



11 August 2006

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

Sosei Co. Ltd. (4565, Tokyo Stock Exchange, Mothers Market) today reported financial results for the quarter ended 30th June 2006.

First quarter net sales totaled Yen 370 million, an increase of Yen 359 million over the Yen 11 million achieved in the same quarter 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 quarter was Yen 1,576 million, up from Yen 431 million in the comparative quarter last year due to the addition of Sosei R&D Ltd. (formerly Arakis Ltd.) following its acquisition in August 2005. Within SGA were Yen 805 million of R&D costs up Yen 617 million due to the addition of Sosei R&D Ltd. and additional expenditure associated with the clinical progression of products within the portfolio. Amortisation of goodwill is Yen 401 million arising from the Sosei R&D Ltd. acquisition. Other SGA expenses totaled Yen 370 million up from Yen 243 million in the same quarter in 2005 due to the addition of Sosei R&D Ltd. expenditure.

The net loss was Yen 1,270 million for the period compared to Yen 431 million in the prior year period.

As of 30th June 2006, Sosei had Yen 8,184 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 quarter.

Recent developments in the first quarter:

- Following the strategic review of the pipeline we have 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 prioritised 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).
- Completion of phase IIb of NVA237.
- Withdrawal of SOU-001 and SOT-375 from our core pipeline.

Recent commercialisation in the first quarter:

- Agreement with Mundipharma for the development and commercialisation of AD 923

Financial outlook for the year ended March 31st 2006

The financial forecast for the year ended March 31st 2006 remains unchanged from that announced on June 27th 2006.

Sosei Co. Ltd.

Consolidated Financial Results (Unaudited) (Yen Million except for share amounts)		
	Three months ended June 30 th	
	2006	2005
Net sales	370	11
Operating expenses		
Cost of sales	166	3
Selling, General and Administration		
Research & Development (R&D)	805	188
Amortisation of goodwill	401	-
Other SGA	<u>370</u>	<u>243</u>
Total Selling, General and Administration	1,576	431
Total operating expenses	1,742	434
Operating profit/(loss)	(1,371)	(423)
Non-operating income/(expenses)	3	(7)
Income/(loss) before taxes	(1,368)	(430)
Income tax (charge)/credit	(97)	0
Net income/(loss)	(1,270)	(431)
Average number of shares outstanding	98,482	61,964

Consolidated Balance Sheet Data

	June 30 th 2006	March 31 st 2006
Cash, cash equivalents and short-term investments	8,184	9,458
Goodwill	14,638	15,037
Total assets	23,859	25,307
Total liabilities	577	831
Total stockholders equity	23,281	24,475