



Sinclair Pharma plc

Acquisition of Flammazine and Flammacerium from Solvay Associated fundraising of up to £25 million Appointment of new Chief Executive Officer & new Board member

12 October 2009, Godalming, UK: Sinclair Pharma plc (the "Company" or "Sinclair": SPH:L), the international specialty pharma company, today announces the acquisition of two major revenue-generating dermatology products from Solvay Pharmaceuticals for a total consideration of €17.5 million. The acquisition will be financed by a fundraising of up to £25 million.

Sinclair also announces the retirement of Michael Flynn and appointment of Christopher Spooner as new Chief Executive Officer. Christophe Foucher also will be joining the Board in his capacity of Chief Operating Officer. Both appointments will become effective at the company's AGM.

Purchase of Flammazine and Flammacerium from Solvay Pharmaceuticals

Sinclair will acquire the sales and worldwide commercial rights for Flammazine and Flammacerium from Solvay Pharmaceuticals for a total consideration of €17.5 million. The acquisition will be funded via a combination of debt and equity raised from new and existing investors. Subject to shareholder approval it is expected to complete at the end of November 2009.

The products, both topical creams for the prevention and treatment of infections in burn wounds, are well-established brands across Europe generating global annual revenues of over £9 million. Sinclair plans to grow these revenues via increased promotion, product development and new indications. Flammazine and Flammacerium are currently sold in over 45 countries worldwide and are approved for use throughout Europe and various emerging markets. Upon completion Sinclair will own worldwide rights, excluding the UK and Italy.

Besides offering Sinclair the opportunity to earn additional revenues, the transaction has significant strategic advantages for Sinclair as it seeks to grow its European footprint.

Michael Flynn, CEO of Sinclair Pharma, said:

"These products are complementary to Sinclair's existing dermatology portfolio and, as established and well-known brands, they offer a source of stable income. They also provide Sinclair with the opportunity to broaden its own European commercial presence and seek additional value from other potential applications and line extensions.

"Today's announcement underlines our commitment to becoming a leading specialty dermatology business and demonstrates our intense focus on creating a reliable, secure and growing revenue base that makes Sinclair a profitable business, on a sustainable basis, for our shareholders."

Proposed fundraising

To finance the acquisition Sinclair today announces an equity fundraising of up to £25 million through a firm placing of up to £12.5 million (the "Placing") and an open offer of £12.5 million (the "Open Offer") (together the "Fundraising"). The Fundraising, which is being done at 32p per share, has been fully underwritten by Singer Capital Markets Limited.*

Sinclair is also in the advanced stages of negotiating a new debt facility of up to £9 million which it intends to use to finance the proposed acquisition. In the event Sinclair successfully



agrees the terms of the new debt facility, the Fundraising will be scaled back to £18 million, comprising the Placing of £9 million firm and £9 million under the Open Offer.

In addition to satisfying the consideration of the proposed transaction Sinclair intends to use the balance of the proceeds of the Fundraising to meet related acquisition expenses and for working capital purposes for the group.

Management changes

Sinclair also today announces that, after nine years as CEO of Sinclair Pharma, Michael Flynn will retire at the company's next AGM. He will be replaced by Christopher Spooner, previously co-founder and CEO of HealthCor Management UK, the European division of HealthCor LP, one of the world's largest dedicated healthcare funds.

Grahame Cook, Chairman of Sinclair Pharma, said:

"During his nine years at the helm, Michael has made a significant contribution to Sinclair Pharma. Having led the management buy-in in 2000, he has since been instrumental in taking the company through major events in its recent history, including the AIM listing and subsequent move to the London Stock Exchange's Main Market and Euronext, followed by two years of EBITDA profit. Under his leadership the company has grown significantly and, on behalf of the Board, I would like to thank Michael for his years of dedication and hard work and wish him all the best for the future.

"The Board looks forward to welcoming Chris as Sinclair's new CEO. With 15 years experience in both analysing and investing in life sciences companies, his knowledge and understanding of the sector means he is well-placed to identify opportunities that will create value and lead Sinclair into the next stage of its growth."

Chris Spooner said:

"The past 18 months have been some of the most challenging for companies in this sector. As fortunes have risen and fallen one thing has become clear – the ability to have a clear vision and deliver against this promise is fundamental to creating shareholder value. Moreover, with asset prices depressed, there is an opportunity to create value in the sector, particularly in the small cap space, where access to capital is a clear competitive advantage. I look forward to working closely with Sinclair's management team and the Board to create value for shareholders."

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Notes to Editors:



* Further details of the Fundraising and the Placing and Open Offer will be contained in a circular to shareholders which will comprise a prospectus and will contain a notice convening a shareholders' meeting to seek approval of the acquisition, the Fundraising and related matters.

This circular will be sent to shareholders as soon as practicable and once necessary approvals for the circular have been, as must be, obtained from the UK Listing Authority. To assist with the implementation of the fundraising, Sinclair plans shortly to convene an early shareholders' meeting. This will provide Sinclair with the opportunity to convene the EGM called to seek approval for this acquisition and for subsequent EGMs to be held on 14 days' notice rather than 21 clear days' notice (as a recent change in law requires unless shareholders approve otherwise). A fuller explanation will be contained in the circular convening this earlier EGM.

Chris Spooner

Chris Spooner (41) was previously co-founder and CEO of HealthCor Management UK LLP, the European division of HealthCor LP, one of the world's largest dedicated health care funds. He is highly-regarded in the European health care industry, both in corporate and financial circles, having been a top-rated analyst for many years.

About Flammazine

Flammazine is a sterile topical cream for the treatment and prevention of infections in burn wounds. The product, a silver sulfadiazine cream, was approved in 1973 and is available in 46 countries. It does not have patent protection but there are significant barriers to entry.

Use of the product is mainly in the hospital and as such it is reimbursed as part of hospital care of in-patients. The product is also sold as a prescription product in most markets. In some small, developing markets it can be obtained from the pharmacy without prescription for treatment of less severe burns. The clinical efficacy and safety of Flammazine has been demonstrated in double blind clinical trials. Importantly, there has been no significant development of resistant strains to the product even after its extensive evaluation and clinical use.

Flammazine is already developed and marketed and there is no requirement for further clinical trials.

About Flammacerium

Flammacerium is a sterile topical cream for the treatment and prevention of infections in extensive burn wounds. The product is a silver sulfadiazine cream with cerium nitrate to reduce the occurrence of immunosuppression which can occur in severely burned patients. It was approved in 1983 and is available in more than 50 countries. Flammacerium does not have patent protection but barriers to entry limit competition. It is used mainly in hospitals and specialist clinics.

About Sinclair Pharma Plc www.sinclairpharma.com

Sinclair Pharma plc is an international specialty pharmaceutical company providing solutions to treat dermatological, oral care and gynaecological diseases through advanced surface technology and innovative delivery systems. It has a growing sales and marketing operation that is already present in France, Italy, Spain and Portugal, and a complementary marketing partner network that spans more than 90 countries.

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