

Dispatch from Japan

Autumn 2011



October 2011

Dear Friends,

Summer is turning into autumn and the weather is starting to cool, and none too soon. Thermometers have been set higher than normal in offices throughout Japan due to the reduction of electricity throughout the country after the government has taken all but 12 of the nation's 54 nuclear power plants offline.

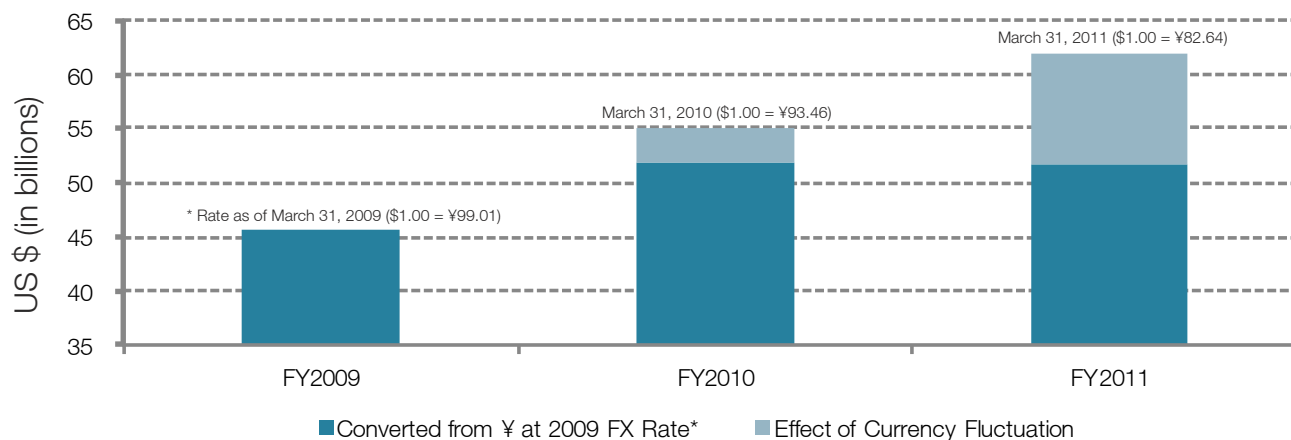
The government's Cool Biz campaign, which encourages companies to permit their employees to dress down to save energy, has been extended this year, but to the casual observer that is the only sign that life has been affected by the tragic events of "3/11", as last March's earthquake, tsunami, and its after-effects are referred to here.

The resilience of the Japanese people, despite 3/11, and a devastating typhoon season, is quite profound.

I recently spent a week meeting pharmaceutical, medical device, and pharmaceutical services companies in Tokyo and Osaka with my colleagues at IBS Yamaichi.

Despite this year's stock market slump, many Japanese companies have built up large cash reserves, which have grown larger in dollar terms as the yen has appreciated.

Japanese Healthcare Industry Warchest Aggregate Cash on Balance Sheets of all Companies Listed in Table Below



Exchange rate on Oct. 19, 2011 was \$1.00 = ¥76.79

Given the maturity and relatively low growth rates of the Japanese economy, the message I heard repeatedly was the strong interest of Japanese companies in overseas M&A. Japanese firms want to build their own businesses in developing countries in Asia, through organic efforts and bolt-on acquisitions, but many are also prepared to utilize their cash to make larger, strategic platform acquisitions in North America and Europe.

My colleagues at IBS Yamaichi believe this interest in overseas M&A is not a temporary blip but rather a longer-term trend. They believe this is not driven by a stock market or financial boom, but is a strategic and structural trend by which even Japanese small and mid-market companies are considering expansion by overseas M&A.

There is also a strong interest in acquiring or in-licensing technologies that can be shepherded through the Japanese approval process and commercialized in their domestic market.

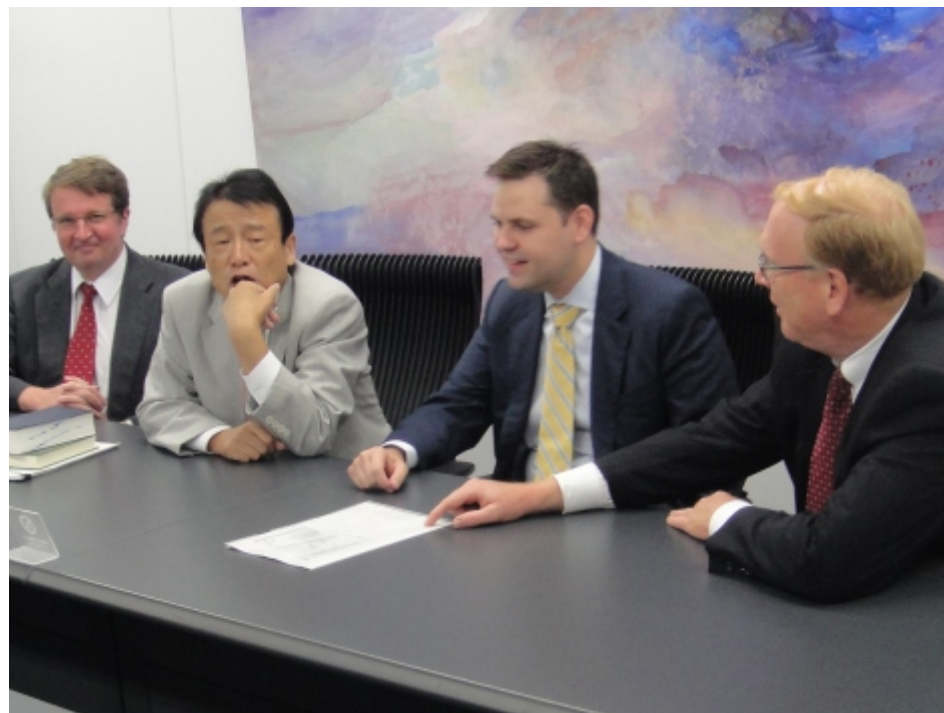
Through our close affiliation with IBS Yamaichi, an independent, Tokyo-based investment bank founded in 2004 and focused on the Japanese mid-market sector, Brocair has deep expertise and transaction capabilities in Japan.

Japan is the world's third largest economy, and should be a component of every firm's global strategy. We would love to discuss with you how Japan can be an opportunity for your business, either as a source of financing or a part of your M&A plan.

Below are some metrics on the Japanese healthcare market, and recent transactions in the industry. If there is anything we at Brocair can do to assist you with your mergers and acquisitions efforts in Japan, please do not hesitate to call us.

Gregg Blake

Managing Partner
Brocair Partners, LLC
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Brocair managing partner Gregg Blake, second from right, with colleagues from IBS Yamaichi (from left, Pekka Laitinen, Director, Tachikawa Masahito, Chairman and CEO, and Owen Hultman, General Manager), during recent meetings in Tokyo.

