

SPH.L

Interim Management Statement

Sinclair Pharma plc ("Sinclair" or "the Company": SPH:L), the international specialty pharma company, today issues its Interim Management Statement for the period 1 January 2010 to 18 May 2010.

- **New management's restructuring strategy is driving a significant business turnaround**
- **Annualised costs reduced by £1.5m with business now streamlined and sales focused**
- **Strong recovery in Italian market with new strategy in France leading a recovery**
- **Like for like sales growth expected to be 7% for H2, compared to -1% for H1**
- **Overall gross margin improving as restructuring benefits flow through the supply chain**
- **Flammazine acquisition integrated well with sales growth trends improving for H2**
- **Sinclair confident to sign Decapinol US and European distribution deals this year**
- **Development of delmopinol (Decapinol active ingredient) for new applications offers significant potential upside**

Sinclair is pleased to report that the restructuring programme instigated last December by the new management team has rapidly improved underlying business performance, and the Company is now trading profitably at the EBITDA level pre-licensing income. The short-term distractions of widespread management change, the across-the-board implementation of new standards and processes and the temporary diversion of resources to the Flammazine integration programme have had no discernible negative effect on underlying growth. Indeed, like-for-like sales growth for the second half to 30 June 2010 is expected to be approximately 7%. At the same time, the Company has saved over £1.5m on an annualised basis despite several new hires in product development, business development and marketing.

Management reporting lines are now clear under CEO Chris Spooner and COO Christophe Foucher. The arrival of Simon Youlton CSO/Head of Regulatory affairs has led to the complete overhaul of the development process at Sinclair and the Company intends to announce its new product pipeline and strategy in the near future. The UK corporate office has been slimmed down with consolidation of International Operations in Paris.

At the corporate level, the Company is striving to improve its standards of transparency and communication. There are now monthly Board meetings, while a new web site (www.sinclairpharma.com) provides far greater product, operations and investor information. Financial information includes comparable and underlying growth and margin statistics. Sinclair is also pleased to announce a change of corporate lawyers to Fasken Martineau and financial PR advisors to Biddicks.

A key metric of the Company's rapid improvement is the change in gross profitability, and Sinclair is pleased to report that the like-for-like gross margin is 4.5 percentage points higher than the same period last year. Rapid restructuring has seen a more competitive approach to the tendering of liquids manufacturing contracts and the number of SKUs has been reduced by more than 200, paving the way for increasing utilisation and a focus on creams production at the Company's Cléry facility. Moreover the Company has entered into negotiations to produce a number of product lines in India. Administration spend has also been severely cut, due to general efficiency savings, an ongoing simplification of the corporate structure and a reduction in the number and average cost of senior management.

Underlying Business

Sinclair is delighted with the strong recovery in the Italian operation with 30% YTD growth and the business is profitable for the first time. In France, where underlying sales to wholesalers have suffered from a long term declining trend, a re-engineered marketing approach under recently appointed French business director Patrick Loyer has reduced the rate of decline to c.-5% this calendar year (-8% financial YTD). Sinclair now covers the French market with M. Loyer's 15 dermatology and 8 pharmacy sales representatives. In addition to taking over Flammazine/Flammacerium promotion to hospitals, dermatologists & general practitioners, Sinclair has launched Dermacide Cica (H2O2 and hyaluronic acid combination for skin infections) and Papulex UV (sunscreen line extension of the Papulex for acne prone skin). Management believes the French business,

with its new focus on family dermatology sales to pharmacies, is poised for a return to growth over the coming months.

The integration of Flammazine and Flammacerium continues smoothly with audited sales data showing stable pharmacy and growth in sales to hospitals in 2010. Solvay did not actively market the franchise for several years, but with new capacity now on-stream Sinclair believes it can supply any increased demand brought about through new promotional activities. Moreover the Company is currently investigating several possibilities for line and geographical extensions as well the development of the Flammacerium franchise.

Decapinol

Decapinol mouthwash is already licensed by the FDA for Rx and OTC distribution in the US. Following the termination in November 2009 of the US Orapharma distribution deal, Sinclair has looked to select an alternative partner. Negotiations are at an advanced stage and the Company is confident of signing a deal this year. Similarly, the Company expects to announce distribution deals for select major European markets this year.

Delmopinol in companion animals

Sinclair has sought to develop an anti-plaque product for companion animals. Recent test results are very encouraging and the Company is engaged in late-stage negotiations with a leading animal products player. The Company is optimistic to secure a US licensing deal this year and for RoW in FY11. Peak EBITDA contribution for such a product is likely to be similar to the potential offered in the human mouth rinse market.

Delmopinol R&D Programme

Delmopinol is the proprietary active ingredient in the Decapinol dental range and since January is the focus of a renewed development programme with a strategy to use industrial partners to exploit the technology outside dental care. As a first-in-class active biofilm breaker and retardant, Sinclair believes the molecule has widespread applications where bacterial bio-films inhibit the combat of infection.

Potential uses include dental implants, wound care dressings and in central line catheters, ports and other hospital care products. This year the Company has already completed positive studies on optimising formulation and adsorption criteria for such coatings as well as early biocompatibility studies.

Sinclair intends to start a peri-implantitis trial during the next financial year. Up to 5% of implants fail due to implant related infection, and this is already a big issue for implant manufacturers and dental surgeons. Further, the Company plans to bring a new combination product into development which combines a general broad acting planktonic anti-microbial with the anti-biofilm properties of delmopinol. An exploratory collaboration with a UK company has been instigated at no cost to Sinclair to identify such a synergistic compound. This will open up marketing opportunities for Decapinol for use in acute gingivitis and pre-existing periodontitis.

Negotiations are ongoing with a wound care specialist to develop a wound irrigation solution in the short term and a slow release dressing in the medium term. Other discussions are underway with two potential partners to develop Delmopinol coated hospital consumables as an alternative to standard ionic silver or impregnated anti-microbial products.

Ends

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Notes to Editors:

About Sinclair Pharma Plc www.sinclairpharma.com

Sinclair Pharma plc is an international specialty pharmaceutical company providing solutions to treat wounds, dermatological and oral diseases through advanced surface technology and innovative delivery systems. It has a growing sales and marketing operation that is present in France, Italy, Germany and Spain, and an extensive marketing partner network across selected developed & emerging markets.

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