



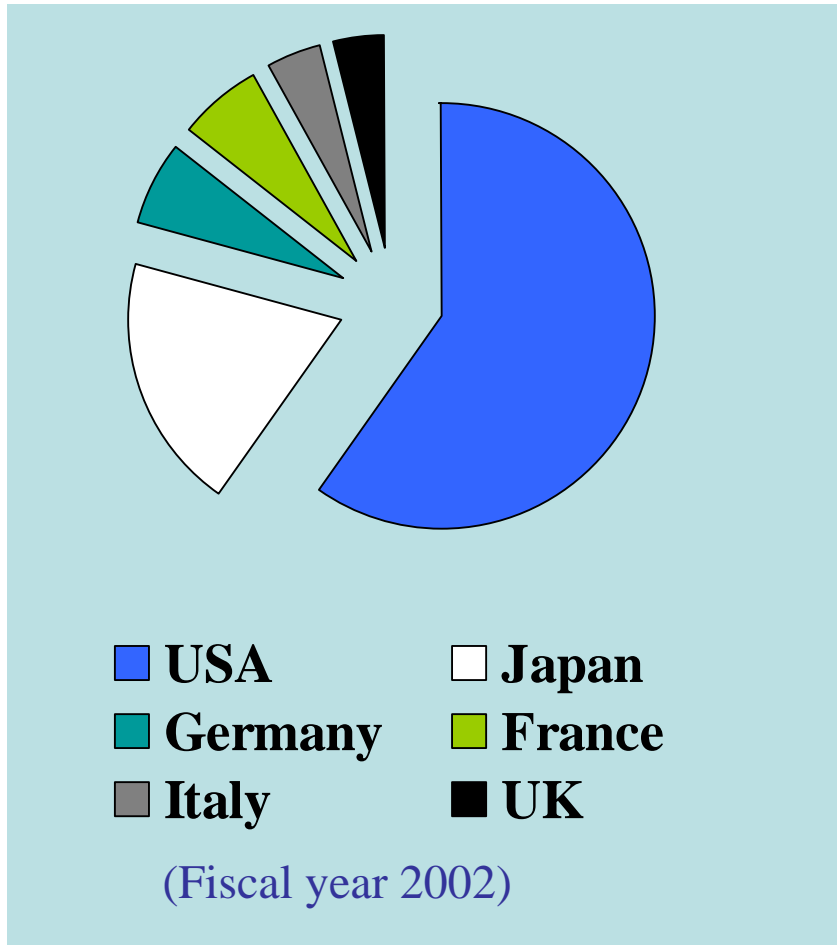
- **Business Summary**

**Tokyo, JAPAN
London, UK
Kosei, USA**

February, 2005

www.osei.com

Japan-the 2nd Largest Single Pharmaceutical Market



US \$ billion	
USA	165
<u>Japan</u>	<u>53</u>
=	
Germany	18
+ France	18
+ Italy	11
+ UK	11

Corporate Summary

- Registered in Japan as **Sosei Co. Ltd**
- Incorporated in **1990** as technology transfer company
- Switched in **1999** to **biopharmaceutical development** company
- Employees at 1st Feb. 2005 – Tokyo 30, London 7
- Affiliates
 - Kosei, Inc 100% (CNS development in US)
 - SC Consulting 100% (old tech transfer business)
 - SCS KK 19% (regenerative medicine)

Sosei is a well funded public company

- In July 2004 Sosei floated on the Tokyo Stock Exchange MOTHERS index raising over US\$100m (the third largest biotech IPO in the world in 2003/4)
- Prior to the IPO, Sosei was the only Japanese biopharmaceutical company with experienced US & EU VC investors successfully raising over \$30m

