Consolidated Financial Results for the First Quarter FY2015 (IFRS)

12 August 2015

Company name: Sosei Group Corporation — Listing: Tokyo Stock Exchange
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Supplementary materials for financial results: --
Financial results briefing session: --

(Rounded down to nearest million yen)

1. Consolidated results for Q1 FY2015 (from 1 April 2015 to 30 June 2015)

(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 FY2015	575	143.8	(848)	--	(1,060)	--	(811)	--	(790)	--	1,546	--
Q1 FY2014	236	236.5	(79)	--	(103)	--	(104)	--	(104)	--	(139)	--

	Net income per share – basic	Net income per share – diluted
	Yen	Yen
Q1 FY2015	(57.37)	(57.37)
Q1 FY2014	(7.57)	(7.57)

(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	%
Q1 FY2015	45,196	16,364	16,144	35.7
Q1 FY2014	43,800	14,894	14,653	33.5

2. Dividends

	Dividends per share				
	End Q1	End Q2	End Q3	Year end	Total
	Yen	Yen	Yen	Yen	Yen
FY2015	—	0.00	—	10.00	10.00
FY2016	—				
FY2016 (E)		0.00	—	0.00	0.00

(Note) Revision to the latest dividend forecasts: None

3. Forecast for the FY2015 (from 1 April 2015 to 31 March 2016)

(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		Net basic earnings per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
FY2015	11,732	219.6	5,899	432.0	5,915	332.8	6,047	975.0	439.02

(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: None

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 the end of financial period (including treasury shares)	Q1 FY2015	13,797,000 shares	FY2014	13,774,000 shares
2) Number of treasury shares at the end of financial period	Q1 FY2015	— shares	FY2014	— shares
3) Average number of shares issued during the financial period	Q1 FY2015	13,778,759 shares	Q1 FY2014	13,749,200 shares

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

* Explanation regarding the appropriate use of forecasts of business results and other points to be noted
(Note concerning forward-looking statements)
The financial forecast is based on judgments and estimates that have been prepared on the basis of information available as at the time of disclosure of this material. The actual business results may differ materially from the forecasts due to various factors.

○ Contents of Attached Materials

1. Analysis of Operating Results and Financial Position

1) Analysis of operating results

I. Current term operating results

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 form its pharmaceutical products. Overall expenses have increased as Heptares Therapeutics Ltd. ("Heptares"), acquired in February 2015, is now included in the Group's results.

The Group recorded the following consolidated financial results for Q1 2015.

Consolidated operating results

(JPY Million)

	Q1 FY2014	Q1 FY2015	Change
Revenue	236	575	339
Gross profit	213	575	362
Operating income (loss)	(79)	(848)	(768)
Net income (loss)	(104)	(811)	(707)

Revenue and gross profit

Revenue in this quarter totaled 575 million yen, an increase of 143.8% compared to the previous financial year. This was mainly due to increased royalty revenue from Seebri® (NVA237*) and Ultibro® (QVA149*).

Operating income

In this quarter the Group recorded operating loss of 848 million yen, with an increase of operating loss of 768 million yen from the comparative period of the previous financial year. This is primarily due to inclusion of income from Heptares, which was not a consolidated company in the previous Q1.

Net income

In this quarter the Group recorded net loss of 811 million yen, with an increase of net loss of 707 million yen from the comparative period of the previous financial year. This is primarily due to inclusion of income from Heptares, which was not a consolidated company in the previous Q1.

** Seebri®,Ultibro® and Breezhaler® are the registered trademarks of Novartis AG.*

Breakdown of research and development; selling, general and administrative expenses

(JPY Million)

	Q1 FY2014	Q1 FY2015	Change
Research and development expenses	70	875	805
Selling, general and administrative expenses	223	542	318
Personnel expenses	79	275	196
Outsourcing expenses	85	132	47
Other	58	133	75

Research and development expenses; selling, general and administrative expenses

R&D expenses in the first quarter increased 805 million yen from the previous financial year, and totaled 875 million yen. Selling, general and administrative expenses increased by 318 million yen from the previous financial year, and totaled 542 million yen. This is primarily due to inclusion of income from Heptares, which was not a consolidated company in the previous Q1.

Information by business segment is as follows.

a) Domestic pharmaceutical business

Revenue in the domestic pharmaceutical business segment in the first quarter was 41 million yen, an increase of 15 million yen from the same period of the previous financial year. This is due to royalties recorded from NorLevo.

