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7 April 2011

RECOMMENDED MERGER

between

Sinclair Pharma plc (“Sinclair Pharma”)

and

IS Pharma plc (“IS Pharma”)

to create

Sinclair IS Pharma plc

Summary

Further to the announcement made on 14 February 2011, the boards of Sinclair Pharma plc (“Sinclair Pharma”) and IS Pharma plc (“IS Pharma”) are pleased to announce that they have today reached agreement on the terms of a recommended merger of Sinclair Pharma and IS Pharma to create Sinclair IS Pharma plc, a substantial, fully integrated, pan-European specialty pharmaceutical company.

Defined terms used in this announcement have the meaning set out in Appendix IV to this announcement.

Following the Merger, the Enlarged Group will be headquartered in the UK with direct distribution operations in the UK, France, Germany, Italy, Spain and Ireland and its own manufacturing and product development capability. The Enlarged Group will continue to focus on specialty pharma, notably dermatology and specialist hospital therapies, including supportive oncology, critical care and wound care. The Sinclair Pharma Board and the IS Pharma Board believe that there will be enhanced marketing and cross-selling opportunities by combining the two portfolios. Furthermore, the Enlarged Group will have an in-house development capability which will be focused on leveraging the existing portfolio as well as new development opportunities.

It is proposed that following completion of the Merger, shares in Sinclair Pharma will move to trade on AIM and will cease to trade on the Main Market of the London Stock Exchange. It is also proposed that following the Merger, Sinclair Pharma will change its name to Sinclair IS Pharma plc.

Rationale for the Merger

The Merger of complementary businesses to create a substantial, international specialty pharmaceutical group:

Profile

Accelerating the established growth strategy of both companies to create one of the UK’s largest specialty Pharma companies:

- Cash generative with a strong platform for future growth;

- Significant shareholdings held by some of the UK's largest and most experienced healthcare investors;
- Enlarged market capitalisation and an AIM listing to facilitate implementation of growth strategy; and
- Business footprint to enable competitive advantage when in-licensing future products.

Presence

A strong European business with direct presence in the major markets and partnerships in emerging growth markets:

- Sinclair Pharma has direct distribution operations in France, Germany, Italy and Spain;
- IS Pharma has direct distribution operations in the UK and Ireland;
- Sinclair Pharma's distribution partners in emerging markets provide opportunities to commercialise the Enlarged Group's portfolio in these high-growth regions; and
- Opportunity to expand Sinclair Pharma's hospital presence in Europe and recapture margin by bringing IS Pharma's out-licensed products back in-house.

Portfolio

A broadened specialty portfolio with a strong growth profile, focused in dermatology and hospital therapies including supportive oncology, critical care and wound care:

- A complementary hospital sales infrastructure to leverage the Enlarged Group's expanded portfolio of specialty hospital products;
- Strong in-house development capabilities to enhance the Enlarged Group's portfolio as well as new low to medium risk projects.

Summary terms of the Merger

It is proposed that the Merger will be implemented by way of a scheme of arrangement under Part 26 of the 2006 Act although Sinclair Pharma reserves the right, with the consent of the Panel, to seek to implement the Merger by way of a Takeover Offer.

Under the terms of the Scheme, the full terms of which will be set out in the Scheme Document, and subject to the satisfaction or (where appropriate) waiver of the Conditions, IS Pharma Shareholders who are on the register of members at the Scheme Record Time will receive:

for each IS Pharma Share

2.6868 New Sinclair Pharma Shares

- Based on the Closing Price of a Sinclair Pharma Share of 36.88 pence on 6 April 2011 (being the last Business Day prior to the date of this announcement), the terms of the Merger value each existing IS Pharma Share at 99.1 pence.
- On 6 April 2011, the last Business Day prior to the announcement regarding the potential offer for IS Pharma, the Closing Price of a IS Pharma Share was 85.0 pence.
- Based on 99.1 pence per IS Pharma Share value, the Merger terms represent a premium of approximately:
 - 16.6 per cent. to the Closing Price of 85.0 pence per IS Pharma Share on 6 April 2011 (being the last Business Day prior to the date of this announcement);
 - 17.2 per cent. to the Closing Price of 84.5 pence per IS Pharma Share on 11 February 2011 (being the last Business Day prior to the day of the announcement by Sinclair Pharma and IS Pharma regarding a possible merger); and
 - 13.4 per cent. to the price of 87.4 pence per IS Pharma Share (being the average Closing Price for the three-month period ended on 6 April 2011).

