15 May 2012

Summary of Consolidated Financial Results
for the Financial Year ended 31 March 2012
(abridged English version)

Sosei Group Corporation (4565, Tokyo Stock Exchange, Mothers Market) today reported financial results for the financial year ended 31 March 2012.

Net sales for the fiscal year ended March 2012 totalled ¥862M (¥716M in the same period a year ago). Income in this period consisted mainly of 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® in Japan and Australia.

Selling, General and Administration (SG&A) expenses totalled ¥2,571M (¥2,542M in the same period previous year) as a result of the company's continued efforts to suppress overall cost-increase. Within SG&A, R&D expenses were ¥227M (¥288M in the previous year). Other SG&A costs were ¥755M (¥665M in the previous year), an increase of ¥89M that is a result of NorLevo® related manufacturing and commercialization costs. Amortisation of goodwill, relating to the acquisition of Sosei R&D amounted to ¥1,588M which is equivalent to the previous year.

Ordinary loss was ¥1,950M (¥1,962M in the prior year), while net loss was ¥1,954M, a decrease of ¥82M (¥1,871M in the previous year) due to a decrease in extraordinary income.

As of 31 March 2012 the Group had ¥1,497M cash and cash equivalent balance and no outstanding debt, compared to ¥1,751M as of 31 March 2011.

Product development progress during the financial year ended 31 March 2012:

NorLevo® 0.75mg TABLETS

NorLevo® was launched in Japan as a first emergency contraceptive in May 2011, and is now 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 a $5M milestone payment to Sosei. Novartis expects to receive CHMP opinion on NVA237 approval in mid-2012.
In Japan, Novartis submitted NVA237 for approval in November 2011, and signed a co-promotion agreement with Eisai Co. Ltd in the same month.
In the US, Novartis have agreed the Phase III trial design for NVA237 with FDA and expect to file the product for approval at the beginning of 2014.

Phase III data presented at ERS (European Respiratory Society) in September 2011 demonstrated improvements compared to placebo, while additional Phase III data are expected to be presented at a major medical congress in H1 2012.

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. In April 2012 Novartis announced topline data from the first four Phase III studies, SHINE, BRIGHT, ENLIGHTEN and ILLUMINATE, which are key components of the IGNITE program. The results from these studies, demonstrate the potential of QVA149 in the treatment of COPD.

- The ILLUMINATE study demonstrated superior lung function of once-daily QVA149 compared to twice-daily Seretide®.
- SHINE demonstrated the superiority of QVA149 compared to indacaterol or NVA237 alone. The study also showed QVA149's superiority compared to placebo and open-label tiotropium.
- BRIGHT demonstrated that patients taking QVA149 experienced significantly better exercise endurance than those taking placebo, while
- ENLIGHTEN showed that QVA149 was well tolerated, with a safety and tolerability profile similar to placebo.

Additional Phase III data are expected to be presented at a major medical congress in H2 2012.

In the US, Novartis have agreed on the Phase III trial design for QVA149 with FDA and expect to file the product for approval at the end of 2014.

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. Phase I clinical study was initiated in March 2012 and is designed to evaluate the pharmacokinetics and safety of SO-1105 in healthy Japanese adults.

Sosei Group Corporation		
Consolidated Financial Results (Yen Millions)		
	12 month ended March 31	
	2012	2011
Net sales	862	716
Cost of Sales	253	50
Gross Profit	608	665
Selling, General and Administration		
Research & Development (R&D)	227	288
Amortisation of goodwill	1,588	1,588
Other SGA	755	655
Total Selling, General and Administration	2,571	2,542
Operating profit/(loss)	(1,962)	(1,876)
Non-operating income/(expenses)	11	4
Income/(loss) before taxes	(1,951)	(1,871)
Income tax (charge)/credit	(3)	(0)
Net income/(loss)	(1,954)	(1,871)
Average number of shares outstanding	118,338	117,960

Consolidated Balance Sheet Data (Yen Millions)		
	31 March 2012	31 March 2011
Cash, cash equivalents and short-term investments	1,497	1,751
Goodwill	5,426	7,014
Total assets	7,390	8,991
Total liabilities	288	335
Total stockholders equity (excluding impact of foreign exchange gains & losses and Stock Acquisition Rights)	5,314	7,269

Forecast for the Fiscal Year Ending 31 March 2013

Sosei Group Consolidated (Yen Millions)

	FY2012 Forecast	FY2011 Actual
Net Sales	2,000	862
Operating expenses	2,830	2,571
R&D costs	410	227
SG&A costs	832	755
Amortization of goodwill	1,588	1,588
Operating income/(loss)	(1,130)	(1,962)
Ordinary income/(loss)	(1,050)	(1,950)
Net income/(loss)	(1,050)	(1,954)

Net sales forecast mainly consists of milestone revenue for the expected approval of NVA237 in Europe and Japan, as well the expected MAA filing for QVA149, along with sales of Norlevo® in Japan and Australia, etc.