Consolidated Financial Results for the First Quarter FY2014 (financial year ending 31 March 2015) (IFRS)

13 August 2014

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Scheduled date of security report filing: 14 August 2014 Scheduled date of dividend payments: —

Supplementary materials for financial results: —
Financial results briefing session: —

(Rounded down to nearest million yen)

1. Consolidated results for Q1 FY2014 (1 April 2014 - 30 June 2014)

(1) Consolidated operating results (Percentages are shown as year-on-year changes)

	Revenue		Operating income		Net income before income taxes		Net income		Net income attributable to owners of the parent company		Total comprehensive income	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Q1 FY2014	236	236.5	(79)	—	(103)	—	(104)	—	(104)	—	(139)	—
Q1 FY2013	70	—	(224)	—	(221)	—	(222)	—	(222)	—	(164)	—

	Net income per share – basic	Net income per share – diluted
	Yen	Yen
Q1 FY2014	(7.57)	(7.57)
Q1 FY2013	(18.65)	(18.65)

(2) Consolidated financial position

	Total assets	Total equity	Equity attributable to owners of the parent company	Ratio of equity attributable to owners of the parent company to total assets
	Million yen	Million yen	Million yen	%
As of 30 June 2014	14,727	14,215	14,215	96.5
As of 31 March 2014	14,582	14,354	14,354	98.4

2. Dividends

	Dividends per share				
	End of Q1	End of Q2	End of Q3	Year end	Total
	Yen	Yen	Yen	Yen	Yen
Q1 FY2013	—	0.00	—	0.00	0.00
Q1 FY2014	—				
FY2014 (E)		0.00	—	0.00	0.00

(Note) Revision to the latest dividend forecasts: None

3. Earnings forecast for FY2014 (1 April 2014 - 31 March 2015)

(Percentages are shown as year-on-year changes)

	Revenue		Operating income		Net income before income taxes		Net income attributable to owners of the parent company		Ratio of net income to equity attributable to owners of the parent company
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
FY2014	3,300	59.4	2,000	164.4	2,000	171.1	2,000	31.0	145.46

(Note) Revision to the latest financial forecasts: None

* Notes
(1) Changes in the number of significant subsidiaries in this quarter (changes of specified subsidiaries affecting the scope of consolidation): None

(2) Changes in accounting policies, changes in accounting estimates
1) Changes in accounting policies required by IFRS: Yes
2) Changes due to changes in accounting policies other than those of item 1: None
3) Changes in accounting estimates: None

(3) Number of common shares issued

1) Number of shares issued at financial year end (including treasury shares)	Q1 FY2014	13,749,200 shares	FY2013	13,749,200 shares
2) Number of treasury shares at financial year end	Q1 FY2014	－ shares	FY2013	－ shares
3) Average number of shares issued during financial year	Q1 FY2014	13,749,200 shares	Q1 FY2013	11,936,622 shares

* Implementation status of financial audit
The audit procedures of the financial statements pursuant to the Financial Instruments and Exchange Law has been completed.

* Explanation regarding the appropriate use of forecasts of business results and other points to be noted
The financial forecast is based on judgments and estimates that have been prepared on the basis of information available as of the time of disclosure of this material and assumptions about uncertainties that could affect the forecasts of business results made as of the time of disclosure of this material. The actual business results may differ materially from the forecasts due to various factors in the future.

○ Contents of Attached Materials

1. Analysis of Operating Results and Financial Position

1) Analysis of operating results

(1) Operating results in Q1 FY2014

The Group pursues pharmaceutical research and development mainly through its subsidiaries based in Japan and the UK. The main source of its revenue comes from the development milestones and royalties from the licensees and the sales from its pharmaceutical products.

The Group recorded the following consolidated financial results for Q1 FY2014.