Publicly Traded Japanese Healthcare Companies
>\$100M Enterprise Value

Pharmaceuticals

Company	Ticker	City	Price*	52-Week		EV*	Net Debt	Market Cap	EV/Sales			EV/EBITDA			FYE
				High	Low				FY2010	FY2011	LTM	FY2010	FY2011	LTM	
Alfresa Holdings Corp.	TSE:2784	Tokyo	¥ 3 150.0	¥ 3 830.0	¥ 2 445.0	\$ 845.5	\$ (1 309.0)	\$ 2 102.9	0.1x	N/A	N/A	4.9x	1.8x	5.0x	31-Mar
ASKA Pharmaceutical Co.Ltd.	TSE:4514	Tokyo	¥ 620.0	¥ 820.0	¥ 475.0	\$ 130.9	\$ (96.7)	\$ 227.6	0.3x	0.3x	0.2x	4.8x	2.3x	1.3x	31-Mar
Astellas Pharma, Inc.	TSE:4503	Tokyo	¥ 2 875.0	¥ 3 345.0	¥ 2 700.0	\$ 14 675.0	\$ (2 631.5)	\$ 17 306.6	1.1x	1.3x	1.2x	4.5x	6.8x	6.5x	31-Mar
Biofermin Pharmaceutical Co. Ltd.	OSE:4517	Kobe	¥ 1 514.0	¥ 1 689.0	¥ 1 370.0	\$ 145.9	\$ (89.9)	\$ 235.7	1.7x	N/A	1.3x	5.3x	N/A	4.0x	31-Mar
Chugai Pharmaceutical Co. Ltd.	TSE:4519	Tokyo	¥ 1 258.0	¥ 1 628.0	¥ 1 232.0	\$ 6 854.3	\$ (2 085.9)	\$ 8 923.3	1.8x	N/A	1.5x	8.1x	N/A	6.1x	31-Dec
Daiichi Sankyo Company, Limited	TSE:4568	Tokyo	¥ 1 602.0	¥ 1 880.0	¥ 1 425.0	\$ 14 708.3	\$ (608.0)	\$ 14 698.5	1.3x	1.1x	1.3x	8.0x	6.2x	7.5x	31-Mar
Dainippon Sumitomo Pharma Co., Ltd.	TSE:4506	Osaka	¥ 876.0	¥ 876.0	¥ 601.0	\$ 5 041.1	\$ 504.5	\$ 4 536.6	1.6x	1.0x	1.1x	8.5x	4.9x	5.5x	31-Mar
Daito Pharmaceutical Co., Ltd.	TSE:4577	Toyama	¥ 1 345.0	¥ 1 599.0	¥ 615.0	\$ 283.7	\$ 126.6	\$ 157.0	1.0x	0.9x	0.9x	6.6x	5.3x	5.7x	31-May
Eisai Co. Ltd.	TSE:4523	Tokyo	¥ 3 090.0	¥ 3 300.0	¥ 2 743.0	\$ 14 237.7	\$ 2 694.7	\$ 11 477.3	1.5x	1.4x	1.6x	7.3x	6.5x	7.5x	31-Mar
Fuji Pharma Co., Ltd.	JASDAQ:4554	Tokyo	¥ 1 296.0	¥ 1 653.0	¥ 1 120.0	\$ 209.1	\$ (30.8)	\$ 239.9	0.9x	N/A	0.8x	4.1x	N/A	4.0x	30-Sep
Fuso Pharmaceutical Industries Ltd.	TSE:4538	Osaka	¥ 215.0	¥ 263.0	¥ 182.0	\$ 352.2	\$ 98.4	\$ 253.8	0.9x	0.7x	0.6x	15.9x	7.4x	7.3x	31-Mar
Hisamitsu Pharmaceutical Co. Inc.	TSE:4530	Tosu	¥ 3 510.0	¥ 3 760.0	¥ 2 685.0	\$ 3 745.3	\$ (187.2)	\$ 3 919.5	2.2x	1.9x	2.2x	7.8x	7.5x	8.7x	28-Feb
Iwaki & Co. Ltd.	TSE:8095	Tokyo	¥ 204.0	¥ 229.0	¥ 133.0	\$ 99.5	\$ 9.6	\$ 89.9	0.2x	N/A	0.1x	8.1x	N/A	4.3x	30-Nov
JCR Pharmaceuticals Co., Ltd.	OSE:4552	Ashiya	¥ 713.0	¥ 1 150.0	¥ 637.0	\$ 275.6	\$ (24.5)	\$ 300.1	2.3x	2.0x	1.6x	12.2x	12.0x	13.6x	31-Mar
Kaken Pharmaceutical Co. Ltd.	TSE:4521	Tokyo	¥ 1 009.0	¥ 1 185.0	¥ 827.0	\$ 1 108.9	\$ (81.1)	\$ 1 190.0	0.8x	1.0x	1.0x	5.1x	5.1x	5.3x	31-Mar
Kissei Pharmaceutical Co. Ltd.	TSE:4547	Matsumoto	¥ 1 574.0	¥ 1 713.0	¥ 1 165.0	\$ 517.9	\$ (573.6)	\$ 1 089.2	1.0x	0.7x	0.7x	6.5x	4.6x	4.7x	31-Mar
Kobayashi Pharmaceutical Co. Ltd.	TSE:4967	Osaka	¥ 4 040.0	¥ 4 230.0	¥ 3 215.0	\$ 1 641.9	\$ (514.6)	\$ 2 156.3	1.0x	0.9x	1.0x	5.9x	5.3x	5.6x	31-Mar
KYORIN Holdings, Inc.	TSE:4569	Tokyo	¥ 1 502.0	¥ 1 692.0	¥ 1 220.0	\$ 1 146.0	\$ (317.0)	\$ 1 463.0	0.9x	0.8x	0.9x	5.3x	4.5x	4.4x	31-Mar
Kyowa Hakko Kirin Co., Ltd.	TSE:4151	Tokyo	¥ 893.0	¥ 910.0	¥ 628.0	\$ 6 296.9	\$ (346.8)	\$ 6 632.5	1.1x	N/A	1.3x	5.9x	N/A	5.9x	31-Dec
MediPal Holdings Corporation	TSE:7459	Tokyo	¥ 761.0	¥ 996.0	¥ 573.0	\$ 1 548.1	\$ (1 309.1)	\$ 2 333.4	0.1x	N/A	N/A	6.4x	3.8x	5.9x	31-Mar
Mitsubishi Chemical Holdings Corp.	TSE:4188	Tokyo	¥ 490.0	¥ 649.0	¥ 404.0	\$ 26 680.1	\$ 12 824.1	\$ 9 416.2	0.7x	0.7x	0.7x	8.8x	5.6x	5.6x	31-Mar
Mitsubishi Tanabe Pharma Corp.	TSE:4508	Osaka	¥ 1 425.0	¥ 1 462.0	¥ 1 048.0	\$ 9 757.0	\$ (737.7)	\$ 10 421.2	1.5x	1.5x	2.0x	7.4x	6.3x	8.2x	31-Mar
Mochida Pharmaceutical Co. Ltd.	TSE:4534	Tokyo	¥ 864.0	¥ 990.0	¥ 783.0	\$ 806.3	\$ (408.1)	\$ 1 214.4	0.9x	1.0x	0.8x	4.3x	5.3x	5.4x	31-Mar
Nichi-iko Pharmaceutical Co. Ltd.	TSE:4541	Toyama	¥ 1 942.0	¥ 2 288.0	¥ 1 875.0	\$ 1 084.4	\$ 61.4	\$ 1 023.0	N/A	N/A	1.3x	N/A	N/A	8.1x	30-Nov
Nippon Chemical Industrial Co. Ltd.	TSE:4092	Tokyo	¥ 137.0	¥ 253.0	¥ 115.0	\$ 277.4	\$ 120.1	\$ 157.1	0.8x	0.7x	0.6x	9.4x	5.5x	4.8x	31-Mar
Nippon Chemiphar Co., Ltd.	TSE:4539	Tokyo	¥ 307.0	¥ 330.0	¥ 193.0	\$ 253.4	\$ 85.1	\$ 168.4	0.8x	0.7x	0.7x	13.0x	6.7x	6.2x	31-Mar
Nippon Kayaku Co. Ltd.	TSE:4272	Tokyo	¥ 786.0	¥ 902.0	¥ 599.0	\$ 1 744.7	\$ (219.9)	\$ 1 857.6	1.0x	0.9x	0.9x	5.2x	4.4x	4.4x	31-May
Nippon Shinyaku Co. Ltd.	TSE:4516	Kyoto	¥ 934.0	¥ 1 210.0	¥ 706.0	\$ 570.5	\$ (253.5)	\$ 821.8	0.9x	0.9x	0.7x	6.1x	6.8x	5.6x	31-Mar
OncoTherapy Science Inc.	TSE:4564	Kawasaki	¥ 130 500.0	¥ 211 500.0	¥ 113 900.0	\$ 248.7	\$ (107.5)	\$ 355.7	5.6x	5.0x	3.7x	65.4x	70.1x	118.4x	31-Mar
Ono Pharmaceutical Co. Ltd.	OSE:4528	Osaka	¥ 4 430.0	¥ 4 670.0	¥ 3 295.0	\$ 4 682.7	\$ (1 488.3)	\$ 6 121.9	2.5x	2.4x	2.7x	8.0x	8.6x	9.8x	31-Mar
Otsuka Holdings Co., Ltd.	TSE:4578	Tokyo	¥ 2 102.0	¥ 2 252.0	¥ 1 737.0	\$ 9 853.4	\$ (5 601.7)	\$ 15 283.7	N/A	0.7x	0.7x	N/A	4.7x	4.5x	31-Mar
Rohto Pharmaceutical Co. Ltd.	TSE:4527	Osaka	¥ 981.0	¥ 1 037.0	¥ 735.0	\$ 1 418.3	\$ (88.5)	\$ 1 503.6	1.1x	0.9x	1.0x	6.7x	5.7x	6.2x	31-Mar
Santen Pharmaceutical Co. Ltd.	TSE:4536	Osaka	¥ 3 195.0	¥ 3 440.0	¥ 2 699.0	\$ 2 690.9	\$ (937.2)	\$ 3 628.1	1.6x	2.0x	1.9x	5.5x	6.4x	6.2x	31-Mar
Sawai Pharmaceutical Co. Ltd.	TSE:4555	Osaka	¥ 7 880.0	¥ 8 650.0	¥ 5 840.0	\$ 1 793.1	\$ 168.0	\$ 1 625.0	2.1x	2.0x	2.3x	9.2x	7.7x	8.7x	31-Mar
Shionogi & Co. Ltd.	TSE:4507	Osaka	¥ 1 124.0	¥ 1 640.0	¥ 1 120.0	\$ 4 780.2	\$ (126.3)	\$ 4 906.5	2.3x	1.7x	1.4x	8.6x	7.2x	5.6x	31-Mar
Sosei Co. Ltd.	TSE:4565	Tokyo	¥ 150 500.0	¥ 174 800.0	¥ 65 000.0	\$ 214.2	\$ (17.9)	\$ 232.1	11.3x	13.8x	65.2x	N/A	N/A	N/A	31-Mar
Sugi Holdings Co. Ltd.	TSE:7649	Anjo	¥ 2 120.0	¥ 2 249.0	¥ 1 597.0	\$ 1 103.4	\$ (646.2)	\$ 1 749.7	0.4x	0.3x	0.3x	8.2x	5.2x	4.1x	28-Feb
Takara Bio Inc.	TSE:4974	Otsu	¥ 413.0	¥ 621.3	¥ 395.0	\$ 369.5	\$ (239.0)	\$ 607.8	2.2x	2.4x	1.6x	17.9x	16.2x	11.0x	31-Mar
Takeda Pharmaceutical Company Ltd.	TSE:4502	Osaka	¥ 3 635.0	¥ 4 115.0	¥ 3 550.0	\$ 27 804.6	\$ (10 156.5)	\$ 37 401.9	1.7x	1.7x	1.6x	4.6x	5.0x	4.6x	31-Mar

