

FOR IMMEDIATE RELEASE

April 26, 2006

### Notification Full Acquisition of GenoFunction Inc.

By resolution of the Board of Directors of RNAi, Incorporated on April 26, 2006, a stock transfer of Genofunction Incorporated (Tsukuba, Ibaragi; Chairman and President: Iwao Nozawa) stock was performed with Genofunction Inc.'s parent company, Hisamitsu Pharmaceutical Company, Incorporated (Tosu, Saga; Chairman and President: Hirotaka Nakatomi; on the same day to make GenoFunction Inc. a full subsidiary of RNAi Incorporated.

#### 1. Basis for acquisition

RNAi Inc. supports drug development in the fields of infection, oncology, and nucleic acid medicine, in addition to research in the form of our own siRNA technology combined with gene function analysis. While Genofunction Inc. has used its proprietary siRNA technology for gene searching and functional analysis of drug discovery targets to gain a reputation for quality within the field. RNAi, Inc. therefore proceeded with the acquisition based on expected synergies between the two corporations in the field of nucleic acid drug discovery and a concomitant increase in shareholder value.

#### 2. Summary of GenoFunction Inc.

- (1) Name: GenoFunction Inc.
- (2) Representative: Iwao Nozawa, Chairman and President
- (3) Address: 1-25-14 Kan'ondai, Tsukuba, Ibaragi
- (4) Founded: April 2001
- (5) Core business: Research services related to gene searching and functional analysis
- (6) Fiscal year ends: February
- (7) Employees: 14
- (8) Capital: • 100 million
- (9) Outstanding shares: 24,000
- (10) Shareholder: 100% ownership by Hisamitsu Pharmaceutical Co., Inc.
- (11) Recent results

	02/2005	02/2006
Sales	• 107 mn	• 136 mn
Operating profit	• 142 mn	• 176 mn
Recurrent profit	• 142 mn	• 176 mn
Current net profit	• 143 mn	• 177 mn
Total assets	• 695 mn	• 463 mn
Net worth	• 605 mn	• 428 mn

#### 3. Summary of Hisamitsu Pharmaceutical Co., Inc.

- (1) Name: Hisamitsu Pharmaceutical Company, Incorporated
- (2) Representative: Hirotaka Nakatomi, Chairman and President
- (3) Address: 408 Tashiro Daikan-cho, Tosu, Saga
- (4) Core business: Development, manufacture, and sales of pharmaceuticals and related products; cable television broadcasting
- (5) Existing relationship with siRNA, Inc.: None

4. Details of stock transfer

- (1) Pre-transfer stock owned by RNAi, Inc.: 0 (0%)
- (2) Stock transferred: 24,000 shares
- (3) Post-transfer stock owned by RNAi, Inc.: 24,000 shares (100%)

5. Schedule relating to stock transfer

- 4/26/2006: Board of Directors resolution  
4/26/2006: Contract signed for transfer of stock  
5/01/2006: Stock acquired

6. Outlook going forward

RNAi, Inc. will leverage its intellectual property to increase competitiveness by focusing on drug discovery, concentrating its resources, and solidifying its position as a nucleic acid drug discovery company.

Contact information

alphaGEN, Inc.  
1-2-1 Uchikanda, Chiyoda-ku, Tokyo  
MTK Building, 9<sup>th</sup> fl.  
TEL: +81-3-3518-2838  
FAXL: +81-3-3518-2848  
E-mail: info@alphagen.jp