Consolidated operating results

(millions of yen)

	Q1 FY2013	Q1 FY2014	Increase/(decrease) vs. PY
Revenue	70	236	165
Gross profit	31	213	181
Operating income (loss)	(224)	(79)	144
Net income (loss)	(222)	(104)	118

PY = previous year

(Revenue and gross profit)

Revenue in this quarter totaled 236 million yen, an increase of 236.5% compared to the same period of the previous financial year. This was mainly due to increase of royalties from Seebri®*(NVA237) and Ultibro®*(QVA149).

(Operating income)

In this quarter the Group recorded operating loss of 79 million yen. A decrease of operating loss of 144 million yen from the comparative period of the previous financial year is primarily due to increased revenue.

(Net income)

In this quarter the Group recorded net loss of 104 million yen. A decrease of net loss of 118 million yen from the comparative period of the previous financial year is primarily due to increased revenue.

** Ultibro® Breezhaler® (EU) / Ultibro® Inhalation Capsules (Japan) and Seebri® Breezhaler® 50mcg (EU) /Seebri® Inhalation Capsules 50 mcg (Japan) are the registered trademarks of Novartis AG ("Novartis").*

Research and development expenses and the breakdown of selling, general and administrative expenses

(millions of yen)

	Q1 FY2013	Q1 FY2014	Increase/(decrease) vs. PY
Research and development expenses	67	70	2
Selling, general and administrative expenses:	188	223	35
Personnel expenses	81	79	(1)
Outsourcing expenses	57	85	28
Other	50	58	8

PY = previous year

(Research and development expenses; selling, general and administrative expenses)

R&D expenses in the first quarter increased 2 million yen from the same period of the previous year, and totaled 70 million yen. Selling, general and administrative expenses increased by 35 million yen from the previous year, and totaled 223 million yen. The increase is mainly due to increase of auditing expenses.

Operating results by business segment are as follows.

(Domestic pharmaceutical business)

Revenue in the domestic pharmaceutical business segment in the first quarter was 25 million yen, a decrease of 17 million yen from the same period of previous financial year due to decrease of sales of NorLevo in Australia.

Operating loss in this segment decreased by 15 million yen from the comparative period of the last year and totaled 98 million yen.

(Overseas pharmaceutical business)

The revenue of the overseas pharmaceutical business segment amounted to 210 million yen. The increase of 183 million yen from the comparative period of previous financial year was attributable primarily to increase of royalties from Seebri and Ultibro. The segment generated operating income of 34 million yen, a 114 million yen increased compared to the same period in the previous year.

(2) Cash Flow

(millions of yen)

	Q1 FY2013	Q1 FY2014	Increase/(decrease) vs. PY
Cash flows provided by (used in) operating activities	(302)	321	623
Cash flows provided by (used in) investing activities	(61)	(78)	(16)
Cash flows provided by (used in) financing activities	36	-	(36)

(Cash flows provided by (used in) operating activities)

Cash flows from operating activities in this quarter amounted to 321 million yen, mainly due to increase in advance payments of 300 million yen.

(Cash flows provided by (used in) investing activities)

Cash flows used in investing activities in this quarter was 78 million yen, mainly due to R&D expenses of 73 million yen that were recorded as asset.

(Cash flows provided by (used in) financing activities)

There was no cash flow used in financing activities in this quarter.

(3) Research and development

In the first quarter the Group made progress with ongoing Phase III trial of SO-1105, and toward the practical implementation of Activus nanoparticle technology. Research and development costs in this quarter were 70 million yen (increase of 3.4% from the comparative period of the previous year). NVA237 and QVA149 have been developed by Novartis International AG (“Novartis”), thus R&D costs for the two products have not been incurred. Part of research and development costs is recorded as intangible asset.

a) Progress with the main products under development for the domestic pharmaceutical business is as follows.