Sosei's mission

**To become the first Asian
biopharmaceutical company
in the world's top 10**

Global Top 15 Biotech Companies

Company	Country	Type	Market Cap (\$ billion)
Amgen	USA	Drug Developer	\$79.0
Genentech	USA	Drug Developer	\$50.4
Biogen-IDEC	USA	Drug Developer	\$21.4
Teva	Israel	Drug Developer	\$18.0
Gilead	USA	Drug Developer	\$14.3
Genzyme	USA	Drug Developer	\$13.4
Elan	Ireland	Drug Developer	\$10.4
Serono	Switzerland	Drug Developer	\$7.2
UCB Pharma	Belgium	Drug Developer	\$7.1
Chiron	USA	Drug Developer	\$6.2
Sepracor	USA	Drug Developer	\$6.0
Medimmune	USA	Drug Developer	\$5.9
Shire	UK	Drug Developer	\$5.6
Celgene	USA	Drug Developer	\$4.5
Applied Biosystems	USA	Service Provider	\$3.9

Officers and Executive Directors



Shinichi TAMURA

Representative Director, President & CEO

(Ex CEO Genentech Ltd, Japan)



Yoshiyuki YAMAKAWA

Representative Director, EVP & CFO, Administration

(Ex Innotech, Nissay)



Yuzo TARUMI

Director, EVP, New Bus.Dev.

(Ex President, Sumitomo America)

Experienced Non-Exec Directors and Managers



Edmund M. OLIVIER, MBA
Oxford Bioscience Partners,
General Partner



Kenzo NAKAJIMA
Ex Director of Smith Kline
Beecham KK



Sir Mark RICHMOND, PhD
Director of Genentech Inc.,
OSI Pharmaceuticals



David CHISWELL, PhD
Chairman of BIA
Founder and former CEO of CAT

London based

John DAFFURN, FCA
General Manager, UK
(Ex-Fisons, Biovation, Terragen)

Chizuko KOSEKI, MD
VP, Research Planning
(Ex-Quintiles, Tokyo Univ.)

Nick HEIGHTMAN, MBA
SA, Business Development
(Ex-VP, SmithKline, Vernalis)

Tokyo based

Toshiyuki KITAURA
SVP, R&D
(Ex-President & CEO, Sorvay Meiji)

Takao KONISHI, PhD
SA, Clinical Dev.
(Ex-Managing Dir, Glaxo)

Akira AISAKA
VP, Clinical Dev.
(Ex-Dir, Sumitomo Pharma)

Toshiro MOROHOSHI, PhD
VP, PD Coordination
(Ex-Dir, Asahi Kasei)

Osamu TACHIKAWA, PhD
VP, Non-Clinical
(Ex-Sr. Dir, Baxter)

Genjiro INE
VP, Sales & Marketing
(Ex-Dir, Pharmacia)

Masashi ISHIKAWA, MBA
VP, Administration
(Ex-Plaza Create)

Toshio MIYASHITA
VP, Corporate Planning
(Ex-Innotech)

Sosei's model as a drug developer

Multiple compounds across all development phases (3 strategies)

=

Increase pipeline values and make healthy losses



Quick commercialisation of late stage compounds and some out-licensing to secure early revenue

=

Improve P&L



Build S&M capability

=

Maximise returns



Re-invest in research compounds with higher potential

=

Higher risk/reward profile



Successive product launches

=

Stabilize growth

Sosei's pipeline source 1 = in-license

In-license US/EU late stage compounds

(low risk/medium reward)

- Ample opportunities for in-licensing Japanese rights
- Development/commercialisation agreements with licensors
- Japanese approval with limited bridging/bio studies
- Launch quickly to provide early revenue stream
- Examples in Sosei portfolio

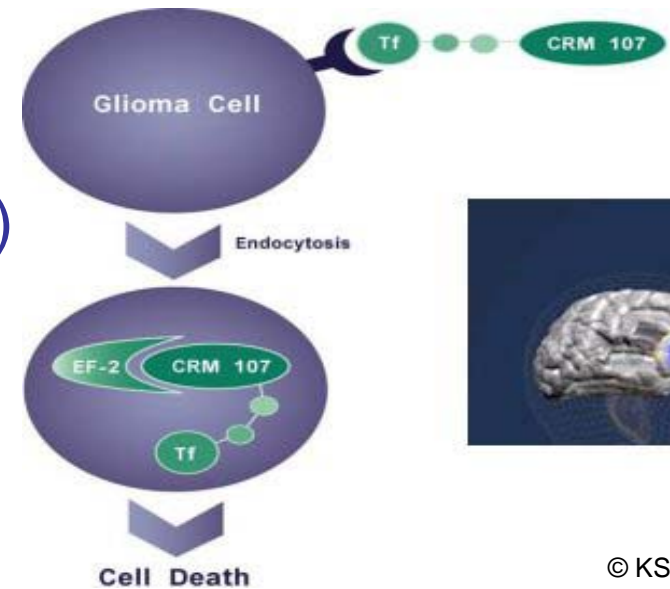
SOT-375	Eligard	Atrix/QLT USA, USA
SOT-107	TransMid	KS Biomedix/Xenova, UK
SOH-075	Norlevo	HRA Pharma, France
SOU-003	N/A	Otsuka Pharma, Japan

