



12 August 2011

**Summary of Consolidated Financial Results
for the Q1 ended 30 June 2011
(abridged English version)**

Sosei Group Corporation ("Sosei"; TSE Mothers Index: 4565) today reported financial results for the Q1 ended 30 June 2011.

The net sales in this quarter totalled ¥238M (¥689M in the same period last year). The income in this period is primarily based on the milestone from ASKA Pharmaceutical triggered by the launch of NorLevo[®] (emergency contraceptive) and its sales in Japan, as well as ongoing sales of NorLevo[®] to Sandoz, Australia. 65% of decrease in sales comparing to the same period last year is due to the difference in milestones received. Initiation of Phase III for QVA149 triggered the milestone in the same period last year, whereas no milestone payment related to COPD products was received in this quarter.

Selling, General and Administrative (SG&A) expenses were ¥663M (¥597M in the comparative period last year). Within SG&A expenses, R&D expenses were ¥53M (0.4% increase from the same period last year), other SG&A costs were ¥212M (an increase of 44% from the same period last year mainly due to accounting for Activus activities) and amortization of goodwill was ¥397M (same as the amount in the comparative period last year).

As a result, operating loss was ¥526M (¥60M profit in the same period last year), due to the difference in milestone payments as mentioned above. Net loss was ¥531M (¥10M net income in the same period of the prior year).

The Group had ¥1,445M of cash as of 30 June 2011, compared to ¥1,751M as of 31 March 2011.

Announcements made during the Q1 ended 30 June 2011 include:

- **NVA237 (COPD):** Phase III pivotal GLOW 1 study top-line results (announced on 19 April 2011)
Data from this study showed once-daily NVA237 met its primary endpoint, demonstrating superior bronchodilation (trough FEV1) relative to placebo (p<0.001) at 12 weeks. Also, NVA237 significantly improved lung function while demonstrating a good safety profile in patients with moderate-to-severe COPD. Detailed results of this study are to be presented at ERS (European Respiratory Society) in September 2011.
- **In-licensing:** Sosei acquired development and commercialization rights for Loramyc[®] (announced on 11 May 2011)
Sosei Group's wholly owned Japanese subsidiary, Sosei Co., Ltd. acquired development and commercialization rights to Loramyc[®] (development code: SO-1105) in Japan from BioAlliance Pharma. 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.
- **APNT (Activus Pure Nano-particle Technology):** Collaboration agreement with Toa Pharmaceutical and its subsidiary Nitto Medic (announced on 12 May 2011)
Sosei Group's 100% subsidiary, Activus Pharma entered into a Joint Development Agreement with Toa Pharmaceuticals and its subsidiary Nitto Medic. Under the terms of the agreement, both sides will jointly conduct research and development to assess the feasibility of developing various ophthalmic solutions applying APNT. Once a product has been identified for development, a separate agreement towards commercialization will be executed.
- **NorLevo[®] 0.75mg TABLETS:** NorLevo[®], a first emergency contraceptive launched in Japan on 24 May (announced on 23 May 2011).
Based on the agreement signed with ASKA Pharmaceuticals in November 2009, NorLevo[®] is being distributed through ASKA Pharmaceutical

distribution network.

- **APNT (Activus Pure Nano-particle Technology):** Collaboration agreement with Gifu Pharmaceutical University (announced on 20 June 2011)
Sosei Group's wholly owned subsidiary Activus Pharma entered the collaboration agreement with Gifu Pharmaceutical University to explore the potential of APNT in treatment of ophthalmic diseases.
Under the terms of the agreement, the two parties will undergo the feasibility study required for the optimum formulation design. In case the positive data are obtained in this study, the further studies will be undertaken.
- **NVA237 (COPD):** Phase III pivotal GLOW 2 study top-line results (announced on 30 June 2011)
GLOW2 study showed NVA237 provides superior 24-hour bronchodilation to placebo ($p < 0.001$) with comparable efficacy to open-label tiotropium at 12 weeks, as well as that NVA237 is well-tolerated in patients with moderate-to-severe COPD. Further efficacy and safety results from GLOW2 will be presented at a scientific congress in 2012, and the data will be used to support an application for regulatory approval to be filed before the end of 2011.

Sosei Group Corporation		
Consolidated Financial Results (Unaudited) (Yen Millions)		
	Q1 ended 30 June	
	2011	2010
Net sales	238	689
Operating expenses		
Cost of sales	101	30
Selling, General and Administration		
Research & Development (R&D)	53	53
Amortisation of goodwill	397	397
Other SGA	<u>212</u>	<u>147</u>
Total Selling, General and Administration	663	597
Total operating expenses	765	628
Operating profit/(loss)	(526)	60
Non-operating income/(expenses)	(4)	(52)
Income/(loss) before taxes	(530)	8
Income tax (charge)/credit	(0)	1
Net income/(loss)	(531)	10
Average number of shares outstanding	118,338	117,913

Consolidated Balance Sheet Data (Unaudited) (Yen Millions)		
	FY2011 Q1 ended 30 June	FY2010 ended 31 March
Cash, cash equivalents and short-term investments	1,445	1,751
Goodwill	6,617	7,014
Total assets	8,525	8,991
Total liabilities	377	335
Total stockholders equity (excluding impact of foreign exchange gains & losses and Stock Acquisition Rights)	6,714	7,269

Forecast for the Fiscal Year Ending 31 March 2012

The financial forecast for the year ending 31 March 2012 remains unchanged from that announced on 12 May 2011.