Operating loss in this segment decreased by 3 million yen from the comparative period of the last year and totaled 102 million yen.

b) Overseas pharmaceutical business

Revenue in the domestic pharmaceutical business segment in the first quarter was 534 million yen, an increase of 323 million yen from the same period of the previous financial year. This is due to increase of royalties from Seebri (NVA237) and Ultibro (QVA149).

However, operating loss in the first quarter was 688 million yen, an increase of 723 million yen from the same period of the previous financial year. This is primarily due to inclusion of income from Heptares, which was not a consolidated company in the same period of the last year.

II. Cash flow

(JPY Million)

	Q1 FY2014	Q1 FY2015	Change
Cash flows from operating activities	321	1,158	837
Cash flows from investing activities	(78)	(78)	(0)
Cash flows from financing activities	--	(36)	(36)

Cash flows from operating activities

Cash flows from operating activities in this quarter amounted to 1,158 million yen, due to having collected accounts receivable recorded at the previous consolidated fiscal year end, and other factors.

Cash flows from investing activities

Cash flows used in investing activities in this quarter were 78 million yen, mainly due to R&D expenses of 49 million yen that were recorded as an asset.

Cash flows from financing activities

Cash flows used in financing activities in this quarter were 36 million yen due to making dividend payments to shareholders, etc.

III. Research and development

In the first quarter the Group made progress with the StaR® technology-based pipeline of Heptares, SO-1105 (Oropharyngeal Candidiasis) and developing practical implementation of nanoparticle technology. As a result, research and development costs in this quarter were 875 million yen (increase of 1,150% from the comparative period of the previous year). The research and development expenses of the domestic and overseas pharmaceutical segments were 89 million yen and 786 million yen respectively. 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 an intangible asset.

Progress with the main products under development in each segment is as follows.

a) Domestic pharmaceutical business

In-licensing

■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 Onxeo SA ("Onxeo", ex-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 Onxeo in May 2011.

Presently, Phase III clinical trials for efficacy and safety of this product are in progress, and the Group has already signed an exclusive domestic commercialization agreement with FUJIFILM Pharma Co., Ltd.

Research and development based on platform technologies

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

APNT is 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.

Pre-clinical trials are underway for two development candidates with APNT applications: APP13002 (infectious eye diseases) and APP13007 (inflammatory eye diseases).

■Molecular Hiving™: A new method of liquid-phase peptide synthesis

Molecular Hiving™ is a new liquid-phase peptide synthesis technology. Conventional peptide synthesis technologies include SPPS (solid-phase peptide synthesis) and liquid-phase peptide synthesis (LPPS) but in general, SPPS is expensive and produces a low volume; meanwhile LPPS is widely used for mass production but is unable of synthesizing long-chain peptides. Molecular Hiving™ is an innovative technology with advantages of both SPPS and LPPS, and can enable high-volume, low-cost synthesis. Unlike SPPS, Molecular Hiving™ enables monitoring of the peptide synthesis process, which leads to production of peptides of higher quality compared to those produced by conventional methods.

Pre-clinical trials are underway for two generic development candidates with Molecular Hiving™ applications: JIT-2001 (cardiovascular diseases) and JIT-1007 (orphan diseases).

■Peptune™: novel peptide modification technology

Peptune™ is peptide molecule modification technology that improves the efficacy and safety, as well as drug stability of peptide products, by improving their molecular configuration. Moreover, using this technology enables peptides and small molecule drugs to be synthesized, so it is expected that peptides with new features will be produced.

In addition, Peptune is expected to enable enhancement of the effectiveness and safety of lead peptides furnished by Heptares' technology.

b) Overseas pharmaceutical business

Pipeline and Products

■ NVA237 COPD: Launched by Novartis in the EU, Japan, etc.

NVA237 (glycopyrronium bromide; brand names: Seebri® Breezhaler® (EU), Seebri® Inhalation Capsules 50mcg (Japan); "Seebri® "), is a 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® has been approved in over 80 countries across Europe, Japan, Canada, Latin America, Asia, Australia and the Middle East. The US application for NVA237 was submitted in December 2014 by Novartis.

■ QVA149 COPD: Launched by Novartis in the EU, Japan etc.

QVA149 (indacaterol maleate/glycopyrronium bromide); brand names: Ultibro® Breezhaler® (EU), Ultibro® Inhalation Capsules (Japan); "Ultibro®") is a 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 once-daily LABA/LAMA approved as first-in-class in over 70 countries (outside of the US) including EU, Japan, Canada, Mexico and Australia and launched in over 40 countries including Germany, Japan and Canada. The US application for QVA149 was submitted in December 2014 by Novartis.

