



NOVAGALI P H A R M A

Revenue for the first half of 2011

Evry (France), July 28, 2011: Novagali Pharma, a pharmaceutical company that develops and sells innovative ophthalmic products, today announces its revenue for its first half to June 30, 2011.

- **Quarterly and half-yearly revenue**

First-half revenue

<i>In thousands of euros - IFRS</i>	H1 2011	H1 2010	Δ %
Sales	369	236	+56.3%
Subsidies, public funding and research tax credit	1,018	419	+143.0%
Total revenue	1,387	655	+111.8%

Unaudited – The H1 2010 and 2011 accounting measures presented above are extracts of a balance sheet and P&L statement prepared in accordance with IFRS guidelines and have only been partially reviewed by the auditors

1st and 2nd quarter revenue

<i>In thousands of euros - IFRS</i>	Q1 2010	Q2 2010	Q1 2011	Q2 2011
Sales	107	129	131	238
Subsidies, public funding and research tax credit	208	211	379	639
Total revenue	315	340	510	877

Unaudited – The quarterly accounting measures presented above are extracts of a balance sheet and P&L statement prepared in accordance with IFRS guidelines and have only been partially reviewed by the auditors

Over the 2nd quarter of 2011, Novagali Pharma's sales, reflecting sales of Cationorm[®], totalled €238k, up a buoyant +84% on the 2nd quarter of 2010 and up almost +82% on the 1st quarter of 2011. This strong revenue growth is associated with the upramping of sales in countries in which the product is already marketed.

Over the first six months of the year, total revenue doubled compared to the same period last year, from €0.7 million to €1.4 million, an increase of +112%. This strong growth can be attributed to the +56.3% increase in sales of Cationorm[®] over the period and to the sharp increase in "Subsidies, public funding and research tax credit", which totalled €1.0 million over the six months to June 30, 2011 compared to €0.4 million a year earlier. This strong increase notably reflects the upramping of projects being developed by the Company, and in particular the launch of Phase II clinical trial for Catioprost[®] in the United States, the launch of the pivotal Phase III trial for Cyclokate[®] and the subsequent increase in Research Tax Credit. It also includes a €175.1k initial payment of an ISI OSEO operating subsidy relating to the launch of the VITRENA project. For information, in April 2010, Novagali Pharma and its partners obtained €9.4 million in OSEO funding to develop this diabetic retinopathy project.



Milestones and recent events

- Clinical developments

- **Recruitment of patients** completed in April 2011 for the Phase II clinical trial of Catioprost® in the United States.
- **EMA positive scientific advice for the design of the Phase III clinical trial of Cyclokot®** (January 2011) with the **enrolment of the first patients** in March 2011.

- **Strengthening of the Company's organisation**: recruitment of Dr. Ronald R. Buggage as Scientific Director of Novagali Pharma.

- **Sales developments**: signing of a major exclusive distribution agreement with Ardeao Health, LLC, for Nova23041 (marketed under the brand name Cationorm® in other countries) in the United States and Canada. Novagali further obtain the required authorisations to market Cationorm® in the United Arab Emirates.

2011 outlook

- **Acceleration in the commercial development of Cationorm®**

The signing, in 2011, of new marketing contracts concerning Cationorm®, notably in the United States, its launch in countries where marketing authorisation has been granted, such as Saudi Arabia, and the launch of the product in a multi-dose bottle preservative free should result in further strong growth in this product's consolidated sales.

- **Further development of the product portfolio**

The eagerly-awaited results of the Catioprost® Phase II clinical trial in the United States should be published during the 3rd quarter of the year, whilst the enrolment of patients for the Cyclokot® Phase III clinical trial is on-going.

Jérôme Martinez, Chairman of Novagali Pharma, concludes: *"We are very pleased with the activity we have recorded over the first half of the year, which was significantly up and which reflects both our marketing breakthroughs and the development of our product portfolio. With two products in Phase III and another product in Phase II at a very advanced development stage, Novagali Pharma has one of the French biotech sector's most mature product portfolios. The Company is therefore confident that it will see a continuation of the milestones achieved over this first half, both at sales level and at scientific level."*

About NOVAGALI Pharma - www.novagali.com

Founded in 2000, Novagali Pharma SA is a pharmaceutical company that develops and sells ophthalmic innovative products for all segments of the eye. Thanks to its three proprietary technology platforms, the Company has an advanced portfolio of highly innovative products, one of which is already on sale and two of which are undergoing phase III clinical trials.

In 2009, Frost & Sullivan recognised Novagali with the Award for Industry Innovation & Advancement of the Year, for its proprietary emulsion technology platforms, and Siemens awarded the company the "Health Award" *Grand Prix de l'Innovation* for Novasorb®. Novagali Pharma carried out a successful IPO in July 2010 enabling the Company to raise €22 million.

Novagali Pharma is listed on NYSE Euronext Paris - Compartment C. ISIN code: FR0010915553 - Ticker: NOVA.

Disclaimer

This press release contains forward-looking statements. Although Novagali Pharma considers these statements to be based on reasonable assumptions, they could be affected by risks and uncertainties causing actual results to differ significantly from these forward-looking statements. For details of the risks and uncertainties that could potentially affect Novagali Pharma's results, financial situation, performances or achievements and thus result in a variation in these figures compared to the forward-looking statements contained in this document, please refer to the Risk Factors section of the *Document de Base* source document registered with the French *Autorité des Marchés Financiers* ("AMF") under n° R. 11-021 on April 29th 2011 and available on the AMF (<http://www.amf-france.org>) and Novagali Pharma (www.novagali.com) websites.

This press release and the information contained herein do not constitute an offer to sell or subscribe to, or a solicitation of an offer to buy or subscribe to, shares in Novagali Pharma in any country.





**Next press release:
Results for the 1st half of 2011: August 31st 2011
(after market)**

Contacts

Novagali
Geneviève Garrigos
VP HR & Communication
Tel: +33 (0)6 65 54 60 19

NewCap.
Financial Communication
Axelle Vuillermet / Emmanuel Huynh
Tel: +33 (0)1 44 71 94 93
Email: novagali@newcap.fr