



9 November 2006

**Summary of Consolidated Financial Results
for the First Half ended 30th September 2006
(abridged English version)**

Sosei Group Corporation (4565, Tokyo Stock Exchange, Mothers Market) today reported financial results for the first half ended 30th September 2006.

First half net sales totaled Yen 574 million, an increase of Yen 521 million over the Yen 52 million achieved in the same half a year ago due to the receipt of an upfront payment from Mundipharma International Corporation regarding the agreement to commercialise AD 923 and income from Novartis relating to the development of NVA237.

Selling, General and Administration (SGA) for the first half was Yen 3,195 million, up from Yen 1,215 million in the comparative half last year due to the addition of Sosei R&D Ltd. (formerly Arakis Ltd.) following its acquisition in August 2005. Within SGA were Yen 1,489 million of R&D costs up Yen 899 million due to the addition of Sosei R&D Ltd. and additional expenditure associated with the clinical progression of products within the portfolio. Ammortisation of goodwill is Yen 802 million arising from the Sosei R&D Ltd. acquisition. Other SGA expenses totaled Yen 902 million up from Yen 492 million in the same half in 2005 due to the addition of Sosei R&D Ltd. expenditure.

The net loss was Yen 2,741 million for the period compared to Yen 1,259 million in the prior year period.

As of 30th September 2006, Sosei had Yen 7,840 million in cash, cash equivalents and short term investments 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 first half.

Developments in the first half:

- As announced in June, the strategic review of the pipeline concluded that in addition to our lead product NVA237 and its combination products (for chronic obstructive pulmonary disease) that are funded by our partner Novartis, the prioritized pipeline will focus expenditure on AD 923 (for cancer breakthrough pain), SOU-003 (for nocturia), AD 452 (for rheumatoid arthritis), SOH-075 (for emergency contraception) and AD 337 (for fibromyalgia) and that the withdrawal of SOU-001 and SOT-375 from our core pipeline was confirmed.
- Completion of phase IIb of NVA237

- Agreement with Mundipharma for the development and commercialisation of AD 923
- Initiation of phase II of AD 337

Financial outlook for the year ended March 31st 2007

The review of the business announced at the AGM in June has been completed and the cost base has been realigned to meet the needs of the business going forward.

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)		
	Six months ended September 30 th	
	2006	2005
Net sales	574	52
Operating expenses		
Cost of sales	342	30
Selling, General and Administration		
Research & Development (R&D)	1,489	590
Amortisation of goodwill	802	133
Other SGA	902	492
Total Selling, General and Administration	3,195	1,215
Total operating expenses	3,537	1,246
Operating profit/(loss)	(2,963)	(1,193)
Non-operating income/(expenses)	45	(82)
Income/(loss) before taxes	(2,917)	(1,274)
Income tax (charge)/credit	176	15
Net income/(loss)	(2,741)	(1,259)
Average number of shares outstanding	98,497	68,349

Consolidated Balance Sheet Data

	September 30 th 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