



13 February 2013

**Summary of Consolidated Financial Results
for the Q3 ended 31 December 2012
(abridged English version)**

Sosei Group Corporation (“Sosei”; TSE Mothers Index: 4565) today reported financial results for the third quarter ended 31 December 2012.

Cumulative net sales for the third quarter totalled ¥1,861M, an increase of 123.1% from ¥834M in the comparative period 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 regulatory submission for QVA149 in Europe.

Year-to-date Selling, General and Administrative (SG&A) expenses were ¥1,907M (¥1,908M in the comparative period last year). Within SG&A expenses, R&D expenses increased to ¥258M from ¥153M in the same period last year mainly due to the increased development costs for SO-1105. Other SG&A costs decreased to ¥458M from ¥563M in the comparative period last year. Amortisation of goodwill was ¥1,191M which is equivalent to the comparative period of the previous year.

As a result, operating loss decreased to ¥331M (¥1,301M in the same period last year), and net loss to ¥200M (¥1,367M in the same period of the prior year).

The Group had ¥2,398M of cash, cash equivalents and short-term investments as of 31 December 2012, compared to ¥1,497M as of 31 March 2012.

Highlights of the third 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, the UK, Japan etc., 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 \$135M for achievement of regulatory and commercialisation targets for both NVA237 and QVA149. In addition, royalties will be received on product sales upon successful product launches.

Sosei Group Corporation		
Consolidated Financial Results (Unaudited) (Yen Millions)		
	9 months ended 31 December	
	2012	2011
Net sales	1,861	834
Cost of sales	285	226
Gross Profit	1,575	607
Selling, General and Administration Research & Development (R&D)	258	153
Amortisation of goodwill	1,191	1,191
<u>Other SGA</u>	<u>458</u>	<u>563</u>
Total Selling, General and Administration	1,907	1,908
Operating income/(loss)	(331)	(1,301)
Non-operating income/(expense)	26	(63)
Ordinary Income/(loss)	(305)	(1,365)
Extraordinary income/(loss)	31	-
Net income/(loss) before taxes	(273)	(1,365)
Income tax (charge)/credit	(2)	(2)
Minority Interest	75	-
Net income/(loss)	<u>(200)</u>	<u>(1,367)</u>
Average number of shares outstanding	118,490	118,338

Consolidated Balance Sheet Data (Unaudited)
(Yen Millions)

	FY2012 Q3 ended 31 Dec	FY2011 ended 31 March
Cash, cash equivalents and short-term investments	2,398	1,497
Goodwill	4,234	5,426
Total assets	7,237	7,390
Total liabilities	275	288
Stockholders' equity	5,179	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.