

Press Release

ProStrakan Group plc

Settlement of Tax Issue with Aventis Pharma

Galashiels, Scotland, 2nd July 2009 – ProStrakan Group plc ("ProStrakan" LSE: PSK), the international specialty pharmaceutical company, announces that it has signed an agreement with Aventis Pharma S.A. ("Aventis") settling a tax issue that had arisen between the two companies.

ProStrakan has agreed to make a payment of €9.15m in full and final settlement with Aventis against 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. The agreed settlement is within the Euro provision that ProStrakan had made in its accounts for this potential liability since 2006.

In recognition of the agreed settlement, both parties will withdraw from all related legal proceedings.

Commenting on the agreement, ProStrakan's Chief Executive, Dr Wilson Totten, said:

"I am pleased that we have been able to reach a satisfactory agreement with Aventis, within the provision that we had already made in our accounts and within our available cash reserves.

"This is a pivotal year for ProStrakan, and we remain focused on our target of achieving break-even before the end of 2009 and our first full year of profitability in 2010. Together with other recent positive announcements on the early French launch of Abstral and the imminent grant of our US patent for Sancuso, I am delighted to be able to report continued strong progress towards true financial independence for the business."

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.

ProStrakan sold its holding in Galapagos NV in 2008. The proceeds of this share sale of €5.8m will be used to substantially settle the Aventis indemnity.