- The terms of the Merger imply a value of 106 pence for each IS Pharma Share based on an average closing mid-market Sinclair Pharma share price of 39.5 pence calculated over the period 1 December 2010 to 31 January 2011.
- Following the Effective Date (assuming no outstanding IS Pharma Share Options are exercised before the Effective Date) approximately 36.7 per cent., of the Enlarged Issued Share Capital will be held by former IS Pharma Shareholders and approximately 63.3 per cent. will be held by existing Sinclair Pharma Shareholders.
- Appropriate proposals will be made to IS Pharma Optionholders at the same time as the Scheme Document is posted to IS Pharma Shareholders or as soon as possible thereafter. Details of these proposals will be set out in the Scheme Document and in separate letters to be sent to participants in the IS Pharma Share Option Plans.
- The Scheme is not conditional on the exercise or cancellation of the IS Pharma Share Options.
- Fractions of New Sinclair Pharma Shares will not be allotted or issued pursuant to the Merger and fractional entitlements will be rounded down to the nearest whole number of New Sinclair Pharma Shares.
- Based on the existing IS Pharma Share Capital, the maximum number of New Sinclair Pharma Shares to be issued in connection with the Merger will be 139,715,424 (assuming no outstanding IS Pharma Share Options are exercised before the Effective Date). Assuming this number of New Sinclair Pharma Shares is issued and that no further Sinclair Pharma Shares are issued in the period between the date of this announcement and the Effective Date, the issued share capital of Sinclair Pharma will, immediately following the Effective Date, comprise 380,694,984 Sinclair Pharma Shares.
- Sinclair Pharma and IS Pharma have received irrevocable undertakings to vote in favour of the Merger from certain IS Pharma Shareholders and the IS Pharma Directors who hold IS Pharma Shares (or their nominees, family members or associated companies) amounting, in aggregate, to 15,672,708 IS Pharma Shares, representing approximately 30.14 per cent. of IS Pharma's existing issued share capital as of 6 April 2011, being the last Business Day prior to the date of this announcement.
- Sinclair Pharma has received irrevocable undertakings to vote in favour of the Merger from certain of Sinclair Pharma Shareholders and each of the Sinclair Pharma Directors (or their nominees, family members or associated companies) amounting, in aggregate, to 75,454,503 Sinclair Pharma Shares, representing approximately 31.3 per cent. of Sinclair Pharma's existing issued share capital as of 6 April 2011, being the last Business Day prior to the date of this announcement.

Recommendation

The Merger will be conditional on, amongst other things, the approval of the Sinclair Pharma Shareholders and the approval of the IS Pharma Shareholders.

The IS Pharma Directors, who have been advised by finnCap Limited, consider the terms of the Merger to be fair and reasonable. In providing its advice, finnCap Limited has taken into account the commercial assessments of the IS Pharma Directors. The IS Pharma Directors intend unanimously to recommend that IS Pharma Shareholders vote in favour of the Scheme at the Court Meeting and in favour of all of the resolutions to be proposed at the IS Pharma General Meeting.

The Sinclair Pharma Directors intend unanimously to recommend that the Sinclair Pharma Shareholders vote in favour of the Sinclair Pharma Resolutions at the Sinclair Pharma General Meeting.

Additional Information

The Scheme Document setting out further details of the Merger and the procedures to be followed in connection with the implementation of the Scheme will be posted to IS Pharma Shareholders as soon as reasonably practicable. The Merger, pursuant to the Scheme, is expected to become effective on 20 May 2011 and the admission of Sinclair IS Pharma plc to trading on AIM is expected to occur in early June 2011.

Grahame Cook, Chairman of Sinclair Pharma commented:

“The Merger of Sinclair Pharma and IS Pharma will create significant benefits to both companies and their shareholders. It will create in a single transaction an integrated pan-European specialty pharma company with greater critical mass, international reach and a more diversified product portfolio than was achievable in the short term in the two separate companies. There is good potential to increase revenues on a combined basis. The Enlarged Group will also have greater financial and management resources to take advantage of product and corporate acquisition and in-licensing opportunities as they arise.”

John Gregory, Chairman of IS Pharma commented:

“The merger of these two highly complementary businesses provides substantial opportunities for shareholders to benefit from the creation of a leading international specialty pharma company. The increased scale of the Enlarged Group will provide IS Pharma with a direct presence in the top five European markets as well as strengthening the product portfolio and providing in-house development capabilities to both companies. We believe the creation of a more diversified and stronger business will deliver significant value for all shareholders.”

Expected timetable of principal events

The Scheme Document containing further details of the Scheme will be despatched to IS Pharma Shareholders, and, for information only, to IS Pharma Optionholders as soon as practicable. The Scheme Document will include the notices of the Court Meeting and the IS Pharma General Meeting, together with the anticipated timetable, and will specify the necessary actions to be taken by IS Pharma Shareholders. The IS Pharma Optionholder Letter containing further details of the proposals to IS Pharma Optionholders will be despatched to IS Pharma Shareholders as soon as practicable.

Subject to satisfaction of the Conditions, it is expected that the Scheme will become effective on 20 May and the admission of Sinclair IS Pharma plc to trading on AIM is expected to occur in early June 2011.

