



12 August 2010

**Summary of Consolidated Financial Results
for the 1Q ended 30 June 2010
(abridged English version)**

Sosei Group Corporation ("Sosei"; TSE Mothers Index: 4565) today reported financial results for the 1Q ended 30 June 2010.

The net sales for the 1Q ended 30 June 2010 totalled ¥689M (¥733M in the same period last year). The income in this period is primarily based on the milestone from Novartis triggered by the commencement of Phase III trials for QVA149, and ongoing sales of NorLevo[®] to Sandoz through a sub-licence arrangement in Australia.

Selling, General and Administrative (SG&A) expenses were ¥597M, a decrease of 13.1% from ¥689M in the comparative period last year, due to continued reduction of R&D and other overhead spending. Within SG&A, R&D expenses were ¥53M, a decrease of 52.1% from the comparative period last year. Other SG&A costs were ¥147M, a reduction of 18.1% from the same period last year. Amortization of goodwill was ¥397M same as the amount in the comparative period last year.

As a result, an operating profit of ¥60M was realized, a significant increase compared to ¥6M in the same period last year. Net income was ¥10M (¥276M in the same period of the prior year).

The Group had ¥1,675M of cash as of 30 June 2010, compared to ¥1,857M as of 31 March 2010.

Progress of product development and other activities during the 1Q ended 30 June 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.

- Acquisition of Activus Pharma (announced on 21 June 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.

| Sosei Group Corporation | | |
|--|------------------|------------|
| Consolidated Financial Results (Unaudited) (Yen Millions) | | |
| | 1Q ended 30 June | |
| | 2010 | 2009 |
| Net sales | 689 | 733 |
| Operating expenses | | |
| Cost of sales | 30 | 37 |
| Selling, General and Administration | | |
| Research & Development (R&D) | 53 | 112 |
| Amortisation of goodwill | 397 | 397 |
| Other SGA | <u>147</u> | <u>179</u> |
| Total Selling, General and Administration | 597 | 689 |
| Total operating expenses | 628 | 726 |
| Operating profit/(loss) | 60 | 6 |
| Non-operating income/(expenses) | (52) | 269 |
| Income/(loss) before taxes | 8 | 276 |
| Income tax (charge)/credit | <u>1</u> | <u>(0)</u> |
| Net income/(loss) | 10 | 276 |
| Average number of shares outstanding | 117,913 | 117,893 |

| Consolidated Balance Sheet Data (Unaudited) (Yen Millions) | | |
|--|--|--------------------------------------|
| | FY2010 1Q ended 30 June | FY2009 ended 31 March |
| Cash, cash equivalents and short-term investments | 1,675 | 1,857 |
| Goodwill | 8,205 | 8,602 |
| Total assets | 10,707 | 10,673 |
| Total liabilities | 251 | 296 |
| Total stockholders equity (excluding impact of foreign exchange gains & losses and Stock Acquisition Rights) | 9,130 | 9,119 |

Forecast for the Fiscal Year Ending 31 March 2011

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