■SO-1105 *Oropharyngeal Candidiasis: Phase III ongoing*

SO-1105 is an antifungal agent, administered as a muco-adhesive buccal tablet for the treatment of oropharyngeal candidiasis in immunocompromised patients. Oropharyngeal candidiasis is an inflammatory mucous membrane disease afflicting the oral cavity and pharynx. It is caused by infection due mainly to a fungus known as *Candida albicans,* and it is commonly found in patients suffering from chronic diseases such as diabetes and immunocompromised patients such as those suffering from HIV infection. This drug was originally developed by BioAlliance Pharma of France, and it has been approved for marketing in 24 European countries, the U.S., and Korea since first obtaining approval in October 2006 in France. The Group believes that this product can also contribute to patient compliance in Japan and thus obtained the exclusive development and marketing rights for SO-1105 in Japan from BioAlliance in May 2011.

In February 2014, the Group signed an exclusive domestic commercialization agreement with FUJIFILM Pharma Co., Ltd.

The ongoing Phase III clinical trial for efficacy and safety of this product is expected to complete by the end of the current financial year.

■APNT (Activus Pure Nanoparticle Technology): *Nanoparticle technology*

APNT is the technology differentiable from existing technology in that it enables pulverizing poorly soluble compounds to nano-sized crystal particles ranging from the 50-nm level to the 200-nm level while minimizing contamination. Making use of this feature, APNT demonstrates advantages in applications related to injections, ophthalmic solutions, and inhalations with poorly soluble compounds, which have been very difficult to achieve to date. Since 2013, basic patents have been granted in Japan and overseas, and the Group intends to further strengthen technology platforms in order to obtain patents for individual products. In addition to state support from the New Energy and Industrial Technology Organization (NEDO), the Group collaborates with TOA Pharmaceuticals Co., Ltd., a company that has extensive experience and expertise in the manufacturing and sale of pharmaceutical products, and its subsidiary Nitto Medic Co., Ltd., in order to commercialize this technology to make drugs available to patients.

In February 2014, the Group announced the initiation of pre-clinical trials for two candidates for development with APNT applications (APP13002 and APP13007). These two candidates are poorly soluble and the Group believes its nanoparticle technology will enable formulations free of solubilization agents. Also, based on the re-profiling model, the candidates' active ingredients are pharmaceutical compounds with more than 10 years of proven clinical use, which helps reduce development risk.

Details regarding these candidates are as follows.

・APP13002 *Infectious Eye Diseases: Pre-clinical trial*

APP13002 is a new product for infectious eye diseases such as cornea and conjunctivitis. The Group strategically intends to develop the product for the domestic market. Presently, the domestic market for infectious eye diseases as a whole is estimated at 20 billion yen.

・APP13007 *Inflammatory Eye Diseases: Pre-clinical trial*

APP13007 is an ophthalmic solution for inflammatory eye diseases caused by various factors such as inflammations after cataract or Lasik eye surgery, allergic inflammations or inflammations caused by improper use of contact lenses etc. The Group plans to conduct the trials outside of Japan. Inflammatory eye diseases world-wide market as a whole is estimated at 70 billion yen.

In addition to the two products mentioned above, the Group continues research and development regarding new drugs for posterior segment disorders, and, in particular, retinal diseases such as diabetic retinopathy and age-related macular degeneration. The Group intends to conduct further research to establish intellectual property rights while optimizing formulations to achieve high efficacy. According to the Japan Ophthalmologists Association, there are currently 1.67 million visually impaired patients in Japan, and the resulting social costs are estimated at 8,800 billion yen. Two posterior segment disorders, namely diabetic retinopathy and age-related maculopathy, account for more than 30 percent of diseases that cause vision impairment. The Group believes that the establishment of this technology will enable the development of groundbreaking ophthalmic solutions, and this will make highly useful drugs available and contribute significantly to reducing the number of visually impaired people.

While being mindful of the efficient use of funds based on collaboration with peer companies, the Group continues its drive to secure manufacturing facilities and equipment and enable progress in R&D. It also works to make further progress with projects other than those mentioned above and further enhancement of technology platform related to nanoparticles and formulations.

