

ReproCell Surges 472 Percent Above IPO Price on First Day (1)
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(Updates with detail from second paragraph.)

By Anna Kitanaka and Satoshi Kawano

June 28 (Bloomberg) -- ReproCell Inc., a stem-cell medical research company, closed its trading debut today more than five times higher than its initial public offering price, the biggest jump for an IPO over \$10 million in Japan since 1999.

Shares of the biotechnology company traded at 18,300 yen at the close in Tokyo, 472 percent above its IPO price of 3,200 yen. The shares went untraded for two days after listing on Osaka's JASDAQ exchange on June 26 after buy offers outnumbered sell orders by as much as 10-to-1.

Founded in 2003, ReproCell was the first company licensed to generate induced pluripotent stem cells, or iPS cells, according to the company website. Kyoto University professor Shinya Yamanaka won a Nobel Prize for medicine in October after discovering a new way to transform ordinary skin cells into iPS cells. Riken, a state scientific research institute, said the cells have potential for treating cancer.

"Their business model is easy to monetize," said Gentoku Kiyokawa, Tokyo-based head of Japanese investment management at BNP Paribas Investment Partners, which oversees the equivalent of \$647 billion. "Investors optimistic about the medical industry as part of the country's growth strategy will continue to carefully choose which companies to invest in based on whether the company can profit on that or not."

Clinical Research Approval

The Japanese government approved the world's first clinical research using iPS cells on June 26, according to the Nikkei newspaper. Riken and the Foundation for Biomedical Research & Innovation won clearance from the Health Ministry and plan to use iPS cells for retinal regeneration, according to the report.

Health-care companies also surged this year after Prime Minister Shinzo Abe pledged to reform the Pharmaceutical Affairs Law to facilitate biotechnology research, including exploring stem cells that can be reprogrammed for use in tissue engineering and regenerative medicine.

ReproCell's trading debut is the largest surge after a Japanese IPO greater than \$10 million in value since Konami Computer Entertainment Studios Inc. soared 525 percent in September 1999. Konami Computer Entertainment was acquired in 2005 by Konami Corp.

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