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Sinclair Pharma plc : Interim Management Statement - Return to Growth

Sinclair Pharma plc ("Sinclair" or "the Company": SPH:L), the international specialty pharma company, today issues its Interim Management Statement for the period 1 July 2010 to 5 November 2010.

- **Revenues increased by 47% in constant currency terms versus prior year**
- **Like for like revenue growth accelerates to 9% in the first quarter**
- **Gross margin improvement trend continues**
- **Flammazine performance ahead of budget**
- **Sinclair France returns to growth**
- **Successful launch of Atopiclair® in France following receipt of reimbursement approval**
- **Ongoing negotiations on multiple product, multiple country long-term partnerships in key emerging markets**
- **Placing and open offer raises £19 million to fund future growth**

Sinclair is pleased to report that revenue for the first quarter of our financial year increased 47% in constant currency terms compared to last year. Like for like revenue growth (at constant currency and excluding product acquisitions and disposals) accelerated to 9% during the quarter.

Gross margins have also continued to improve in the period with the comparable margin (excluding Flammazine) improving by 2 percentage points over the same period last year. The Company is less than a year into its new structure and monthly and quarterly performance may still vary but a clear trend of underlying revenue growth and gross margin improvement is emerging.

The performance of Flammazine has been key in delivering the increase in headline revenues with revenues 26% ahead of budget in the first quarter from a strong performance in Germany and Spain in particular. Flammazine and Flammacerium have built Sinclair's wound care franchise, consolidated our operations in France, Spain and Germany, built an initial presence in hospitals, reinforced Sinclair's brand awareness amongst stakeholders worldwide and set a solid basis to develop line extensions which Sinclair plans to launch in the first half of 2011.

One of Sinclair's key operational objectives for the financial year was to return our French operation to like for like revenue growth before the end of 2010. This has been achieved for the last two months with like for like revenues growing at 3% in October and we expect the rate of growth to accelerate in the coming months following the reimbursement approval for Atopiclair®. The return to growth is a key milestone for Sinclair as Sinclair France accounts for over a third of revenues. This result represents a significant improvement in performance from the 7% decline in like for like revenues that was recorded in the quarter ended 31 March 2010, and has been achieved through significant investment in our marketing activities and materials, focused sales cycles and an emphasis on pharmacy sales with the new direct selling team now expanded to 10 full-time sales representatives. In addition, Sinclair now promotes Atopiclair® through an extensive and IT intensive marketing plan following September's reimbursement approval to ensure hospitals, dermatologists, paediatricians and pharmacists integrate Atopiclair® in their atopic dermatitis treatment regime. Initial results after just one month are very encouraging with sales ahead of budget by 52% and a full coverage of French territory.

Sinclair has already outlined its strategies to consolidate existing distributor relationships, to sign new multiple product, multiple country long-term partnerships and to out-license Decapinol/delmopinol products and technologies. Negotiations are currently ongoing with industry-leading players and we expect to finalise and announce first partnerships in the near-term.

On 26 August Sinclair announced a firm placing and open offer raising £19 million (£17.9 million net of expenses) which completed on 6 October. The funds were raised at 28p per share, an 8% premium to the share price immediately prior to the announcement. The net proceeds have been used to pay down debt, invest in new products (Kelo-cote and Terbinafine spray) and existing technologies (delmopinol and Flammacerium). The Directors are very pleased with the support received from our existing investors who provided all of the new funds raised. The Company has now repaid all amounts borrowed under the Bracken facility and had cash and cash equivalents of £6.6 million at 31 October.

Chris Spooner, CEO, commented:

"Ten months ago Sinclair was structurally loss making and had several systemic problems. It is now a very different company; while overall headcount is little changed, approximately one in five employees are new this year which reflects our focus and investment in marketing, product development and RA/QA. Processes in all areas have been completely revamped and internal/external communications vastly improved. While the trend of improving profitability and rapid return to underlying growth are highly encouraging,

I do not and have never viewed Sinclair as a 'restructuring story'. We are building a dynamic specialty pharma business and see a great opportunity to leverage our products and pipeline through our proprietary sales forces and those of our partners, which in turn, I believe, will drive significant growth in the years ahead.

I would like to thank the investors for their continued support this year but am especially grateful to the Sinclair staff whose hard work, flexibility and enthusiasm have facilitated such rapid improvement".

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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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