

## news

### **Napo Pharmaceuticals, Inc. admitted to trading on the Main Market of the London Stock Exchange**

#### *Successful Placing Raises £11.9 million (US\$22.0 million\*) in IPO*

**South San Francisco, Calif., July 31, 2006** - Napo Pharmaceuticals, Inc., (LSE: NAPL) which focuses on the development and commercialization of proprietary pharmaceuticals for the global marketplace in collaboration with local partners, today announced that its shares have started trading on the Main Market of the London Stock Exchange.

#### Placing Highlights:

- Admission to trading on the Main Market of the London Stock Exchange
- Placing and subscription proceeds of £11.9 million (US\$22 million\*) before expenses
- Placing price 83 pence (US\$1.54\*) per share
- The market capitalization at the placing price will be £35.8 million (US\$66.23 million\*)
- Proceeds of the placing will be used to continue to progress the Company's pipeline including product registration and launches
- Nomura Code Securities Limited acted as the sponsor, financial adviser and broker.

"The proceeds of this placing will be used to advance our strong and late-stage pipeline of products that address global health needs afflicting large populations in both emerging and developed economies," said Ms Lisa Conte, Chief Executive Officer of Napo Pharmaceuticals Inc. "We are committed to responsibly developing, manufacturing and distributing life-improving drugs on a global basis, mindful of risk management criteria and investment return. We expect these activities will generate multiple revenue streams from around the world."

#### Company Highlights:

- Napo's late stage proprietary gastro-intestinal compound, crofelemer, is in various stages of clinical development for four distinct product indications:
  1. AIDS diarrhea - Phase 3
  2. Irritable Bowel Syndrome (IBS) - Phase 2
  3. Acute infectious diarrhea (traveller's diarrhea and cholera) - Phase 2
  4. Pediatric diarrhea - Phase 1
- FDA has granted fast-track status for AIDS diarrhea and IBS products
- Napo has accumulated extensive safety data on more than 1500 patients across all indications
- Napo's global business model utilizes multiple corporate partners covering all four clinical indications in all countries
- Commercial focus on both Western markets and emerging economy populations for large product volume and financial return
- Crofelemer is sustainably harvested from a medical rainforest plant, with benefit sharing contribution in place to recognize indigenous knowledge and environmental responsibility
- Additional pipeline product for metabolic syndrome
- Strong management and board member experience with more than 10 drug regulatory approvals worldwide

## **About Crofelemer**

Crofelemer is an oligomeric proanthocyanidin and has a well-documented, novel anti-secretory mechanism of action which blocks chloride ion secretion via the CFTR channel, normalizes water flow in the gut, treating diarrhea and thereby preventing dehydration from occurring, thus targeting and providing substantial relief for several gastrointestinal indications. The mechanism of action provides a unique approach for managing diarrhea without the resistance risk of antibiotics.

Crofelemer has shown significant anti-diarrheal activities in multiple clinical trials with approximately 1500 patients. Because crofelemer is not absorbed and works locally, it has an important safety advantage over alternative treatments, particularly for chronic administration.

## **About Napo Pharmaceuticals, Inc.**

Napo Pharmaceuticals, Inc. is focused on developing and commercializing proprietary pharmaceuticals for the global marketplace, in collaboration with local partners, in order to address major global unmet medical needs in developed and developing countries. Napo is currently developing crofelemer for four distinct product indications including chronic diarrhea in people living with HIV/AIDS, diarrhea-predominant irritable bowel syndrome (D-IBS), pediatric diarrhea and acute infectious diarrhea.

The Company's partners include Trine Pharmaceuticals Inc., Glenmark Pharmaceuticals of Mumbai, India, and the AsiaPharm Group Ltd., headquartered in Singapore and Shanghai. Napo also has a medicinal product library of over 2,300 plants, which is the subject of pre-clinical discovery collaboration.

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\*Using an exchange rate of US\$1.85 to £1