Under the terms of agreement with Novartis, Sosei is entitled to receive royalties on global net sales of both Seebri® and Ultibro®. Royalties are recognized following the quarter in which the products are sold. Sales of Seebri and Ultibro, announced at Novartis' Q1 2015 results briefing (January – March 2015), were 37 million dollars and 52 million dollars respectively.

Reference:

Sales of Seebri and Ultibro, announced at Novartis' Q2 results briefing (April – June 2015) on 21 July 2015.

	Q2 2015		Change vs previous year (%)	H1 2015		Change vs previous year (%)
	2015	2014		2015	2014	
	USD Million	USD Million		USD Million	USD Million	
Ultibro® Breezhaler®	66	22	200	118	36	228
Seebri® Breezhaler®	38	37	3	75	67	12

* *Seebri®, Ultibro® and Breezhaler® are registered trademarks of Novartis AG.*

Research and development based on platform technologies

■ StaR® (Stabilised Receptor) technology: Drug discovery platform technology

Heptares StaR® technology is the first in the world that is able to produce GPCRs with improved thermostability. GPCRs (G protein-coupled receptors) are proteins found embedded in the cell membrane. They act as a bridge between the interior and exterior environment of the cell. As such, they can transfer information in the form of biochemical signals, and play a role in many physiological and biological processes, including taste, vision, smell, autonomic nervous system function, behaviour, immunity etc. GPCRs are, therefore, the most important target molecules in medicine. However, when removed from the cell membrane, the molecular structure grows unstable and unclear, thus it has been difficult to perform structure-based discovery research. StaR® technology advances structural analysis of GPCRs and enables powerful and highly selective drug discovery based on molecular structure design that, to date, has been very difficult or impossible to do with confidence.

In this quarter, Heptares' main focus has been to advance its pipeline, while also focusing on securing partnerships with leading pharmaceutical and biopharmaceutical companies. As a result, Heptares completed Phase 1a for Muscarinic M_1 agonist with positive results in June 2015, and initiated a proprietary therapeutic antibody program against a GPCR target in July. Also, in August 2015, Heptares and AstraZeneca entered into an agreement to develop novel immuno-oncology treatments.

Main StaR® technology-applied products under development are as follows:

- **Muscarinic M_1 agonist** (Indication: Alzheimers, Schizophrenia. Development stage: Phase 1b)
  Heptares has the first selective muscarinic M_1 receptor agonist in clinical development for treatment of Alzheimer's disease and other disorders of cognitive impairment. Currently marketed cholinesterase inhibitors require endogenous acetylcholine production and are non-selective muscarinic agonists, resulting in both limited & transient efficacy and dose-limiting side-effects.
  In this quarter Heptares reported the successful completion of Phase 1a study that have assessed the safety, tolerability and pharmacokinetics of its lead candidate in healthy volunteers, while also evaluating preliminary signs of efficacy (increase in brain activity). Heptares is now conducting Phase 1b studies in healthy elderly volunteers..

Other main products under development are as follows:

- **Muscarinic M_4 agonist** (Indication: Psychosis in Schizophrenia, Alzheimer's and other diseases. Development stage: pre-clinical)
- **Dual M_1/M_4 agonist** (Indication: Psychosis and cognitive impairment in Alzheimer's, Schizophrenia and other diseases. Development stage: pre-clinical)
- **CGRP antagonist** (Indication: Migraine Treatment & Prophylaxis. Development stage: pre-clinical)
- **GLP-1 antagonist** (Indication: Severe hypoglycaemia, including congenital hyperinsulinism. Development stage: pre-clinical)
- **OX_1 antagonist** (Indication: Binge eating, nicotine addiction. Development stage: pre-clinical)

New partnership agreements:

- **Adenosine A2A receptor antagonist** (Indication: Cancer)
  In August this year, Heptares entered into a licensing agreement under which AstraZeneca will acquire exclusive global rights to develop, manufacture and commercialise the adenosine A2A receptor antagonist, HTL-1071, a small molecule immuno-oncology candidate, and potential additional A2A receptor-blocking compounds. Under the terms of the agreement, Heptares will receive an upfront payment of $10 million and is eligible to receive additional, significant near term milestone payments based on agreed pre-clinical and/or clinical events. Subject to successful completion of development and commercialisation milestones, Heptares is also eligible to receive more than $500 million, as well as up to double-digit tiered royalties on net sales.

2) Analysis of financial position

Total assets at the end of the first quarter increased by 1,396 million yen, totaling 45,196 million yen.

Cash and cash equivalents at the end of the first quarter increased by 1,302 million yen and amounted to 6,875 million yen. The current asset to total asset ratio was 17.9%, and cash and cash equivalents to current assets ratio was 84.9%.