*Pricing as of October 12, 2011

Pharmaceuticals (cont.)

Company	Ticker	City	Price*	52-Week		EV*	Net Debt	Market Cap	EV/Sales			EV/EBITDA			FYE
				High	Low				FY2010	FY2011	LTM	FY2010	FY2011	LTM	
Toho Holdings Co., Ltd.	TSE:8129	Tokyo	¥ 961.0	¥ 1 243.0	¥ 702.0	\$ 978.8	\$ (0.4)	\$ 979.2	0.1x	0.1x	0.1x	5.0x	6.5x	9.4x	31-Mar
Torii Pharmaceutical Co., Ltd.	TSE:4551	Tokyo	¥ 1 560.0	¥ 1 835.0	¥ 1 325.0	\$ 229.2	\$ (346.3)	\$ 575.5	0.8x	N/A	0.4x	4.8x	N/A	2.9x	31-Mar
Towa Pharmaceutical Co. Ltd.	TSE:4553	Osaka	¥ 3 510.0	¥ 4 920.0	¥ 3 270.0	\$ 800.9	\$ 15.5	\$ 785.4	2.0x	1.5x	1.4x	8.1x	6.0x	5.2x	31-Mar
Tsumura & Co.	TSE:4540	Tokyo	¥ 2 330.0	¥ 2 719.0	¥ 2 025.0	\$ 2 244.8	\$ 86.2	\$ 2 141.9	2.2x	2.1x	1.9x	9.2x	7.8x	7.0x	31-Mar
Vital KSK Holdings Inc.	TSE:3151	Tokyo	¥ 606.0	¥ 760.0	¥ 491.0	\$ 218.5	\$ (253.3)	\$ 468.1	N/A	N/A	N/A	3.1x	7.9x	19.6x	31-Mar
Zeria Pharmaceutical Co., Ltd.	TSE:4559	Tokyo	¥ 1 280.0	¥ 1 328.0	¥ 775.0	\$ 1 066.2	\$ 374.9	\$ 689.9	1.4x	1.5x	1.7x	17.5x	12.0x	12.0x	31-Mar