This summary should be read in conjunction with and is subject to, the full text of this announcement and the Appendices. The Merger will be subject to the Conditions set out in Appendix I to this announcement and to the further terms to be set out in the Scheme Document. Appendix II sets out the bases and sources of information from which the financial calculations used in this announcement have been derived. Appendix III contains particulars of the irrevocable undertakings received by Sinclair Pharma and IS Pharma. Appendix IV contains the definitions used in this announcement (including the summary).

An analyst conference call will be held today at 10.15 a.m. for further details, please contact Financial Dynamics, Holborn Gate, 26 Southampton Buildings, London, EC2A 1PB, tel: +44 (0)20 7831 3113.

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Singer Capital Markets Limited, which is authorised and regulated in the United Kingdom by the Financial Services Authority, is acting as financial adviser to Sinclair Pharma and no-one else in connection with the Merger and will not be responsible to anyone other than Sinclair Pharma for providing the protections afforded to clients of Singer Capital Markets Limited nor for providing advice in relation to the offer or any of the matters referred to herein.

finnCap Limited, which is authorised and regulated in the United Kingdom by the Financial Services Authority, is acting as financial adviser to IS Pharma and no-one else in connection with the Merger and will not be responsible to anyone other than IS Pharma for providing the protections afforded to clients of finnCap Limited nor for providing advice in relation to the offer or any of the matters referred to herein.

This announcement is not intended to, and does not, constitute or form part of an offer or invitation to sell or subscribe for or acquire or exchange securities in Sinclair Pharma or IS Pharma or a solicitation of any vote or approval in any jurisdiction pursuant to the Merger or otherwise. The full terms and conditions of the Scheme will be set out in the Scheme Document. This announcement does not constitute a prospectus or a prospectus equivalent document. IS Pharma Shareholders are advised to read carefully the formal documentation in relation to the Merger, once it is dispatched. In deciding whether or not to approve the Scheme, IS Pharma Shareholders must rely solely on the terms and conditions of the Merger and the information contained or referenced, and the procedures described, in the Scheme Document.

The release, publication or distribution of this announcement in jurisdictions other than the UK and the implications of the Scheme for IS Pharma Shareholders outside the UK may be affected by the laws of the relevant jurisdictions. IS Pharma Shareholders outside the UK should inform themselves about and observe any applicable requirements. It is the responsibility of each IS Pharma Shareholder to satisfy himself as to the full observance of the laws of the relevant jurisdiction in connection therewith, including the obtaining of any governmental, exchange control or other consents which may be required to be observed and the payment of any issue, transfer or other taxes in such jurisdictions. This announcement has been prepared for the purpose of complying with English law and the City Code and the information disclosed may not be the same as that which would have been disclosed if this announcement had been prepared in accordance with the laws of jurisdictions outside the UK.

The New Sinclair Pharma Shares have not been, nor will they be, registered under the Securities Act or under the securities laws of any jurisdiction of the United States and will not be listed on any stock exchange in the United States. Neither the US Securities and Exchange Commission nor any US state securities commission has approved or disapproved of the New Sinclair Pharma Shares, or determined if this announcement is accurate or complete. Any representation to the contrary is a criminal offence under US law. Further, the relevant clearances have not been, and will not be, obtained from the securities commission of any province of Canada, no prospectus has been lodged with, or registered by, the Australian Securities and Investments Commission or the Japanese Ministry of Finance and the New Sinclair Pharma Shares have not been, and nor will they be, registered under or offered in compliance with applicable securities laws of any state, province, territory or jurisdiction of Canada, Australia or Japan. Accordingly, the New Sinclair Pharma Shares may not (unless an exemption under relevant securities laws is applicable) be offered, sold, resold or delivered, directly or indirectly, in or into the United States, Canada, Australia or Japan or any other jurisdiction if to do so would constitute a violation of the relevant laws of, or require registration thereof in, such jurisdiction, or to, or for the account or benefit of, a person located in the United States, Canada, Australia or Japan.

Cautionary note on forward looking statements

This announcement contains certain forward-looking statements with respect to the financial condition, results of operations and business of Sinclair Pharma and IS Pharma and certain plans and objectives of the Sinclair Pharma Directors and the IS Pharma Directors with respect thereto. These forward-looking statements can be identified by the fact that they do not relate only to historical or current facts. Forward-looking statements often use words such as “anticipate”, “target”, “expect”, “estimate”, “intend”, “plan”, “goal”, “believe”, “will”, “may”, “should”, “would”, “could” or other words of similar meaning. These statements are based on assumptions, and assessments made by the Sinclair Pharma Directors and the IS Pharma Directors in light of their experience and their perception of historical trends, current conditions, expected future developments, and other factors they believe appropriate. By their nature, forward-looking statements in this announcement could cause actual results and developments to differ materially from those expressed in or implied by such forward-looking statements. Although the Sinclair Pharma Directors and the IS Pharma Directors believe that the expectations reflected in such forward-looking statements are reasonable, neither Sinclair Pharma nor IS Pharma can give any assurance that such expectations will prove to have been correct and assume no obligation to update or correct the information contained in this announcement (except to the extent legally required) and Sinclair Pharma and IS Pharma therefore caution you not to place undue reliance on these forward-looking statements which speak only as at the date of this announcement.

