

Press Release

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ProStrakan Raises £22m

(Galashiels, UK; 25 October 2004) ProStrakan Group Ltd, the international specialty pharmaceutical company formed from the merger of ProSkelia and Strakan, announces the completion of a funding round that has raised £22 million. The intention to conduct a funding round was first intimated in June 2004 at the time of the announcement of the merger between the two companies. The funds raised will provide working capital for the enlarged company.

ProStrakan received shareholder approval for the funding at an EGM held in Edinburgh on 12 October. Substantially an internal round, the funding was lead by existing ProStrakan shareholders LMS, 3i and Innoven Partenaires. In addition, a further institutional investor, Quest for Growth, has invested in the company for the first time. The remainder has come from company employees and existing individual ProStrakan shareholders. In order to allow the former Strakan institutional investors to recoup some of the dilution incurred as a result of the merger with ProSkelia, it was agreed by all parties that the former ProSkelia shareholders, Warburg Pincus and Aventis, would not take part in this fund raising. Both companies fully endorsed the involvement of the other participating investors.

Commenting, **Dr Wilson Totten**, CEO of ProStrakan, said: **"I am delighted by the enthusiastic participation from our institutional shareholders in this funding round and the particularly strong support we have also had from our management and employees in the UK and France. The integration of ProSkelia and Strakan is now well underway and we are focused on driving the business forward and maintaining growth. This additional funding enhances our capital base and will allow us to pursue further product or corporate acquisitions as well as partnering opportunities."**

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Following this round, the shareholdings in ProStrakan are as follows: Warburg Pincus (44.3%), Aventis (16.5%), LMS (10.7%), 3i (10.2%), Innoven Partenaires (2.6%), Quest for growth (0.7%), directors, employees and non-institutional shareholders (15.0%).

ENDS

NOTES TO EDITORS

ProStrakan was established in September 2004 through the merger of ProSkelia SAS and Strakan Pharmaceuticals Ltd. Employing around 250 people, the company is headquartered in Galashiels, Scotland, with the principal R&D site in Romainville, Paris.

Prior to the merger, ProSkelia (founded in 2002 from the spin-off of the specialist bone research unit of Aventis) was a leading European R&D company focused on skeletal diseases and related therapeutic areas such as hormone-related cancers and women's/men's health. Founder and former CEO, Prof Roland Baron, is now President and CSO of ProStrakan.

Strakan (founded in 1995 by Harry Stratford, founder and former CEO of Shire Pharmaceuticals PLC, and Prof John Kanis) specialised in the research, development and commercialisation of novel prescription medicines in the women's health, ageing male and skin disorders therapeutic areas.

The merger of the two companies has created a fully integrated specialty pharmaceutical company (renamed ProStrakan Pharmaceuticals Ltd) with leading edge research and development capability and an expanding European commercial operation which is generating significant and growing revenues. ProStrakan's therapeutic focus is on bone diseases and hormonal disorders, areas which represent areas of significant unmet need and high growth potential.

Funding Rounds In 2001, Strakan successfully concluded two major funding rounds, raising a total of £45 million from institutional investors. This represented the largest healthcare private equity funding deal anywhere in Europe during that year. In 2002, ProSkelia raised €60 million, the largest European venture capital funding in either that year or 2003.

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M&A In January 2004, Strakan acquired Paris-based OTL Pharma SA, a pharmaceutical company specialising in the acquisition, development and marketing of high value medicines for specialists and hospitals in several key EU markets.

In September 2004, ProStrakan announced the acquisition of Madrid-based Devon Farmacéutica giving the company, for the first time, a commercial presence in Spain, the EU's fifth most significant market in overall pharmaceutical sales terms.

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