

July 30, 2009

Financial Results for the First Quarter of the Fiscal Year Ending March 31, 2010 (Non-consolidated)

Name of Company: NanoCarrier Co., Ltd.

Listed market: Mothers, TSE

Code number: 4571

URL: <http://www.nanocarrier.co.jp>

Representative: (Title) President and CEO

(Name) Ichiro Nakatomi

Contact: (Title) CFO and Director Administration

(Name) Tatsuo Nishiyama

Scheduled date to file Quarterly Report: July 30, 2009

Tel: 03-3548-0217

Scheduled date to commence dividend payment: -

(Rounded down to the nearest million yen)

1. Financial Results for the First Quarter of FY Ending March 2010 (April 1, 2009 – June 30, 2009)

(1) Results of operations (Cumulative) (Percentages represent year-on-year changes)

	Net sales		Operating income		Ordinary income		Net income	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
First quarter of FY ending March 2010	7	-	-158	-	-157	-	-157	-
First quarter of FY ended March 2009	0	-	-224	-	-223	-	-223	-

	Net income per share	Diluted net income per share
	Yen	Yen
First quarter of FY ending March 2010	-1,241.13	-
First quarter of FY ended March 2009	-1,814.02	-

(2) Financial position

	Total assets	Net assets	Shareholders' equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
First quarter of FY ending March 2010	1,351	1,300	96.2	10,233.96
FY ended March 2009	1,529	1,458	95.4	11,475.09

Reference: Shareholders' equity: First quarter of FY ending March 2010 ¥1,300 million

FY ended March 2009 ¥1,458 million

2. Dividends

(Recorded date)	Dividend per share (Yen)				
	End of 1Q	End of 2Q	End of 3Q	Year-end	Annual
FY ended March 2009	-	0.00	-	0.00	0.00
FY ending March 2010 (Forecast)	-	0.00	-	0.00	0.00

Note: Revision of the forecast in the first quarter of FY ending March 2010: No

3. Forecasts for FY Ending March 2010 (April 1, 2009 – March 31, 2010)

(Percentages represent year-on-year changes)

	Net sales		Operating income		Ordinary income		Net income		Net income per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
Second quarter (Cumulative)	127	-15.6	-282	-	-282	-	-284	-	-2,235.13
Full year	505	42.8	-253	-	-254	-	-257	-	-2,022.81

Note: Revision of the forecast in the first quarter of FY ending March 2010: No

- (1) Adoption of simplified method in accounting method and special accounting method for quarterly financial statements: Yes

Note: For details, please refer to p5 [Qualitative Information/Financial Statements] 4. Others

- (2) Changes in accounting principles, procedures, and presentation for quarterly financial statements (matters to be in the section, Changes in Basic Important Matters for Preparation of Quarterly Financial Statements)

1) Changes due to revision of accounting standards, etc. : None

2) Changes other than 1): None

- (3) Number of shares outstanding (Ordinary shares)

- 1) Number of shares outstanding as of the end of the period (including treasury shares)

First quarter of FY ending March 31, 2010 127,079 shares

FY ended March 31, 2009 127,079 shares

- 2) Number of treasury shares as of the end of the period

First quarter of FY ending March 31, 2010 -

FY ended March 31, 2009 -

- 3) Average number of shares during the period (Cumulative period)

First quarter of FY ending March 2010 127,079 shares

First quarter of FY ended March 2009 122,963 shares

* Statement regarding proper use of financial forecasts and other notes

- (1) Disclaimer regarding forward-looking information including appropriate use of forecasted financial results

The forecasts are based on information currently available and certain assumptions that the Company regards as reasonable. Actual performance and other results may differ considerably from these forecasted figures due to various factors.

- (2) The business performance forecast (Announced on May 14, 2009) has not been revised.

Qualitative Information/Financial Statements

1. Qualitative Information about Operating Results

During the 1st quarter under review, the Japanese economy has continued to undergo a severe situation after the global financial crisis, while some industries have shown signs of recovery.

In the midst of such an environment, our company has addressed an increase in the speed of major pipelines and early licensing-out of newly developed pipelines.

