



13 May 2010

**Summary of Consolidated Financial Results
for the Financial Year ended 31st March 2010
(abridged English version)**

Sosei Group Corporation (4565, Tokyo Stock Exchange, Mothers Market) today reported financial results for the financial year ended 31st March 2010.

Net sales for the fiscal year ended March 2010 increased to ¥919M compared to ¥152M in the same period a year ago mainly due to the receipt of milestone revenue from Novartis for the initiation of PIII of NVA237.

Selling, General and Administration (SGA) expenses decreased to ¥2,646M from ¥3,698M in the same period previous year as a result of the company's continued efforts to reduce overall costs. Within SGA, R&D expenses were ¥338M, a ¥447M decrease over the previous year's total of ¥785M. Other SGA costs were ¥719M (¥1,325M in the previous year). Amortisation of goodwill, relating to the acquisition of Sosei R&D amounted to ¥1,588M, which is equivalent to the previous year.

Also, as a result of increase in revenue and cost reduction, ordinary loss and net loss decreased significantly to ¥1,781M (¥4,165M in the previous year) and ¥1,769M (¥3,938M in the previous year) respectively.

The Group slightly increased its cash and cash equivalent balance to ¥1,857M as of 31st March 2010 compared to ¥1,768M in the same period last year.

Product development progress made during the financial year ended 31st March 2010 include:

- Start of Phase III clinical study with NVA237 in June 2009.
- Filing of NDA for SOH-075 in Japan in September 2009.
- Assignment of AD923 to Pharmasol in October 2009.
- Assignment of SD281 to Biocopea Limited in October 2009.
- Signing of Definitive Distribution Agreement with ASKA for the commercialization of SOH-075 in November 2009.

Sosei Group Corporation		
Consolidated Financial Results (Audited) (Yen Millions)		
	12 month ended March 31 st	
	2010	2009
Net sales	919	152
Cost of Sales	127	121
Gross Profit	791	31
Selling, General and Administration		
Research & Development (R&D)	338	785
Amortisation of goodwill	1,588	1,588
Other SGA	<u>719</u>	<u>1,325</u>
Total Selling, General and Administration	2,646	3,698
Operating profit/(loss)	(1,854)	(3,667)
Non-operating income/(expenses)	87	(370)
Income/(loss) before taxes	(1,767)	(4,038)
Income tax (charge)/credit	<u>(2)</u>	<u>99</u>
Net income/(loss)	(1,769)	(3,938)
Average number of shares outstanding	117,913	117,893

Consolidated Balance Sheet Data (Audited,) (Yen Millions)		
	31 st March 2010	31 st March 2009
Cash, cash equivalents and short-term investments	1,857	1,768
Goodwill	8,602	10,190
Total assets	10,673	12,367
Total liabilities	296	228
Total stockholders equity (excluding impact of foreign exchange gains & losses and Stock Acquisition Rights)	9,119	10,886

Forecast for the Fiscal Year Ending 31st March, 2011

Sosei Group Consolidated

(Yen Millions)

	FY2010 Forecast	FY2009 Actual
Net Sales	800	919
Operating expenses	2,520	2,646
R&D costs	300	338
SG&A costs	632	719
Amortization of goodwill	1,588	1,588
Operating income/(loss)	(1,840)	(1,854)
Ordinary income/(loss)	(1,840)	(1,781)
Net income/(loss)	(1,845)	(1,769)

Net sales forecast mainly consist of milestone revenue that the initiation of Phase III clinical studies for QVA149 will trigger, along with sales of Norlevo to Sandoz Australia.

NVA237 and QVA149 are being developed under the responsibility of Novartis, and therefore the Group will not incur any development costs for those two products.

Further SG&A costs reductions will be pursued in FY10.