



14 May 2008

**Summary of Consolidated Financial Results
for the Financial Year ended 31st March 2008
(abridged English version)**

Sosei Group Corporation (4565, Tokyo Stock Exchange, Mothers Market) today reported financial results for the financial year ended 31st March 2008.

The net sales for the fiscal year ended March 2008 decreased ¥30M compared to the same period a year ago. In this period the majority of the revenue was from the ongoing sales of Norlevo to Sandoz Australia and the milestone payment from Mundipharma relating to the commencement of AD 923 Phase III clinical trial.

Selling, General and Administration (SGA) expenses were ¥6,856M (¥6,900M in the previous year). Within SGA, R&D expenses were ¥3,888M a 8.9% increase over the previous year ¥3,568M as the Group continued to develop the product pipeline. Other SGA costs fell by ¥364M to ¥1,361M as a result of efforts to reduce non R&D costs. Amortisation of goodwill, relating to the acquisition amounted to ¥1,606M, which is equivalent to the previous year on a pro-rated basis.

The operating loss was ¥6,269M (¥6,650M in the previous year) and the net loss for the half year was ¥6,503M (¥6,239M in the previous year).

The Group had ¥4,907M of cash as of 31st March 2008, compared to ¥8,955M as of 31st March 2007. Decrease in cash is a result of expenses incurred in the development of mainly AD 923 and other pipeline products.

Significant developments during the financial year ended 31st March 2008 included:

- Successful completion of phase I pharmacokinetic trial of AD 923 (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 AD 337 for fibromyalgia syndrome in September 2007.

- Initiation of phase II clinical study of QVA149 by Novartis in November 2008.
- Initiation of Phase III of AD 923 in Europe in February 2008.
- Initiation of Phase III of SOH-075 in Japan in February 2008.
- Temporary halt of Phase III of AD 923 due to a technical problem concerning device used to deliver fentanyl spray.

Sosei Group Corporation		
Consolidated Financial Results (Audited,) (Yen Millions)		
	12 month ended March 31 st	
	2008	2007
Net sales	709	739
Operating expenses		
Cost of sales	122	490
Selling, General and Administration		
Research & Development (R&D)	3,888	3,568
Amortisation of goodwill	1,606	1,606
Other SGA	<u>1,361</u>	<u>1,725</u>
Total Selling, General and Administration	6,856	6,900
Total operating expenses	6,978	7,390
Operating profit/(loss)	(6,269)	(6,650)
Non-operating income/(expenses)	(509)	127
Income/(loss) before taxes	(6,779)	(6,523)
Income tax (charge)/credit	275	283
Net income/(loss)	(6,503)	(6,239)
Average number of shares outstanding	117,893	117,581

Consolidated Balance Sheet Data (Audited,) (Yen Millions)		
	March 31 st 2008	March 31 st 2007
Cash, cash equivalents and short-term investments	4,907	8,955
Goodwill	11,778	13,435
Total assets	17,403	23,193
Total liabilities	1,621	1,097
Total stockholders equity (excluding impact of foreign exchange gains & losses and Stock Acquisition Rights)	14,825	21,282

Forecast for the Fiscal Year Ending March 31, 2009

As a result of restructuring and portfolio review in the beginning of the FY2008, R&D and SG&A costs will be reduced dramatically compared with previous year.

Within the existing pipeline, 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.

The forecasted costs and revenues depend on assumptions about development and commercialization pathway. The forecast only includes revenue from the sales of Norlevo to Sandoz Australia which is likely to occur in FY2008 and excludes milestone payments where the timing remains unclear.

Yen Millions

Sosei Group Consolidated

	FY2007 Actual	FY2008 Forecast
Net Sales	709	190
Operating expenses	6,978	3,370
R&D costs	3,888	900
SG&A costs	1,361	700
Amortization of goodwill	1,606	1,600
Operating income/(loss)	(6,269)	(3,180)
Ordinary income/(loss)	(6,222)	(3,180)
Net income/(loss)	(6,503)	(3,180)