



11 November 2010

**Summary of Consolidated Financial Results  
for the First Half Year ended 30 September 2010  
(abridged English version )**

Sosei Group Corporation (4565, Tokyo Stock Exchange, Mothers Index) today reported financial results for the first half ended 30 September 2010.

The net sales for the first half year totalled ¥709M (¥788M in the same period a year ago). The income in this period is primarily based on milestone revenue from Novartis for entering PIII for QVA149, and sales of NorLevo<sup>®</sup> (emergency contraceptive) to Sandoz of Australia.

Selling, General and Administration (SGA) expenses were ¥1,201M, a decrease of 9.2% from ¥1,324M in the previous year. Within SGA, R&D expenses were ¥122M, a decrease of 41.5% from the comparative half last year due to continued cost reduction. Also, as a result of efforts to reduce non-R&D costs, other SGA costs fell by 11.2% to ¥285M. Amortisation of goodwill relating to the 2005 acquisition amounted to ¥794M, which is equivalent to the previous year on a pro-rated basis. Consequently, the operating loss decreased to ¥541M from ¥573M in the previous year. However, as a result of exchange-rate loss, the net loss increased to ¥616M from ¥493M in the comparative period last year.

The Group had ¥2,150M of cash as of 30 September 2010, compared to ¥1,857M of cash on 31 March 2010.

Progress of product development and other activities during the 2Q ended 30 September 2010 include:

- QVA149 (COPD) (announced on 10 May 2010)

In May 2010 Novartis announced commencement of QVA149 Phase III clinical trials. The programme commences with two 52-week studies. The first trial will assess the superiority of QVA149 over NVA237 alone in the rate of exacerbations in 1,998 patients with severe or very severe COPD. The second trial will assess the long term safety and tolerability of QVA149 in 339 patients with moderate to severe COPD. In September 2010, an additional 26-week Phase III trial will assess the efficacy, safety and tolerability of once-daily QVA149 in patients with moderate to severe COPD.

- Acquisition of Activus Pharma (acquisition completed on 17 August 2010)

Activus Pharma specializes in nano-particle processing technology that keeps compounds virtually free from contamination and increases their solubility, and therefore enables the development of injections, ophthalmic

solutions and inhalations with poorly soluble compounds where high purity is required. The technology can be expected to generate new development candidates for Sosei, and partnerships with other pharmaceutical companies.

<b>Sosei Group Corporation</b>		
<b>Consolidated Financial Results (Unaudited)</b> (Yen Millions)		
	6 months ended 30 September	
	2010	2009
Net sales	709	788
Operating expenses		
Cost of sales	49	38
Selling, General and Administration		
Research & Development (R&D)	122	209
Amortisation of goodwill	794	794
Other SGA	<u>285</u>	<u>321</u>
Total Selling, General and Administration	1,201	1,324
Total operating expenses	1,251	1,362
Operating profit/(loss)	(541)	(573)
Non-operating income/(expenses)	(77)	81
Income/(loss) before taxes	(618)	(491)
Income tax (charge)/credit	<u>1</u>	<u>(1)</u>
Net income/(loss)	(616)	(493)
Average number of shares outstanding	117,913	117,893

**Consolidated Balance Sheet Data (Unaudited)**  
(Yen Millions)

	30 September 2010	31 March 2010
Cash, cash equivalents and short-term investments	2,150	1,857
Goodwill	7,808	8,602
Total assets	10,141	10,673
Total liabilities	294	296
Total stockholders equity (excluding impact of foreign exchange gains & losses and Stock Acquisition Rights)	8,502	9,119

**Forecast for the Fiscal Year Ending March 31, 2011**

The financial forecast for the year ending 31 March 2011 remains unchanged from that announced on 13 May 2010.