■Regenerative-medicine related business

RMF1 (Regenerative-medicine fund)

In June 2013, the Group founded Sosei Corporate Venture Capital ("Sosei CVC") with the aim of managing a regenerative medicine fund, Sosei RMF1 ("RMF1"), to support pharmaceutical venture companies engaging in regenerative-medicine-related R&D in Japan (such as tissue engineering and cell regeneration medicine, and development of related equipment).

Sosei CVC is a general partner of RMF1 and is currently in negotiations with limited partner candidates that include financial institutions and corporations. The fund aims to raise 2 billion yen during its first round of fundraising. SMBC Venture Capital Co., Ltd., a group company of Sumitomo Mitsui Banking Corporation, has agreed to invest in the fund. The Group plans to invest 200 million yen in the fund.

Regenerative medicine is a growth domain with promising technologies originating in Japan. The management of RMF1 is in line with the Group's fundamental strategy of searching for new seeds using limited resource.

b) Progress made in the development of major products relating to overseas pharmaceutical business is set out below.

■NVA237 *COPD: Launched in the EU, Japan, etc. ; Phase III in the US*
Asthma: Phase III

NVA237 (glycopyrronium bromide; brand names: Seebri® Breezhaler® (EU), Seebri® Inhalation Capsules 50mcg (Japan); "Seebri"), is a novel, once-daily inhaled long-acting muscarinic antagonist (LAMA) indicated as a maintenance bronchodilator treatment to relieve symptoms in patients with COPD that was exclusively licensed to Novartis in April 2005 by Sosei and its co-development partner Vectura. Seebri is approved in over 70 countries across Europe, Japan, Canada, Australia, Latin America, Asia, and the Middle East and has been launched in more than 30 countries including Germany, Japan and other major markets.

Under the terms of agreement with Novartis, Sosei is entitled to receive royalties on global net sales of both Seebri and Ultibro Breezhaler (the fixed dose combination of glycopyrronium and indacaterol). Novartis has reported 30M USD in sales of Seebri for January -March 2014 and 37M USD for April - June 2014. Royalties on the above sales will be recorded in Sosei's Q1 and Q2 FY2014 respectively.

US filing for Seebri is expected in Q4 2014. In addition, Phase III clinical trial program targeted toward a future expansion of indication of NVA237 for uncontrolled asthma is being developed by Novartis.

■QVA149 *COPD*: *Launched in the EU, Japan, etc.; Phase III in the US*

QVA149 (glycopyrronium bromide/indacaterol maleate; brand names: Ultibro® Breezhaler® (EU), Ultibro® Inhalation Capsules (Japan); "Ultibro") is a novel, once-daily inhaled, fixed-dose combination of the LAMA (glycopyrronium bromide) and the LABA (indacaterol maleate), indicated as a maintenance bronchodilator treatment to relieve symptoms in patients with COPD.

Ultibro is a novel once-daily LABA/LAMA approved as first-in-class in over 40 countries including EU, Japan, Canada, Mexico and Australia and launched in 13 countries including Germany, Japan and Canada. By combining the efficacy benefits and safety profiles of both LAMA and LABA, Ultibro is expected to set a new standard of care in COPD.

Under the terms of agreement with Novartis, Sosei is entitled to receive royalties on global net sales of both Seebri and Ultibro. Novartis has reported 14M USD in sales of Ultibro for January - March 2014, and 22M USD for April - June 2014. Royalties on the above sales will be recorded in Sosei's Q1 and Q2 FY2014 respectively.

The US filing for QVA149 is expected in Q4 2014, and China filing later this year.

2) Analysis of financial position

Total assets at the end of the first quarter increased by 145 million yen totaling 14,727 million yen.

Cash and cash equivalents at the end of the first quarter increased by 181 million yen and amounted to 7,396 million yen. The current asset to total asset ratio was 51.1%, and cash and cash equivalents to current assets ratio was 98.3%.