Disclosure requirements required under the Takeover Code (the "Code")

Under Rule 8.3(a) of the Code, any person who is interested in 1 per cent. or more of any class of relevant securities of an offeree company or of any paper offeror (being any offeror other than an offeror in respect of which it has been announced that its offer is, or is likely to be, solely in cash) must make an Opening Position Disclosure following the commencement of the offer period and, if later, following the announcement in which any paper offeror is first identified. An Opening Position Disclosure must contain details of the person's interests and short positions in, and rights to subscribe for, any relevant securities of each of (i) the offeree company and (ii) any paper offeror(s). An Opening Position Disclosure by a person to whom Rule 8.3(a) applies must be made by no later than 3.30 pm (London time) on the 10th business day following the commencement of the offer period and, if appropriate, by no later than 3.30 pm (London time) on the 10th business day following the announcement in which any paper offeror is first identified. Relevant persons who deal in the relevant securities of the offeree company or of a paper offeror prior to the deadline for making an Opening Position Disclosure must instead make a Dealing Disclosure.

Under Rule 8.3(b) of the Code, any person who is, or becomes, interested in 1 per cent. or more of any class of relevant securities of the offeree company or of any paper offeror must make a Dealing Disclosure if the person deals in any relevant securities of the offeree company or of any paper offeror. A Dealing Disclosure must contain details of the dealing concerned and

of the person's interests and short positions in, and rights to subscribe for, any relevant securities of each of (i) the offeree company and (ii) any paper offeror, save to the extent that these details have previously been disclosed under Rule 8. A Dealing Disclosure by a person to whom Rule 8.3(b) applies must be made by no later than 3.30 pm (London time) on the business day following the date of the relevant dealing.

If two or more persons act together pursuant to an agreement or understanding, whether formal or informal, to acquire or control an interest in relevant securities of an offeree company or a paper offeror, they will be deemed to be a single person for the purpose of Rule 8.3.

Opening Position Disclosures must also be made by the offeree company and by any offeror and Dealing Disclosures must also be made by the offeree company, by any offeror and by any persons acting in concert with any of them (see Rules 8.1, 8.2 and 8.4).

Details of the offeree and offeror companies in respect of whose relevant securities Opening Position Disclosures and Dealing Disclosures must be made can be found in the Disclosure Table on the Takeover Panel's website at www.thetakeoverpanel.org.uk, including details of the number of relevant securities in issue, when the offer period commenced and when any offeror was first identified. If you are in any doubt as to whether you are required to make an Opening Position Disclosure or a Dealing Disclosure, you should contact the Panel's Market Surveillance Unit on +44 (0)20 7638 0129.

In accordance with Rule 2.10 of the Code, Sinclair Pharma plc has 240,979,560 ordinary shares of 1p each in issue with ISIN GB0033856740.

IS Pharma has 52,000,679 ordinary shares of 10p each in issue with ISIN GB00B2QBY649.

In accordance with Rule 19.1 of the Code, a copy of this announcement will be published, subject to certain restrictions relating to persons resident in restricted jurisdictions, on Sinclair Pharma's website at www.sinclairpharma.com and IS Pharma's website at www.ispharma.plc.uk by no later than 12.00 noon (London time) on 7 April 2011. For the avoidance of doubt, the contents of these websites are not incorporated into and do not form part of this announcement.

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7 April 2011

RECOMMENDED MERGER

between

Sinclair Pharma plc (“Sinclair Pharma”)

and

IS Pharma plc (“IS Pharma”)

to create

Sinclair IS Pharma plc

1 Introduction

Further to the announcement made on 14 February 2011, the Sinclair Pharma Board and the IS Pharma Board are pleased to announce that they have reached agreement on the terms of a recommended merger of Sinclair Pharma and IS Pharma to create Sinclair IS Pharma plc, a fully integrated pan-European specialty pharmaceutical company. The consideration will comprise New Sinclair Pharma Shares, with an exchange ratio of 2.6868 New Sinclair Pharma Shares for each IS Pharma Share.

The proposed offer price represents a premium of 16.6 per cent to IS Pharma’s mid-market closing price of 85.0 pence per share on 6 April 2011 (being the last practicable date prior to publication of this announcement).

The Merger is to be implemented by way of a Court sanctioned scheme of arrangement under part 26 of the 2006 Act (although Sinclair Pharma reserves the right, in its sole discretion but with the Panel’s consent, to implement the Merger by means of a Takeover Offer) and, subject to the satisfaction, or where appropriate, waiver, of the Conditions, it is expected that the Merger, pursuant to the Scheme, is expected to become effective on 20 May 2011 and the admission of Sinclair IS Pharma plc to trading on AIM is expected to occur in early June 2011.

