



SOSEI ANNOUNCES NEW FUNDRAISING

Tokyo, Japan – 5 January 2007: Sosei Group Corporation (“Sosei”, TSE Mothers Index:4565) a biopharmaceutical company, today announces its intention to raise new funds by the issuance of Stock Acquisition Rights (“SARs”) and the conclusion of a Third Party Allotment Agreement with Merrill Lynch Japan Securities Co., Ltd. (“Merrill Lynch”)

The key terms of the Third Party Allotment Agreement are summarised below.

- All SARs will be sold to Merrill Lynch.
- The initial exercise price is set at Yen 217,000 representing 100% of the closing price for the shares on 4 January 2007.
- Up to 18,000 shares of common stock of the Company may be issued upon exercise of SARs, which represents approximately 18% of the current issued share capital.
- Based on the initial exercise price and the exercise of all SARs Sosei would raise approximately ¥3.9bn.
- The exercise price will be reset each week from 29 January 2007 based on the average of the daily closing price for the period of three consecutive trading days ending on the day immediately prior to every Monday. The floor exercise price shall be 70% of closing price on 22 January 2007.
- Sosei maintains a right to force the conversion of SARs or to temporarily prevent any conversion.

Sosei currently has six products in its prioritised development portfolio. Each of these products has a different risk profile and is at a different stage within the regulatory development cycle.

The challenge for Sosei is to progress these compounds into later stages of development and in doing so to add further corporate value. In particular, the current focus for Sosei is to complete the final phase of development for AD 923 for which the Company intends to raise sufficient funds to ensure completion. AD 923 is an optimised, sublingual formulation of the strong opioid analgesic fentanyl for use in cancer breakthrough pain.

During 2007, AD 923 is expected to commence Phase III trials both in Europe and in the US. The funds raised will be used for these trials and for manufacturing and other costs to support the clinical studies through to filing for registration.

In 2006 Sosei out-licensed the marketing rights for AD 923 in Europe to Mundipharma which has strong expertise in this area. Partners will also be sought in the US and Japan. Sosei believes that funding the final development of AD 923 directly represents a significant value driver for the Company which will be further enhanced upon successful partnering in the US and Japan.

Note: This announcement is intended as general information regarding Sosei's issuance of the Stock Acquisition Rights. This announcement does not constitute or form a part of any offer or solicitation to invest in the Stock Acquisition Rights.

Raised funds will also be used for the development of other products where it is considered necessary for the enhancement of corporate value.

Enquiries

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Notes for Editors:

About Sosei

Sosei is a leading international biopharmaceutical company with significant expertise in product discovery and development. It has established a reduced risk business model primarily upon identifying new uses for established drugs and exploiting its unique position within Japanese, European and North American pharmaceutical markets by acquiring compounds from, and bringing compounds into, Japan.

For further information about Sosei, please visit www.sosei.com

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