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PRESS RELEASE

Notice of Establishment of Subsidiary through Company Split (Simple Incorporation-Type Company Split)

RaQualia Pharma Inc. (the “Company”) announces that its board of directors passed a resolution at its extraordinary meeting today to transfer the rights and obligations of its business related to Science Innovation Division to a newly incorporated company through incorporation-type company split (the “Company Split”), effective on January 7, 2013 (planned) as described below.

Since the Company Split constitutes a simple incorporation-type company split solely pertaining to the Company, some items and details are not disclosed in this announcement.

1. Purpose of Company Split

The Company is engaged in the marketing and licensing of intellectual property on basic technologies pertaining to the research and development of pharmaceuticals and clinical development candidates. Under the “Project Reborn 90,” a revised mid-term business plan that was announced on November 9, 2012, the Company defined programs where progress can most effectively be accelerated via utilizing external resources (public funds and finances) as “Strategic Option Programs,” and newly established a “Science Innovation Division” including with a view to a split-off thereof.

The Company arrived at the resolution today that the best way is to split off the Science Innovation Division for the purpose of attracting external resources (public funds and finances, etc.), accelerating the development progress of “Strategic Option Programs,” enhancing the value of each program and aiming at achieving potential future earnings for the Company.

2. Summary of Company Split

(1) Schedule of Company Split

Board of directors’ resolution November 29, 2012

Date of split (effective date) January 7, 2013 (planned)

(Note) Pursuant to the provision of article 805 of the Companies Act of Japan, the split will be implemented without the approval thereof by a resolution at a shareholders meeting.

(2) Company Split Method

The Company Split is an incorporation-type company split in which the Science Innovation Division will be split off solely from the Company and will be assumed by AskAt Inc., a newly incorporated company. In addition, the newly incorporated company will be a wholly-owned subsidiary of the Company.

(3) Allotment of Shares

The newly incorporated company will issue 100 shares of common stock for the Company Split and allocate all of them to the Company.

(4) Handling of Stock Acquisition Rights and Bonds with Stock Acquisition Rights of the Splitting Company

There will be no change resulting from the Company Split to the handling of new stock acquisition rights issued by the Company. Bonds with new stock acquisition rights are not applicable.

(5) Capital Reduction due to the Company Split

No capital reduction from the Company Split will occur.

(6) Rights and Obligations Transferred to the Newly Incorporated Company

The newly incorporated company will assume rights and obligations pertaining to the Science Innovation Division from the Company, including assets, liabilities, contractual status and all accompanying rights and obligations deemed necessary for operating the business to be assumed from the Company Split. In addition, the debts to be transferred from the Company will be solely incurred by the newly incorporated company.

(7) Prospect for Fulfillment of Obligations

The Company believes that there will be no problems with regards to the fulfillment of obligations of the Company and the newly incorporated company as a result of the Company Split.

3. Overview of Splitting Company and Newly Incorporated Company

Item	Splitting Company (as of December 31, 2011)	Newly Incorporated Company (scheduled for January 7, 2013)
(1) Trade name	RaQualia Pharma Inc.	AskAt Inc.
(2) Location of head office	5-2 Taketoyo, Aichi 470-2341, Japan	5-2 Taketoyo, Aichi 470-2341 Japan
(3) Title and name of representative	Naoki Tani, President and CEO	Shinichi Koizumi, President and CEO
(4) Business description	(i) Research and development of pharmaceutical products; (ii) Marketing and licensing of intellectual property on pharmaceuticals, clinical development candidates and basic technologies thereof; (iii) Collaborations with enterprises and universities with the aim of development and marketing of intellectual property in biomedical field; and (iv) All operations incidental to the operations specified in each of the preceding items	(i) Research and development of pharmaceutical products and research related products; (ii) Marketing and licensing of pharmaceutical products and health-related products; (iii) Consulting of pharmaceutical products and health-related products; and (iv) All operations incidental to the operations specified in each of the preceding items

Item	Splitting Company (as of December 31, 2011)	Newly Incorporated Company (scheduled for January 7, 2013)
(5) Capital stock	8,489 million yen	1 million yen (initial capital paid for the establishment)
(6) Date of incorporation	February 19, 2008	January 7, 2013 (scheduled)
(7) Number of shares outstanding	13,267,200 shares	100 shares
(8) Fiscal year end	December 31	December 31
(9) Principal shareholders and their holdings (%)	CIP V Japan Limited Partnership Incorporated 17% NIFSMBC-V2006S3 Investment Ltd. Partnership 13% Pfizer Japan Inc. 13%	RaQualia Pharma Inc. 100%
(10) Financial position and operating results of the splitting company for the most recent business year (ended December 31, 2011)		
Net assets	million yen 8,174	—
Total assets	8,379	—
Net assets per share	¥616.14	—
Business revenue	684	—
Operating loss	(1,916)	—
Ordinary loss	(1,906)	—
Net loss	(1,916)	—
Net loss per share	(¥172.85)	—

4. Overview of Business Division to be Split Off

(1) Business description of business division to be split off

Science Innovation Division plays a central role in “Strategic Option Programs,” including but not limited to: (i) research and development of pharmaceutical products, (ii) marketing and licensing of intellectual property on pharmaceuticals, clinical development candidates and basic technologies thereof, and (iii) collaborations with enterprises and universities with the aim of development and marketing of intellectual property in biomedical field.

(2) Operating results of business division to be split off for the most recent business year (ended December 31, 2011)

As the business division was established on October 1, 2012, there are no operating results.

(3) Items in assets and liabilities to be split off and their book values (anticipated)

Assets		Liabilities	
Current assets	million yen 1	Current liabilities	—
Noncurrent assets	—	Noncurrent liabilities	—
Total assets	1	Total liabilities	—

5. Status of the Listed Company after the Company Split

There will be no change to the trade name, location of the head office, title and name of representative, business description, capital stock or fiscal year-end of the Company.

6. Shift to Consolidated Financial Reporting and Future Outlook

As the newly incorporated company will be a wholly-owned subsidiary of the Company, the Company will start consolidated financial reporting in the first quarter of the fiscal year ending December 31, 2013. There is no change to the earnings forecast for the full-year ending December 31, 2012 which was announced on November 9, 2012.

(Reference) Forecast of Results for the Year Ending December 31, 2012 and Actual Results for the Year Ended December 31, 2011

	Business revenue	Operating loss	Ordinary loss	Net loss
Forecast of Results for fiscal year ending December 31, 2012	million yen 100	million yen (2,748)	million yen (2,995)	million yen (2,999)
Actual Results for fiscal year ended December 31, 2011	684	(1,916)	(1,906)	(1,916)

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