Financial Results FY2011 for the year ended March 31, 2012

[Japan GAAP] (Non-consolidated)
Name of Company: NanoCarrier Co. Ltd.
Listed market: Mothers, TSE (Code Number: 4571)
URL: http://nanocarrier.co.jp

President and CEO:Ichiro Nakatomi

Scheduled annual shareholders' meeting: June 28, 2012 (Tokyo, Japan)

1. Financial Results of the year (April 1, 2011 - March 31, 2012)

(1) Profit and Loss:

(%:changes from the previous year)

	Net sales		Operating income		Net income	
	Million JPY	%	Million JPY	%	Million JPY	%
FY 2011(Year ended March, 2012)	346	310.7	-333	—	-398	—
FY 2010(Year ended March, 2011)	84	-28.4	-519	—	-555	—

(2) Asset and Liability/Equity

	Total assets	Net assets	Shareholders' Equity ratio
	Million JPY	Million JPY	%
FY2011	3,662	1,858	49.9
FY2010	2,037	1,848	90.7

Shareholders' equity: Year ended March, 2012; 1,828 million JPY

Year ended March, 2011; 1,847 million JPY

(3)Cash Flows

	Cash flows from operation	Cash flows from investment	Cash flows from financing	Ending balance of cash and cash equivalents
	Million JPY	Million JPY	Million JPY	Million JPY
FY2011	-293	-1,721	1,924	1,781
FY2010	-579	-4	1,449	1,872

3. Projections for FY2012 (April 1, 2012 - March 31, 2013)

(% changes from the previous year and year-on-year changes from the corresponding quarter of the previous year)

	Net sales		Operating income		Net income	
	Million JPY	%	Million JPY	%	Million JPY	%
1st Half (Cumulative)	69	-67.2	-529	—	-531	—
Full year	242	-30.1	-1,172	—	-1,192	—

Regarding the results for the year ended March 31, 2012 we have made progress in R&D activities with the net sale of 346 million JPY (310.7% increase from the previous year), and net loss of 398 million JPY, down from 555 million JPY of the previous year.

Report on business and R&D operations for the year ended March 31, 2012

<Development of major pipeline product , licensing and joint research>

NanoCarrier continued development of major pipeline products such as NC-6004 as well as licensing activities, which culminated in completing the out-licensing and co-development agreement on Epirubicin micelle (NC-6300: pH-sensitive) with Kowa Company, Ltd.(Nagoya,Japan) in September 2011. In March 2012 NanoCarrier entered into a joint research agreement with Eisai Co. Ltd.(Tokyo, Japan) to apply our core technology, Micellar Nanoparticle technology, to the pharmaceutical compounds owned by Eisai to evaluate the feasibility of the new drug development.

<Equity Finance>

The most significant achievement for the year is the successful equity finance of total 3.7 Billion JPY completed in March 2012, with the private placement of two convertible bonds (1.7 billion JPY) and equity warrant of 2 billion JPY, arranged by Whiz Partners Inc.(Tokyo, Japan) and two investment funds managed by Whiz Partners. Whiz Partners has a long history and experience on hands-on investment in bio-ventures from the early stage of its industry. Whiz Partner has a strategy goal of providing development money large enough to bring the drug development to the advanced stage for completion and success, which has a strategic fit with the long-term business plan by NanoCarrier to develop two major pipeline products (NC-6004 and NC-4016) by themselves. Both companies share the same strategic goals to become a global pharmaceutical bio-venture by making the best use of all the management resources available by the two companies. During the FY2011, NanoCarrier raised roughly two billion JPY by the equity finance through Whiz Partners and Kowa.

NanoCarrier is still in the middle of research and development stage of multiple biotechnology-based pharmaceutical products, which requires ample time and financial resources for completion. NanoCarrier strongly believes that the recent equity finance with Whiz partners will enable NanoCarrier to better plan, manage and control the drug development in order to maximize the economic values of the products under development.

(Product developments in major pipeline)

Paclitaxel micelle（NK105）:
Clinical trials have been performed for the area of mammary cancer, etc. in Japan by our licensee Nihon Kayaku Co., Ltd (Tokyo,Japan). The company is preparing for the Phase III clinical trial to start in 2012.

Cisplatin derivative micelle (NC-6004: Nanoplatin®):
NanoCarrier has been conducting Phase I/II clinical trial in patients with pancreatic cancer in Taiwan and Singapore in collaboration with our licensee Orient Europharma Co., Ltd.(Taiwan) for Asia (excluding Japan, China, etc.). The clinical trial entered into the Phase II part in July 2011 to confirm and validate the efficacy and safety of NC-6004. NanoCarrier is preparing for the clinical trial in Japan.

DACH-platin derivative micelle (NC-4016):
NanoCarrier is preparing for Phase I clinical trial to develop a plan for Phase II clinical trial. Along with the development activities, NanoCarrier continues to discuss with potential partnering companies in Japan and overseas.

Epirubicin micelle (NC-6300: pH-sensitive):
NanoCarrier entered into a out-license and co-development agreement on NC-6300 with Kowa in September 26, 2011. NC-6300 has been upgraded to be classified as one of the major pipeline products at NanoCarrier. In collaboration with Kowa, the co-development scheme was established to conduct the pre-clinical trial. The preparation for Phase I clinical trial to start in 2013 has been in progress

(Development of other products and compounds in early stage pipeline)
With respect to other pipeline products, joint researches and feasibility studies are being conducted not only for low molecular compounds but also for high molecular compounds such as siRNA and protein.
Joint research partners:
University of Kyoto, University of Tokyo, National Cancer Center Hospital, etc.

<Projections for FY 2012, ending March 2013 >
NanoCarrier's corporate goal is to become a global bio-venture specializing in new and innovative drug development.

For FY2012, NanoCarrier will use its corporate resources by prioritizing the product development among the multiple products in the pipeline, in accordance with its strategic and economic importance in order to maximize the company and shareholder value as quickly as possible. The followings are the important strategic goals for the business year;

1. Prioritize and concentrate available corporate resources to accelerate the development of the three important pipeline products (NC-6004、NC-4016 and NC-6300)
2. Promote business development activities (out-license etc.) to improve sales revenue and profitability
3. Expand innovative research programs for the development of new pipeline products to explore the commercialization of the leading-edge Micelle technology in the world as well as the wide-spread use of its core platform technology

To achieve above goals such as the acceleration of R&D activities, NanoCarrier has appropriated 10.35 billion JPY for R&D budget expenses (317.5% increase over the previous fiscal year FY2011). Net sales accounts only for the revenues expected from the existing contracts such as the with Kowa and its milestone payment. No other revenue is accounted for the planned budget and projections fro FY2012. If and when NanoCarrier enters into a new out-license and/or research/development agreement, the relevant revenue, if any, shall be accounted for accordingly.

The financial projections for the FY2012, ending March 2013, are as follows;
Net sales: 242 million JPY (30.1% decrease from FY2011))
Operating loss: 11.72 billion JPY (Loss of 333 million JPY for FY2011)
Net loss: 11.92 billion JPY (Net loss of 398 million JPY for FY2011).

Contact:
CFO, Director of Administration and General Manager of CEO Office
Takuma Nakatsuka Phone: 81-3-3548-0217