Among major pipelines, the Phase II clinical trial of Paclitaxel Micelle (NK105), an anti-cancer agent, which has been licensed-out to Nippon Kayaku Co., Ltd. is in progress by the company. As for NanoplatinTM (a cisplatin derivative micelle, hereafter “NanoplatinTM (NC-6004)”), we are engaged in the Phase I/II clinical trial in joint efforts with Orient Europharma Co., Ltd, to which we licensed-out for the Asian area. the Phase I clinical trial of DACH-Platin Micelle (NC-4016), which was licensed-out to Debiopharm S.A. in Switzerland is in progress, both in England and France. In addition, by the conclusion of an exclusive licensing agreement with the University of Tokyo and Todai TLO, Ltd., in May this year, concerning Cationic Polyamino Acids, we were able to enhance the possibility of practical application, through introduction of the new technology.

Net sales in the 1st quarter under review were 7,289 thousand yen (7,289.6% compared with the 1st quarter of the previous year), mainly coming from the revenue based on the supply of micelle to our partner for the evaluation study of the newly developed pipeline (due to the conclusion of a confidential agreement, we refrain from disclosing the company name). Operating loss was 158,071 thousand yen (operating loss of the 1st quarter of the previous year was 224,633 thousand yen), as a result of promotion with utmost reduction of R&D expenses. Ordinary loss was 157,116 thousand yen (ordinary loss of the 1st quarter of the previous year was 223,452 thousand yen). Net loss for the quarter was 157,721 thousand yen (net loss for the 1st quarter of the previous year was 223,057 thousand yen).

2. Qualitative Information about Financial Condition and Cash Flow

Total assets as of the end of the 1st quarter under review decreased by 177,734 thousand yen from the end of the previous year, to 1,351,593 thousand yen. This is mainly due to a decrease in cash and cash equivalents. Total liabilities decreased by 20,013 thousand yen from the end of the previous year, to 51,071 thousand yen. This is mainly due to a decrease in accrued income taxes. Total net assets decreased by 157,721 thousand yen from the end of the previous year, to 1,300,521 thousand yen. This is because of the decrease in retained earnings by the appropriation of net loss for the quarter.

With respect to cash flow, cash and cash equivalents (hereafter “cash”) as of the end of the 1st quarter under review decreased by 123,742 thousand yen (decreased by 266,428 thousand yen in the 1st quarter of the previous year) from the end of the previous year, to 1,245,259 thousand yen. A summary of the cash flow for the 1st quarter under review is shown below.

(Cash flow from operating activities)

Cash flow from operating activities decreased by 121,888 thousand yen (decreased by 265,428 thousand yen in the 1st quarter of the previous year) because of factors leading to a decrease in cash, including 157,116 thousand yen of net loss before income tax, mainly by expenditure of R&D expenses which accompanied the promotion of R&D, which exceeded the increasing factors, such as the decrease in trade receivable of 39,500 thousand yen.

(Cash flow from investing activities)

Cash flow from investing activities decreased by 1,854 thousand yen (decreased by 1,000 thousand yen in the 1st quarter of the previous year) due to the appropriation of expenditure for the acquisition of tangible fixed assets, for the purchase of research and analytical equipment, of 1,254 thousand yen.

(Cash flow from financing activities)

We did not engage in financing activities during the 1st quarter under review (It was the same in the 1st quarter of the previous year).

3. Qualitative Information about Prospects for the Next Period

With respect to the future prospects, we expect revenue from clinical trial drugs and others from our partners, in the 2nd quarter accounting period. We are also promoting the securement of new partners, with our basic policy of earlier licensing-out of newly developed pipelines.

While net sales remained at 7,289 thousand yen in the 1st quarter under review, we expect to attain forecasted net sales of 127,500 thousand yen in the 2nd quarter cumulative period, mainly contributed by the revenue from clinical trial drugs from our partners in major pipelines.

The business performance forecast for the full year has not been revised from the announcement on May 14, 2009, and we expect it will be in line with the forecast given on page 1.

4. Others

(1) Application of simple accounting procedures and unique accounting procedures peculiar to preparation of quarterly financial statements.

1) Simple accounting procedures

Regarding the evaluation method of inventory assets, we omitted physical stocktaking in counting inventories as of the end of the first quarter under review, relying instead on a practical method of measurement based on the actual physical stocktaking as of the end of the previous fiscal year.

2) Unique accounting procedures peculiar to preparation of quarterly financial statements

There is no corresponding item.

