



12 May 2011

**Summary of Consolidated Financial Results
for the Financial Year ended 31 March 2011
(abridged English version)**

Sosei Group Corporation (4565, Tokyo Stock Exchange, Mothers Market) today reported financial results for the financial year ended 31 March 2011.

Net sales for the fiscal year ended March 2011 totalled ¥716M (¥919M 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 (SGA) expenses totalled ¥2,542M (¥2,646M 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 ¥288 (¥338M in the previous year). Other SGA costs were ¥666M (¥719M 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.

Ordinary loss was ¥1,962M compared to the ¥1,781M in the prior year due to the foreign exchange loss, while net loss was ¥1,871M (¥1,769M in the previous year).

As of 31 March 2011 the Group had ¥1,751M cash and cash equivalent balance and no outstanding debt, compared to ¥1,857M as of 31 March 2010.

Major events during the financial year ended 31 March 2011 include:

- Start of Phase III clinical study with QVA149 in May 2010.
- Acquisition of Activus Pharma in August 2010.
- Approval of SOH-075 (NorLevo® 0.75mg) by Japan's MHLW in February 2011.

| Sosei Group Corporation | | |
|---|-------------------------|------------|
| Consolidated Financial Results (Audited) (Yen Millions) | | |
| | 12 month ended March 31 | |
| | 2011 | 2010 |
| Net sales | 716 | 919 |
| Cost of Sales | 50 | 127 |
| Gross Profit | 665 | 791 |
| Selling, General and Administration | | |
| Research & Development (R&D) | 288 | 338 |
| Amortisation of goodwill | 1,588 | 1,588 |
| Other SGA | <u>666</u> | <u>719</u> |
| Total Selling, General and Administration | 2,542 | 2,646 |
| Operating profit/(loss) | (1,876) | (1,854) |
| Non-operating income/(expenses) | 4 | 87 |
| Income/(loss) before taxes | (1,871) | (1,767) |
| Income tax (charge)/credit | <u>(0)</u> | <u>(2)</u> |
| Net income/(loss) | (1,871) | (1,769) |
| Average number of shares outstanding | 118,338 | 117,913 |

| Consolidated Balance Sheet Data (Audited) (Yen Millions) | | |
|--|------------------|------------------|
| | 31 March 2011 | 31 March 2010 |
| Cash, cash equivalents and short-term investments | 1,751 | 1,857 |
| Goodwill | 7,014 | 8,602 |
| Total assets | 8,991 | 10,673 |
| Total liabilities | 335 | 296 |
| Total stockholders equity (excluding impact of foreign exchange gains & losses and Stock Acquisition Rights) | 7,269 | 9,119 |

Forecast for the Fiscal Year Ending 31st March, 2012

Sosei Group Consolidated

(Yen Millions)

| | FY2011 Forecast | FY2010 Actual |
|--------------------------|--------------------|------------------|
| Net Sales | 1,780 | 716 |
| Operating expenses | 2,834 | 2,542 |
| R&D costs | 390 | 288 |
| SG&A costs | 856 | 666 |
| Amortization of goodwill | 1,588 | 1,588 |
| Operating income/(loss) | (1,470) | (1,876) |
| Ordinary income/(loss) | (1,470) | (1,962) |
| Net income/(loss) | (1,470) | (1,871) |

Net sales forecast mainly consist of milestone revenue that the NDA filing for NVA237 will trigger, along with sales of Norlevo in Japan and 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.