



10 February 2012

**Summary of Consolidated Financial Results
for 3Q ended 31 December 2011
(abridged English version)**

Sosei Group Corporation (4565, Tokyo Stock Exchange, Mothers Index) today reported financial results for 3Q ended 31 December 2011.

The net sales for 3Q ended 31 December 2011 totalled ¥834M (¥718M in the same period a year ago). The income in this period is primarily based on milestone revenue from Novartis triggered by NVA237 filing for marketing authorisation with the European Medicines Agency (EMA), milestone revenue from ASKA triggered by launch of NorLevo[®] (emergency contraceptive) and sales of NorLevo[®].

Cost of Goods Sold (COGS) increased to ¥226M from ¥50M in the previous year due to the increase in sales of NorLevo[®] in Japan.

Selling, General and Administration (SG&A) expenses were ¥1,908M (¥1,836M in the previous year). Within SG&A, R&D expenses were ¥153M (¥197M in the comparative period last year). Other SG&A costs amounted to ¥563M (¥448M in the same period a year ago). Amortisation of goodwill relating to the 2005 acquisition amounted to ¥1,191M, which is equivalent to the previous year on a pro-rated basis. Consequently, the operating loss increased to ¥1,301M from ¥1,168M, and the net loss increased to ¥1,367M from ¥1,205M in the comparative period last year.

The Group had ¥1,471M of cash as of 31 December 2011, compared to ¥1,751M of cash on 31 March 2011.

Product development progress during the first nine month ended 31 December 2011:

NorLevo[®] 0.75mg TABLETS

NorLevo[®], the first emergency contraceptive was launched in Japan and is being distributed through ASKA Pharmaceutical distribution network.

NVA237 and QVA149 for chronic obstructive pulmonary disease (COPD)

NVA237 is a dry powder formulation for inhalation of glycopyrronium bromide, a long-acting muscarinic antagonist (LAMA) with a rapid onset of activity.

NVA237 was licensed to Novartis in April 2005 by Sosei and our co-development partner, Vectura Group.

At present, NVA237 is under regulatory review in the EU, where it was submitted for approval in September 2011 under the brand name Seebri[®] Breezhaler[®], triggering \$5M milestone payment to Sosei. Novartis expects to receive CHMP opinion on NVA237 approval in second half of 2012. In Japan, Novartis submitted NVA237 for approval in November 2011. If approved, NVA237 would be co-promoted with Eisai Co. Ltd. In the US, Novartis is in dialogue with the FDA regarding additional clinical data needed to secure approval.

QVA149, a fixed-dose combination of NVA237 and indacaterol maleate (Onbrez[®] Breezhaler[®]) remains on track for submission in ex-US countries starting in the fourth quarter of 2012. Phase III data for QVA149 are expected to be presented at a major respiratory conference in the second half of 2012.

To date, Sosei has received \$35M from Novartis and, under the terms of the licence, could receive up to an additional \$152.5M for achievement of regulatory and commercialisation targets for both NVA237 and QVA149. In addition, royalties will be received on product sales in the event of successful product launches.

APNT (Activus Pure Nano-particle Technology)

Using Activus Pure Nano-particle Technology (APNT) and surface-modified nanoparticle technology, Sosei Group's 100% subsidiary, Activus is focusing on development of high value-added products that would solve the problems existing formulations are facing. To explore the potential of APNT in treatment of ophthalmic diseases, Activus has to date signed a collaboration agreement with several Japanese companies.

Also, to explore APNT's potential as a novel posterior eye segment medication, Activus has signed a collaboration agreement with Gifu Pharmaceutical University. For this, Activus was awarded a grant from the New Energy and Industrial Technology Development Organization (NEDO), an Incorporated Administrative Agency under the Ministry of Economy, Trade and Industry (METI) as a part of their FY2011 Innovation Promotion Programme. Posterior eye segment disease such as diabetic retinopathy and age-related maculopathy is the primary cause of blindness and other visual impairments in middle age. An effective and easy-to-use medication has still not been invented, and the development of an innovative treatment is anticipated.

In-licensing

Sosei Group's wholly owned Japanese subsidiary, Sosei Co., Ltd. acquired development and commercialisation rights to Loramyc[®] (development code: SO-1105) in Japan from BioAlliance Pharma in May 2011. Loramyc[®] is an antifungal agent, administered as a muco-adhesive buccal tablet for the treatment of oropharyngeal candidiasis in immunocompromised patients. Loramyc[®] has been registered in 26 European countries, in South Korea, and the United States. Clinical studies are expected to commence in Q4 2011 fiscal year.

Sosei Group Corporation		
Consolidated Financial Results (Unaudited) (Yen Millions)		
	9 months ended 31 December	
	2011	2010
Net sales	834	718
Cost of Goods Sold	226	50
Gross Margin	607	668
Selling, General and Administration		
Research & Development (R&D)	153	197
Amortisation of goodwill	1,191	1,191
Other SG&A	<u>563</u>	<u>448</u>
Total SG&A	1,908	1,836
Operating profit/(loss)	(1,301)	(1,168)
Non-operating income/(expenses)	(63)	(37)
Income/(loss) before taxes	(1,365)	(1,205)
Income tax (charge)/credit	<u>(2)</u>	<u>0</u>
Net income/(loss)	(1,367)	(1,205)
Average number of shares outstanding	118,338	117,913

Consolidated Balance Sheet Data (Unaudited)
(Yen Millions)

	31 December 2011	31 March 2011
Cash, cash equivalents and short-term investments	1,471	1,751
Goodwill	5,823	7,014
Total assets	7,683	8,991
Total liabilities	278	335
Total stockholders' equity (excluding impact of foreign exchange gains & losses and Stock Acquisition Rights)	5,901	7,269

Forecast for the Fiscal Year Ending March 31, 2012

(Yen Millions)

	FY2011 Forecast	FY2010 Actual
Net Sales	876	716
Operating expenses	2,783	2,542
R&D costs	339	288
SG&A costs	856	666
Amortization of goodwill	1,588	1,588
Operating income/(loss)	(2,167)	(1,876)
Ordinary income/(loss)	(2,167)	(1,962)
Net income/(loss)	(2,167)	(1,871)