SOT-375 (Prostate Cancer, etc.)

- In-Licensed from: Atrix Labs, now QLT USA
 - US Marketing Partner: Sanofi-Aventis
 - EU Marketing Partner: Yamanouchi
 - Marketed rights in Japan: Sosei
 - Co-Promoted in Japan: Nippon Organon
-
- Preparing NDA filing
 - Plan: Filing in 2005, Launch in 2006
 - Sales estimation: \$150m in Japan

SOT-107 (Malignant Glioma)

- In-Licensed from KSB/Xenova (UK)
- Orphan Status in US/EU
- Phase 3 underway in US/EU



© KS Biomedix

- Granted Orphan Status designation in Japan

Expected to work on Chemo/Radiation therapy refractory patients

- Plan: Launch in 2007-2008
- Sales estimation: \$40m - \$50m in Japan

SOH-075 (Emergency Contraceptive)

- In-licensed from HRA (France)
- Marketed in over 50 countries
- Blocks transplantation of fertilised egg by taking within 72hrs
- Less SAE compared to conventional OC
- Bridging study in preparation (PK study completed in UK)
- Plan: Launch in 2008
- Sales estimation: \$40m - \$50m in Japan



SOU-003 (Nocturia/enuresis)

- In-Licensed from Otsuka Pharmaceuticals Ltd
- Sosei's third urology compound
- Marketing rights USA/EU: Sosei
- Co-Promotion rights in Japan: Sosei
- Marketing rights in Japan/Asia: Otsuka
- Co-promotion option USA/EU; Otsuka

- Orally active small molecule with selective V2 vasopressin receptor agonist activity
- Sales estimation \$200-300m globally

Sosei's pipeline source 2 = DRP®

**In the top 20 blockbuster drugs from 1993,
40% of revenues came from
secondary indications by 1995.**

*(A.C.Gelijns et al,
New England Journal of Medicine, 339,1998)*

Capturing The unexpected Benefits of Medical Research
published by Office of Health Economics, 2001

Sosei's pipeline source 2

Drug Reprofilng Platform (DRP®) Division (medium risk/medium-high return)

In-license stalled or commercially failed compounds from Japan



Send compounds to DRP® alliance partners



Discover new indications and file patents for new use



Develop as Sosei core product OR Out-license

DRP[®] to date

Originators (Japanese pharma): 13



Compounds: 52



Partners: 25 (signed) → Applied patents: 4



Sosei product pipeline: 3 products below:-

SOU-001 Stress Urinary Incontinence ex-Arachnava

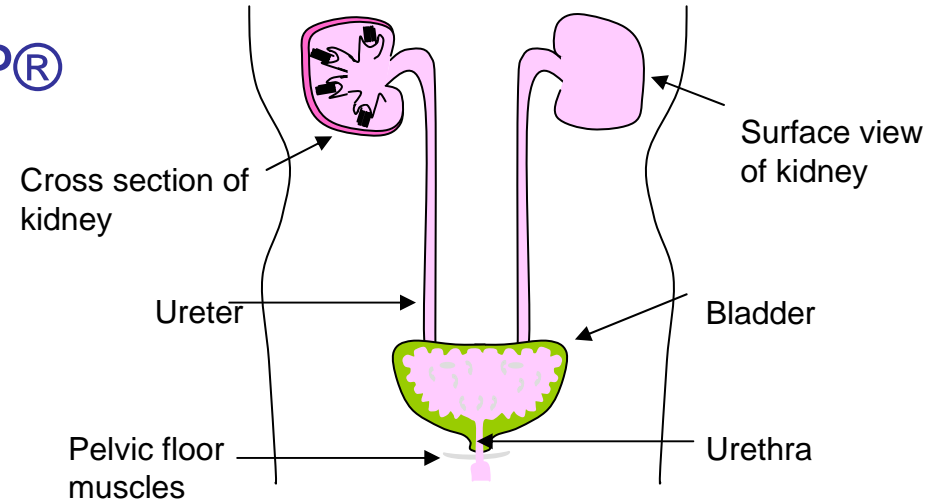
SON-216 ADHD (Attention Deficit Hyperactivity Disorder)