The Scheme will extend to any IS Pharma Shares that are unconditionally allotted or issued pursuant to the exercise of options or vesting under the IS Pharma Share Option Plans, in each case on or prior to the Scheme Record Time.

Appropriate proposals will be made to IS Pharma Optionholders at the same time as the Scheme Document is posted to IS Pharma Shareholders or as soon as possible thereafter. Details of these proposals will be set out in the Scheme Document and in separate letters to be sent to IS Pharma Optionholders.

The Scheme is not conditional on the exercise or cancellation of the IS Pharma Share Options. Further details of the offer to the IS Pharma Optionholders will be set out in the IS Pharma Optionholder Letter and Scheme Document.

In view of its size, the Merger constitutes a Class 1 transaction for Sinclair Pharma for the purposes of the Listing Rules. Accordingly, completion of the Merger is subject to, amongst other things, the Merger being approved by the Sinclair Pharma Shareholders in accordance with the requirements of Chapter 10 of the Listing Rules. Such approval will be sought at the Sinclair Pharma General Meeting. In accordance with the requirements of the 2006 Act, a resolution will also be proposed at the Sinclair Pharma General Meeting to grant the Sinclair

Pharma Directors authority to issue the New Sinclair Pharma Shares in connection with the Merger and to issue such New Sinclair Pharma Shares as if statutory pre-emption rights did not apply. This authority will be in addition to the Sinclair Pharma Directors' existing authority to allot Sinclair Pharma Shares. Sinclair Pharma will post to Sinclair Pharma Shareholders at the same time as the Prospectus the Sinclair Pharma Circular summarising the background to and reasons for the Merger and incorporating a notice convening the Sinclair Pharma General Meeting. It is expected that the Sinclair Pharma General Meeting will be scheduled to be held on or around 3 May 2011.

Following completion of the Merger, it is proposed that the Enlarged Group will apply to have its shares admitted to trading on the AIM market of the London Stock Exchange and will cease to have its shares traded on the Main Market of the London Stock Exchange. The Enlarged Group will maintain its secondary listing on Eurolist by Euronext Paris.

Following the Merger it is proposed that Sinclair Pharma changes its name to Sinclair IS Pharma plc.

The Merger has been unanimously recommended by the Sinclair Pharma Board and the IS Pharma Board.

2 Summary of the terms of the Merger

Under the terms of the Scheme, the full terms of which will be set out in the Scheme Document, and are subject to the satisfaction or (where appropriate) waiver of the Conditions, IS Pharma Shareholders who are on the register of members at the Scheme Record Time will receive:

for each IS Pharma Share

2.6868 New Sinclair Pharma Shares

Based on the Closing Price of a Sinclair Pharma Share of 36.88 pence on 6 April 2011 (being the last Business Day prior to the date of this announcement), the terms of the Merger value each existing IS Pharma Share at 99.1 pence. On 6 April 2011, the last Business Day prior to the announcement by IS Pharma regarding the potential Merger, the Closing Price of a IS Pharma Share was 85.0 pence. Assuming no further Sinclair Pharma Shares or IS Pharma Shares are issued in the period between the date of this announcement and the Effective Date, immediately following the Effective Date approximately 36.7 per cent., of the Enlarged Issued Share Capital will be held by former IS Pharma Shareholders and approximately 63.3 per cent. will be held by existing Sinclair Pharma Shareholders.

Appropriate proposals will be made to participants in the IS Pharma Share Option Plans at the same time as the Scheme Document is posted to Scheme Shareholders or as soon as possible thereafter. Details of these proposals will be set out in the Scheme Document and in separate letters to be sent to participants in the IS Pharma Share Option Plans.

The Scheme is not conditional on the exercise or cancellation of the IS Pharma Share Options. Further details of the offers to IS Pharma Optionholders will be set out in the IS Pharma Optionholder Letters and the Scheme Document.

If the Scheme becomes effective, it will be binding on all IS Pharma Shareholders irrespective of whether or not they attended or voted in favour of the resolutions at the Shareholder Court Meeting or the IS Pharma General Meeting. Further details of the Scheme are set out in the Scheme Document which will be posted to IS Pharma Shareholders. The New Sinclair Pharma Shares will be issued credited as fully paid, and on identical terms to and will rank pari passu with the Sinclair Pharma Shares in issue at the time the New Sinclair Pharma Shares are issued pursuant to the Merger, including the right to receive and retain all dividends and other distributions declared, made or paid on Sinclair Pharma Shares after the Scheme becomes effective.

Fractions of New Sinclair Pharma Shares will not be allotted or issued pursuant to the Merger and fractional entitlements will be rounded down to the nearest whole number of New Sinclair Pharma Shares.

Based on the existing IS Pharma Share Capital, the maximum number of New Sinclair Pharma Shares to be issued in connection with the Merger will be 139,715,424 (assuming no outstanding IS Pharma Share Options are exercised before the Effective Date). Assuming this number of New Sinclair Pharma Shares is issued and that no further Sinclair Pharma Shares are issued in the period between the date of this announcement and the Effective Date, the issued share capital of Sinclair Pharma will, immediately following the Effective Date, comprise 380,694,984 Sinclair Pharma Shares.