Total liabilities as of the end of this quarter amounted to 512 million yen, an increase of 284 million yen from the end of previous financial year, mainly due to recorded 300 million yen of advance payments.

Total equity for the third quarter were 14,215 million yen, a decrease of 139 million yen from the end of previous financial year that mainly resulted from a recorded net loss of 104 million yen. Ratio of equity attributable to owners of the parent company to total assets decreased by 1.9 points to 96.5%.

3) Earnings forecast

No changes have been made from the earning forecast announced in "Consolidated Financial Results for FY2013 (IFRS)" on 25 June 2014.

2. Matters related to summary information (notes)

1) Changes in the number of significant subsidiaries in this quarter

Not applicable

2) Changes in accounting policies, changes in accounting estimates, and restatements

Apart from the items shown in the below table, accounting polices applied in this quarter are the same with those applied in the previous fiscal year.

Income tax expenses are calculated based on the estimated annual effective tax rate.

(Changes in accounting policies)

The following accounting standards are adopted from this quarter.

IFRS		Newly established / Revised
IAS 32	Financial instruments: Presentation	Clarified the conditions under which financial assets and financial liabilities may be offset
IFRIC 21	Levies	Clarified accounting methods for levies
IFRS 10 IFRS 12 IAS 27	Investment entities	Established accounting methods for investments of investing entities (the requirement that such enitities measure investments in subsidiaries at fair value though profit or loss instead of consolidating them)

The above standards have no material impact on the Group’s financial statements.

3. Consolidated Financial Statements (IFRS)

1) Consolidated statement of financial position

(thousands of yen)

	Q1 FY2014 (30 June 2014)	FY2013 (31 March 2014)
Assets		
Non-current assets		
Property, plant and equipment	60,822	59,602
Goodwill	5,426,003	5,426,003
Intangible assets	794,745	722,286
Deferred tax assets	875,589	869,093
Other non-current assets	41,913	40,923
Total non-current assets	7,199,074	7,117,908
Current assets		
Trade and other receivables	52,500	99,767
Other current assets	78,945	149,669
Cash and cash equivalents	7,396,898	7,214,934
Total current assets	7,528,344	7,464,371
Total assets	14,727,418	14,582,280
Liabilities and Equity		
Liabilities		
Non-current liabilities		
Deferred income	12,454	13,315
Other non-current liabilities	6,900	6,900
Total non-current liabilities	19,354	20,215
Current liabilities		
Trade and other payables	471,875	156,067
Deferred income	3,446	3,446
Income tax payables	4,792	24,774
Other current liabilities	12,736	22,777
Total current liabilities	492,851	207,066
Total liabilities	512,205	227,282
Equity		
Capital stock	19,453,732	19,453,732
Capital surplus	7,769,935	21,573,914
Retained earnings	(13,234,429)	(26,934,383)
Other components of equity	225,974	261,735
Equity attributable to owners of the parent company	14,215,213	14,354,998
Non-controlling interests	—	—
Total equity	14,215,213	14,354,998
Total liabilities and equity	14,727,418	14,582,280

2) Consolidated statement of comprehensive income

(thousands of yen)

	Q1 FY2014 (1 April 2014 - 30 June 2014)	Q1 FY2013 (1 April 2013 - 30 June 2013)
Revenue	236,091	70,164
Cost of sales	23,006	38,914
Gross profit	213,085	31,249
Research and development expenses	70,048	67,721
Selling, general and administrative expenses	223,697	188,505
Other income	858	870
Other expenses	—	—
Operating income	(79,801)	(224,106)
Finance income	2,403	2,268
Finance costs	25,648	—
Net income before income taxes	(103,045)	(221,838)
Income tax expenses	978	776
Net income	(104,023)	(222,615)
Other comprehensive income		
Items that may be reclassified subsequently to profit or loss		
Exchange differences on translating foreign operations	(35,760)	57,680
Total items that may be reclassified subsequently to profit or loss	(35,760)	57,680
Total other comprehensive income	(35,760)	57,680
Comprehensive income	(139,784)	(164,934)
Net income for the year attributable to:		
Owners of the parent company	(104,023)	(222,615)
Non-controlling interests	—	—
Net income	(104,023)	(222,615)
Comprehensive income for the year attributable to:		
Owners of the parent company	(139,784)	(164,934)
Non-controlling interests	—	—
Comprehensive income	(139,784)	(164,934)
Net income per share (yen)		
Basic	(7.57)	(18.65)
Diluted	(7.57)	(18.65)

