

Press Release

ProStrakan Group plc

ProStrakan announces an exclusive agreement with Gedeon Richter to distribute Rapinyl™ in CEE

Galashiels, Scotland, 25 July 2006 - ProStrakan Group plc (LSE: PSK), the European specialty pharmaceutical company, announces today a distribution agreement with Gedeon Richter Ltd ("Gedeon Richter"), Hungary's largest pharmaceutical company, to distribute Rapinyl in seven territories in Central and Eastern Europe. ProStrakan originally licensed the European rights to Rapinyl from Orexo AB ("Orexo") in December 2005.

Rapinyl is a new, rapidly disintegrating, muco-adhesive sublingual tablet formulation of the opioid drug, fentanyl, expected to be indicated for the management of breakthrough cancer pain.

It is estimated that there are in excess of 5 million people with cancer in Europe⁽¹⁾, that 30% of these suffer pain as a result⁽²⁾ and that 65% of these have breakthrough cancer pain⁽³⁾. ProStrakan expects to submit Rapinyl for marketing approval in Europe in 2006.

Under the terms of the agreement, ProStrakan will receive an upfront payment plus approval and sales milestones. ProStrakan will retain responsibility for obtaining marketing approval for Rapinyl in each of the licensed territories (Estonia, Latvia, Lithuania, Poland, Czech Republic, Slovak Republic and Hungary) and will supply Rapinyl at an agreed transfer price, while Gedeon Richter will be responsible for obtaining pricing and reimbursement approvals. The two companies will collaborate on a marketing and launch plan for Rapinyl in these territories.

Commenting on the deal, **Dr Wilson Totten, CEO of ProStrakan**, said: *"As one of the largest pharmaceutical companies in Central and Eastern Europe, Gedeon Richter is the ideal partner for Rapinyl in this market. By extending the product's reach into these territories, we generate short term revenue for ProStrakan in the form of the upfront and approval milestones while increasing Rapinyl's future sales potential."*

Erik Bogsch, CEO of Gedeon Richter Ltd, stated: *"A core element of Gedeon Richter's strategy is to define those niches - both therapeutic and territorial - where we can be competitive worldwide. We are constantly looking for speciality products with high added value in a wide range of therapeutic areas in order to expand our product portfolio. Based on our brand promotional and marketing knowledge and our extended distribution network in the CEE region, we can be a favourable license partner as part of our strategy to strengthen the license in activity. Pain management in cancer treatment is a therapeutic group with high unmet medical need, and as such, we plan to build a product portfolio for these treatments. This agreement is considered to be a move into this direction."*

Sources:

- (1) *Cancer Prevalence in European Registry Areas. Micheli et al, Annals of Oncology 13: 840-865, 2002*
- (2) *Management of Cancer Pain. Levy M., & Samuel, T Semin Oncol 32: 179-193, 2005*
- (3) *Breakthrough Cancer Pain Characteristics and Syndromes in Patients with Cancer Pain. An International Survey. Caraceni et al, Palliative Medicine 2004; 18: 177 et seq*

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Notes to Editors

Breakthrough cancer pain

Breakthrough cancer pain is a brief and often severe flare of pain experienced by patients suffering from cancer that occurs even though a person may be taking pain relief medicine regularly for their persistent pain. It is called breakthrough pain because it is pain that "breaks through" a regular pain medicine schedule. It may be caused by the cancer itself or it may be related to cancer treatment. For some people, breakthrough pain occurs during certain everyday activities, such as walking or dressing. For others, it occurs unexpectedly without any apparent cause.

Rapinyl

Rapinyl is a new, rapidly disintegrating, muco-adhesive sublingual tablet formulation of the opioid drug, fentanyl, expected to be indicated for the management of breakthrough cancer pain. The product has been developed by the Swedish pharmaceutical company, Orexo AB. It was licensed in North America to Endo Pharmaceuticals in August 2004 and to Kyowa Hakko Kogyo Ltd. in Japan in January 2003. The technology behind Rapinyl is protected by patents in the US, Japan and throughout Europe.

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. The Company's therapeutic focus is on bone diseases, women's health and issues relating to the ageing male. 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 23 March 2006, the Company announced its Preliminary Results for 2005: revenues up 47% to £31.6 million; gross profit up 69% to £16.7 million.

www.prostrakan.com

About Gedeon Richter

Gedeon Richter, headquartered in Budapest/Hungary, is a major pharmaceutical company in Hungary and one of the largest in Central Eastern Europe, with around 4 billion US\$ market capitalisation. The company was founded in 1901. Gedeon Richter plays the role of a regional multinational company in Central Eastern Europe and in the CIS, and has a growing presence through its commercial subsidiaries in key EU countries, and the USA. Two thirds of its annual sales of 705 million USD in 2005 are exported to 80 countries (Russia, EU, USA, Japan, etc.) The company has a worldwide presence through its representative offices, subsidiaries in 30 countries. It has production facilities in Russia, Romania, Poland and India. The product portfolio of the company includes more than 100 products and covers almost all important therapeutic areas. Based on its traditional skills in steroid chemistry, the company is a significant player in the gynaecological field worldwide. A significant part of the company's turnover results from original drug research and development activity.

www.richter.hu