

Press Release

ProStrakan re-negotiates improved EU rights to Rectogesic®

Galashiels, UK, 10th November 2005. ProStrakan Group plc, the European specialty pharmaceutical company, today announces that it has re-negotiated the EU Licence and Distribution Agreement for its product, Rectogesic®, with US-based Cellegy Pharmaceuticals Inc. Rectogesic is a 0.4% topical nitroglycerin ointment indicated for the relief of pain associated with chronic anal fissures.

Under the terms of the amended agreement, ProStrakan will take on responsibility for arranging manufacturing and will have the right in future to promote Rectogesic® for other potential indications in any formulation or presentation.

The financial implications of the transaction are that, in return for an upfront payment of \$2 million and possible further milestone payments of \$0.75 million, ProStrakan will secure a substantial increase in its gross margin for the product.

ProStrakan obtained the EU marketing rights to Rectogesic from Cellegy in December 2004. The first EU launch of the product was onto the UK market in May 2005. Month-on-month in-market sales demonstrate significant growth. Further launches in other European territories will follow on completion of the Mutual Recognition Procedure (MRP).

Commenting, ProStrakan CEO, Dr Wilson Totten, said: “This deal is a sensible financial and strategic step for ProStrakan. Rectogesic is performing well since its recent launch on the UK market and we are confident that it will do well in other European markets in due course. This move significantly reduces the cost of goods and thereby makes this rapidly growing product more profitable.”

ENDS

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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. 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 Paris, Munich and Madrid.

ProStrakan floated on the London Stock Exchange in June 2005. In September 2005, the Group announced interim results showing revenues up 78% to £16.5 million.

www.prostrakan.com