3) Consolidated statement of changes in equity

Q1 FY2013 (1 April 2013 – 30 June 2013)

(thousands of yen)

	Capital stock	Capital surplus	Retained earnings	Other components of equity		Equity attributable to owners of the parent company
				Foreign currency translation adjustments	Other components of equity, total	
Balance as of 1 April 2013	17,059,203	19,247,356	(28,460,561)	101,992	101,992	7,947,991
Net income/(loss)	—	—	(222,615)	—	—	(222,615)
Foreign currency translation adjustments	—	—	—	57,680	57,680	57,680
Total comprehensive income	—	—	(222,615)	57,680	57,680	(164,934)
Issuance of new shares	29,809	6,672	—	—	—	36,481
Total business transactions with owners	29,809	6,672	—	—	—	36,481
Balance as of 30 June 2013	17,089,012	19,254,029	(28,683,176)	159,673	159,673	7,819,538

	Non-controlling interests	Total equity
Balance as of 1 April 2013	—	7,947,991
Net income/(loss)	—	(222,615)
Foreign currency translation adjustments	—	57,680
Total comprehensive income	—	(164,934)
Issuance of new shares	—	36,481
Total business transactions with owners	—	36,481
Balance as of 30 June 2013	—	7,819,538

Q1 FY2014 (1 April 2014 – 30 June 2014)

(thousands of yen)

	Capital stock	Capital surplus	Retained earnings	Other components of equity		Equity attributable to owners of the parent company
				Foreign currency translation adjustments	Other components of equity, total	
Balance as of 1 April 2014	19,453,732	21,573,914	(26,934,383)	261,735	261,735	14,354,998
Net income/(loss)	—	—	(104,023)	—	—	(104,023)
Foreign currency translation adjustments	—	—	—	(35,760)	(35,760)	(35,760)
Total comprehensive income	—	—	(104,023)	(35,760)	(35,760)	(139,784)
Issuance of new shares	—	(13,803,978)	13,803,978	—	—	—
Total business transactions with owners	—	(13,803,978)	13,803,978	—	—	—
Balance as of 30 June 2014	19,453,732	7,769,935	(13,234,429)	225,974	225,974	14,215,213

	Non-controlling interests	Total equity
Balance as of 1 April 2014	—	14,354,998
Net income/(loss)	—	(104,023)
Foreign currency translation adjustments	—	(35,760)
Total comprehensive income	—	(139,784)
Issuance of new shares	—	—
Total business transactions with owners	—	—
Balance as of 30 June 2014	—	14,215,213

4) Consolidated statement of cash flows

(thousands of yen)