SOA-132 Asthma/allergy

SOU-001 (Stress Urinary Incontinence)

- 1st Core Product arising from DRP®
- Completed Phase 1 in UK

Viewing the urinary tract

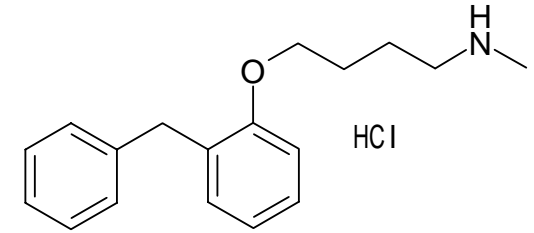


Few drugs available for SUI, the dominant type of urinary incontinence.

- Sales estimation: min \$300M globally

SON-216 (ADHD: Attention Deficit Hyperactivity Disorder)

- 1st Core Product in CNS therapy area
- In-licensed from Mitsubishi Pharma
- ADHD W-W market: c. \$2.5 billion in 2004

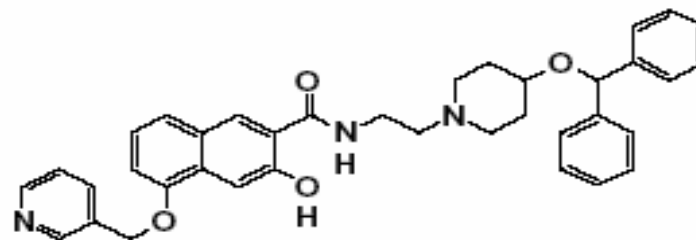


Expected to be positioned as a non-stimulant product, reducing the patient risk at school age

- Will develop in US (Kosei, Inc.)
- Sales estimation: min \$250m globally

SOA-132 (Asthma, Allergy)

- Anti-Asthma/Allergy
- Under formulation Study



Positioning as broad-spectrum (blocks 5-LO, LT, IL-5, TxA₂, His) anti-allergy agent to reduce steroid dose

- Sales estimation: \$300m globally

Sosei's pipeline source 3 = NME

Drug discovery of NME (new molecular entities) (high risk/high return)

- Sosei collaborates with, and funds, research institutes and other biotech companies
- Selection of development candidates advised by SAB
- Examples in Sosei portfolio

