



For immediate release

IDEA AG concludes Licence Agreement for its innovative targeted analgesic, Diractin[®], with Alharma

Munich, Germany – September 6, 2007. IDEA AG today announced that it has agreed with an affiliate of Alharma Inc., Bridgewater/NJ (“Alharma”, NYSE:ALO) to license the exclusive United States rights to Diractin[®] (ketoprofen in Transfersome[®], formerly known as IDEA-033) as a prescription topical NSAID (non-steroidal anti-inflammatory drug) in the US. The licence includes access to IDEA’s innovative Transfersome[®] technology platform for local drug delivery to targeted peripheral areas.

In May 2007, IDEA AG submitted a marketing authorization application in Europe for Diractin[®] for the treatment of osteoarthritis. A prior regulatory submission with Swiss regulators was approved by SwissMedic in June 2007. Two pivotal European trials demonstrated that Diractin[®] delivered a statistically significant improvement of symptoms of osteoarthritis including pain. IDEA will fund and conduct two additional studies to support an NDA submission to the U.S. Food and Drug Administration for this product candidate, which the Company is targeting for late 2009.

“Ketoprofen in Transfersome[®] gel is an ideal addition to our product pipeline,” commented Dean Mitchell, President and Chief Executive Officer of Alharma.

The terms of the license agreement between Alharma’s affiliate, Alharma Ireland Limited, and IDEA include a \$60 million payment at closing. The agreement also includes three clinical and regulatory progress milestone payments totalling \$77 million that could be due later this year or in 2008, subject to IDEA’s achievement of contractually specified conditions. An additional milestone payment by Alharma Ireland of either \$45 or \$65 million, depending upon the results of one of the clinical trials for the product, is conditioned on U.S. product approval. The agreement moreover includes certain minimum commitments by Alharma for commercialization expenditures during the first four years of the product launch, the payment of royalties based on product sales, and the issuance of warrants for the purchase of \$100 million of Alharma’s common stock. These are exercisable for a contractually specified numbers of shares at

contractually determined prices, but only upon FDA approval of the product in the United States.

The companies expect to close this transaction in the fourth quarter of 2007, following the completion of review under the Hart-Scott-Rodino Antitrust Improvements Act of 1976.

Gregor Cevc, IDEA's founder and CEO, commented:

"We are exceptionally pleased to have gained Alharma as our US commercialization partner. We believe that Alharma has the focus and strength to make Diractin[®] a success in the U.S. marketplace, given its ongoing product development, recent product acquisitions and anticipated sales force expansion."

ENDS

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Notes to editors:

IDEA is a privately held biopharmaceutical company with headquarters in Munich, Germany. IDEA develops and commercialises non-invasive, targeted pain therapeutics, applied through the skin. The basis of the technology platform are proprietary carriers that are typically applied on skin and can be engineered to achieve high drug concentration at or near the site of application, diminish local or systemic adverse side effects, and often increase drug potency. In total 70 patents from 9 patent families are protecting the core technology.

The Company's leading product is in the area of pain: Diractin[®] has blockbuster potential in the peripheral pain market. In June 2007, IDEA received an approval from SwissMedic for 100 mg ketoprofen in Diractin[®] for the treatment of inflammation and pain related to osteoarthritis. This approval was based on the first pivotal European trial, which demonstrated that both Diractin[®] and Celebrex[®] (celecoxib), improved patient's conditions comparably and progressively over the six-week study period and are both statistically superior to placebo. The much broader package submitted to EMEA in May 2007 also includes a long-term, open-label, safety and efficacy trial with OA patients treated with Diractin[®] for up to 18 months, a positive 3 month, placebo-controlled, phase III, OA efficacy and safety study, with a 3 months extension. IDEA hopes to receive marketing approval for Diractin[®] from the EMEA in 2008, followed by approvals from other national authorities.

IDEA's in-house capabilities range from formulation and small-scale (GMP) manufacturing work to clinical testing.

For further information see IDEA's website at www.idea-ag.de.

Background information:

Osteoarthritis

Osteoarthritis (OA), the clinical syndrome of joint pain and dysfunction caused by joint degeneration, affects more people than any other joint disease. It is one of the leading causes of disability, as by the age of 65 an estimated 85% of the population will have some degree of OA. Oral non-steroidal anti-inflammatory drugs (NSAIDs) are most commonly used to treat OA. Although effective, they cause serious adverse side effects, including gastrointestinal and cardiac problems, and kidney and liver abnormalities. Topical NSAIDs, which are marketed in the EU but have never been approved to date in the US, are seen as generally safer, but have only limited data available to prove their efficacy beyond a two-week treatment duration (Lin et al., BMJ 2004).

NSAID Market

Worldwide sales of non-steroidal anti-inflammatory drugs (NSAIDs) are estimated to be €14 billion. Globally, approximately 30 million people take oral NSAIDs on a daily basis. NSAIDs, increasingly in combination with proton pump inhibitors (PPI) to manage the potential side effects, are also the gold standard for treating the majority of arthritic diseases and chronic pain. The main disadvantage is that all classical oral NSAIDs carry a risk of upper gastrointestinal (GI) side effects, with up to 30% of long-term NSAID users developing gastric ulcers, for example. Close to 20,000 osteoarthritis patients and 2,000 rheumatoid arthritis patients in the US alone die each year from GI complications associated with oral NSAID use. Newer, more selective NSAIDs (so-called COX-2 inhibitors) were developed to selectively inhibit only the COX-2 receptor, while sparing the COX-1 receptor, which are also inhibited by the unspecific NSAIDs. Until recently, COX-2 inhibitors were seen as a relatively safe arthritis treatment option. However, COX-2 inhibitors can also lead to serious adverse side effects, such as cardiovascular events, and may still cause bleedings in the lower GI tract. In 2004, Merck & Co. announced the world-wide withdrawal of Vioxx® (rofecoxib) and in 2005, Pfizer Inc. was requested by the FDA to withdraw Bextra® (valdecoxib). In April, 2007, the FDA issued a non-approval letter for Arcoxia (etoricoxib) citing the need for additional data in support of the benefit-to-risk profile in order to gain approval. The FDA has mandated black-box warnings on all prescribed NSAIDs and similar labelling changes for comparable over-the-counter medicines.

Diractin®

Diractin® contains a particularly potent, well-established non-steroidal anti-inflammatory drug in a Transfersome® based semisolid, creamy suspension in a water base. A Transfersome® is a novel, ultra deformable vesicle carrier designed to deliver drugs non-invasively through the skin barrier. With the correct formulation, Transfersome® carriers can also be used to target muscles and joints below the application site, as they are not cleared by the local cutaneous blood microcirculation. The resulting targeted drug delivery increases the product's efficacy by increasing local drug concentration and improve product safety by lowering systemic drug concentration in comparison with existing oral and topical NSAID formulations. IDEA hopes that Diractin® will become the first truly effective, locally applied analgesic on the market for the long-term treatment of pain related to osteoarthritis. Diractin® should, moreover, give the medical community an effective and safe alternative for suppressing pain associated with soft tissue injuries.