

22 October, 2004

Sosei Co. Ltd.

**ANNOUNCEMENT ON REVISION**  
**OF FINANCIAL FORECAST FOR FY2004**

[Tokyo, Japan/London, UK] Sosei Co. Ltd., a public Japanese biopharmaceutical company, announced today the revisions of its financial forecasts for the Fiscal Year (FY) 2004 ending March 2005, from the original forecasts announced on 25 June 2004.

1. Revised Financial Forecast for the Fiscal Year 2004 (1 April 2004 – 31 March 2005)

[Consolidated]

(JY: Million)

	Sales	Ordinary Profit/Loss	Net Income/Loss
Original Forecast (A)	249	(2,184)	(2,189)
Revised Forecast (B)	250	(2,050)	(2,000)
Increase (Decrease) (B-A)	1	134	189
Increase (Decrease) %	0.4	6.1	8.6

[Non-Consolidated]

(JY: Million)

	Sales	Ordinary Profit/Loss	Net Income/Loss
Original Forecast (A)	203	(2,168)	(2,168)
Revised Forecast (B)	200	(2,000)	(2,000)
Increase (Decrease) (B-A)	(3)	168	168
Increase (Decrease) %	(1.4)	7.7	7.7

2. Revised Financial Forecast for the First Half of FY2004

(1 April 2004 – 30 September 2004)

[Consolidated]

(JY: Million)

	Sales	Ordinary Profit/Loss	Net Income/Loss
Original Forecast (A)	24	(1,298)	(1,300)
Revised Forecast (B)	20	(1,050)	(985)
Increase (Decrease) (B-A)	(4)	248	315
Increase (Decrease) %	(16.6)	19.1	24.2

[Non-Consolidated]

(JY: Million)

	Sales	Ordinary Profit/Loss	Net Income/Loss
Original Forecast (A)	1	(1,290)	(1,290)
Revised Forecast (B)	2	(1,037)	(1,038)
Increase (Decrease) (B-A)	1	253	252
Increase (Decrease) %	100.0	19.6	19.5

### 3. Reasons for Revision

The sales forecast for the first half of FY2004 is revised due to a partial delay of revenue in our technology transfer subsidiary. The forecast of ordinary profit is revised as the in-licensing of a new compound and the Orphan Drug Status for SOT-107 are now estimated to occur in the second half of FY2004, whilst other developments, e.g. the bioequivalency study for SOT-375, have been carried out as scheduled. The revision of net income reflects the change in the appraisal of Sosei's share of equity profit of Stem Cell Science K.K., an affiliate accounted for under the equity method, as the result of a fund raising by Stem Cell Science K.K. during this term.

The figures in the forecast for FY2004 are less affected than in the first half forecast as the issues that were delayed in the first half are now estimated to occur in the second half of FY2004.

- END -

Sosei Co. Ltd.

4F Ichiban-cho FS Bldg., 8 Ichiban-cho, Chiyoda-ku, Tokyo 102-0082 Japan

Tel: +81-3-5210-3399 / Fax: +81-3-5210-3291

Toshio Miyashita, Vice President of Corporate Planning <tmiyashita@sosei.com>

Sosei Co. Ltd. London office

London Bioscience Innovation Centre, 2 Royal College Street, London NW1 0NH, UK

Tel: +44-20-7691-2086 / Fax: +44-20-7419-5984

John Daffurn, General Manager, UK <jdaffurn@sosei.com>