As a result of the issue of New Sinclair Pharma Shares to IS Pharma Shareholders pursuant to the Scheme, existing Sinclair Pharma Shareholders will suffer a reduction in their proportionate ownership and voting interest in the ordinary share capital of the Enlarged Group. Assuming no further Sinclair Pharma Shares or IS Pharma Shares are issued in the period between the date of this announcement and the Effective Date, a Sinclair Pharma Shareholder who currently holds 1 per cent. of the issued share capital of Sinclair Pharma will, on completion of the Merger hold 0.6 per cent. of the issued share capital of the Enlarged Group, a dilution of 36.7 per cent.

3 Recommendation

The Merger will be conditional on, amongst other things, the approval of Sinclair Pharma Shareholders and the approval of IS Pharma Shareholders.

The IS Pharma Directors, who have been advised by finnCap Limited, consider the terms of the Merger to be fair and reasonable. In providing its advice, finnCap Limited has taken into account the commercial assessments of the IS Pharma Directors. The IS Pharma Directors intend unanimously to recommend that IS Pharma Shareholders vote in favour of the Scheme at the Court Meeting and in favour of all of the resolutions to be proposed at the IS Pharma General Meeting.

The Sinclair Pharma Directors intend unanimously to recommend that the Sinclair Pharma Shareholders vote in favour of the Sinclair Pharma Resolutions at the Sinclair Pharma General Meeting.

4 Background to, and reasons for, the Merger

The Sinclair Pharma Directors and the Proposed Directors believe the Merger will create a fast-growing pan-European specialty pharma group. It is expected that the Enlarged Group will be headquartered in the UK with direct commercial operations in the UK, France, Germany, Italy, Spain and Ireland. The Enlarged Group will continue to focus on specialty pharma, notably dermatology and specialist hospital therapies, including oncology supportive care, critical care and wound care. The Sinclair Pharma Directors and the Proposed Directors believe that there will be cross-selling opportunities by combining the portfolios of Sinclair Pharma and IS Pharma. Furthermore, assuming completion of the Merger, the Enlarged Group will have an in-house development capability which will focus on leveraging the existing portfolio as well as new development opportunities.

It is expected that following completion of the Merger, the Enlarged Group will continue to access growth opportunities in emerging markets through existing and new regional strategic partnerships. The Sinclair Pharma Directors and the Proposed Directors believe that the Enlarged Group will represent an attractive commercialisation partner for out-licensors requiring pan-European coverage and with established routes into emerging markets.

The Sinclair Pharma Directors and the Proposed Directors believe the Merger will enable the Enlarged Group to achieve the following strategic objectives:

- leverage Sinclair Pharma's existing infrastructure through a combination of IS Pharma's existing product portfolio and potential new product in-licensing and/or corporate acquisitions. The Sinclair Pharma Directors and the Proposed Directors believe that

Sinclair Pharma is at an inflexion point where the fixed costs associated with its European infrastructure are now sufficiently matched by its revenues. Consequently, the Merger will enable IS Pharma's existing product portfolio as well as future products to be channelled through this infrastructure without the requirement for further substantial investment;

- combining IS Pharma's existing proprietary sales and marketing drug model in the UK with Sinclair Pharma's existing proprietary sales and marketing infrastructure in France, Germany, Italy and Spain, this pan-European infrastructure will support the Enlarged Group's product portfolio as well as future in-licensed products and product acquisitions. Elsewhere, the Enlarged Group's product portfolio will be commercialised through country and regional partnerships;
- the Enlarged Group will combine Sinclair Pharma's pharmaceutical and medical device regulatory infrastructure in France, Germany, Italy and Spain with IS Pharma's existing capability in the UK. This capability will support the Enlarged Group's product development plans;
- IS Pharma's existing specialist UK hospital sales and marketing team can be used to support the launch of certain of Sinclair Pharma's dermatology products into the specialist hospital setting;
- following completion of the Merger, Sinclair Pharma's presence in hospitals in the UK will be greatly improved. Sinclair Pharma's hospital business is currently centred on wound care with the Flammazine and Flammacerium franchise. The Enlarged Group will substantially increase its presence in the hospital market with oncology supportive care and critical care franchises added to wound care; and
- Sinclair Pharma will intensify its sales and marketing presence in European hospitals by combining its existing wound care and dermatology activities with IS Pharma's products in critical and oncology supportive care once IS Pharma's out-licensed products are brought back in-house.

It is proposed that following completion of the Merger, a number of IS Pharma Directors will be appointed as Sinclair Pharma Directors, namely Matthew Hall (proposed Chief Financial Officer), John Gregory (proposed non-executive Chairman) and Tim Wright (proposed non-executive director).

