



14 November 2007

**Summary of Consolidated Financial Results
for the First Half Year ended 30th September 2007
(abridged English version)**

Sosei Group Corporation (4565, Tokyo Stock Exchange, Mothers Market) today reported financial results for the first half ended 30th September 2007.

The net sales for the first half decreased ¥504M compared to the same period a year ago which included an upfront payment and income from Novartis relating to the development of NVA237. In this period the majority of the revenue was from the ongoing sales of Norlevo to Sandoz Australia.

Selling, General and Administration (SGA) expenses were ¥3,338M (¥3,195M in the previous year). Within SGA, R&D expenses were ¥1,844M an increase of 24% from ¥1,489M in the comparative half last year as the Group continued to develop the product pipeline. Other SGA costs fell by ¥213M to ¥689M as a result of efforts to reduce non R&D costs. Amortisation of goodwill, relating to the acquisition amounted to ¥803M, which is equivalent to the previous year on a pro-rated basis.

As a result of the increased R&D costs and the decreased revenue, the operating loss was ¥3,333M (¥2,963M in the previous year) and the net loss for the half year was ¥3,168M (¥2,741M in the previous year).

The Group had ¥6,675M of cash as of 30 September 2007, compared to ¥7,840M as of 30th September 2006.

Significant developments during the first half ended 30th September 2007 included:

- Successful completion of phase I pharmacokinetic trial of AD923 (for cancer breakthrough pain) in the USA in May 2007
- Initiation of phase I trial for SD118 (for neuropathic pain) in May 2007.
- Initiation of dose ranging study of NVA237 for COPD (chronic obstructive pulmonary disease) by Novartis in July 2007.
- Initiation of phase II clinical study of NVA237 in the USA for COPD by Novartis in August 2007.
- Successful completion of phase I trial in Japan of SOH-075 for emergency contraception in August 2007
- Completion of phase II trial of AD337 for fibromyalgia syndrome in September 2007.

Sosei Group Corporation		
Consolidated Financial Results (Unaudited,) (Yen Millions)		
	6 months ended September 30 th	
	2007	2006
Net sales	70	574
Operating expenses		
Cost of sales	65	342
Selling, General and Administration		
Research & Development (R&D)	1,844	1,489
Amortisation of goodwill	803	802
Other SGA	<u>689</u>	<u>902</u>
Total Selling, General and Administration	3,338	3,195
Total operating expenses	3,403	3,537
Operating profit/(loss)	(3,333)	(2,963)
Non-operating income/(expenses)	6	45
Income/(loss) before taxes	(3,326)	(2,917)
Income tax (charge)/credit	<u>157</u>	<u>176</u>
Net income/(loss)	(3,168)	(2,741)
Average number of shares outstanding	117,581	98,498

Consolidated Balance Sheet Data (Unaudited,) (Yen Millions)		
	September 30 th 2007	September 30 th 2006
Cash, cash equivalents and short-term investments	6,675	7,840
Goodwill	12,632	14,235
Total assets	20,252	22,934
Total liabilities	1,171	886
Total stockholders equity (excluding impact of foreign exchange gains & losses and Stock Acquisition Rights)	18,151	21,433

Forecast for the Fiscal Year Ending March 31, 2008

The financial forecast for the year ended March 31st 2007 remains unchanged from that announced on May 14th 2007.