



November 11, 2011

**Summary of Financial Results  
for the 3Q ended September 30, 2011**

RaQualia Pharma Inc. (4579, Osaka Stock Exchange, Growth Market) today reported financial results for the 3Q ended September 30, 2011.

(1) Balance Sheet

(thousand yen)

	Current period (as of September 30, 2011)	Preceding period (as of December 31, 2010)
<b>Assets</b>		
Current assets		
Cash and deposits	5,967,594	3,392,722
Accounts receivable-trade	—	353,320
Short-term investment securities	2,799,800	—
Raw materials and supplies	55,106	50,836
Advance payments-trade	17,145	13,014
Prepaid expenses	41,471	17,013
Other	20,384	18,479
Total current assets	8,901,503	3,845,385
Noncurrent assets		
Property, plant and equipment	68,770	70,811
Intangible assets	22,004	26,049
Investments and other assets		
Investment securities	421,465	447,920
Other	69,676	70,607
Total investments and other assets	491,141	518,527
Total noncurrent assets	581,916	615,387
Total assets	9,483,419	4,460,773
<b>Liabilities</b>		
Current liabilities		
Accounts payable-other	604,884	193,551
Accrued expenses	76,231	64,958
Income taxes payable	15,293	7,203
Other	10,535	3,916
Total current liabilities	706,944	269,629
Total liabilities	706,944	269,629
<b>Net assets</b>		
Shareholders' equity		
Capital stock	8,489,850	5,529,850
Capital surplus	3,773,850	813,850
Retained earnings	-3,451,970	-2,143,755
Total shareholders' equity	8,811,729	4,199,944
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	-35,255	-8,800
Total valuation and translation adjustments	-35,255	-8,800
Total net assets	8,776,474	4,191,144
Total liabilities and net assets	9,483,419	4,460,773

(2) Statements of Income  
[ Nine months ended September 30, 2011 ]

	(thousand yen)
	Current period (from January 1, 2011 to September 30, 2011)
Business revenue	665,047
Business expenses	
Cost of business revenue	1,845
Research and development expenses	1,271,369
Other selling, general and administrative expenses	693,967
Total business expenses	1,967,182
Operating loss	-1,302,135
Non-operating income	
Interest income	886
Subsidy income	43,164
Other	5,686
Total non-operating income	49,736
Non-operating expenses	
Stock issuance cost	22,820
Foreign exchange losses	9,896
Other	14,218
Total non-operating expenses	46,935
Ordinary loss	-1,299,334
Loss before income taxes	-1,299,334
Income taxes-current	8,880
Net loss	-1,308,214

[ Three months ended September 30, 2011 ]

(thousand yen)

	Current period (from July 1, 2011 to September 30, 2011)
Business revenue	62,960
Business expenses	
Cost of business revenue	1,845
Research and development expenses	512,853
Other selling, general and administrative expenses	280,398
Total business expenses	<u>795,097</u>
Operating loss	<u>-732,136</u>
Non-operating income	
Interest income	623
House rent income	1,184
Other	209
Total non-operating income	<u>2,018</u>
Non-operating expenses	
Stock issuance cost	22,820
Foreign exchange losses	8,464
Total non-operating expenses	<u>31,284</u>
Ordinary loss	<u>-761,403</u>
Loss before income taxes	<u>-761,403</u>
Income taxes-current	<u>6,960</u>
Net loss	<u>-768,363</u>

(3) Statements of Cash Flows

(thousand yen)

	Current period (from January 1, 2011 to September 30, 2011)
Net cash provided by (used in) operating activities	
Loss before income taxes	-1,299,334
Depreciation and amortization	13,808
Interest income	-886
Subsidy income	-43,164
Foreign exchange losses (gains)	13,365
Stock issuance cost	22,820
Decrease (increase) in notes and accounts receivable-trade	353,320
Decrease (increase) in inventories	-4,893
Decrease (increase) in advance payments	-4,131
Decrease (increase) in prepaid expenses	-24,458
Increase (decrease) in accounts payable-other	-88,765
Increase (decrease) in accrued expenses	11,273
Other, net	29,869
Subtotal	<u>-1,021,176</u>
Interest and dividends income received	551
Proceeds from subsidy	43,164
Income taxes paid	-9,840
Other, net	-14,218
Net cash provided by (used in) operating activities	<u>-1,001,520</u>
Net cash provided by (used in) investing activities	
Payments into time deposits	-1,500,000
Purchase of short-term investment securities	-1,800,000
Purchase of property, plant and equipment	-5,407
Purchase of intangible assets	-2,104
Net cash provided by (used in) investing activities	<u>-3,307,511</u>
Net cash provided by (used in) financing activities	
Proceeds from issuance of common stock	5,897,179
Net cash provided by (used in) financing activities	<u>5,897,179</u>
Effect of exchange rate change on cash and cash	-13,366
Net increase (decrease) in cash and cash equivalents	<u>1,574,781</u>
Cash and cash equivalents at beginning of period	<u>3,392,722</u>
Cash and cash equivalents at end of period	<u>4,967,503</u>