



12 November 2009

**Summary of Consolidated Financial Results
for the First Half Year ended 30th September 2009
(abridged English version)**

Sosei Group Corporation (4565, Tokyo Stock Exchange, Mothers Market) today reported financial results for the first half ended 30th September 2009.

The net sales for the first half was ¥788M, an increase of ¥657M compared to the same period a year ago due to a milestone revenue from Novartis for entering PIII for NVA237, milestone revenue from Aska for the NDA of SOH-075 and sales of emergency contraceptive pills to Sandoz of Australia.

Selling, General and Administration (SGA) expenses were ¥1,324M (¥2,024M in the previous year). Within SGA, R&D expenses were ¥209M a decrease of 68.4% from the comparative half last year as a result of the company strategy to cut R&D cost and secure the future of the business until it starts generating income from NVA237/QVA149 in a few years time.

Also, as a result of efforts to reduce non R&D costs, other SGA costs fell by 43.5% to ¥321M. Amortisation of goodwill, relating to the acquisition amounted to ¥794M, which is nearly equivalent to the previous year on a pro-rated basis.

The operating loss decreased to ¥491M from ¥2,117M in the previous year and the net loss decreased to ¥493M from ¥1,856M in the comparative period last year.

The Group had ¥2,162M of cash as of 30 September 2009, compared to ¥1,769M of cash as of 31 March 2009.

The latest progress of product development and other activities includes:

- At the European Respiratory Society held in Vienna in September 2009, Novartis announced positive results of the two Phase II studies. The efficacy and safety study demonstrated the QVA149 showed significant improvements in bronchodilation at 24 hours compared with placebo and indacaterol and was well tolerated, while the safety and tolerability study demonstrated that QVA149 had no significant effect on change in 24 hour mean heart rate from baseline to Day 14 and was well tolerated with overall adverse event rates similar to placebo.
- On 30th September 2009 Sosei Co. Ltd, Sosei Group wholly owned Japanese subsidiary, filed NDA for SOH-075 (NorLevo) to Japanese Ministry of Health, Labor and Welfare (MHLW)

- In October 2009 Sosei R&D Ltd., Sosei Group wholly owned UK subsidiary, has entered into an agreement with Pharmasol R&D Ltd., a privately held UK company, to assign its rights to the assets of AD 923. In the same month Sosei R&D Ltd. assigned its drug discovery programme, SD281 and its analogues, to Biocopea Limited, a UK biotechnology company. Based on the two agreements Sosei R&D will receive payments based on revenues arising from the commercialization of these assigned assets.
- On 22nd 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 financial year to 31 March 2011.
- On 2nd November Sosei announced that it have signed Definitive Distribution Agreement with ASKA Pharmaceuticals for commercialization of SOH-075.

Sosei Group Corporation		
Consolidated Financial Results (Audited) (Yen Millions)		
	6 months ended September 30 th	
	2009	2008
Net sales	788	131
Operating expenses		
Cost of sales	38	120
Selling, General and Administration		
Research & Development (R&D)	209	661
Amortisation of goodwill	794	794
Other SGA	<u>321</u>	<u>568</u>
Total Selling, General and Administration	1,324	2,024
Total operating expenses	1,362	2,144
Operating profit/(loss)	(573)	(2,012)
Non-operating income/(expenses)	81	5
Income/(loss) before taxes	(491)	(2,007)
Income tax (charge)/credit	(1)	150
Net income/(loss)	(493)	(1,856)
Average number of shares outstanding	117,893	117,893

Consolidated Balance Sheet Data (Audited)
(Yen Millions)

	September 30 th 2009	March 31 st 2009
Cash, cash equivalents and short-term investments	2,279	2,047
Goodwill	9,396	10,190
Total assets	11,766	12,367
Total liabilities	188	228
Total stockholders equity (excluding impact of foreign exchange gains & losses and Stock Acquisition Rights)	10,393	10,886

Forecast for the Fiscal Year Ending March 31, 2009

	FY2008 Actual	FY2009 Forecast
Net Sales	152	850
Operating expenses	3,698	2,572
R&D costs	785	360
SG&A costs	1,325	624
Amortization of goodwill	1,588	1,588
Operating income/(loss)	(3,667)	(1,800)
Ordinary income/(loss)	(4,165)	(1,800)
Net income/(loss)	(3,939)	(1,800)