Market Entry Opportunity - Japan

August 8, 2006
Biolink International, Inc.

Changing landscape

	2000	2004	2008(E)
GDP	-0.24	-1.84	+0.85*1
Population (+65%)	17.4	19.4	21.7
Pharma Sales Bill$	56.1	62.6	72.0
% World market	16.2%	11.0%	10.0%*2
$ Pharma per Capita	406	497	564
NHI price-cut	-7.0%	-4.2%(-6.7)*3	-4.0%

*1 Estimate by Goldman Sachs *2 Modified from IMS Data * 3. Price cut in 2006
*4 $1=¥115

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Changing landscape

Japanese Pharmaceutical Market Market Trend

Billion Yen

2004

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Leading Therapy Class in 2004

Rank	ATC3	ATC Category	2004mil$	% +/-	%
1	A2B	Anti-ulcer	3,298	1.2	5.0
2	C08A	Calcium Antagonists (Plain)	3,024	1.4	4.6
3	C10A	Cholesterol & Triglyceride reducer	2,790	-6.8	4.3
4	C09C	Angiotens-2 antagonists (plain)	2,744	24.5	4.2
5	J01D	Cephalosporin	1,859	-11.0	2.8
6	B01c	Platelet aggregation inhibitors	1,680	4.8	2.6
7	M02A	Anti-inflammatory (topical)	1,400	5.0	2.1
8	R06A	Antihistamines (systemic)	1,323	-5.7	2.0
9	A10B	Oral anti-diabetics	1,309	11.2	2.0
10	B03C	Erythropoietin's products	1,224	3.6	1.9
ATC2	A01~9*	GI diseases	4,794	-	7.3
	G04*	Urology	1,163	-	1.8
	G01~3*	Female health & endocrinology	312	-	0.5

Total Market: $62,637 Mil (¥7,203,310) Mil in 2004

Changing landscape

Topics to Remember

- Japanese market is highly competitive
- Japanese market is attractive due to the size of market, increasing aging population and National Health Insurance system
- Opportunity exists for the new drugs that fit for the market
- Opportunity for generic drugs due to awareness of high cost of medicine

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Entering into Japanese Market

Building product-based partnership with Japanese firm is recommended for a biotech and mid size pharmaceutical firms

Entering into Japanese Market

Drug–based Partnership

- High interest in new drugs by Japanese firms
- No cost to foreign licensee to reach the market
- R&D revenue by development milestone payments
- Utilize partner's experience in clinical development & sales
- May lead to a corporate alliance beyond one drug
- Success in the market is incentive to build own operation
- Good step for building own capability by participating in key decisions with the local partner
- Representative office may ensure the success of licensed drug

Entering into Japanese Market

Product-based Partnership

Licensing New Drugs & Technology

	In	Out	All Drug	In	Out	Technology
2003	13	18	31	8	0	8
2004	18	11	29	6	2	8
2005	17	25	42	8	0	8
2006. 1~6	12	15	26	4	2	6

Top 27 firms in Japan (Jan –June2006)
Based on press release from firms

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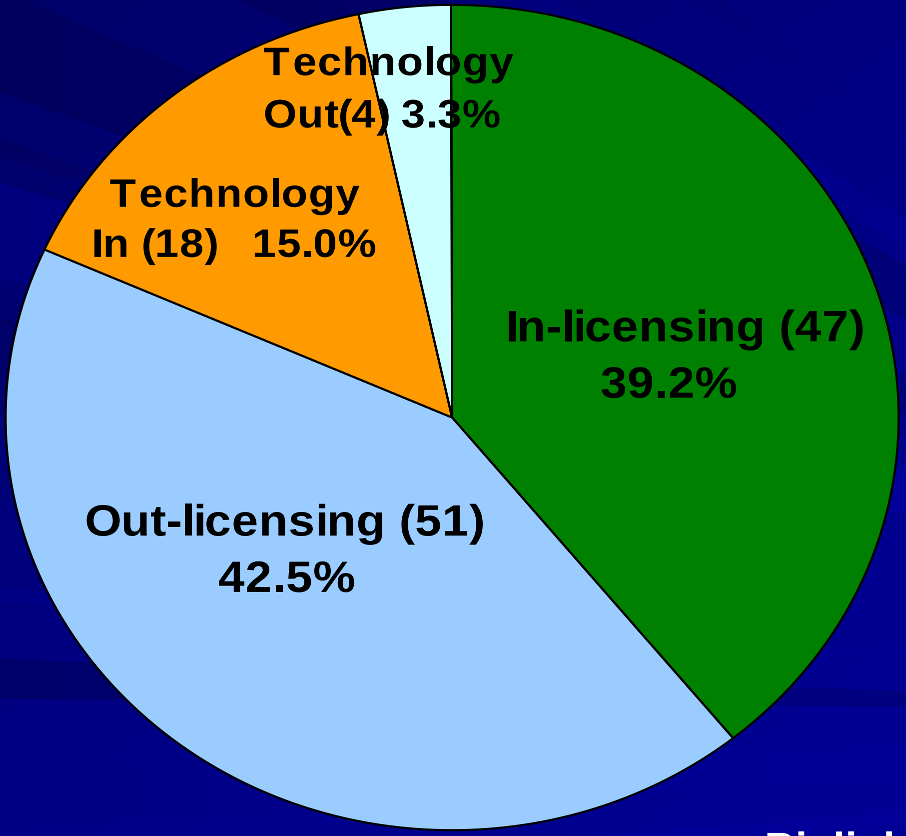
Product-based Partnership



