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News Release

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NIPPON CHEMIPHAR REACHES LICENSING AGREEMENT WITH VELCURA THERAPEUTICS[®], INC.

NC-2300 Key to Osteoporosis Drug Development

Nippon Chemiphar Co., Ltd. (President and CEO, Kazushiro Yamaguchi; Head Office, Tokyo; Capital, 4,304.5 million yen) concluded a licensing agreement on August 2, 2005, with Velcure Therapeutics[®], Inc. (Velcure), a U.S. biotech company focusing on developing drugs that stimulate bone formation. The License will allow Velcure to use the NC-2300 and related compounds to develop new therapies for osteoporosis. NC-2300 was originally developed as a compound for use in the treatment of rheumatoid arthritis.

Summary of Agreement

Velcure will use NC-2300 and other Chemiphar compounds to develop and then market drugs to treat bone diseases. Velcure shall have exclusive commercialization rights and sublicenses for markets around the world excluding Asia. Chemiphar will retain development and commercialization rights in Asia. Under the terms of the agreement, Chemiphar will become a Strategic Partner of Velcure receiving a position in the company, milestone payments, and revenue-based royalties.

Expected Application for NC-2300

During preclinical research, it was discovered that the Chemiphar-developed NC-2300 suppresses the bone loss by inhibition of osteoclast activity, and the loss of bone density. The NC-2300 compound is expected to be used for

osteoporosis and rheumatoid arthritis therapies.

Velcura's Development Plan

With Chemiphar's NC-2300 and related compounds, Velcura will develop new small-molecule therapeutic substances for osteoporosis and other bone diseases. This is a critical unmet need; osteoporosis is second only to cardiovascular disease as a world health problem, according to the World Health Organization. Velcura plans to begin clinical trials on this drug in 2006, as a possible therapy for osteoporosis.

"This is a unique therapy for osteoporosis," Michael W. Long, Ph.D., president and CEO of Velcura Therapeutics, Inc., explained, "Our new compound is important because it both inhibits bone loss and stimulates bone formation. We also can formulate it into a pill. A patient is more likely to take a pill; thus it is the best way to administer a drug needed for a long time as is to be expected in the treatment of a chronic bone disease such as osteoporosis," Dr. Long added.

In addition, Velcura's CEO said he believes that the drug can be formulated into a sustained-release form for treating people with bone fractures. The compound also might be used as a topical application to treat patients with gum disease, who have teeth loosened from the surrounding bone.

CHEMIPHAR'S DRUG DISCOVERY STRATEGY

With its depth of expertise in drug discovery, Chemiphar strategically focuses on scanning and identifying drug leads for further development. Chemiphar's current R&D is focused on analgesics, therapies for life-style diseases, and hyperuricemia, which has recently been recognized as a clinical conditions in Japan.

With a view to accelerating commercialization, Chemiphar is speeding up development and candidate screening of compounds it has discovered, while it is also vigorously licensing them overseas. With its venture-based drug research, Chemiphar is eagerly seeking licensing opportunities so that it

might more quickly bring pharmaceuticals to the global market.

About Velcura Therapeutics[®], Inc.

Velcura Therapeutics[®] is a U.S. biotech company focused on developing drugs that stimulate bone formation. Velcura grows human bone outside the body and analyzes this process to develop novel therapies for osteoporosis and other bone diseases. Velcura's scientists have used its rapid human-cell based platform technologies to identify the 1,250 genes in the human genome associated with new bone formation; they have consolidated industry knowledge to create a custom DNA microarray making it possible to more quickly identify drug leads for the development of bone disease therapies. Based in Ann Arbor, Mich., the company received \$3.3 million in funding from the Michigan Life Sciences Corridor in 2002 and more than \$3.8 million from the National Institutes of Health. For more information, visit www.velcura.com.

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For further information contact:

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