



NicOx reports first quarter 2011 financial results

May 4, 2011. Sophia Antipolis, France. www.nicox.com

NicOx S.A. (NYSE Euronext Paris: COX) today reported financial results for the first three months of 2011 and provided an overview of its activities.

Financial summary

Following the restructuring of the Group's entities and activities, research and development costs and administrative and selling costs were €4.2 million in the first quarter of 2011, compared to €16.2 million in the first quarter of 2010.

In the first quarter of 2011, NicOx recorded a total net loss for the period of €4.1 million, compared to €7.2 million for the first quarter of 2010. On March 31, 2011, the Company had cash and cash equivalents totaling €100.5 million, compared to €107.3 million on December 31, 2010.

No revenues were recorded for the first three months ended March 31, 2011, compared to €7.4 million for the same period of 2010, which related to the initial license payment received from Bausch + Lomb as part of the worldwide licensing agreement signed in March 2010.

Eric Castaldi, Chief Financial Officer of NicOx, commented: *"We are committed to preserving our strong cash position, with cash and cash equivalents totaling €100.5 million as of March 31, 2011. As anticipated, following the restructuring implemented in the end of 2010, our expenses for the first quarter of this year show a significant reduction compared to the same period last year."*

Operational summary

NicOx withdrew the Marketing Authorization Application (MAA) for naproxinod in Europe in April 2011, following feedback that the Committee for Medicinal Products for Human Use (CHMP) would not adopt a formal positive opinion on the basis of the submitted information.

This withdrawal does not affect the option agreement which was signed in March 2011 with Grupo Ferrer Internacional S.A. allowing Ferrer to take exclusive distribution rights for NicOx's osteoarthritis candidate naproxinod in Greece and Portugal and co-marketing rights in Spain and Germany following any potential future approval of naproxinod in Europe. NicOx and Ferrer are working to evaluate the options available for the potential further development of naproxinod in Europe.

NicOx decided to appeal the U.S. Food and Drug Administration (FDA) decision not to approve naproxinod under the FDA's Formal Dispute Resolution process and is currently finalizing the submission of the supporting information for the appeal.

In March 2010, NicOx and Bausch + Lomb signed a Worldwide Licensing Agreement granting Bausch + Lomb exclusive rights to develop and commercialize BOL-303259-X (NCX 116), an NO-donating prostaglandin F2-alpha analog for the potential treatment of glaucoma and ocular hypertension. In April 2011, Bausch + Lomb and NicOx agreed to restructure the terms of the future potential milestone payments, which could now total up to \$172.5 million.

The Company has set out the following strategic priorities: evaluating products and companies to acquire; seeking new R&D alliances for certain R&D programs; continuing research in the most promising areas; evaluating options for naproxinod in Europe with the assistance of Ferrer and finalizing the submission of the supporting information for the FDA appeal.

Review of the consolidated financial results for the three months ended March 31, 2011 and 2010

Revenues

NicOx did not record any revenues for the first three months ended March 31, 2011 compared to €7.4 million for the same period of 2010.

The revenues recognized during the first quarter of 2010 correspond to the initial license payment received from Bausch + Lomb following the signature of a licensing agreement in March 2010 that granted Bausch + Lomb exclusive worldwide rights to develop and commercialize BOL-303259-X (NCX 116). This amount has been immediately

recognized in revenues because the Company will not have continuing involvement in the future development of the compound which is the subject of this collaboration agreement.

Research and development costs, administrative and selling costs

Research and development costs, and administrative and selling costs for the first quarter of 2011 were significantly reduced as compared with that of 2010; amounting to €4.2 million for 2011, compared to €16.2 million for 2010. This significant reduction results from the restructuring of the Group's entities and activities following the decision of the FDA not to approve the marketing application for naproxinod in the US in July 2010. As part of the restructuring, the US offices of NicOx were closed in August 2010, the headcount of the French and Italian entities of the Group were significantly reduced, and the activities were heavily redefined in order to protect the Company's cash and cash equivalents and refocus the Group's key strategic priorities.

As of March 31, 2011, 66% of these expenses concerned research and development expenses and 34% administrative and selling expenses, compared to 76% and 24%, respectively, in the first quarter 2010.

Research and development expenses totaled €2.8 million during the first quarter of 2011, compared to €12.3 million during the first quarter 2010. In the first quarter of 2011, research and development expenses correspond mainly to personnel expenses related to the activities performed in relation with the naproxinod Marketing Authorization Application submitted in Europe. The Group employed 41 people in research and development on March 31, 2011, compared to 80 people at the same date in 2010.

Administrative expenses totaled €1.0 million in the first quarter of 2011 compared to €1.6 million in the first quarter of 2010 and include personnel expenses in administrative and financial functions, as well as the remuneration of corporate officers. Selling expenses were €0.4 million during the first three months ended March 31, 2011 compared to €2.2 million during the same period in 2010, and correspond for 2011 to the business development and communication activities of the Company. In 2010, these expenses also included the preparation of the then expected potential future commercialization of naproxinod in the United-States. The Group employed 16 people in its selling and administrative departments on March 31, 2011, compared to 46 people on March 31, 2010.

Other income

During the first quarter of 2011, other income totaled €0.3 million compared to €1.8 million in the first quarter of 2010. Other income corresponds mainly to the operational subsidies from the research tax credit in France.