Drug (98 deals) 81.7%

Data compiled by Biolink (2004~2006 1st half)

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Product-based Partnership

Licensing (2005)

Rank	Country	#	Rank	Field	#
1	USA	23	6	SINGAPORE	2
2	SWISS	3	7	UK	1
3	KOREA	3	8	CANADA	1
4	GERMANY	3	9	CHINA	1
5	SWEDEN	2	10	NORWAY	1

Top 27 firms in Japan 2005

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Product-based Partnership

Drug license (In & Out) by Therapeutic Group

(# of cases)

Rank	Disease	2004	2005	2006. 1~6	Total
1	Cancer	4	6	5	15
2	Diabetes	4	8	2	14
3	Cardio/Hematology	2	3	6	11
4	Infection/HIV	4	4	2	10
5	Psychiatry	3	2	2	7
6	Renal	2	2	1	5
7	CNS	0	5	0	5
8	GI	1	1	2	4
9	Rheum Arthritis	1	1	0	2
10	Allergy	1	0	0	1
	All others	7	10	7	26
	Total	29	42	27	98

Data compiled by Biolink

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Product-based Partnership

Drug License by Therapeutic Group

(# of cases)

Company	Takeda	Astellas	Daiichi - Sankyo	Eisai
Diabetes	5	1	5	1
Infection/HIV	2	5	4	
Cancer	2	2	3	1
Cardio/Hematology	2	4	11	
Renal	1	1	4	
RA		1	3	1
CNS		2	1	2
GI	1	1	1	2
Others	2	10	3	6
Total	15	27	35	13

Data compiled by Biolink (2000~2005 Nov)

Company strategic areas

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Product-based Partnership

Drug Licensed in 2005

In-license by Japanese Firms:

BT16:	Quark Biotech to Sanwa	Lipidemia
IL13-PEP38:	NeoPharm to Nihon Kayaku (PII)	Glioblastoma
GTI-2601:	Lorus to Sumitomo	Cancer
Matuzumab:	Merck KGaA to Takeda (PII)	NSCLC
DPP4:	Pharmaceutical P.D. to Takeda	Diabetes
Omacor R:	Pronova to Takeda	Lipidemia
Telavancin:	Theravance to Astellas	Infection
PD-1 MAb:	Medarex to Ono	Cancer

Out-license from Japanese Firms:

JTK-303:	JT to Gelead Sciences	HIV
MCC-555:	Mitsubishi to Perlegen	Diabetes
YS-021:	Taisho to Eli Lilly	Diabetes
Amrubicin:	Sumitomo to Conform Therap.	Cancer

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Product-based Partnership

Licensing (2005-2006)

Firm	Licensor	Drug	Total	Down	Milestone	Territory	Stage
Astellas	Fibrogen	Oral EPO	$198	$27.5	$140	Japan	PI
Takeda	Affimax	Hematide	102	17	75	Japan/ ww	PII
Astellas	Xenoport	XP13512	85	25	60	Japan/ Asia	PIII
Takeda	Galaxy Bio	HGF Mab	~10	2	7~	ww	Prec
Daiichi/Sa	KAI Pharm	Blot clot	~20	20	-	ww-	PI/II

From Top 27 firms in Japan 2005

Entering into Japanese Market

Product-based Partnership

Drug–based Partnership

Deal Stage:
- **Preclinical**
- **Post PI**
- **Post-approval**

Payment:
- **Upon Execution**
- **Milestone**
- **Royalty**
- **Drug Purchase**

Territory:
- **Global**
- **Regional**
- **Japan**

Rights:
- **Exclusive**
- **Semi-exclusive**
- **Non-exclusive**

Entering into Japanese Market

Comments

- ✓ Japanese market continues to be attractive, i.e. aging population & coverage of National Health Insurance
- ✓ Product-based partnering is low risk entry and offers access to Japanese market and potential collaboration beyond Japan
- ✓ Building the local operations may require staging of its operational capabilities, for example co- development based on product-based partnering, clinical development activities for NDA, etc

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Thank you

Biolink International, Inc.