Total liabilities as of the end of this quarter amounted to 28,831 million yen, an increase of 74 million yen from the end of previous financial year.

Total equity for the third quarter were 16,364 million yen, an increase of 1,470 million yen from the end of previous financial year that mainly resulted from foreign currency translation adjustments on overseas operations related to goodwill. Ratio of equity attributable to owners of the parent company to total assets increased by 2.2 points to 35.7%.

3) Earnings forecast

No changes have been made from the earnings forecast announced in "Consolidated Financial Results for FY2014 (IFRS)" on 13 May 2015.

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

Accounting policies applied to the summary quarterly consolidated financial statement are the same as those applied in the previous fiscal year.

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

3. Consolidated Financial Statements (IFRS)

1) Consolidated statement of financial position

(JPY Million)

	FY2015 (30 June 2015)	FY2014 (31 March 2015)
Assets		
Non-current assets		
Property, plant and equipment	287	266
Goodwill	35,036	32,822
Intangible assets	1,333	1,285
Deferred tax assets	393	364
Other non-current assets	43	43
Total non-current assets	37,094	34,781
Current assets		
Trade and other receivables	7	2,481
Accrued corporate income tax	903	579
Other current assets	314	385
Cash and cash equivalents	6,875	5,573
Total current assets	8,101	9,019
Total assets	45,196	43,800
Liabilities and Equity		
Liabilities		
Non-current liabilities		
Deferred income	27	29
Deferred tax liabilities	369	369
Contingent consideration related to corporate acquisition	7,162	7,024
Other non-current liabilities	13	13
Total non-current liabilities	7,573	7,437
Current liabilities		
Trade and other payables	1,132	1,358
Deferred income	108	135
Income tax payables	24	34
Interest-bearing liabilities	19,938	19,877
Other current liabilities	54	63
Total current liabilities	21,258	21,468
Total liabilities	28,831	28,906
Equity		
Capital stock	19,514	19,478
Capital surplus	7,799	7,774
Retained earnings	(13,490)	(12,562)
Other components of equity	2,321	(37)
Equity attributable to owners of the parent company	16,144	14,653
Non-controlling interests	220	241
Total equity	16,364	14,894
Total liabilities and equity	45,196	43,800

2) Consolidated statement of comprehensive income

(JPY Million)

	FY2015 (1 April 2015 – 30 June, 2015)	FY2014 (1 April 2014 – 30 June, 2014)
Revenue	575	236
Cost of sales	--	23
Gross profit	575	213
Research and development expenses	875	70
Selling, general and administrative expenses	542	223
Other income	2	0
Other expenses	8	--
Operating income (loss)	(848)	(79)
Finance income	61	2
Finance costs	273	25
Income (loss) before income taxes for quarter	(1,060)	(103)
Income tax expenses	(248)	0
Net income for quarter	(811)	(104)
Other comprehensive income		
Items that may be reclassified subsequently to profit or loss		
Exchange differences on translating foreign operations	2,358	(35)
Total items that may be reclassified subsequently to profit or loss	2,358	(35)
Total other comprehensive income	2,358	(35)
Comprehensive income for quarter	1,546	(139)
Net income for the year attributable to:		
Owners of the parent company	(790)	(104)
Non-controlling interests	(21)	--
Net income (loss) for quarter	(811)	(104)
Comprehensive income for the year attributable to:		
Owners of the parent company	1,568	(139)
Non-controlling interests	(21)	--
Comprehensive income for quarter	1,546	(139)
Net income per share (yen)		
Basic	(57.37)	(7.57)
Diluted	(57.37)	(7.57)

3) Consolidated statement of changes in equity

Q1 FY2014 (1 April 2014 – 30 June 2014)

(JPY Million)

	Capital stock	Capital surplus	Retained earnings	Other components of equity		Equity attributable to owners of the parent company
				Foreign currency translation adjustments on overseas operations	Other components of equity, total	
Balance as of 1 April 2014	19,453	21,573	(26,934)	261	261	14,354
Net income (loss) for quarter	—	—	(104)	—	—	(104)
Foreign currency translation adjustments	—	—	—	(35)	(35)	(35)
Total comprehensive income for quarter	—	—	(104)	(35)	(35)	(139)
Deficit compensation	—	(13,803)	13,803	—	—	—
Total business transactions with owners	—	(13,803)	13,803	—	—	—
Balance as of 30 June 2014	19,453	7,769	(13,234)	225	225	14,215

	Non-controlling interests	Total equity
Balance as of 1 April 2014	—	14,354
Net income (loss) for quarter	—	(104)
Foreign currency translation adjustments	—	(35)
Total comprehensive income	—	(139)
Deficit compensation	—	—
Total business transactions with owners	—	—
Balance as of 30 June 2014	—	14,215