5 Background to and reasons for the proposed move to AIM

It is proposed that following completion of the Merger, Sinclair Pharma will apply for admission of the Enlarged Issued Share Capital to trading on AIM. The Sinclair Pharma Directors and the Proposed Directors believe that there will be significant benefits to the Enlarged Group with respect to admission to trading on AIM, including the fact that AIM operates a simplified regulatory regime compared with the Main Market. For example, in many cases, companies whose securities are admitted to trading on AIM are not required to produce documentation:

- when effecting acquisitions and disposals; or
- in connection with the admission of new securities to trading on AIM.

In any event, such documentation, if required to be produced, is not typically vetted by the London Stock Exchange or the UKLA.

Additionally, there is no requirement, under the AIM Rules, for AIM quoted companies to obtain shareholder approval when effecting certain types of transactions (i.e. other than reverse takeovers and disposals that result in a fundamental change of business). As a result, the

Sinclair Pharma Directors and the Proposed Directors believe that the Company can expect to benefit from significant time and cost savings in such circumstances.

The Sinclair Pharma Board appreciates that AIM has the benefit of lower transactional costs, similar ongoing costs and simpler administration and regulatory requirements more appropriate to a group of the Enlarged Group's size and which will make the implementation of the Enlarged Group's plans for the next stage of growth easier.

Admission to AIM will not affect the way in which Sinclair Pharma Shareholders buy or sell Sinclair Pharma Shares and, following Admission to AIM, existing share certificates in issue in respect of Sinclair Pharma Shares will remain valid.

The AIM Rules require that AIM companies retain a nominated adviser and broker at all times. Singer has agreed to act as nominated adviser and broker to the Enlarged Group, conditionally on Admission to AIM being effected. The Sinclair Pharma Directors and the Proposed Directors recognise the importance of high standards of corporate governance and intend the Enlarged Group observes the requirements of the QCA Corporate Governance Guidelines for AIM companies and the Corporate Governance Code to the extent the Sinclair Pharma Directors and the Proposed Directors consider appropriate having regard to the size, nature and resources of the Enlarged Group.

Because the Sinclair Pharma Shares are and, assuming completion of the Merger, the New Sinclair Pharma Shares will be admitted to the Official List, the AIM Rules do not require a full admission document to be published by the Enlarged Group in connection with the Enlarged Group's Admission to AIM.

Following the Delisting and subsequent Admission to AIM, the Sinclair Pharma Shares that are held in uncertificated form will continue to be held and dealt through CREST. Share certificates representing those Sinclair Pharma Shares held in certificated form will continue to be valid and no new share certificates will be issued.

It is emphasised that the Delisting and subsequent Admission to AIM will have no impact on the assets and liabilities of the Enlarged Group, assuming completion of the Merger, and it will continue to have the same business and operations following Admission to AIM.

6 Further details of the Merger

6.1 Details of the Scheme

It is intended that the Merger will be implemented by way of a Court-sanctioned scheme of arrangement between IS Pharma and the IS Pharma Shareholders under part 26 of the 2006 Act (including a reduction of capital under section 641 of the 2006 Act). The purpose of the Scheme is to enable Sinclair Pharma to become the owner of the entire issued and to be issued share capital of IS Pharma. The procedure involves an application by IS Pharma to the Court to sanction the Scheme, the cancellation of the IS Pharma Shares held by IS Pharma Shareholders and the application of the reserve arising from such cancellation in paying up in full a number of new IS Pharma Shares (which is equal to the number of the IS Pharma Shares cancelled) and issuing those new IS Pharma Shares to Sinclair Pharma in consideration for which IS Pharma Shareholders will receive, for each IS Pharma Share, 2.6868 New Sinclair Pharma Shares.

The implementation of the Scheme is subject to the satisfaction or (where appropriate) waiver of all the Conditions and the further terms set out in the Scheme Document. It is envisaged that the Shareholder Court Meeting (subject to the approval of the Court) will be held on or around 3 May 2011. The IS Pharma General Meeting is also expected to be convened on or around 3 May 2011, immediately following the conclusion of the Shareholder Court Meeting.

In view of its size, the Merger constitutes a Class 1 transaction for Sinclair Pharma for the purposes of the Listing Rules. Pursuant to the requirements of the Listing Rules and the 2006 Act, the Merger is conditional upon Sinclair Pharma Shareholders passing the Merger

Resolutions at the Sinclair Pharma General Meeting, which is expected to be held on or around 3 May 2011.

Following the Shareholder Court Meeting and the IS Pharma General Meeting, the Scheme and the Reduction of Capital will only become effective once the Court sanctions the Scheme and confirms the Reduction of Capital and copies of the Court Orders have been delivered and, in the case of the Reduction of Capital, upon the Reduction Court Order being registered by the Registrar of Companies in England and Wales. The Scheme is also conditional on Admission occurring, the FSA admitting the New Sinclair Pharma Shares to the Official List and the London Stock Exchange agreeing to admit the New Sinclair Pharma Shares to trading on its main market for listed securities. Once the Scheme becomes effective, it will be binding on all IS Pharma Shareholders, whether or not they attended or voted at the Shareholder Court Meeting or the IS Pharma General Meeting.