Medical Devices & Supplies

Company	Ticker	City	Price*	52-Week		EV*	Net Debt	Market Cap	EV/Sales			EV/EBITDA			FYE
				High	Low				FY2010	FY2011	LTM	FY2010	FY2011	LTM	
A&D Co. Ltd.	TSE:7745	Tokyo	¥ 260.0	¥ 426.0	¥ 200.0	\$ 237.8	\$ 168.8	\$ 68.5	0.8x	0.6x	0.6x	47.6x	9.0x	9.1x	31-Mar
As One Corp.	TSE:7476	Osaka	¥ 1 563.0	¥ 1 990.0	¥ 1 376.0	\$ 306.7	\$ (83.7)	\$ 390.4	0.4x	0.6x	0.5x	3.8x	4.7x	4.3x	31-Mar
Asahi Intecc Co. Ltd.	JASDAQ:7747	Nagoya	¥ 1 963.0	¥ 2 278.0	¥ 1 185.0	\$ 401.2	\$ (4.5)	\$ 405.6	1.6x	1.8x	2.0x	6.5x	6.8x	7.6x	30-Jun
Canon Inc.	TSE:7751	Tokyo	¥ 3 480.0	¥ 4 335.0	¥ 3 270.0	\$ 45 930.8	\$ (11 270.8)	\$ 55 148.0	1.2x	N/A	1.0x	6.9x	N/A	5.9x	31-Dec
Eiken Chemical Co. Ltd.	TSE:4549	Tokyo	¥ 1 010.0	¥ 1 117.0	¥ 754.0	\$ 207.5	\$ (31.7)	\$ 239.1	0.4x	0.5x	0.6x	4.2x	4.1x	4.7x	31-Mar
Fukuda Denshi Co. Ltd.	JASDAQ:6960	Tokyo	¥ 2 280.0	¥ 2 790.0	¥ 1 985.0	\$ 205.5	\$ (305.5)	\$ 511.1	0.2x	0.2x	0.2x	1.1x	1.5x	1.2x	31-Mar
Goodman Co. Ltd.	JASDAQ:7535	Nagoya	¥ 295.0	¥ 469.0	¥ 251.0	\$ 212.8	\$ 171.0	\$ 41.8	1.7x	1.3x	1.2x	11.1x	7.9x	7.5x	30-Jun
Hamamatsu Photonics k.k.	TSE:6965	Hamamatsu	¥ 3 130.0	¥ 3 595.0	¥ 2 562.0	\$ 2 536.7	\$ (752.8)	\$ 3 279.9	1.9x	N/A	2.0x	7.0x	N/A	6.9x	30-Sep
Hitachi Medical Corp.	TSE:6910	Tokyo	¥ 922.0	¥ 1 300.0	¥ 510.0	\$ 573.0	\$ 95.0	\$ 470.8	0.2x	0.3x	0.4x	4.3x	4.3x	6.2x	31-Mar
Hogy Medical Co. Ltd.	TSE:3593	Tokyo	¥ 3 510.0	¥ 4 080.0	¥ 3 035.0	\$ 494.7	\$ (225.0)	\$ 719.7	1.7x	1.3x	1.3x	5.2x	3.7x	3.6x	31-Mar
Hoya Corp.	TSE:7741	Tokyo	¥ 1 786.0	¥ 2 077.0	¥ 1 550.0	\$ 8 911.4	\$ (1 141.0)	\$ 10 043.1	2.6x	1.7x	1.8x	11.4x	7.7x	7.8x	31-Mar
Jeol Ltd.	TSE:6951	Tokyo	¥ 209.0	¥ 317.0	¥ 180.0	\$ 531.7	\$ 315.5	\$ 213.3	0.8x	0.7x	0.6x	17.1x	12.2x	9.0x	31-Mar
JMS Co. Ltd.	TSE:7702	Hiroshima	¥ 263.0	¥ 306.0	¥ 200.0	\$ 175.5	\$ 26.9	\$ 148.0	0.5x	0.3x	0.3x	4.4x	3.6x	3.3x	31-Mar
Mani, Inc.	JASDAQ:7730	Utsunomiya	¥ 2 700.0	¥ 3 170.0	¥ 2 400.0	\$ 330.6	\$ (72.3)	\$ 402.9	3.0x	N/A	2.9x	6.6x	N/A	6.5x	31-Aug
Medius Holdings Co., Ltd.	JASDAQ:3154	Tokyo	¥ 1 369.0	¥ 1 462.0	¥ 993.3	\$ 111.3	\$ 59.2	\$ 52.1	N/A	0.1x	0.1x	0.9x	6.6x	7.4x	30-Jun
Minebea Co. Ltd.	TSE:6479	Tokyo	¥ 253.0	¥ 540.0	¥ 235.0	\$ 2 615.8	\$ 1 345.9	\$ 1 245.9	1.4x	1.1x	0.8x	9.4x	6.5x	5.2x	31-Mar
Nagaiben Co., Ltd.	TSE:7447	Tokyo	¥ 1 167.0	¥ 1 224.5	¥ 732.5	\$ 317.4	\$ (206.5)	\$ 524.0	1.4x	1.8x	1.7x	4.8x	5.8x	5.2x	31-Aug
Nakanishi Inc.	JASDAQ:7716	Kanuma	¥ 7 070.0	¥ 9 300.0	¥ 6 200.0	\$ 380.7	\$ (174.8)	\$ 554.3	1.8x	N/A	1.4x	4.9x	N/A	3.9x	31-Dec
Nihon Kohden Corp.	TSE:6849	Tokyo	¥ 1 938.0	¥ 2 224.0	¥ 1 212.0	\$ 906.5	\$ (203.7)	\$ 1 109.8	0.6x	0.6x	0.6x	5.3x	4.8x	5.5x	31-Mar
Nikkiso Co. Ltd.	TSE:6376	Tokyo	¥ 644.0	¥ 794.0	¥ 479.0	\$ 1 050.9	\$ 372.5	\$ 665.4	1.2x	1.1x	1.0x	9.9x	9.2x	8.8x	31-Mar
Nipro Corporation	TSE:8086	Osaka	¥ 725.0	¥ 886.0	¥ 658.5	\$ 3 919.1	\$ 2 678.7	\$ 1 198.7	1.4x	1.4x	1.6x	6.8x	6.8x	7.9x	31-Mar
Olympus Corporation	TSE:7733	Tokyo	¥ 2 416.0	¥ 2 835.0	¥ 1 974.0	\$ 13 833.8	\$ 5 389.9	\$ 8 405.4	1.4x	1.3x	1.3x	10.7x	12.9x	14.1x	31-Mar
Omron Corp.	OSE:6645	Kyoto	¥ 1 462.0	¥ 2 418.0	¥ 1 381.0	\$ 3 788.5	\$ (417.6)	\$ 4 194.1	0.9x	0.8x	0.5x	12.0x	7.0x	4.3x	31-Mar
Rion Co. Ltd.	TSE:6823	Tokyo	¥ 524.0	¥ 632.0	¥ 452.0	\$ 100.9	\$ 29.4	\$ 71.5	0.5x	0.5x	0.5x	5.8x	4.5x	3.9x	31-Mar
Seed Co. Ltd.	JASDAQ:7743	Tokyo	¥ 277.0	¥ 399.0	¥ 245.0	\$ 99.5	\$ 71.7	\$ 27.8	0.9x	0.7x	0.7x	8.1x	7.3x	6.7x	31-Mar
Shimadzu Corp.	TSE:7701	Kyoto	¥ 666.0	¥ 785.0	¥ 555.0	\$ 2 540.4	\$ (23.4)	\$ 2 560.9	1.0x	0.9x	0.8x	12.6x	9.1x	7.7x	31-Mar
Ship Healthcare Holdings, Inc.	TSE:3360	Osaka	¥ 1 891.0	¥ 1 984.0	¥ 696.0	\$ 1 060.5	\$ 38.7	\$ 1 016.9	0.3x	0.3x	0.5x	5.1x	5.3x	7.4x	31-Mar
Sysmex Corp.	TSE:6869	Kobe	¥ 2 573.0	¥ 3 065.0	¥ 2 350.0	\$ 3 270.2	\$ (177.4)	\$ 3 446.3	2.3x	2.3x	2.1x	11.6x	11.1x	10.3x	31-Mar
Terumo Corporation	TSE:4543	Tokyo	¥ 4 045.0	¥ 4 745.0	¥ 3 710.0	\$ 11 722.9	\$ 1 708.5	\$ 10 011.3	2.8x	2.3x	2.8x	10.7x	9.2x	11.1x	31-Mar

