

October 1, 2009
Kaneka Corporation
MEDRx Co. Ltd.

Establishment of a New Company for R&D and Production of
Transdermal Medical Products
—Aiming for five billion yen in joint venture sales five years hence—

Kaneka Corporation (Headquarters: Osaka; President: Mr. Kimikazu Sugawara) and MEDRx Co. Ltd. (Headquarters: Higashikagawa-city, Kagawa Prefecture; President and CEO: Mr. Masayoshi Matsumura) formed a new joint venture company, KM Transderm Ltd., for research and development, and production of transdermal medical products in September this year, and have commenced joint operation. As a joint venture company, we are aiming at sales of five billion yen five years hence.

Since its founding in 2002, MEDRx has been undertaking ongoing research and development of, and the creation of business from, DDS (Drug Delivery System) technology. Its aim is to improve the QOL (Quality Of Life) of patients by changing the form and delivery methods of drugs, while reducing adverse reactions and improving drug efficacy. Transdermal technology is gaining attention as a use proven DDS technology. It can be expected as a high rate of growth in the market for DDS technology-based pharmaceutical products.

The new company will take up some of the transdermal medical product seeds that MEDRx is currently developing. It aims to integrate MEDRx's expertise technology in transdermal medical products formulation with Kaneka's expertise technology in polymer materials. Furthermore, the company can make use of the strong networking with leading pharmaceutical companies worldwide that Kaneka has developed through its pharmaceutical intermediate business. By harmonizing the above, KM Transderm pursues developing innovative and unique medical products that meet physicians' needs and contribute to the QOL of patients.

Kaneka is, in addition to its existing pharmaceutical intermediate and bulk businesses, aiming to further upgrade and expand its life sciences business, increasing its engagement in the development of pharmaceuticals. Full-scale development of antibody arena has already been commenced. Entering the transdermal medical products business is something that Kaneka anticipates as a new approach in the life sciences business, based on Kaneka's business/technology foundations.

Outline of the New Company

- Company name: KM Transderm Ltd.
- Business: Research, development, and production of pharmaceuticals (transdermal medical products)
- Capital: 100,000,000 yen. (Investment ratio: Kaneka 51%, MEDRx 49%)
- Founded: September 2009
- Head office: 3-2-4 Nakanoshima, Kita-ku, Osaka
- Representative: President, Mr. Nobutaka Tani