



12 August 2008

**Summary of Consolidated Financial Results
for the 1Q ended 30th June 2008
(abridged English version)**

Sosei Group Corporation (4565, Tokyo Stock Exchange, Mothers Market) today reported financial results for the 1Q ended 30th June 2008.

The net sales for the 1Q ended 30th June 2008 totaled ¥64M, an increase of ¥43M compared to ¥21M achieved in the same period a year ago. The income in this period was primarily from the ongoing sales of NorLevo® to Sandoz through a sub-licence arrangement in Australia.

Due to the closing of Sosei R&D, restructuring and portfolio review announced on 14th May 2008, total expenses in this quarter decreased significantly. Selling, General and Administration (SGA) expenses were ¥1,070M (¥1,491M in the previous year). Within SGA, R&D expenses were ¥337M, a decrease of 49.9% from ¥673M in the comparative period last year. Other SG&A costs were ¥336M, a reduction of 19.4% from the same period last year. Amortization of goodwill was ¥397M, a decrease of 1.2% in the comparative period last year.

The operating loss was ¥1,064M (¥1,490M in the previous year) and the net loss was ¥939M (¥1,389M in the prior year period).

The Group had ¥3,770M of cash as of 30th June 2008, compared to ¥4,907M as of 31st March 2008.

Progress of product development and other activities during the 1Q ended 30th June 2008 included:

- **Strategy Review** - Sosei has taken decisive action to cut costs, streamline its operations and secure the future of the business by reviewing its portfolio, closing its Chesterford operation and reducing UK headcount. Sosei will no longer operate a product discovery unit (UK) but will maintain the rights to NVA237/QVA149 licensed to Novartis and seek to out-license or sell all other assets generated in the UK including AD 923 and its discovery assets whilst seeking to retain some rights for the Asian market. This will provide Sosei with at least two years cash based on the post-restructuring cash burn including a budget allocation to explore some late stage product opportunities for future expansion but without the inclusion of any income from licensing or sales deals for its compounds.

- SOH-075 (NorLevo®), emergency contraceptive) - Completion of Phase III clinical trial announced on 10th July.
- NVA237 (COPD) - NVA237 data from two phase II COPD clinical trials have been accepted at the October 2008 European Respiratory Society Conference in Berlin
- SD118 (neuropathic pain) - After the closing of the Chesterford operation, the project has been transferred to Sosei Co. Ltd (Japan). A Phase I multiple ascending dose trial was concluded successfully.

Sosei Group Corporation		
Consolidated Financial Results (Audited) (Yen Millions)		
	1Q ended June 30 th	
	2008	2007
Net sales	64	21
Operating expenses		
Cost of sales	58	20
Selling, General and Administration		
Research & Development (R&D)	337	673
Amortisation of goodwill	397	401
Other SGA	<u>335</u>	<u>416</u>
Total Selling, General and Administration	1,070	1,491
Total operating expenses	1,129	1,512
Operating profit/(loss)	(1,064)	(1,490)
Non-operating income/(expenses)	17	11
Income/(loss) before taxes	(1,046)	(1,479)
Income tax (charge)/credit	(106)	(90)
Net income/(loss)	(939)	(1,389)
Average number of shares outstanding	117,893	117,446

Consolidated Balance Sheet Data (Audited) (Yen Millions)		
	FY2008 1Q ending June 30 th	FY2007 ended March 31 st
Cash, cash equivalents and short-term investments	3,770	4, 907
Goodwill	11,381	11,778
Total assets	15,920	17,403
Total liabilities	1,055	1,621
Total stockholders equity (excluding impact of foreign exchange gains & losses and Stock Acquisition Rights)	13,885	14,825

Forecast for the Fiscal Year Ending March 31, 2009

The financial forecast for the year ending March 31st 2009 remains unchanged from that announced on May 14th 2008.