*Pricing as of October 12, 2011

Healthcare Business Services

Company	Ticker	City	Price*	52-Week		EV*	Net Debt	Market Cap	EV/Sales			EV/EBITDA			FYE
				High	Low				FY2010	FY2011	LTM	FY2010	FY2011	LTM	
BML Inc.	TSE:4694	Tokyo	¥ 2 033.0	¥ 2 399.0	¥ 1 620.0	\$ 416.0	\$ (167.7)	\$ 562.6	0.5x	0.4x	0.4x	3.3x	2.9x	3.2x	31-Mar
CMIC Co. Ltd.	TSE:2309	Tokyo	¥ 1 311.0	¥ 1 562.5	¥ 940.5	\$ 335.1	\$ 23.6	\$ 310.8	0.7x	N/A	0.6x	5.3x	N/A	4.4x	30-Sep
EPS Co. Ltd.	TSE:4282	Tokyo	¥ 170 800.0	¥ 209 000.0	¥ 144 700.0	\$ 350.0	\$ (72.1)	\$ 398.1	1.1x	N/A	0.9x	6.8x	N/A	6.2x	30-Sep
Falco SD Holdings Co.Ltd.	TSE:4671	Kyoto	¥ 884.0	¥ 949.0	¥ 560.0	\$ 191.4	\$ 44.7	\$ 146.8	0.4x	0.2x	0.3x	4.1x	2.2x	3.4x	31-Mar
M3, Inc.	TSE:2413	Tokyo	¥ 367 000.0	¥ 394 000.0	¥ 175 000.0	\$ 2 413.3	\$ (107.1)	\$ 2 515.4	6.6x	8.5x	12.6x	15.2x	19.9x	28.4x	31-Mar
Medical System Network Co. Ltd.	TSE:4350	Sapporo	¥ 844.0	¥ 1 073.0	¥ 430.0	\$ 175.9	\$ 100.2	\$ 71.4	0.3x	N/A	0.3x	4.6x	N/A	4.6x	30-Sep
MIRACA Holdings Inc	TSE:4544	Tokyo	¥ 3 235.0	¥ 3 490.0	¥ 2 566.0	\$ 2 097.4	\$ (359.0)	\$ 2 456.4	0.9x	1.0x	1.0x	4.6x	5.0x	5.2x	31-Mar
Nichii Gakkan Co.	TSE:9792	Tokyo	¥ 841.0	¥ 885.0	¥ 545.0	\$ 981.5	\$ 221.3	\$ 757.0	0.3x	0.3x	0.3x	6.7x	4.8x	5.9x	31-Mar
Shin Nippon Biomedical Lab. Ltd.	TSE:2395	Tokyo	¥ 215.0	¥ 421.0	¥ 200.0	\$ 259.1	\$ 162.2	\$ 96.2	1.6x	1.4x	1.2x	13.4x	26.8x	22.6x	31-Mar
Teijin Ltd.	TSE:3401	Osaka	¥ 282.0	¥ 440.0	¥ 251.0	\$ 7 086.8	\$ 3 196.9	\$ 3 617.7	0.9x	0.8x	0.7x	9.0x	6.4x	5.3x	31-Mar
Tokai Corp.	TSE:9729	Gifu	¥ 1 733.0	¥ 1 870.0	¥ 1 461.0	\$ 334.9	\$ (70.2)	\$ 402.8	N/A	N/A	0.3x	N/A	N/A	2.8x	31-Mar

