



December 2, 2015

To whom it may concern:

Company name: Nichi-Iko Pharmaceutical Co., Ltd.
(Securities code: 4541 Tokyo Stock Exchange, First Section)
Representative: Yuichi Tamura
President and CEO
Contact: Noboru Inasaka
Board of Senior Director,
Head of Administrative Division
(Tel: 076-432-2121)

**Notice of Sale of Shares Held by Nichi-Iko Pharmaceutical Co., Ltd.,
Termination of Capital Alliance and Continuation of Business Alliance**

Nichi-Iko Pharmaceutical Co., Ltd. (hereafter “Nichi-Iko”) has decided to sell its shares in Binex Co., Ltd. (headquarters: Busan, Korea; Representative: Hyukjong Lee; hereafter “Binex”).

However, although this will result in termination of Nichi-Iko’s capital alliance with Binex, the business alliance between the two companies will remain unchanged, as follows.

1. Reasons for the Sale of Shares

In October 2013, Nichi-Iko concluded a Statement of Agreement for the Capital Alliance with Binex, with the aims of manufacturing biopharmaceuticals and securing stable supplies of such products. Since then, the Company and Binex endeavored to further improve the cooperative relationship, resulted in successful establishment of mutually-trusted relationship. Such relationship resulted in application of marketing approval for Infliximab biosimilar as of September 30th, 2015. Through the cooperative relationship on biosimilar and other sectors, the Company and Binex will continue to be aligned.

On the other hand, the Company’s recent demand for additional capital skyrocketed due to the needs of further capital investment on the development of other biosimilar, as well as its needs in investment in property, plant and equipment with the aims of achieving generic shares of 80% by volume basis. From the perspective of ensuring efficient utilization of our asset, the Company has decided to sell its entire shares of Binex.

While this sale of shares will result in termination of the capital alliance, we remain in alignment with respect to our desire to continue the business alliance. Accordingly, we intend to do so as key partners on the basis of our relationship of trust developed thus far in the biosimilar sector, rather than on the basis of the capital alliance, particularly given the successful results achieved in line with our initial aims of manufacturing biopharmaceuticals and securing stable supplies of such products.

2. Details Regarding the Sale of Shares

(1) Number of shares to be sold

Nichi-Iko, currently the largest shareholder of Binex and holding 3,878,128 shares of Binex shares (ratio of total number of shares issued: 12.6%), will sell its entire shares.

(2) Carrying value of shares to be sold

6,196 million yen (as of the end of March 2015)

(3) Method and date of sale

The aforementioned shares are to be sold by means of block trade in accordance with rules of the Korea Exchange. The sale is planned for December 2, 2015.

3. Outline of Binex Co., Ltd.

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|---|--|
| (1) Company name | Binex Co., Ltd. |
| (2) Location of headquarters | Busan, Korea |
| (3) Representative | Hyukjong Lee |
| (4) Business operations | Commissioned manufacture of biologics, manufacture and sales of pharmaceuticals |
| (5) Capital | 15,448 million won (as of September 30, 2015) |
| (6) Establishment | December 17, 1957 |
| (7) Major shareholders and shareholding ratio | Nichi-Iko Pharmaceutical Co., Ltd. ("Nichi-Iko"): 12.6 % Binex Holdings Co., Ltd.: 8.8 % |

| (8) Relationship between Nichi-Iko and Binex Co., Ltd. | | | |
|--|---|------------------|------------------|
| Capital relationship | Nichi-Iko holds 3,878,128 shares of Binex Co., Ltd. common stock (ratio of total number of shares issued: 12.6%). | | |
| Personnel relationship | Not applicable. | | |
| Business relationship | Contract manufacturing of biopharmaceuticals | | |
| Circumstances relevant to the related parties | Not applicable. | | |
| (9) Operating results and financial position of Binex Co., Ltd. over the last three years (Millions of won) | | | |
| Fiscal years ended | December 2014 | December 2013 | December 2012 |
| Equity attributable to owners of parent | 113,079 | 98,290 | 89,849 |
| Total assets | 130,221 | 123,322 | 143,794 |
| Net sales | 59,892 | 59,513 | 54,823 |
| Operating profit | 2,357 | (4,107) | (109) |
| Profit attributable to owners of parent | 10,274 | (2,434) | (7,750) |
| Basic earnings per share (won) | 405 | (107) | (360) |
| Dividends per share (won) | – | – | – |

4. Future Outlook

We will provide notification subsequent to completion of the sale regarding any gains or losses arising in accordance with the sale of shares. Moreover, notification will also be provided in a prompt and timely manner if it becomes necessary for us to revise our full-year earnings forecast for the fiscal year ending March 31, 2016.

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