



8 February 2007

**Summary of Consolidated Financial Results
for the 3Q ended 31st December 2006
(Abridged English version)**

Sosei Group Corporation (4565, Tokyo Stock Exchange, Mothers Market) today reported financial results for the 3Q ended 31st December 2006.

Net sales totaled Yen 649 million, an increase of Yen 440 million over the Yen 209 million achieved in the same period a year ago due to the income from Novartis relating to the development of NVA237, the receipt of an upfront payment from Mundipharma International Corporation regarding the agreement to commercialise AD 923 and sales of Norlevo to Sandz Australia.

Selling, General and Administration (SGA) for the 3Q was Yen 4,800 million, up from Yen 2,729 million in the comparative 3Q last year due to the addition of Sosei R&D Ltd. (formerly Arakis Ltd.) following its acquisition in August 2005. Within SGA were Yen 2,331 million of R&D costs up Yen 1,027 million due to the addition of Sosei R&D Ltd. and additional expenditure associated with the clinical progression of products within the portfolio. Amortization of goodwill is Yen 1,204 million arising from the Sosei R&D Ltd. acquisition. Other SGA expenses totaled Yen 1,264 million up from Yen 890 million in the same 3Q in 2005 due to the addition of Sosei R&D Ltd. expenditure.

The net loss was Yen 4,265 million for the period compared to Yen 2,570 million in the prior year period.

As of 31st December 2006, Sosei had Yen 6,695 million in cash and no outstanding debt, compared to Yen 9,458 million in cash, cash equivalents and short term investments as of 31st March 2006. This decrease is due to the operating loss for the 9 months from April to December in 2006.

Progress of Developments and other activities for 3 months from October to December in 2006:

- Initiation of phase II trial of AD 337 (for fibromyalgia)
- Initiation of phase I trial of SOH-075 (Norlevo for emergency contraception)
- Adding QVA149 (combination of NVA237 and QBA149 for Chronic Obstructive Pulmonary Disease) for pipeline at the timing of Novartis R&D meeting held late November.
- Termination of phase IIb trial of AD452 (for rheumatoid arthritis). At the result of this termination, AD452 was excluded from pipeline.
- At the end of December 2006, our pipeline are composed of 6 products which includes NVA237 (for Chronic Obstructive Pulmonary Disease), AD923 (for

cancer breakthrough pain), and SOU-003 (for nocturia) and above mentioned 3 products.

Financial outlook for the year ended March 31st 2007

The financial forecast for the year ended March 31st 2007 remains unchanged from that announced on November 2nd 2006.

Sosei Group Corporation

Consolidated Financial Results (Unaudited, (Yen Million except for share amounts))		
	Nine months ended December 31 th	
	2006	2005
Net sales	649	209
Operating expenses		
Cost of sales	410	168
Selling, General and Administration		
Research & Development (R&D)	2,331	1,304
Amortisation of goodwill	1,204	534
Other SGA	<u>1,264</u>	<u>890</u>
Total Selling, General and Administration	4,800	2,729
Total operating expenses	5,211	2,898
Operating profit/(loss)	(4,561)	(2,688)
Non-operating income/(expenses)	64	42
Income/(loss) before taxes	(4,496)	(2,646)
Income tax (charge)/credit	<u>230</u>	<u>76</u>
Net income/(loss)	(4,265)	(2,570)
Average number of shares outstanding (Disclosure is not required for 1Q and 3Q financial report)	-	-

Consolidated Balance Sheet Data

	December 31 st 2006	March 31 st 2006
Cash, cash equivalents and short-term investments	7,840	9,458
Goodwill	14,235	15,037
Total assets	22,934	25,307
Total liabilities	886	831
Total stockholders equity	22,047	24,475