	Q1 FY2014 (1 April 2014 - 30 June 2014)	Q1 FY2013 (1 April 2013 - 30 June 2013)
Cash flows provided by (used in) operating activities		
Net income (loss) before income taxes	(103,045)	(221,838)
Depreciation and amortization	5,236	5,347
Foreign exchange gains (losses)	18,756	(5,036)
Increase (decrease) in accounts receivable – other	46,958	–
Increase (decrease) in accounts receivable – trade	47,268	(22,331)
Increase (decrease) in accounts payable – trade	(20,250)	58,639
Increase (decrease) in inventories	–	(94,763)
Increase (decrease) in accrued expenses	7,300	(2,491)
Increase (decrease) in advance payments	300,000	–
Other	(30,383)	(17,589)
Subtotal	332,609	(300,062)
Interests and dividends received	2,403	507
Income taxes paid	(13,862)	(3,109)
Net cash provided by (used in) operating activities	321,150	(302,664)
Cash flows provided by (used in) investing activities		
Purchases of property, plant and equipment	(3,795)	(7,766)
Capitalized development costs	(73,339)	(53,390)
Other	(990)	–
Net cash provided by (used in) investing activities	(78,124)	(61,157)
Cash flows provided by (used in) financing activities		
Proceeds from issuance of common stock	–	36,481
Net cash provided by (used in) financing activities	–	36,481
Effect of exchange rate changes on cash and cash equivalents	(61,061)	63,103
Increase (decrease) in cash and cash equivalents	181,963	(264,237)
Cash and cash equivalents at the beginning of year	7,214,934	2,537,527
Cash and cash equivalents at the end of year	7,396,898	2,273,290

5) Notes related to going concern assumptions

Not applicable.

6) Notes related to significant changes of shareholders' equity

In order to enable flexible implementation of capital policies and payment of dividends to shareholders in the future, the Group reduced capital reserve in this quarter and appropriated it to other capital surplus pursuant to stipulations in Article 448 Section 1 of the Companies Act, and subsequently covered the deficit in retained earnings brought forward pursuant to stipulations of Article 452 of the Companies Act. As a result, capital reserve in this quarter was reduced by 13,803,978 thousand yen and retained earnings increased by the same amount.

7) Notes related to segments information

(1) Overview of reportable segments

The Group's reportable segments are components of business activities for which discrete financial information is available, and such information is regularly reviewed by the Group's board of directors in order to make decisions about the allocation of the resources and assess performance. The Group has adopted the holding company structure, and the holding company is responsible for management and administration of the entire Group. The Group has two reportable segments (namely, domestic pharmaceutical business and overseas pharmaceutical business), based on the legal entities that are the current profit management units. The domestic pharmaceutical business segment mainly imports products from overseas for sale both in Japan and overseas. The overseas pharmaceutical business segment mainly introduces and develops pharmaceuticals for out-licensing.

The following table shows major products in the major segments, with reportable segments established as described above.

Reportable segments	Company name	Main products
Domestic pharmaceutical business	・Sosei Co., Ltd. ・Activus Pharma Co., Ltd.	・SO-1105　・NorLevo ・APP13002　・APP13007
Overseas pharmaceutical business	・Sosei R&D Ltd.	・Seebri　・Ultibro

(2) Information regarding profit and loss, and other information

The information to be reported is shown below. The same accounting principles that were applied for FY2013 financial statements are applied here as well.

Q1 FY2013 (1 April 2013 - 30 June 2013)

(thousands of yen)

	Reportable segments			Adjustments	Consolidated
	Domestic pharmaceuticals	Overseas pharmaceuticals	Total		
Revenue from third parties	42,521	27,642	70,164	－	70,164
Revenue between segments	－	－	－	－	－
Total	42,521	27,642	70,164	－	70,164
Operating income (or loss)	(113,972)	(79,724)	(193,696)	(30,410)	(224,106)
Finance income/costs (net)					2,268
Net income before income taxes					(221,838)

The adjustment amount relates to the holding company, which does not belong to any reportable segment.

Q1 FY2014 (1 April 2014 - 30 June 2014)

(thousands of yen)

	Reportable segments			Adjustments	Consolidated
	Domestic pharmaceuticals	Overseas pharmaceuticals	Total		
Revenue from third parties	25,250	210,840	236,091	—	236,091
Revenue between segments	—	—	—	—	—
Total	25,250	210,840	236,091	—	236,091
Operating income (or loss)	(98,338)	34,842	(63,495)	(16,305)	(79,801)
Finance income/costs (net)					(23,244)
Net income before income taxes					(103,045)

The adjustment amount relates to the holding company, which does not belong to any reportable segment.