

SR Pharma Granted Core RNAi Patent by the European Patent Office

European Patent EP1527176 B1 – Reinforces Company's
Leading Position in RNAi Therapeutics

London, UK, 3 January 2007 SR Pharma plc (London LSE: SPA), Europe's leading RNAi therapeutics company, today announces that the European Patent Office has granted the Company its core RNAi patent EP1527176 B1. This patent covers its novel, stabilised, small interfering RNA (siRNA) molecules with blunt ends and positional modifications. These proprietary siRNA molecules are referred to as 'AtuRNAi' by SR Pharma.

This is the first patent to be granted for this new class of stable siRNA molecules and provides SR Pharma with freedom to operate within the RNAi therapeutics field. The 38 claims in the patent cover AtuRNAi structures that have a well defined positional arrangement of modified nucleotides. These novel siRNA molecules developed by SR Pharma have important advantages over conventional siRNA molecules including increased stability against nuclease degradation and an increased serum half life.

These AtuRNAi compounds form the basis of SR Pharma's own therapeutic development pipeline which is focused on cancer indications. The Company's first clinical trials in the cancer field are expected to start in 2007. These molecules also form the basis of the group's licence and collaboration agreement with Quark Biotech Inc. and the recently announced sublicense to Pfizer Inc., whose Phase I clinical trial in Age-related Macular Degeneration using these molecules is expected to start in the near future.

Dr Klaus Giese, Chief Scientific Officer of SR Pharma said "This patent is a major step forward for SR Pharma. The broad coverage that we have gained for our novel AtuRNAi molecules reflects our significant understanding of RNAi chemistry. We are confident that we will be able to gain a similar level of patent protection for our AtuRNAi molecules from the US patent office during the course of 2007."

Iain Ross, Chairman of SR Pharma, said: "This patent provides us with the freedom to operate within this exciting area of science and validates our unique technology approach. It also puts us in a much stronger position to conclude licensing and corporate development deals which we expect to play a crucial role in our goal to become a global leader in the development of RNAi therapeutics."

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SR Pharma (www.srpharma.com)

SR Pharma plc is a European biopharmaceutical company, listed on AIM. The Company has two operating subsidiaries Atugen AG (www.atugen.com) based in Berlin, Germany and Stanford Rook Ltd based in London, UK.

SR Pharma is a leader in RNAi therapeutics, which is a Nobel Prize winning technology that "silences" genes linked to the onset of disease. The Company has developed novel, chemically modified proprietary siRNA molecules ("AtuRNAi"), which have a number of advantages over conventional siRNA molecules including enhanced stability against nuclease degradation. In addition, the Company has developed a proprietary delivery system ("AtuPLEX"), which increases bioavailability, circulation times and functional intracellular uptake of siRNA molecules.

SR Pharma expects to begin the clinical development of its own AtuRNAi therapeutic molecules for systemic cancer indications in 2007. SR Pharma also has AtuRNAi compounds partnered with Quark Biotech and Pfizer, the lead programme of which is due to commence Phase I trials for Age-related Macular Degeneration in the near future.

In addition, SR Pharma owns a proprietary Mycobacterium vaccae-based technology and related products. Currently the Company is in discussions with third parties regarding the co-development and out-licensing of these products.

Forward-Looking Statements

This press release includes forward-looking statements that are subject to risks, uncertainties and other factors. These risks and uncertainties could cause actual results to differ materially from those referred to in the forward-looking statements. All forward-looking statements are based on information currently available to SR Pharma and SR Pharma assumes no obligation to update any such forward-looking statements.

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