



6 November 2008

**Summary of Consolidated Financial Results
for the First Half Year ended 30th September 2008
(abridged English version)**

Sosei Group Corporation (4565, Tokyo Stock Exchange, Mothers Market) today reported financial results for the first half ended 30th September 2008.

The net sales for the first half was ¥131M, an increase of ¥61M compared to the same period a year ago due to the increase in ongoing sales of Norlevo to Sandoz Australia.

Selling, General and Administration (SGA) expenses were ¥2,024M (¥3,338M in the previous year). Within SGA, R&D expenses were ¥661M a decrease of 64% from ¥1,844M in the comparative half last year as a result of the company strategy (announced on 14th May) to cut R&D cost and secure the future of the business until it becomes a significant income generating business from NVA237/QVA149 in a few years time.

Also, as a result of efforts to reduce non R&D costs, other SGA costs fell by ¥121M to ¥568M. Amortisation of goodwill, relating to the acquisition amounted to ¥794M, which is nearly equivalent to the previous year on a pro-rated basis.

The operating loss decreased to ¥2,012M from ¥3,333M in the previous year and the net loss decreased to ¥1,856M from ¥3,168M in the comparative period last year.

The Group had ¥2,908M of cash as of 30 September 2008, compared to ¥4,907M of cash as of 31 March 2008.

Significant developments during the first half ended 30 September 2008 included:

- Completion of phase III trial of SOH-075 (emergency contraceptive) in Japan in July 2008.
- NVA237 Phase II results presented at the European Respiratory Society Annual Meeting (published on the ERS website on 26th September). The results showed promising efficacy and tolerability with potentially faster onset than tiotropium.

Sosei Group Corporation		
Consolidated Financial Results (Audited) (Yen Millions)		
	6 months ended September 30 th	
	2008	2007
Net sales	131	70
Operating expenses		
Cost of sales	120	65
Selling, General and Administration		
Research & Development (R&D)	661	1,844
Amortisation of goodwill	794	803
Other SGA	<u>568</u>	<u>689</u>
Total Selling, General and Administration	2,024	3,338
Total operating expenses	2,144	3,403
Operating profit/(loss)	(2,012)	(3,333)
Non-operating income/(expenses)	5	6
Income/(loss) before taxes	(2,007)	(3,326)
Income tax (charge)/credit	150	157
Net income/(loss)	(1,856)	(3,168)
Average number of shares outstanding	117,893	117,581

Consolidated Balance Sheet Data (Audited) (Yen Millions)		
	September 30 th 2008	March 31 st 2008
Cash, cash equivalents and short-term investments	2,908	4,907
Goodwill	10,984	11,778
Total assets	14,513	17,403
Total liabilities	570	1,621
Total stockholders equity (excluding impact of foreign exchange gains & losses and Stock Acquisition Rights)	12,969	14,825

Forecast for the Fiscal Year Ending March 31, 2009

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

	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)