



December 27, 2012

AnGes MG, Inc.

Announcement of Transfer of Shares in a Consolidated Subsidiary

AnGes MG Inc. (“AnGes”) hereby announces that at a meeting held on December 27, 2012, the Board of Directors resolved to transfer shares in the consolidated subsidiary GenomIdea Inc. (“GenomIdea”) to Ishihara Sangyo Kaisha, Ltd. (Head Office: Osaka, President & CEO: Kazutaka Fujii, “Ishihara Sangyo”), as indicated below.

1. Reasons for the share transfer

AnGes and GenomIdea discovered a drug delivery function of HVJ-E (Hemagglutinating Virus of Japan-Envelope) and found that it was effective as a system to improve the absorption of the active ingredients including gene medicines, nucleic acid medicines and protein-based medicines as well as conventional low molecular weight compounds. AnGes and GenomIdea have been co-developing this delivery system with Ishihara Sangyo since 2000. Ishihara Sangyo has established a fundamental technology by using HVJ-E to encapsulate genes, antibody proteins, siRNAs and other substances and transfect these substances into cells and animal tissues. In Japan, Ishihara Sangyo commercialized the “gene and protein transfection reagent GenomONE™ Series.” In the United States, the company was first to succeed in commercialization of an HVJ Envelope VECTOR KIT. The company also commercialized the “cell fusion reagent GenomONE™ -CF” both in Japan and the United States. In addition, AnGes and GenomIdea have identified new useful genes from the human gene library by utilizing this technology.

Recently, it has been revealed that HVJ-E itself has an ability to kill cancer cells directly as well as to activate immune functions. It was demonstrated that HVJ-E has anti-tumor effects in the animal models of malignant melanoma and prostate cancer. AnGes and GenomIdea reaffirmed that HVJ-E has a broad range of potential applications and expect a possibility of HVJ-E as a drug and fundamental technology. An in-human clinical research has been ongoing at the Osaka University Hospital, and it is planned to be shifted to an investigator-initiated clinical trial.

By becoming a subsidiary of Ishihara Sangyo, GenomIdea can pursue the development and commercialization of HVJ-E in a closer relation with the company. AnGes believes that it will lead to the maximization of the product value.

Ishihara Sangyo is advancing the preparation for manufacturing HVJ-E medical products from active ingredients by integrating its experience and knowledge cultivated in the HVJ-E reagent manufacturing, agricultural chemical production and CMO businesses, and in a strong co-operation

with GenomIdea that is preparing for the clinical trial.

As announced on June 28, 2012, AnGes and GenomIdea have executed a memorandum of understandings with Ishihara Sangyo to transfer the HVJ-E business with an option to purchase stocks of GenomIdea held by AnGes. After completing the final due diligence, Ishihara Sangyo has decided to exercise the option rights to receive AnGes's shareholding in GenomIdea. The transfer will be executed upon the completion of debt-equity swap procedure as a measure to resolve excessive liabilities in GenomIdea. When Ishihara Sangyo and GenomIdea enter into licensing contract for the development and marketing with a partner company and receive royalties and other payments in the future, the portion will be paid to AnGes as the compensation.

2. Outline of the company to be transferred

(1) Name	GenomIdea Inc.		
(2) Location	4F, Saito Bio-Incubator, 7-7-15, Saito-asagi, Ibaraki, Osaka, Japan		
(3) Name of representative	Toshihiro Nakajima, President & CEO		
(4) Description of business	Research and development of medical products Gene function analysis		
(5) Capital	348,250 thousand yens		
(6) Date of establishment	July 1, 2002		
(7) Major shareholders and their shareholding ratio	AnGes MG, Inc. (72.3%) Bio-sight Incubation 1 st Investment Limited Partnership Unlimited Liability Partner, Bio-sight Capital, Inc. (5.4%) Ishihara Sangyo Kaisha, Ltd. (4.9%) (As of December 27, 2012)		
(8) Relations with AnGes	Capital Relation	AnGes holds 72.3% of the shares	
	Personnel Relation	1 Director of AnGes concurrently serves as the company's Director	
	Business Relation	AnGes lends funds to the company	
(9) Business results and financial position for the most recent three years (Unit: thousands of yen)			
Fiscal period	FY 12/2009	FY 12/2010	FY 12/2011
Net assets	-107,046	-233,696	-216,900
Total assets	108,476	35,426	45,729
Net assets per share	-5.24	-11.43	-10.61
Net sales	153,215	12,503	42,667

Operating income	-140,405	-171,176	-161,073
Ordinary income	-41,965	-124,512	17,696
Net income	-58,911	-126,647	16,793
Net income per share	—	—	0.82
Dividend per share	—	—	—

3. Outline of company receiving the share transfer

(1) Name	Ishihara Sangyo Kaisha, Ltd.	
(2) Location	3-15, Edobori 1-chome, Nishi-ku, Osaka	
(3) Name of representative	Kazutaka Fujii, Executive Director President	
(4) Description of business	Inorganic chemical business (oxidized titanium), Organic chemical business (agricultural chemical), Construction business	
(5) Capital	43.4 billion yen (as of March 31, 2012)	
(6) Date of establishment	June 1, 1949	
(7) Major shareholders and their shareholding ratio	Mitsui & Co., Ltd. (9.74%) BNP PARIBAS SECURITIES SERVICES PARIS/JASDEC/ FBB SEC/BELCHIM MANAGEMENT (3.96%) United Phosphorus Limited, Japan (2.89%) Japan Trustee Services Bank, Ltd. (Trust Account) (2.33%) Ishihara Sangyo Employee Stock Ownership (1.74%) (As of September 30, 2012)	
(8) Relations with AnGes	Capital Relation	The company holds 0.26% of the shares in AnGes
	Personnel Relation	None
	Business Relation	AnGes and GenomIdea co-develop HVJ-E with Ishihara Sangyo

4. Number of shares transferred and holding before and after the transfer

(1) Number of shares held by AnGes before the transfer	14,774 shares (Number of voting rights: 14,774) (Shareholding ratio: 72.3%)
(2) Number of shares transferred	114,948 shares (the total of 14,774 shares and the new shares)

	to be issued to AnGes as a result of the above mentioned debt-equity swap procedure) (Number of voting rights: 114,948) (Shareholding ratio: 95.3%)
(3) Number of shares held by AnGes after the transfer	0 shares (Number of voting rights: 0) (Shareholding ratio: 0%)

Note; As stated in “1. Reasons for the share transfer,” the transfer price will be paid as the compensation based on the future performance. As of the execution date for the share transfer, the transfer price is the book price of 1 yen. Therefore the transfer loss or gain does not occur on the execution date.

5. Schedule for transfer

(1) Resolution of the Board of Directors	December 27, 2012
(2) Contract date	December 27, 2012
(3) Date of share transfer	January 1, 2013 (Plan)

6. Outlook for fiscal year ending December 31, 2013

The share transfer will be executed in the fiscal year 2013, thus it has no effect on the business performance for the fiscal year 2012. The effect for the fiscal year 2013 is expected to be minor even if AnGes receives royalty-based payments in 2013.

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Disclaimer: This is a translation of the news release posted in Japanese. In case of any deviations between the two language versions, the original document in Japanese shall take precedence.

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