

Press Release

ProStrakan Group plc

UPDATE ON POTENTIAL TAX LIABILITY

Galashiels, Scotland, 27 March 2009 – ProStrakan Group plc ("ProStrakan" LSE: PSK), the international speciality pharmaceutical company, announces that, as part of an ongoing tax dispute, it has now received a letter from solicitors acting for Aventis Pharma S.A. ("Aventis") pursuing payment of a €13.4m tax liability incurred by Aventis arising from the sale of Proskelia sas ("Proskelia") by ProStrakan in December 2006. Proskelia had previously been acquired from Aventis by ProStrakan in 2004 and ProStrakan at that time gave Aventis certain undertakings not to dispose of any shares in Proskelia to avoid triggering a possible tax liability for Aventis, and a related indemnity.

Since the sale of Proskelia to Galapagos in 2006, ProStrakan has made appropriate provision in its accounts for this potential liability and has been in ongoing discussions on this matter with Aventis.

On 20 December 2007 ProStrakan commenced legal proceedings against the French tax authorities disputing whether a tax liability should have arisen for Aventis as a consequence of the sale of Proskelia and, if any such liability did arise, claiming that the amount of the liability has been incorrectly calculated by the French tax authorities and should have been for a materially lesser amount. The outcome of the litigation is uncertain and there is no guarantee of a successful conclusion.

ProStrakan is currently reviewing the demand for payment with its legal and tax advisers and intends to approach Aventis with a view to reaching a mutually acceptable resolution. Aventis is a 12.5% shareholder in ProStrakan.

In its 2008 Preliminary Results announcement on 18 March 2009, ProStrakan re-affirmed its target of reaching break-even towards the end of 2009 without the need for further fund-raising and, notwithstanding the above, this remains its target. As at 31 December 2008, ProStrakan held cash and cash equivalents of £34.7m.

Ends

Further enquiries:

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Notes to Editors:

Proskelia sas was ProStrakan's former Paris-based drug discovery unit. ProStrakan agreed to sell Proskelia to Galapagos in December 2006.

When ProStrakan announced, on 22 December 2006, that it had entered into a sale agreement with Galapagos, it stated that the transaction would have a number of benefits for ProStrakan including enabling it to focus resources entirely on expansion, development and commercialisation of its specialty pharmaceutical product portfolio and substantially reducing its annual cash burn.

ProStrakan also stated in its 22 December 2006 announcement that it was in discussion with Sanofi-Aventis and the French tax authorities regarding the taxation implications of the transaction and certain commitments given by ProStrakan at the time of its acquisition of Proskelia in August 2004. Pursuant to those commitments entered into in 2004, ProStrakan gave an undertaking not to dispose of its shares in Proskelia and agreed to indemnify Aventis for any additional French corporation tax incurred by Aventis as a result of a breach of that undertaking.