SOA-002

SOT-095

Monoclonal antibody

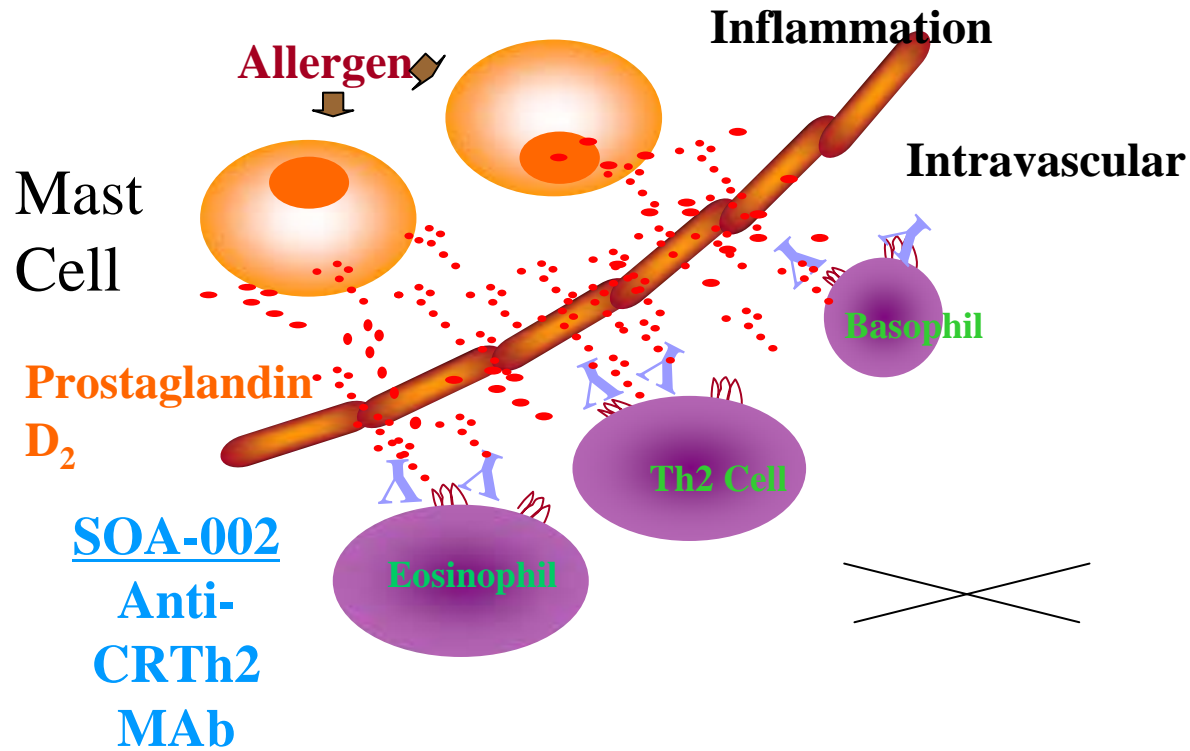
Oncology

Abgenix

Tokyo University

SOA-002 (Allergy, Inflammation)

- Anti-CRTH2 human monoclonal antibody
- R&D Collaboration with Abgenix
- Lead monoclonal antibodies identified