(2) Change in principle, procedure and method of the statement of accounting procedures in preparation of quarterly financial statements

There is no corresponding item.

5. Quarterly Financial Statements

(1) Balance Sheets

(Thousands of yen)

	First quarter of FY2010 (As of June 30, 2009)	FY ended March 31, 2009 (As of March 31, 2009)
< Assets >		
Current asset		
Cash and deposit	790,884	914,865
Accounts receivable	3,777	43,277
Securities	454,375	454,136
Materials	9,768	11,431
Others	17,032	26,044
Total current assets	1,275,837	1,449,755
Fixed assets		
Tangible fixed assets	27,478	29,217
Intangible fixed assets	36,865	38,225
Investments and other assets	11,411	12,128
Total fixed assets	75,755	79,572
Total assets	1,351,593	1,529,327
< Liabilities >		
Current liabilities		
Accounts payable	2,944	8,537
Accrued income taxes	3,327	7,954
Others	44,800	54,593
Total current liabilities	51,071	71,085
Total liabilities	51,071	71,085
< Net Assets >		
Shareholders' equity		
Capital stock	2,667,589	2,667,589
Additional paid-in-capital	2,648,802	2,648,802
Retained earnings	-4,015,870	-3,858,149
Total shareholders' equity	1,300,521	1,458,242
Total net assets	1,300,521	1,458,242
< Total Liabilities and Net Assets >	1,351,593	1,529,327

(2) Statements of Income

(The first quarter cumulative period)

(Thousands of yen)

	First quarter of FY 2009 (From April 1, 2008 to June 30, 2008)	First quarter of FY 2010 (From April 1, 2009 to June 30, 2009)
Sales	100	7,289
Cost of goods sold	337	14,166
Gross loss on sales(-)	-237	-6,876
Selling and general administrative expenses	224,395	151,195
Operating loss(-)	-224,633	-158,071
Non-operating income		
Interest income	2,211	1,080
Others	48	56
Total non-operating income	2,259	1,137
Non-operating expense		
Foreign exchange loss	1,078	181
Total non-operating expense	1,078	181
Ordinary loss(-)	-223,452	-157,116
Extraordinary gain		
Gain on sale of fixed assets	1,000	-
Total extraordinary gain	1,000	-
Net loss before income taxes(-)	-222,452	-157,116
Income taxes	605	605
Total income taxes	605	605
Net loss for the period(-)	-223,057	-157,721

(3) Statements of Cash Flows

(Thousands of yen)

	For first quarter cumulative period of FY 2009 (From April 1, 2008 to June 30, 2008)	For first quarter cumulative period of FY 2010 (From April 1, 2009 to June 30, 2009)
Cash flow from operating activities		
Net loss before taxes	-222,452	-157,116
Depreciation and amortization	3,870	3,980
Interest and dividends received	-2,211	-1,080
Change in trade receivables (increase: -)	313	39,500
Change in inventory (increase: -)	-70,647	1,663
Change in accrued consumption taxes (increase: -)	-5,926	9,708
Change in prepaid expense (increase: -)	35,483	-42
Change in accounts payable (decrease: -)	268	-5,593
Change in accrued payable (decrease: -)	18,317	-5,835
Change in accrued expense (decrease: -)	-4,635	-4,395
Change in deposit (decrease: -)	-11,518	1,692
Others	-6,081	-3,031
Sub-total	-265,219	-120,549
Interest and dividends received	2,211	1,080
Income taxes paid	-2,420	-2,420
Net cash used in operating activities	-265,428	-121,888
Cash flow from investing activities		
Payments for purchase of tangible fixed assets	-	-1,254
Payments for purchase of intangible fixed assets	-1,000	-600
Net cash used in investing activities	-1,000	-1,854
Cash flow from financing activities		
Net cash provided by financing activities	-	-
Effect of exchange rate changes on cash and cash equivalents	-	-
Net change in cash and cash equivalents (decrease: -)	-266,428	-123,742
Beginning balance of cash and cash equivalents	1,754,627	1,369,002
Ending balance of cash and cash equivalents	1,488,199	1,245,259

(4) Notes regarding premise of going concern

There is no corresponding item.

(5) Notes regarding significant changes in the amount of shareholders' equity

There is no corresponding item.

6. Other information

There is no corresponding item.