TURKU – FINLAND and OSAKA - JAPAN

Press release on February 18, 2011

Faron and Maruishi Sign Traumakine-program License Agreement.

Faron Pharmaceuticals Ltd. ("Faron") and Maruishi Pharmaceutical Co., Ltd. ("Maruishi") announced today that they have signed a License Agreement which grants Maruishi the exclusive license for the development and commercialization of the Traumakine-program in Japan. This agreement is subsequent to the Letter of Intent which was concluded on December 28th 2010 and the financial details of the agreement were not disclosed.

Faron's leading drug candidate FP-1201 is the main target of this collaboration and is currently in phase II in the UK. The trial FPCLI001 (see www.clinicaltrials.gov) recruits today for the second part of the study and will use the selected optimal tolerated dose to treat patients who suffer from vascular leakage - Acute Lung Injury (ALI) and its more severe form Acute Respiratory Distress Syndrome (ARDS). With eight centers in the UK now actively enrolling, Faron expects the recruitment and biomarker analysis to be completed during H1-2011. In addition to safety and tolerability, the second phase of the study will also assess the preliminary efficacy of FP-1201 and determine the sensitivity of CD73 to act as a biomarker for treatment effect.

The companies have started to initiate planning of Traumakine's clinical program and preparation of the orphan drug application in Japan.

"Traumakine's global commercial success is strongly dependent on Faron's partners who are experts in critical/perioperative care. We are extremely proud therefore to initiate this collaboration with Maruishi as they have a very strong presence in critical care medicine in Japan via their leading position in anesthesia and other intensive care products. In this sense, Maruishi is an ideal partner for us to initiate development of the Traumakine-program in Japan," comments Faron's CEO **Markku Jalkanen**.

"We are very pleased with this agreement and we believe strongly that the results from the phase II studies in the UK will be promising. We will put all of our effort into developing and launching FP-1201 in Japan as early as possible," expressed Maruishi's President **Keiichi Inoue**.

About ALI/ARDS and Traumakine®-program

ALI and ARDS are serious clinical disorders, which follow a variety of severe direct and indirect lung insults. In serious life threatening situations such as infection leading to sepsis or trauma causing massive tissue injury, an

escalation of the systemic inflammatory response leads to multiple organ failure including ALI/ARDS. In the case of ALI/ARDS the predominant patho-physiological result is increased vascular leakage, which has been shown to be due to the lack of adenosine, an end product of AMP degradation by 5'-nucleotidase (CD73). Adenosine acts to enhance endothelial barrier function via adenosine receptor activation. Therefore, any biological substance that acts to increase adenosine level will reduce vascular leakage in ALI/ARDS patients. Such substances are type I interferons and especially interferon-beta (IFN-beta). IFN-beta has been shown to up-regulate 5'-nucleotidase (also known as a CD73 molecule and expressed abundantly by normal endothelial cells) and prevent ALI in animal models (Kiss et al. (2007) *Eur. J. Immunol.* 37:3334). IFN-beta is therefore a potential treatment for ALI/ARDS. The schematic drawing below (Figure 1) illustrates this principle.

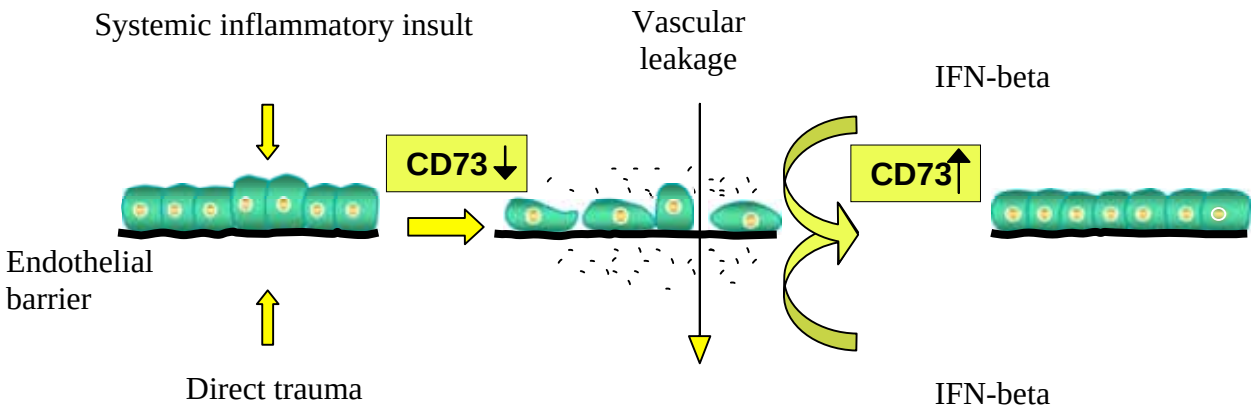

Figure 1: A model of IFN-beta action in acute injuries and prevention of vascular leakage

Faron has been granted an orphan drug status for the treatment of ALI/ARDS with interferon-beta by European Commission and European Medicines Agency (EMA) under the registration number EU/3/07/505. Faron has also been granted several patents both in USA and Europe for this new use of IFN's to treat various ischemic conditions and has several pending applications around the world including Japan.

About Faron Pharmaceuticals, Ltd

Faron Pharmaceutical Ltd. is a privately owned clinical stage drug discovery and development company in Turku, Finland. Today Faron has three major drug development projects focusing on acute trauma, incipient vasculopathies, inflammatory diseases, and cancer/metastasis growth.

Faron's leading product Traumakine® for the treatment of vascular leakage in ALI/ARDS patients is currently being assessed in a phase II study in the UK.
For more information on the company, please visit:
http://www/faronpharmaceuticals.com

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About Maruishi Pharmaceutical Co., Ltd.
Maruishi, an Osaka-based company with a 120-year history, has a strong presence in the Japanese market as a specialty pharma developing, manufacturing, and marketing anesthetics, including the top-selling product Sevofrane®, disinfectants and as a leading manufacturer and marketer of Japanese Pharmacopeia drugs. With its recent implementation of a new business strategy for full coverage within the perioperative and disinfectant fields, Maruishi continues to develop innovative new products to improve the quality-of-life (QOL) of patients.

For more information on the company, please visit:
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