

June 30, 2009
Minophagen Pharmaceutical Co., Ltd.

Re: Initiation of Court Procedures against Taiwan Biotech Co., Ltd.

Minophagen hereby gives notice as follows that on June 5, 2009 Minophagen initiated procedures in the Tokyo District Court to claim compensation of damages of approximately JPY 800,000,000 against Taiwan Biotech Co., Ltd. (location of head office: Taoyuan City, Taiwan; hereinafter "TBC").

Minophagen was providing TBC with the main raw materials for "Stronger Neo-Minophagen C P20mL," which is an injectable liver disease preparation/allergy medication, and having TBC undertake its manufacture. However, since March 2008, which was soon after manufacture began, it has been revealed by Minophagen's own pre-shipment inspection that the Stronger Neo-Minophagen C P20mL manufactured by TBC contained a large number of product defects such as inclusion of foreign matter, lack of ageless (an oxygen absorbent), and other grave defects.

Minophagen therefore stopped shipment of lots of Stronger Neo-Minophagen C P20mL that contained the defective products, and all lots for which possible defects could not be denied, and also asked TBC to take improvement measures and to investigate the cause of the defects, and held repeated discussions.

However, in light of the seriousness of the defects in the faulty products supplied by TBC, and owing to TBC's suggested response to measures for improvement and investigation of the cause of the defects, Minophagen judged that it would be extremely difficult to have TBC supply products that could sufficiently ensure patients' safety, and terminated the manufacturing agreement it had concluded with TBC. Further, because agreement with TBC could not be reached concerning various issues including compensation for damages incurred by Minophagen, the situation reached the point that Minophagen had no choice but to initiate court procedures seeking compensation of approximately JPY 800,000,000, which is a portion of the damages incurred by Minophagen, and seek return of machinery that Minophagen had loaned to TBC, along with various other remedies.

Please note that, along with preventing shipment of defective products, Minophagen has taken all possible measures to ensure the safe supply of Stronger Neo-Minophagen C P20mL, and there has been absolutely no interference with supply stability. We therefore request that all related parties put any concerns to rest.

Minophagen will continue to strive for comprehensiveness in our quality control system so that customers will be able to use with peace of mind not only Stronger Neo-Minophagen C P20mL, but all of the products that Minophagen sells.

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