Patient & Elder Care

Company	Ticker	City	Price*	52-Week		EV*	Net Debt	Market Cap	EV/Sales			EV/EBITDA			FYE
				High	Low				FY2010	FY2011	LTM	FY2010	FY2011	LTM	
Create SD Holdings Co., Ltd.	TSE:3148	Yokohama	¥ 1 769.0	¥ 1 978.0	¥ 1 550.0	\$ 327.7	\$ (185.8)	\$ 513.6	0.2x	0.2x	0.2x	3.4x	3.0x	2.5x	31-May
Japan Care Service Group Corporation	JASDAQ:7566	Tokyo	¥ 225.0	¥ 495.0	¥ 218.0	\$ 101.6	\$ 77.1	\$ 24.2	0.5x	0.4x	0.4x	10.4x	9.9x	8.9x	31-Mar
Message Co. Ltd.	JASDAQ:2400	Okayama	¥ 258 700.0	¥ 289 500.0	¥ 185 000.0	\$ 673.1	\$ (6.0)	\$ 677.1	1.4x	1.4x	1.5x	8.2x	7.3x	7.6x	31-Mar
Tsukui Corp.	TSE:2398	Yokohama	¥ 958.0	¥ 1 183.0	¥ 813.0	\$ 407.5	\$ 218.8	\$ 188.7	N/A	N/A	0.8x	N/A	N/A	12.8x	31-Mar
Unimat Soyokaze Co.,Ltd.	JASDAQ:9707	Saitama	¥ 620.0	¥ 830.0	¥ 310.0	\$ 187.8	\$ 118.4	\$ 69.3	0.6x	0.5x	0.5x	7.9x	5.5x	5.7x	31-May

Drug Retail

Company	Ticker	City	Price*	52-Week		EV*	Net Debt	Market Cap	EV/Sales			EV/EBITDA			FYE
				High	Low				FY2010	FY2011	LTM	FY2010	FY2011	LTM	
AIN Pharmaciez, Inc.	TSE:9627	Sapporo	¥ 3 420.0	¥ 3 585.0	¥ 2 158.0	\$ 642.8	\$ (68.4)	\$ 710.6	0.4x	0.4x	0.4x	5.2x	4.9x	4.9x	30-Apr
Cawachi Ltd.	TSE:2664	Oyama	¥ 1 480.0	¥ 1 804.0	¥ 1 149.0	\$ 567.2	\$ 102.7	\$ 464.6	0.2x	0.2x	0.2x	4.2x	3.5x	3.3x	15-Mar
CFS Corp.	TSE:8229	Yokohama	¥ 345.0	¥ 497.0	¥ 312.0	\$ 162.2	\$ 6.3	\$ 155.9	0.1x	0.1x	0.1x	4.0x	4.8x	4.0x	20-Feb
cocokara fine Inc.	TSE:3098	Osaka	¥ 1 961.0	¥ 2 144.0	¥ 1 192.0	\$ 551.1	\$ (98.7)	\$ 649.7	0.1x	0.2x	0.2x	4.1x	4.2x	4.1x	31-Mar
COSMOS Pharmaceutical Corporation	TSE:3349	Fukuoka	¥ 3 775.0	¥ 4 060.0	¥ 2 368.0	\$ 833.8	\$ (140.4)	\$ 974.2	0.2x	0.3x	0.3x	4.0x	4.9x	5.5x	31-May
Genky Stores Inc.	TSE:2772	Sakai	¥ 1 720.0	¥ 2 755.0	¥ 995.0	\$ 122.1	\$ 45.1	\$ 77.0	0.2x	0.2x	0.2x	5.1x	4.5x	4.1x	20-Jun
Growell Holdings Co. Ltd.	TSE:3141	Tokyo	¥ 1 771.0	¥ 2 036.4	¥ 1 615.5	\$ 511.9	\$ 71.6	\$ 426.5	0.2x	N/A	0.2x	4.0x	N/A	2.7x	31-Aug
Kirindo Co Ltd	TSE:2660	Osaka	¥ 483.0	¥ 533.0	¥ 315.0	\$ 161.0	\$ 88.3	\$ 71.3	0.1x	0.1x	0.1x	5.3x	5.3x	3.7x	15-Feb
Lady Drug Store Co.,Ltd.	JASDAQ:3027	Matsuyama	¥ 145 500.0	¥ 161 000.0	¥ 122 000.0	\$ 144.1	\$ 103.7	\$ 40.3	0.2x	N/A	0.3x	8.2x	N/A	16.6x	31-Mar
Matsumotokiyoishi Holdings Co.Ltd.	TSE:3088	Matsudo	¥ 1 555.0	¥ 1 872.0	¥ 1 320.0	\$ 1 145.9	\$ 183.4	\$ 942.3	0.3x	0.2x	0.2x	5.7x	4.6x	4.3x	31-Mar
Nihon Chouzai Co. Ltd.	TSE:3341	Tokyo	¥ 2 911.0	¥ 3 515.0	¥ 2 120.0	\$ 582.9	\$ 311.3	\$ 271.6	0.4x	0.4x	0.4x	7.8x	6.1x	5.3x	31-Mar
Qol Co. Ltd.	JASDAQ:3034	Tokyo	¥ 64 700.0	¥ 77 900.0	¥ 32 600.0	\$ 240.9	\$ 32.1	\$ 208.7	0.2x	0.2x	0.3x	3.4x	2.9x	4.0x	31-Mar
Sapporo Drug Store Co. Ltd.	JASDAQ:2786	Sapporo	¥ 2 100.0	¥ 2 200.0	¥ 1 080.0	\$ 127.4	\$ 92.2	\$ 35.2	0.2x	0.2x	0.2x	7.7x	6.1x	7.3x	15-Feb
Sogo Medical Co. Ltd.	TSE:4775	Fukuoka	¥ 2 814.0	¥ 2 989.0	¥ 1 740.0	\$ 280.4	\$ 15.6	\$ 264.8	0.2x	0.2x	0.3x	3.3x	2.9x	3.4x	31-Mar
Sundrug Co., Ltd.	TSE:9989	Tokyo	¥ 2 399.0	¥ 2 588.0	¥ 1 670.0	\$ 1 835.1	\$ (135.6)	\$ 1 970.7	0.5x	0.4x	0.4x	7.2x	5.9x	6.0x	31-Mar
Tsuruha Holdings Inc.	TSE:3391	Sapporo	¥ 4 095.0	¥ 4 380.0	¥ 2 830.0	\$ 926.6	\$ (338.6)	\$ 1 265.2	0.2x	0.2x	0.2x	4.0x	3.7x	3.4x	15-May