Other expense

Other expense, which concerns exclusively restructuring costs, was €0.3 million in the first quarter of 2011.

Operating results

The operating loss amounted to €4.2 million in the first three months ended March 31, 2011, compared to €7.0 million in the first quarter of 2010.

Other results

Net financial income amounted to €0.2 million during the first quarter of 2011, compared to €0.1 million during the same period in 2010, and represents mainly the returns on the financial investments of the Company's cash and cash equivalents.

The income tax expense incurred by NicOx during the first three months of 2011 relates principally to tax from its Italian subsidiary and totaled €0.05 million, compared to €0.2 million during the first quarter of 2010.

Total net loss for the period

The total net loss was €4.1 million for the first three months ended March 31, 2011, compared to €7.2 million during the same period in 2010. This decrease is explained by the significant reduction of all the operating expenses following the restructuring implemented after the decision of the FDA not to approve naproxinod in July 2010.

Consolidated statement of financial position

The indebtedness incurred by NicOx is mainly short-term operating debt. On March 31, 2011, the Company's current liabilities totaled €5.2 million, including €1.7 million in other contingencies and liabilities with respect to the restructuring cost accrued, €1.7 million in accounts payable to suppliers and external collaborators, €0.9 million in accrued compensation for employees, €0.8 million in taxes payable and €0.1 million for other liabilities.

On March 31, 2011, the Company's cash and cash equivalents were €100.5 million, compared to €107.3 million on December 31, 2010 and €138.5 million on March 31, 2010. In late 2009, the Company completed a two step capital increase and received a total of €94.6 million corresponding to the net proceeds of the following operations: €29.4 million

from a private placement of shares to institutional investors completed on November 23, 2009, and €65.2 million from a rights issue completed on December 23, 2009.

About NicOx

NicOx (Bloomberg: COX:FP, Reuters: NCOX.PA) is a pharmaceutical company focused on the research, development and future commercialization of drug candidates. NicOx is applying its proprietary nitric oxide-donating R&D platform to develop an internal portfolio of New Molecular Entities (NMEs) for the potential treatment of inflammatory, cardio-metabolic and ophthalmological diseases.

The Company's pipeline includes several nitric oxide-donating NMEs, which are in development internally and with partners, who include Merck (known as MSD outside the United States and Canada), Bausch + Lomb, and Ferrer.

NicOx S.A. is headquartered in France and is listed on Euronext Paris (Compartment B: Mid Caps).



This press release contains certain forward-looking statements. Although the Company believes its expectations are based on reasonable assumptions, these forward-looking statements are subject to numerous risks and uncertainties, which could cause actual results to differ materially from those anticipated in the forward-looking statements.

Risks factors which are likely to have a material effect on NicOx's business are presented in the 4th chapter of the « *Document de référence, rapport financier annuel et rapport de gestion 2010* » filed with the French Autorité des Marchés Financiers (AMF) on February 25, 2011 and available on NicOx's website (www.nicox.com) and on the AMF's website (www.amf-france.org).

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INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME – MARCH 31, 2011

	For the period of three months ended of March 31,	
	2011	2010
	(in thousands of € except for per share data)	
Revenues.....	-	7,423
Research and development expenses.....	(2,774)	(12,331)
Administrative expenses.....	(1,037)	(1,627)
Selling expenses.....	(423)	(2,230)
Other income.....	320	1,753
Other expense.....	(255)	-
Operating loss	(4,169)	(7,012)
Finance income	173	93
Finance expense.....	(12)	(34)
Loss before income tax.....	(4,008)	(6,953)
Income tax expense.....	(52)	(213)
Net loss of the period.....	(4,060)	(7,166)
Exchange differences on translation of foreign operations.....	34	12
Other comprehensive income (loss) for the period, net of tax	34	12
Total comprehensive income (loss) for the period, net of tax	(4,026)	(7,154)
Attributable to:		
- Equity holders of the parent.....	(4,026)	(7,154)
- Non-controlling interests	-	-
Basic and diluted loss per share attributable to equity holders of the parent.....	(0.06)	(0.10)

INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION – MARCH 31, 2011

	As of March 31, 2011	As of December 31, 2010
	(in thousands of €)	
ASSETS		
Non-current assets		
Property, plant & equipment.....	1,964	2,130
Intangible assets	342	386
Other financial assets	243	247
Deferred income tax assets	6	39
Total non-current assets	2,555	2,802
Current assets		
Government subsidies receivable	1,806	1,509
Other current assets	745	909
Prepaid expenses	668	377
Cash and cash equivalents	100,543	107,335
Total current assets	103,762	110,130
TOTAL ASSETS	106,317	112,932
EQUITY AND LIABILITIES		
Common shares.....	14,538	14,509
Other reserves	81,925	85,979
Non-controlling interests	-	-
Total Equity	96,463	100,488
Non-current liabilities		
Other contingencies and liabilities	4,523	4,548
Deferred income tax liabilities	98	96
Finance lease	76	83
Total non-current liabilities	4,697	4,727
Current liabilities		
Other contingencies and liabilities	1,654	2,800
Finance lease	30	30
Trade payables	1,679	2,045
Social security and other taxes	1,670	2,627
Other liabilities.....	124	215
Total current liabilities	5,157	7,717
TOTAL EQUITY AND LIABILITIES	106,317	112,932