



12 February 2010

**Summary of Consolidated Financial Results
for the 3Q ended 31 December 2009
(abridged English version)**

Sosei Group Corporation (4565, Tokyo Stock Exchange, Mothers Market) today reported financial results for the 3Q ended 31 December 2009.

Net sales totalled ¥870M, an increase of 557% from ¥132M in the same period a year ago, as a result of milestone revenue from Novartis for commencement of Phase III studies for NVA237, the lump-sum payment from Aska upon the signing of the distribution agreement for SOH-075, and sales of emergency contraceptive pills to Sandoz, Australia.

Selling, General and Administration (SG&A) expenses for the 3Q were ¥1,957M (¥3,118M in the prior year), a significant decrease that comes as a result of the company strategy to cut R&D costs and secure the future of the business until it starts generating income from NVA237/QVA149 in a few years time. Within SG&A expenses, R&D costs were ¥276M (¥731M in the comparative period of the prior year). Amortization of goodwill arising from the Sosei R&D Ltd. acquisition remains the same as the previous year at ¥1,191M, while other SG&A expenses decreased to ¥489M, a reduction of 59% from the same period last year.

The net loss in this period was ¥1,025M, compared to ¥3,534M in the same period last year.

As of 31 December 2009, Sosei had ¥2,047M in cash, cash equivalents and short term investments, and no outstanding debt, compared to ¥1,768M in cash, cash equivalents and short term investments as of 31 March 2009.

Progress of Development and other activities over 3 months from October to December 2009:

- In October 2009, Sosei R&D Ltd., Sosei Group's wholly owned UK subsidiary, entered into an agreement with Pharmasol R&D Ltd., a privately held UK company, to assign its rights to the assets of AD923. In the same month Sosei R&D Ltd. assigned its drug discovery programme, SD281 and its analogues, to Biocopea Limited, a UK biotechnology company. As a result of the two agreements, Sosei R&D will receive payments based on revenues arising from the commercialization of these assigned assets.

- On 22 October 2009, Sosei announced that the initiation of Phase III studies with QVA149 is expected to occur during 2010, and therefore the receipt of the associated milestone payment of \$7.5m is expected to slip into the fiscal year ending 31 March 2011.
- On 2 November 2009, Sosei announced that it has signed a Definitive Distribution Agreement with ASKA Pharmaceuticals for commercialization of SOH-075.
- On 6 January 2010, Sosei announced that its partner Treague Ltd. had discontinued development of AD452 (the single enantiomer RS(+) mefloquine for the treatment of malaria), as the Phase I trial was unable to achieve its clinical objective of demonstrating a substantially superior safety profile for the single enantiomer compared with racemic mefloquine.

Sosei Group Corporation

Consolidated Financial Results (Unaudited) (Yen Million except for share amounts)		
	Nine months ended 31 December 2009	
	2009	2008
Net sales	870	132
Operating expenses		
Cost of sales	73	120
Selling, General and Administration		
Research & Development (R&D)	276	731
Amortization of goodwill	1,191	1,191
Other SGA	<u>489</u>	<u>1,195</u>
Total Selling, General and Administration	1,957	3,118
Total operating expenses	2,030	3,238
Operating profit/(loss)	(1,160)	(3,106)
Non-operating income/(expenses)	(136)	(582)
Income/(loss) before taxes	(1,024)	(3,689)
Income tax (charge)/credit	<u>1</u>	<u>(154)</u>
Net income/(loss)	(1,025)	(3,534)
Average number of shares outstanding	117,913	117,893

Consolidated Balance Sheet Data		
	31 December 2009	31 March 2009
Cash, cash equivalents and short-term investments	2,047	1,768
Goodwill	8,999	10,190
Total assets	11,210	12,367
Total liabilities	159	228
Total stockholders equity	11,051	12,138

Financial forecast for the year ending 31 March 2010

	FY2008 Actual	FY2009 Forecast
Net Sales	152	850
Operating expenses		
R&D costs	785	366
SG&A costs	1,011	624
Amortization of goodwill	1,588	1,586
Operating income/(loss)	(3,667)	(1,800)
Ordinary income/(loss)	(4,165)	(1,800)
Net income/(loss)	(3,939)	(1,800)