



14 February 2011

**Summary of Consolidated Financial Results  
for the 3Q ended 31 December 2010  
(abridged English version)**

Sosei Group Corporation (4565, Tokyo Stock Exchange, Mothers Market) today reported financial results for the 3Q ended 31 December 2010.

Net sales totalled ¥718M (¥870M in the same period a year ago), mainly as a result of milestone revenue from Novartis for commencement of Phase III studies for QVA149, and sales of emergency contraceptive pills to Sandoz, Australia.

Selling, General and Administration (SG&A) expenses for the 3Q were ¥1,836M (¥1,957M in the prior year), a decrease that comes as a result of the company's continuous 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 ¥197M (a reduction of 40% from the same period last 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 amounted to ¥448M, a slight reduction of 8.6% from the same period last year.

The net loss in this period was ¥1,205M (¥1,025M in the same period last year).

As of 31 December 2010, Sosei had ¥1,948M in cash, cash equivalents and short term investments, and no outstanding debt, compared to ¥1,857M in cash, cash equivalents and short term investments as of 31 March 2010.

Progress of Development and other activities over 3 months from October to December 2010:

- In October 2010, Sosei announced that Novartis had provided an update on NVA237 and QVA149 as part of their Q3, 2010 results presentation (held on 21 October 2010). Key points of note from the presentation were:
  - NVA237 and QVA149 have expected launch dates of 2012 and 2013 respectively
  - An announcement of NVA237 Phase III data in COPD is anticipated in Q2, 2011
- On 24 December 2010, Department on Drugs of the Japanese Ministry of Health, Labour and Welfare's Department of Drugs recommended the approval of emergency contraceptive NorLevo<sup>®</sup> (SOH-075).

## Sosei Group Corporation

<b>Consolidated Financial Results (Unaudited)</b> (Yen Million except for share amounts)		
	Nine months ended 31 December	
	2010	2009
Net sales	718	870
Operating expenses		
Cost of sales	50	73
Selling, General and Administration		
Research & Development (R&D)	197	276
Amortization of goodwill	1,191	1,191
Other SGA	<u>448</u>	<u>489</u>
Total Selling, General and Administration	1,836	1,957
Total operating expenses	1,886	2,030
Operating profit/(loss)	(1,168)	(1,160)
Non-operating income/(expenses)	(37)	136
Income/(loss) before taxes	(1,205)	(1,024)
Income tax (charge)/credit	<u>(0)</u>	<u>(1)</u>
Net income/(loss)	(1,205)	(1,025)
Average number of shares outstanding	117,913	117,913

<b>Consolidated Balance Sheet Data</b>		
	31 December 2010	31 March 2010
Cash, cash equivalents and short-term investments	1,948	1,857
Goodwill	7,411	8,602
Total assets	9,513	10,673
Total liabilities	207	296
Total stockholders equity (excluding impact of foreign exchange gains & losses and Stock Acquisition Rights)	7,914	9,119

### **Forecast for the Fiscal Year Ending March 31, 2011**

The financial forecast for the year ending 31 March 2011 remains unchanged from that announced on 13 May 2010.