Key Partners

TECHNOLOGY LICENSING

Abbott Laboratories AMGEN
CHIRON CuraGen Corporation
HGS LEXICON
Pfizer

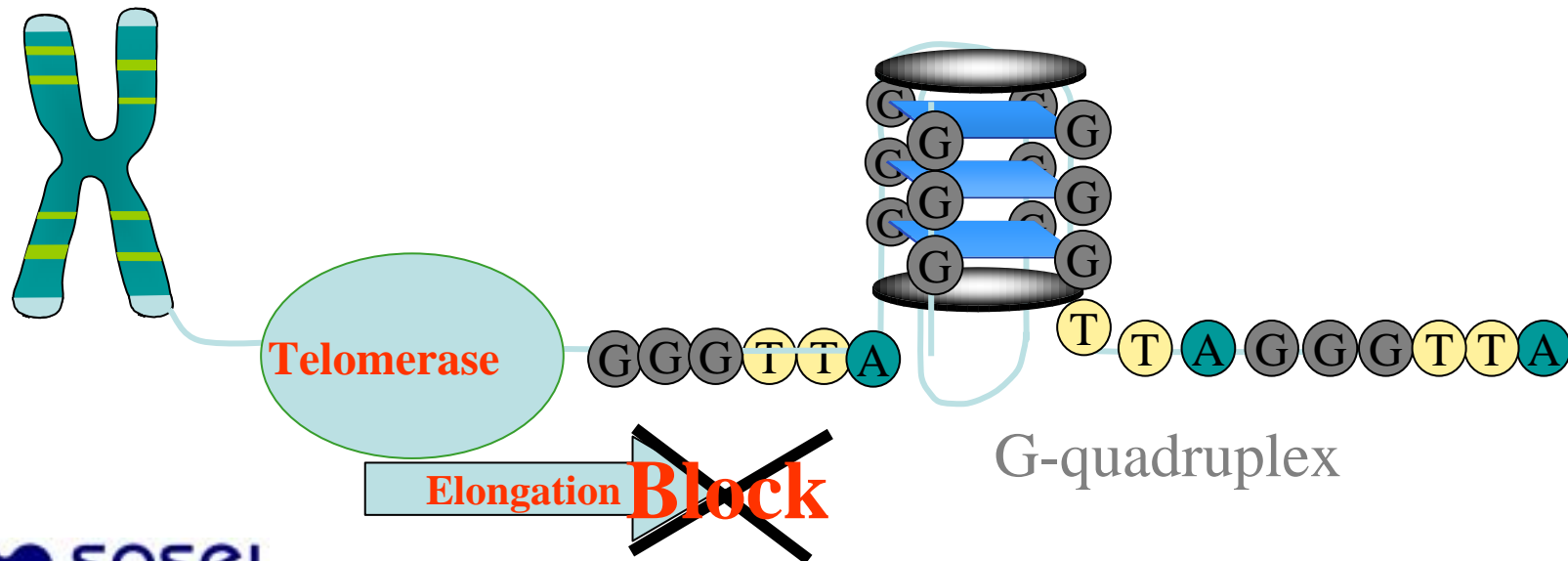
PRODUCT DEVELOPMENT ALLIANCES

AstraZeneca
AMGEN
CHUGAI
SOSBI
U3 PHARMA

Abgenix

SOT- 095 (Cancer)

- Possible novel anti-cancer drug as Telomerase inhibitor
- Under collaboration with Tokyo University



Product		Research	Pre-Clinical	Phase I	Phase II	Phase III	NDA/BLA
Territory	Indication					Equivalency	
				Bridging			
SOT-375		From Atrix (current QLT USA Inc.)				Pre-NDA	Co-promote with Nippon Organon
Jpn	Cancer						
SOH-075		From HRA		Bridging			
Jpn+	EC						
SOU-001		Originator: N/A					
WW	SUI						
SOU-003		From Otsuka					
US/EU+	Nocturia						
SOT-107		From KS Biomedix (current Xenova)					Orphan Designation
Jpn+	Glioma						
SON-216		From MPC					
WW	ADHD						
SOA-132		From Fujirebio					
WW	Asthma						
SOA-002		Co-R&D with Abgenix					
WW	Allergy						
SOT-095		Collaboration with Tokyo University					
WW	Cancer						

In-License
 DRPR
 NME

Financial history (1)

Years ended March 31;	2000	2001	2002	2003	2004	2005
US\$ 000	Non-consoli.	Non-consoli.	Non-consoli.	Non-consoli.	Consolidated	Consolidated
	Non-audited	Non-audited	Non-audited	Audited	Audited	Estimation
Net sales	1,124	989	840	402	2,064	2,273
Ordinary profit (loss)	(91)	(875)	(2,436)	(6,454)	(8,610)	(18,640)
Net income (loss)	142	(3,237)	(2,223)	(6,485)	(8,299)	(18,185)
<i>[R&D expenses]</i>	25	495	1,248	3,634	5,513	12,730
Number of employees	7	10	15	19	22	39

(US\$1=JY110)₂₅

Financial history (2)

Years ended March 31;	2000	2001	2002	2003	2004	2005
US\$ 000	Non-consoli. Non-audited	Non-consoli. Non-audited	Non-consoli. Non-audited	Non-consoli. Audited	Consolidated Audited	Consolidated Estimation
Operating cash flow	275	(2,645)	(2,511)	(6,684)	(7,769)	N/A
Net capital increase (Fund raising)	-	5,700	7,303	1,546	14,533	95,029
Cash balance - end	2,224	3,031	7,965	2,490	9,084	N/A

(US\$1=JY110)

Recent Highlights

- Oct 04: SOU-001 Completed Phase 1
- Nov 04: SON-216 In-license from Mitsubishi for ADHD
- Jan 05: SOA-002 Antibody identification
- Feb 05: SOT-107 Orphan designation in Japan
- Feb 05: SOT-003 In-license from Otsuka for nocturia

- Feb 05: Joint Venture in China with EPS

News to watch

SOT-375	Eligard	NDA filing
SOH-075	Norlevo	Bridging Study (Japan)
SOU-001		Phase 2
SOU-003		Phase 2
SOT-107	TransMid	Phase 1/2
SON-216		Phase 1/2
SOA-132		Phase 1 (inhalation)
SOA-002		Pre-clinical development
SOT-095		Pre-clinical development