

Press Release

ProStrakan Group plc

ProStrakan announces completion of US\$9 million (£4.7 million) outright purchase of key worldwide rights to Rectogesic™ and Tostran™

Galashiels, Scotland, 29 November 2006 - ProStrakan Group plc (LSE: PSK), the European specialty pharmaceutical company, today announces the completion of the acquisition of expanded rights to two of its leading marketed products, Rectogesic™ (glyceryl trinitrate ointment, branded Cellegesic™ in the US) and Tostran™ (testosterone gel, branded Tostrex™ or Fortigel™ in certain countries) from US-based Cellegy Pharmaceuticals Inc. for a total cash consideration of US\$9 million (£4.7 million). The conditional acquisition was announced on 27 September 2006.

Following completion of the acquisition, ProStrakan owns key worldwide rights to Rectogesic and Tostran on a royalty and milestone free basis, inherits existing commercial licences for certain SE Asian and other countries and owns Cellegy's related patent estate and other intellectual property.

ProStrakan is now actively planning the necessary additional clinical work for both products with a view to securing approvals in the USA.

Dr Wilson Totten, ProStrakan CEO, commented:

"The completion of this acquisition is of great significance to ProStrakan. Not only have we substantially improved the economics for Tostran in Europe, but we also now own the North American rights to Tostran and Rectogesic. These two products, together with Sancuso, are high potential, high value specialist care opportunities and form a very exciting platform on which to establish a commercial presence in the US."

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Notes to Editors

Rectogesic

Rectogesic is a 0.4% topical glyceryl trinitrate ointment indicated for the treatment of pain associated with chronic anal fissures. It is the only prescription medicine licensed specifically for the relief of this condition. Rectogesic works by relaxing the vascular smooth muscle around the anal canal leading to the dilation of peripheral arteries and veins. It is estimated that at any one time up to 800,000 individuals suffer from anal fissures in the EU.

ProStrakan initially licensed EU rights to Rectogesic from Cellegy in December 2004 and, as a result of renegotiating the terms of the licensing agreement to Rectogesic in the EU in November 2005, already owed no further milestones or royalties to Cellegy from EU sales of Rectogesic. Rectogesic was launched in the UK in May 2005 as the only prescription product approved for the treatment of pain associated with chronic anal fissures. Rectogesic successfully completed the Mutual Recognition Process (MRP) throughout the EU earlier this year which will permit its launch into other EU countries from next year. In July 2006, the Food and Drug Administration (FDA) granted Cellegesic "Approvable" status in the US, conditional upon a further clinical trial being successfully conducted. Cellegesic has patent cover in the US until 2014.

ProStrakan now owns the rights to Rectogesic on a worldwide basis including North America but excluding Australia, New Zealand, Singapore, South Korea and South Africa. ProStrakan is taking over Cellegy's existing partnering arrangements in Israel, Turkey, China and Taiwan.

Tostran

Tostran is a clear, colourless gel containing 2% testosterone, for testosterone replacement therapy in hypogonadal males. It has twice the strength of other currently-marketed testosterone gel products, meaning less gel has to be applied for maximum efficacy.

ProStrakan initially acquired the EU rights to Tostran from Cellegy in July 2004. Tostran (branded as Tostrex) was launched in Sweden in September of last year and has already captured a 29% share of the testosterone gel market in Sweden. The EU Mutual Recognition Procedure has been successfully completed and national licences are in the process of being issued which will permit further EU launches from next year. In the US, Tostran (branded as Fortigel) was the subject of a "Not Approvable" letter by the FDA in July 2003 and Cellegy has since received Special Protocol Assistance (SPA) on the requirements for an additional clinical trial.

Under the terms of the agreement relating to this acquisition entered into between ProStrakan Group and Cellegy, all future approval and sales milestones (amounting to \$5.05 million) and royalty payments (embedded within cost of goods) payable by ProStrakan to Cellegy for Tostran in the EU are now cancelled. ProStrakan also gains Cellegy's existing worldwide rights to Tostran (Fortigel in the US) and takes over their existing partnering arrangements which cover 13 countries, notably South Korea, Israel, South Africa, Philippines, Thailand and Malaysia.

Sancuso

ProStrakan's lead clinical development programme is Sancuso™, a patented, novel, transdermal patch formulation of granisetron to treat chemotherapy- induced nausea and vomiting (CINV). Many patients undergoing chemotherapy experience nausea and vomiting either immediately after chemotherapy or for up to about five days thereafter. 5-HT3 receptor antagonists are used extensively to treat this distressing side effect.

ProStrakan's transdermal patch delivers granisetron, an established 5-HT3 receptor antagonist, steadily into the bloodstream without the need for injection or having to swallow pills. A Phase III study is nearing completion. The current global market size for 5-HT3 receptor antagonist anti-emetics is estimated at over €2.8 billion per annum (source: IMS Health). We are on

course with the development of this strategically important project, one that has the potential to add significant value to ProStrakan.

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 interim 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