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Nawaloka Holdings (Pvt) Ltd.
Colombo, Sri Lanka

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Tokyo, Japan
(Tokyo AIM Stock Code: 4580)

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Announcement of Establishing a Joint Company in Sri Lanka

Nawaloka Holdings (Pvt) Ltd. (Colombo, Sri Lanka, Chairman: Jayantha Dharmadasa, hereinafter "NAWALOKA") which holds a listed and the biggest private hospital in Sri Lanka, and Mebiopharm Co., Ltd. (Tokyo, Japan, CEO: Tadashi Fujisawa, a bio-venture company of Japan, hereinafter "MEBIO") have established a new company jointly, N & M VENTURE PRIVATE LIMITED (hereinafter "N & M Limited"), in healthcare business in Colombo, Sri Lanka on February 17, 2012.

1. Outline of N & M Limited

NAWALOKA and MEBIO established joint venture company, N & M Limited, with the purpose to involve a healthcare business in Sri Lanka on February 17, 2012. The capital of N & M Limited is 20,000,000 Sri Lankan Rupee, and NAWALOKA and MEBIO shall each take a 50% equity participation in N & M Limited (registration number is PV 84287).

N & M Limited makes the organization which can perform a human clinical development of medical drugs based on ICH (International Conference on Harmonization of Technical Requirements for Registration of Pharmaceuticals for Human Use) guidelines which is a global standard, and provides, offers, distributes, brings, and imports medical drugs of a world level (ethical drug, general drug and OTC (Over The Counter) drug), medical device and equipment, and a consumer health care related product in the healthcare field which is still insufficient and will be expected remarkable expanded market from now on, in Sri Lanka. Moreover, N & M Limited consolidate an organization which can improve a basic research and carry out research and development for producing medical drugs, through cooperation or licensing of technology by MEBIO, and hospital (Nawaloka Hospitals PLC, Colombo Stock Exchange Code: NHL B0000. Hereinafter "Nawaloka Hospital") as a core which NAWALOKA holds and is a maximum private hospital which has listed.

N & M Limited will do the following three businesses mainly.

- (1) N & M Limited do first-time SMO (Site Management Organization services: Note*) business in Sri Lanka, and it improves a clinical study system and build a system to conduct clinical studies of the drugs under the global standard in Sri Lanka.
- (2) N & M Limited do import business of drugs, quasi drugs, medical device and equipment, and consumer healthcare products etc. that are approved in the world but not approved or not used commonly in Sri Lanka cooperating with group corporations of NAWALOKA which have experiences and licenses of import-export business and have a distribution network.
- (3) N & M Limited build an organization which is able to carry out drug development business that contributes to a development of lifescience as a nation by being transferred MEBIO's platform technology and know-how and by conducting basic research of development for pharmaceuticals in Sri Lanka.

The sales in this business enterprise aim at 170 million yen of the first fiscal year (real operating first year, 2013/3) and aim at 2,500 million yen of the fifth fiscal year (2018/3).

Name of the Entity	N & M VENTURE PRIVATE LIMITED (registration number is PV 84287)
Place of Registration	Colombo, Sri Lanka
Representative	Chairman: Mr. Tadashi Fujisawa (from MEBIO) Managing Director: Mr. Harshith Dharmadasa (from NAWALOKA)
Business	1) SMO business 2) Import-export business of not approved or not used commonly products 3) Research and development, and new drug development business
Paid-in Capital	LKR 20,000,000
Date of Establishment	February 17, 2012
Fiscal Year End	March 31
Investment Ratio	NAWALOKA: 50%, MEBIO: 50%

Note: SMO performs services in a portion of medical institutions. SMO works for medical institutions to support clinical trials, whereas CRO (Clinical Research Organization) works for pharmaceutical companies, sponsors of the clinical trials.

2. About NAWALOKA

After 30 years of civil war in 2009, Sri Lanka has achieved GDP real growth rate 8% in 2010. In addition, its stock exchange market has grown with the largest growth rate 73.99%. Sri Lanka has continued to grow strongly even comparing with other emerging countries in recent years. Sales of pharmaceuticals in Sri Lanka are expected to increase from LKR 38.97 bn in 2009 to LKR 43.54 bn in 2010.

NAWALOKA is a conglomerate in Sri Lanka and has 15 companies such as construction, industries, trading and healthcare. Nawaloka Hospital is one of the NAWALOKA and the biggest private hospital group with 400 beds in Sri Lanka. Nawaloka Hospital was awarded ISO9001-2008 in 2011 and successfully conducted a liver-donor liver transplant and lung transplant, first in Sri Lanka; the proof of high medical skills. Moreover, Nawaloka Hospital is listed on the main board of Colombo Stock Exchange with the market capitalization of LKR 5.6 bn.

3. Outline of N & M Limited

N & M Limited may become a consolidated subsidiary of MEBIO, but it is expected that the influence to consolidated performance of MEBIO in this fiscal year (2012/3) is slight.