



Press Release

ProStrakan Group plc

ProStrakan announces an exclusive collaboration in the field of bone related diseases

Galashiels, Scotland, 27th September 2006 - ProStrakan Group plc (LSE: PSK), the European specialty pharmaceutical company today announces an exclusive collaboration with Novartis to research, develop and commercialise novel antibodies for bone related diseases.

Under the terms of the agreement, ProStrakan receives an upfront payment which together with further research and development payments will total up to \$5.75 million over the first 2 years. Subject to achieving certain additional development, regulatory and sales milestones, ProStrakan could receive further payments exceeding \$140 million, with undisclosed royalties payable on commercialisation. Novartis will be responsible for all development, manufacture, clinical and regulatory costs and commercialisation.

ProStrakan retains all rights to small molecule approaches to therapeutics under the intellectual property.

Commenting on the deal, Dr Wilson Totten, CEO of ProStrakan, said: "We are delighted to be working with Novartis and are looking forward to seeing this project move forward quickly. This partnership is a further example of delivery against our stated strategy of focussing on near-term commercial growth in parallel with deriving cash contribution and value from our earlier stage pipeline. The contributions we receive from this partnership significantly contribute towards the funding of our other R&D projects, which are an important part of our long term growth and sustainability."

There will be a conference call for analysts today at 11.00am. Please contact Mo Noonan at Financial Dynamics on +44 (0) 20 7831 3113.

More.../

For more information, please contact:

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Notes to Editors

ProStrakan

ProStrakan Group plc is a rapidly growing international specialty pharmaceutical company engaged in the research, development and commercialisation of prescription medicines for the treatment of unmet therapeutic needs in major markets. Headquartered in Scotland, the Company's R&D facilities are situated in Romainville, near Paris, and in Galashiels in Scotland. EU-wide sales and marketing of ProStrakan's portfolio of products are handled by commercial subsidiaries based in the UK, France, Germany and Spain.

ProStrakan was listed on the London Stock Exchange in June 2005.

On 13th Sept 2006, the Company announced its Preliminary Results for the first half of 2006: revenues on continuing products increased by 28% over the prior period to £16.1 million; total gross profit increased by 14% to £9.9 million and retained loss increased by 6% to £14.9 million.

www.prostrakan.com