. Transfer summary

(1) Commercial name	AnGes MG, Inc. (transferor)	GenomIdea, Inc. (transferee)
(2) Operations	R&D / production of genetic / nucleic acid medicine R&D for HVJ envelope vectors	Search/application of genes for therapy / diagnostics
(3) Date established	17-Dec-99	1-Jul-02
(4) Headquarters	Toyonaka-City, Osaka	Osaka-City, Osaka
(5) Head of the company	Ei Yamada, President & CEO	Hitoshi Kotani, President & CEO
(6) Foundation capital	¥ 1,803 million (as of March 31, 2003)	¥ 40 million(as of March 31, 2003)
(7) Number of shares	84,079 (as of March 31, 2003)	800 (as of March 31, 2003)
(8) Capitalization	¥ 4,487 million (as of December 31, 2002)	¥ 31 million (as of December 31, 2002)
(9) Total assets	¥ 5,646 million (as of December 31, 2002)	¥ 39 million (as of December 31, 2002)
(10) Account closing	December	December
(11) Number of employees	60 (as of December 31, 2002)	1 (as of December 31, 2002)

(12) Major business partner	Daiichi Pharmaceutical Co., Ltd. Seikagaku Corporation Ishihara Sangyo Co., Ltd.	AnGes MG, Inc.
(13) Major shareholders and respective stake	Ryuichi Morishita (15.69%) Toshikazu Nakamura (10.70%) ECS Co., Ltd. (6.09%) BioFrontier Global Fund (4.76%) (as of December 31, 2002)	AnGes MG, Inc. (71.75%) (as of December 31, 2002)
(14) Bank	The Bank of Tokyo Mitsubishi, Co., Ltd.	The Bank of Tokyo Mitsubishi, Co., Ltd.
(15) Corporate relationship pursuant to the transfer	Capital	71.8% is owned by AnGes MG
	Personnel	2 directors and 1 employee by AnGes MG
	Transactions	Joint development, AnGes MG outsources research to GenomIdea, GenomIdea outsources management to AnGes MG.

Result of account closing for the past 3 years

	AnGes MG, Inc. (transferor)			GenomIdea, Inc. (transferee)
	2000/12	2001/12	2002/12	2002/12
Account closing				
Revenues	45,261	1,300,674	1,794,715	-
Operating income (loss)	261	268,508	-508,985	-8,226
Ordinary income (loss)	292	281,587	-552,414	-9,080
Net income (loss)	151	146,587	-558,859	-9,182
Net income (loss) per share	53.2	3,690.16	-7,844.50	-11,478.60
Dividend per share	-	-	-	-
Capital per share	6,475.44	22,644.21	53,384.62	38,521.40

4. Operations being transferred

1. Description

AnGes MG has been promoting HVJ-E research and development in two major fields:

- Genetic function analysis

Involves the introduction of genetic expressions, antibodies, and other substances for which an effect is to be determined, to a cell or an organ using the HVJ-E. Determining actual

effects of such introduction / a substance's functions are indispensable the discovery of new genetic expressions for diagnostics / therapeutic agents.

Development in this field resulted in our partner, Ishihara Sangyo Co., Ltd. distributing the HVJ-E and supplementary agents as a kit of research reagents "GenomONE(R)" from April 2002. AnGes MG is paid royalties from the sales to contribute to operating income.

Note: "GenomONE(R)" is a registered trademark of Ishihara Sangyo Co., Ltd.

- Therapeutic agents

Involves using HVJ-E to develop efficient drug delivery systems for the introduction of therapeutic agents (such as genetic vectors, antibodies and other low-molecular compounds) to a patient's organs and cells.

Development in this field resulted in AnGes MG launching a pilot plant on the premises of Ikeda Laboratories in November 2002. The plant conforms to good manufacturing practice (GMP) - a standard for quality control of pharmaceutical production and management processes, thereby contributing to the manufacturing technology to be established in the near future.

2. HVJ-E operating revenues

The division's revenue amounted to ¥ 55,416,000 in 2002, or 3.1% of the Company's total operating revenue.

3. Assets, liabilities to be transferred and respective amounts

(estimates for September 1, 2003)

Assets		Liabilities	
Item	Amount	Item	Amount
Fixed assets	¥ 66,179,000	-	-
Non-fixed assets	¥ 28,357,000	-	-
Total	¥ 94,537,000	-	-

5. AnGes MG, Inc. after the transfer

1. Corporate name: AnGes MG, Inc.
2. Fields of business: R&D / production of genetic / nucleatic acid medicine
3. Headquarters: Toyonaka-City, Osaka
4. Representative officer: Ei Yamada, President & CEO
5. Foundation capital: ¥ 1,803,297,000

6. Total assets: ¥ 5,646,259 000

7. Account closing: December

8. Effect of the transfer on the Company's activities:

There will be no significant effect on the Group's consolidated income. The transfer will increase AnGes MG stake in GenomIdea to 77.6%.