Q1 FY2015 (1 April 2015 – 30 June 2015)

(JPY Million)

	Capital stock	Capital surplus	Retained earnings	Other components of equity		Equity attributable to owners of the parent company
				Foreign currency translation adjustments on overseas operations	Other components of equity, total	
Balance as of 1 April 2015	19,478	7,774	(12,562)	(37)	(37)	14,653
Net income (loss) for quarter	—	—	(790)	—	—	(790)
Foreign currency translation adjustments	—	—	—	2,358	2,358	2,358
Total comprehensive income for quarter	—	—	(790)	2,358	2,358	1,568
Issuance of new shares	36	24	—	—	—	61
Dividends	—	—	(137)	—	—	(137)
Total business transactions with owners	36	24	(137)	—	—	(76)
Balance as of 30 June 2015	19,514	7,799	(13,490)	2,321	2,321	16,144

	Non-controlling interests	Total equity
Balance as of 1 April 2015	241	14,894
Net income (loss) for quarter	(21)	(811)
Foreign currency translation adjustments	—	2,358
Total comprehensive income for quarter	(21)	1,546
Issuance of new shares	—	61
Dividends	—	(137)
Total business transactions with owners	—	(76)
Balance as of 30 June 2015	220	16,364

4) Consolidated quarterly statement of cash flow

(JPY Million)

	FY2015 (1 April 2015 – 30 June 2015)	FY2014 (1 April 2014 – 30 June 2014)
Cash flows from operating activities		
Net income before income taxes (loss)	(1,060)	(103)
Depreciation and amortization	28	5
Subsidy income	(2)	–
Foreign exchange gains (loss)	(294)	18
Interest expense	134	–
Fluctuation in fair value in connection with contingent consideration	138	–
Decrease (increase) in accounts receivable	–	46
Decrease (increase) in accounts receivable – trade	2,581	47
Increase (decrease) in accounts payable – trade	(286)	313
Other	11	3
Subtotal	1,250	332
Interests and dividends received	0	2
Payments of interest	(73)	–
Corporate income tax refund	2	–
Income taxes paid	(21)	(13)
Net cash from operating activities	1,158	321
Cash flows from investing activities		
Purchases of property, plant and equipment	(28)	(3)
Capitalized development costs	(49)	(73)
Other	(0)	(0)
Net cash used in investing activities	(78)	(78)
Cash flows from financing activities		
Proceeds from issuance of common stock	61	–
Dividend payments	(97)	–
Net cash from financing activities	(36)	–
Effect of exchange rate changes on cash and cash equivalents	258	(61)
Increase (decrease) in cash and cash equivalents	1,302	181
Cash and cash equivalents at the beginning of year	5,573	7,214
Cash and cash equivalents at the end of quarter	6,875	7,396

5) Notes related to going concern assumptions

Not applicable.

6) Segment information

I. 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. Both units develop pharmaceutical products and their main business is outlicensing.

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. ・Jitsubo Ltd.	・SO-1105 ・NorLevo ・APP13002 ・APP13007 ・JIT-2001 ・JIT-1007
Overseas pharmaceutical business	・Sosei R&D Ltd. ・Heptares Therapeutics Ltd.	・Seebri® ・Ultibro® ・Muscarinic M_1 agonist

II. Revenue, profit and loss and other financial information of reportable segments

Revenue, profit and loss and other financial information for each reportable segment are as shown below. The accounting policies the Group will apply to each segment are identical to the accounting policies applied to consolidated financial statements in the previous financial year.

FY2014 (1 April 2014 to 30 June 2014)

(JPY Million)

	Reportable segments			Adjustments	Consolidated
	Domestic pharmaceuticals	Overseas pharmaceuticals	Total		
Revenue from third parties	25	210	236	―	236
Revenue between segments	―	―	―	―	―
Total	25	210	236	―	236
Operating income (loss)	(98)	34	(63)	(16)	(79)
Finance income/costs (net)					(23)
Net income (loss) before income taxes					(103)

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

FY2015 (1 April 2015 to 30 June 2015)

(JPY Million)

	Reportable segments			Adjustments	Consolidated
	Domestic pharmaceuticals	Overseas pharmaceuticals	Total		
Revenue from third parties	41	534	575	―	575
Revenue between segments	―	―	―	―	―
Total	41	534	575	―	575
Operating income (loss)	(102)	(688)	(790)	(57)	(848)
Finance income/costs (net)					(212)
Net income(loss) before income taxes					(1,060)

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