*Pricing as of October 12, 2011

Other

Company	Ticker	City	Price*	52-Week		EV*	Net Debt	Market Cap	EV/Sales			EV/EBITDA			FYE
				High	Low				FY2010	FY2011	LTM	FY2010	FY2011	LTM	
Air Water Inc.	TSE:4088	Osaka	¥ 986.0	¥ 1 133.0	¥ 851.0	\$ 3 685.3	\$ 1 082.4	\$ 2 464.8	0.7x	0.6x	0.6x	6.8x	5.9x	5.7x	31-Mar
Ajinomoto Co., Inc.	TSE:2802	Tokyo	¥ 917.0	¥ 1 014.0	¥ 729.0	\$ 8 834.6	\$ 215.1	\$ 8 115.6	0.6x	0.5x	0.6x	6.2x	5.3x	5.9x	31-Mar
Asahi Kasei Corporation	TSE:3407	Tokyo	¥ 484.0	¥ 598.0	¥ 411.0	\$ 10 482.6	\$ 1 513.4	\$ 8 820.6	0.7x	0.6x	0.5x	6.5x	4.6x	4.0x	31-Mar
FANCL Corp.	TSE:4921	Yokohama	¥ 1 098.0	¥ 1 299.0	¥ 982.0	\$ 583.8	\$ (344.8)	\$ 928.6	0.8x	0.5x	0.5x	6.4x	4.9x	5.4x	31-Mar
HABA Laboratories Inc.	JASDAQ:4925	Tokyo	¥ 2 510.0	¥ 2 640.0	¥ 2 190.0	\$ 171.1	\$ 42.4	\$ 128.7	1.0x	1.0x	1.2x	8.9x	10.8x	12.1x	31-Mar
Itoham Foods Inc.	TSE:2284	Nishinomiya	¥ 279.0	¥ 345.0	¥ 251.0	\$ 825.8	\$ (58.2)	\$ 876.6	0.2x	0.2x	0.1x	10.6x	8.3x	6.8x	31-Mar
Japan Tissue Engineering Co., Ltd.	JASDAQ:7774	Gamagori	¥ 70 500.0	¥ 92 700.0	¥ 48 800.0	\$ 125.6	\$ (42.4)	\$ 168.0	33.3x	N/A	33.2x	N/A	N/A	N/A	31-Mar
Kao Corp.	TSE:4452	Tokyo	¥ 2 151.0	¥ 2 295.0	¥ 1 830.0	\$ 15 207.4	\$ 441.7	\$ 14 637.5	1.2x	1.0x	1.0x	7.7x	6.1x	6.5x	31-Mar
KOSE Corp.	TSE:4922	Tokyo	¥ 1 904.0	¥ 2 460.0	¥ 1 877.0	\$ 965.2	\$ (559.0)	\$ 1 440.6	0.5x	0.5x	0.5x	5.7x	4.4x	4.2x	31-Mar
Lion Corporation	TSE:4912	Tokyo	¥ 465.0	¥ 475.0	¥ 350.0	\$ 1 834.3	\$ 169.2	\$ 1 627.9	0.4x	N/A	0.5x	5.9x	N/A	6.3x	31-Dec
Meiji Holdings Co., Ltd.	TSE:2269	Tokyo	¥ 3 600.0	¥ 3 915.0	¥ 3 030.0	\$ 5 872.2	\$ 2 329.3	\$ 3 456.9	0.4x	0.4x	0.4x	6.8x	6.3x	7.1x	31-Mar
Nichirei Corp.	TSE:2871	Tokyo	¥ 360.0	¥ 398.0	¥ 280.0	\$ 2 533.6	\$ 1 082.3	\$ 1 421.0	0.5x	0.5x	0.5x	6.6x	6.5x	6.8x	31-Mar
Ohki Co., Ltd.	JASDAQ:8120	Tokyo	¥ 417.0	¥ 490.0	¥ 347.0	\$ 121.6	\$ 55.9	\$ 65.3	0.1x	0.1x	0.1x	6.9x	5.1x	7.7x	31-Mar
Pigeon Corp.	TSE:7956	Tokyo	¥ 2 989.0	¥ 3 195.0	¥ 2 048.0	\$ 760.3	\$ (26.2)	\$ 779.7	1.3x	0.8x	1.0x	11.1x	7.4x	8.5x	31-Jan
Riken Vitamin Co. Ltd.	TSE:4526	Tokyo	¥ 2 165.0	¥ 2 550.0	¥ 1 960.0	\$ 533.2	\$ (110.1)	\$ 639.5	0.7x	0.5x	0.6x	6.5x	4.6x	5.3x	31-Mar
Seikagaku Corp.	TSE:4548	Tokyo	¥ 860.0	¥ 1 095.0	¥ 680.0	\$ 468.4	\$ (168.4)	\$ 636.8	1.7x	1.9x	1.4x	5.9x	8.8x	6.2x	31-Mar
Shaklee Global Group Inc.	JASDAQ:8205	Tokyo	¥ 373.0	¥ 522.0	¥ 339.0	\$ 220.8	\$ 100.2	\$ 120.5	1.2x	0.9x	0.8x	4.9x	4.0x	3.7x	31-Mar
Shiseido Co. Ltd.	TSE:4911	Tokyo	¥ 1 478.0	¥ 1 818.0	¥ 1 320.0	\$ 9 087.8	\$ 1 266.0	\$ 7 666.5	1.2x	1.0x	1.1x	10.2x	8.8x	8.5x	31-Mar
Suzuken Co., Ltd.	TSE:9987	Nagoya	¥ 1 996.0	¥ 2 729.0	¥ 1 695.0	\$ 1 547.0	\$ (801.4)	\$ 2 345.5	0.1x	N/A	0.1x	8.1x	5.2x	12.1x	31-Mar

	EV/Sales			EV/EBITDA		
	2010	2011	LTM	2010	2011	LTM
Mean	1.4x	1.1x	1.8x	8.0x	7.1x	7.6x
Median	0.9x	0.7x	0.7x	6.6x	5.8x	5.9x
Max	33.3x	13.8x	65.2x	65.4x	70.1x	118.4x
Min	0.1x	0.1x	0.1x	0.9x	1.5x	1.2x

*Pricing as of October 12, 2011

Representative Japanese Healthcare Transactions (last 24 months)

