



9 November 2012

**Summary of Consolidated Financial Results
for the Q2 ended 30 September 2012
(abridged English version)**

Sosei Group Corporation (“Sosei”; TSE Mothers Index: 4565) today reported financial results for the Q2 ended 30 September 2012.

Cumulative net sales for the second quarter totalled ¥1,218M, an increase of 51.4% from ¥804M in the comparative half last year, as a result of increase in milestone payments from Novartis triggered by the approval of NVA237 (COPD) in Europe and Japan, as well as the sales of NorLevo[®] (emergency contraceptive) in Japan and Australia.

Year-to-date Selling, General and Administrative (SG&A) expenses were ¥1,285M (¥1,295M in the comparative period last year). Within SG&A expenses, R&D expenses increased to ¥180M from ¥100M in the same period last year mainly due to the increased development and related costs for SO-1105. Other SG&A costs were ¥311M (¥401M in the comparative period last year) and amortisation of goodwill was ¥794M which is unchanged from the previous year.

As a result, operating loss decreased to ¥215M (¥685M in the same period last year), and net loss to ¥179M (¥755M in the same period of the prior year).

The Group had ¥1,072M of cash, cash equivalents and short-term investments as of 30 September 2012, compared to ¥1,497M as of 31 March 2012.

Highlights of the second quarter:

NVA237 and QVA149 for chronic obstructive pulmonary disease (COPD)

NVA237 (glycopyrronium bromide) is a long-acting muscarinic antagonist (LAMA) developed as once-daily inhaled maintenance therapy for the treatment

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

In September 2012, NVA237 received approval in the EU (as Seebri[®] Breezhaler[®]) and Japan (under the brand name Seebri[®] Inhalation Capsules). The product has since been launched in Germany and the UK, and approvals have also been granted in Canada and Australia. Novartis expects to file the product for approval in the US in the beginning of 2014.

QVA149, a fixed-dose combination of glycopyrronium bromide and indacaterol maleate (Onbrez[®] Breezhaler[®]) was filed for approval in the EU in October 2012, and in Japan in November 2012.

To date, Novartis have announced positive results of five Phase III studies: SHINE, BRIGHT, ENLIGHTEN, ILLUMINATE and SPARK, conducted as part of IGNITE program, one of the largest international patient registration programs in COPD comprising 10 studies and including more than 7,000 subjects across 42 countries. Data from these five studies demonstrated the efficacy of QVA149 and showed a superior effect on lung function and patient-reported outcomes versus comparators Spiriva[®] and Seratide[®].

The US application for approval is expected to be filed by the end of 2014.

To date, Sosei has received \$52.5M from Novartis and, under the terms of the license, could receive up to an additional of \$135M 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.

Sosei Group Corporation		
Consolidated Financial Results (Unaudited) (Yen Millions)		
	6 months ended 30 September	
	2012	2011
Net sales	1,218	804
Cost of sales	148	194
Gross Profit	1,069	609
Selling, General and Administration		
Research & Development (R&D)	180	100
Amortisation of goodwill	794	794
Other SGA	<u>311</u>	<u>401</u>
Total Selling, General and Administration	1,285	1,295
Operating income/(loss)	(215)	(685)
Non-operating income/(expense)	(51)	(68)
Ordinary Income/(loss)	(267)	(754)
Extraordinary income/(loss)	14	-
Net income/(loss) before taxes	(252)	(754)
Income tax (charge)/credit	(1)	(1)
Minority Interest	75	-
Net income/(loss)	<u>(179)</u>	<u>(755)</u>
Average number of shares outstanding	118,362	118,338

Consolidated Balance Sheet Data (Unaudited) (Yen Millions)		
	FY2012 Q2 ended 30 Sept	FY2011 ended 31 March
Cash, cash equivalents and short-term investments	1,072	1,497
Goodwill	4,631	5,426
Total assets	7,082	7,390
Total liabilities	191	288
Stockholders' equity	5,180	5,314

Forecast for the Fiscal Year Ending 31 March 2013

The financial forecast for the year ending 31 March 2013 remains unchanged from that announced on 15 May 2012.