Date Closed	Target	Acquirer	Transaction Value	Target Financial Information			Multiples	
				Enterprise Value*	Sales	EBITDA	EV/Sales	EV/EBITDA
—	Novagali Pharma S.A.	Santen Pharmaceutical Co. Ltd.	\$ 69.8	\$ 121.6	\$ 3.1	\$ (14.2)	39.6x	NM
2011.09.22	GABA Corporation	Nichii Gakkan Co.	\$ 132.0	\$ 85.1	\$ 98.7	\$ 15.6	0.9x	5.5x
2011.09.07	Oncolys BioPharma, Inc.	HUNUS Inc.	\$ 20.9	\$ 69.6	\$ 3.5	\$ N/A	20.0x	N/A
2011.08.17	C & O Pharmaceutical Technology Holdings Limited	Shionogi & Co. Ltd.	\$ 66.6	\$ 253.5	\$ 81.5	\$ 22.7	3.1x	11.1x
2011.08.01	Hoepharm Holdings Sdn Bhd	Taisho Pharmaceutical Co. Ltd.	\$ 122.1	\$ 122.1	\$ 25.2	\$ N/A	4.8x	N/A
2011.07.14	Taiyo Pharmaceutical Industry Co., Ltd.	Teva Pharmaceutical Industries Limited	\$ 934.0	\$ 934.0	\$ 530.0	\$ N/A	1.8x	N/A
2011.06.21	H+B Life Science Co., Ltd.	HABA Laboratories Inc.	\$ 0.6	\$ 0.6	\$ 34.2	\$ N/A	0.0x	N/A
2011.06.15	Vital Images, Inc.	Toshiba Medical Systems Corporation	\$ 269.7	\$ 151.3	\$ 59.8	\$ 1.6	2.5x	94.0x
2011.06.08	Elk Corp.	Canon Marketing Japan Inc.	\$ 77.8	\$ 29.7	\$ 267.1	\$ 3.8	0.1x	7.8x
2011.04.30	Katakura Industries Co. Ltd.	Sysmex Corp.	\$ 23.2	\$ 23.2	\$ 1.3	\$ N/A	18.1x	N/A
2011.04.21	ProStrakan Group plc	Kyowa Hakko Kirin Co., Ltd.	\$ 499.2	\$ 467.7	\$ 162.7	\$ 18.5	2.9x	25.3x
2011.04.14	CaridianBCT, Inc.	Terumo Corporation	\$ 2 625.0	\$ 2 625.0	\$ 524.0	\$ 182.0	5.0x	14.4x
2011.03.23	ITX Corp.	Olympus Corporation	\$ 35.6	\$ 802.0	\$ 2 726.7	\$ 97.7	0.3x	8.2x
2011.02.01	Nihonbico Corporation	LONG LIFE HOLDING Co., Ltd.	\$ 2.5	\$ 2.5	\$ 15.7	\$ N/A	0.2x	N/A
2011.02.01	Genzyme Diagnostics	Sekisui Medical Co., Ltd.	\$ 265.0	\$ 265.0	\$ 167.0	\$ N/A	1.6x	N/A
2011.01.27	Institute of Applied Medicine, Inc.	CMIC Co. Ltd.	\$ 4.7	\$ 27.2	\$ 30.0	\$ 8.1	0.9x	3.4x
2010.12.27	Aloka Co. Ltd. (nka:Hitachi Aloka Medical, Ltd.)	Hitachi Medical Corp.	\$ 331.9	\$ 226.6	\$ 570.6	\$ 47.9	0.4x	4.7x
2010.12.27	ITX Corp.	Olympus Corporation	\$ 49.3	\$ 798.1	\$ 2 864.0	\$ 107.2	0.3x	7.4x
2010.12.09	C & O Pharmaceutical Technology Holdings Limited	Sumitomo Corporation	\$ 73.3	\$ 230.4	\$ 84.2	\$ 26.6	2.7x	8.7x
2010.11.08	Tianjin Takeda Pharmaceuticals Co.,Ltd.	Takeda Pharmaceutical Company Limited	\$ 18.1	\$ 72.2	\$ 20.5	\$ N/A	3.5x	N/A
2010.09.30	Kyorinkai Inc. Medical Association	Medical Co.LTA	\$ 24.4	\$ 24.5	\$ 75.1	\$ N/A	0.3x	N/A
2010.08.26	SOCION Healthcare Management Co., Ltd.	Kirindo Co Ltd	\$ 7.1	\$ 13.7	\$ 20.1	\$ N/A	0.7x	N/A
2010.08.02	CMIC Co. Ltd.	Taiyo Pacific Partners, LP	\$ 12.0	\$ 272.9	\$ 384.8	\$ 54.9	0.7x	5.0x
2010.07.31	ITX Corp., Telecoms Service & Solution Business	Olympus Corporation	\$ 47.0	\$ 58.8	\$ 429.8	\$ N/A	0.1x	N/A
2010.06.30	Eurogentec S.A.	Kaneka Corporation	\$ 43.9	\$ 43.9	\$ 49.4	\$ N/A	0.9x	N/A
2010.06.17	Kawamura Cycle Co. Ltd.	Max Co. Ltd.	\$ 11.5	\$ 25.4	\$ 38.2	\$ 4.5	0.7x	5.7x
2010.05.31	JCR Pharmaceuticals Co., Ltd.	GlaxoSmithKline plc	\$ 43.7	\$ 345.2	\$ 148.0	\$ 28.2	2.3x	12.2x
2010.04.16	Aobado Co., Ltd.	Toho Holdings Co., Ltd.	\$ 9.7	\$ 9.7	\$ 15.7	\$ N/A	0.6x	N/A
2010.04.16	Kosei Co., Ltd.	Toho Holdings Co., Ltd.	\$ 3.1	\$ 3.1	\$ 7.6	\$ N/A	0.4x	N/A
2010.04.13	SSP Co. Ltd.	Boehringer Ingelheim Auslandsbeteiligungs GmbH	\$ 296.4	\$ 605.5	\$ 482.9	\$ 43.9	1.3x	13.8x
2010.03.26	JCR Pharmaceuticals Co., Ltd.	Glaxo Group Limited	\$ 11.0	\$ 236.7	\$ 148.3	\$ 28.3	1.6x	8.4x
2010.03.15	Medical Brain Co., Ltd.	Toho Holdings Co., Ltd.	\$ 5.4	\$ 5.4	\$ 17.7	\$ N/A	0.3x	N/A
2010.03.11	Home Diagnostics, Inc.	Nippon Corporation	\$ 221.8	\$ 199.7	\$ 121.3	\$ 12.1	1.6x	16.5x
2010.02.19	OPTOPOL Technology S.A.	Canon Inc.	\$ 54.7	\$ 90.0	\$ 25.4	\$ 3.1	3.5x	29.4x
2009.12.21	Medibic Co. Ltd.	Monster 9 Co.,Ltd.	\$ 5.5	\$ 10.0	\$ 3.6	\$ (8.0)	2.8x	NM
2009.12.08	Nihon Pharmaceutical Industry Co. Ltd	Nippon Chemiphar Co., Ltd.	\$ 18.1	\$ 36.2	\$ 34.5	\$ N/A	1.0x	N/A
2009.10.01	Cathex Co. Ltd.	Gadelius	\$ 11.0	\$ 11.0	\$ 30.9	\$ N/A	0.4x	N/A

Mean	3.5x	15.6x
Median	1.0x	8.5x
Max	39.6x	94.0x
Min	0.0x	3.4x

Representative transactions only include closed deals with publicly available sales data

Bolded companies headquartered in Japan

Source: Capital IQ and public filings

*Enterprise Value (EV) = market capitalization + net debt + minority interest

Brocair Partners LLC, based in New York, was formed in 2004 to provide mergers & acquisitions advisory services, equity and debt placement services, and strategic advice to middle-market public and private healthcare companies. Brocair Partners has advised a range of public and private companies across healthcare segments that include pharmaceuticals, medical devices, patient care, consumer health and nutrition, healthcare business services and information technology, and pharmaceutical ingredients and intermediates, both in the United States and worldwide. Outside North America, Brocair Partners collaborates on cross-border healthcare transactions with a constellation of key affiliates worldwide.

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