The Scheme is not conditional on the exercise or cancellation of the IS Pharma Share Options.

The Scheme Document setting out full details of the Merger and the Scheme, together with notices of the Shareholder Court Meeting and the IS Pharma General Meeting, will be posted to IS Pharma Shareholders in due course. The results of the Shareholder Court Meeting and the IS Pharma General Meeting will be announced shortly after those meetings take place.

The results of the Sinclair Pharma General Meeting will be announced on or shortly after that meeting takes place.

Sinclair Pharma reserves the right, with the consent of the Panel, to elect to implement the Merger by way of a Takeover Offer for the entire issued and to be issued share capital of IS Pharma. In this event, such offer will be implemented on the same terms (subject to appropriate amendments including (without limitation) an acceptance condition set at 90 per cent. (or such lesser percentage, being more than 50 per cent., as Sinclair Pharma may decide) of the shares to which such offer relates and of the voting rights carried by those shares) so far as applicable, as those which would apply to the Scheme.

6.2 IS Pharma Share Options

Appropriate proposals will be made to IS Pharma Optionholders at the same time as the Scheme Document is posted to IS Pharma Shareholders or as soon as possible thereafter. Details of these proposals will be set out in the Scheme Document and in separate letters to be sent to IS Pharma Optionholders.

The Scheme is not conditional on the exercise or cancellation of the IS Pharma Share Options. Further details of the offers to the IS Pharma Optionholders will be set out in the IS Pharma Optionholder Letters and the Scheme Document.

6.3 IS Pharma Shares and Sinclair Pharma Shares

If the Scheme is effected, the new IS Pharma Shares to be issued pursuant to the Scheme will be allotted to Sinclair Pharma or its nominees fully paid and free from all liens, charges, equitable interests, encumbrances, rights of pre-emption and any other interests of any nature whatsoever and together with all rights attaching thereto, including voting rights and the right to receive and retain in full all dividends and other distributions (if any) declared, made or paid on or after the effective date of the Scheme. Under the terms of the Merger, each Sinclair Pharma Shareholder will forego all rights to any future dividend or undeclared dividends or other returns of capital of IS Pharma.

In the event that the Merger is implemented pursuant to a Takeover Offer, the IS Pharma Shares will be acquired pursuant to the Takeover Offer on substantially the same basis.

The existing Sinclair Pharma Shares are already admitted to listing on the Official List, to trading on the London Stock Exchange's main market for listed securities and to CREST and trade under ISIN GB0033856740. The existing Sinclair Pharma Shares can also be held in

certificated form. The New Sinclair Pharma Shares will be issued in registered form. The New Sinclair Pharma Shares will trade under the same ISIN number as the existing Sinclair Pharma Shares.

7 Conditions to the Merger

The Merger will be conditional upon the Scheme becoming effective in accordance with its terms by not later than 30 June 2011, or such later date (if any) as IS Pharma and Sinclair Pharma may, with the consent of the Panel (if required) agree and the Court may allow.

In summary, the Merger is conditional upon:

- the passing at the Sinclair Pharma General Meeting of the Merger Resolutions;
- the approval of the Scheme by a majority in number of IS Pharma Shareholders present and voting either in person or by proxy at the Shareholder Court Meeting, representing 75 per cent. or more in value of the IS Pharma Shares voted by those IS Pharma Shareholders;
- the special resolution required to effect the Reduction of Capital being duly passed by the requisite majority at the IS Pharma General Meeting;
- the sanction (with or without modification) on terms reasonably acceptable to Sinclair Pharma and IS Pharma of the Scheme and the confirmation of the Reduction of Capital by the Court being obtained and office copies of the Court Orders being filed with, and in the case of the Reduction Court Order registered by, the Registrar of Companies;
- the UKLA having acknowledged to Sinclair Pharma or its agent (and such acknowledgement not having been withdrawn) that the application for the admission of the New Sinclair Pharma Shares to the Official List has been approved and (subject to satisfaction of any conditions to which such approval is expressed) will become effective as soon as a dealing notice has been issued by the FSA and an acknowledgement by the London Stock Exchange that the New Sinclair Pharma Shares will be admitted to trading (and such acknowledgement not having been withdrawn);
- no adverse change having occurred in the business, assets, financial or trading position, profits or prospects of any member of IS Pharma, which is material in the context of IS Pharma taken as a whole;
- the Merger not being rendered impossible or significantly impeded as a result of legislation, regulation, any decision of a court or any action taken by any governmental authority;
- all authorisations, orders, grants, consents, clearances, licences, permissions and approvals, in any jurisdiction, reasonably necessary in respect of the Merger, being obtained, in terms satisfactory to Sinclair Pharma (acting reasonably) from all appropriate governmental and regulatory authorities where failure to so obtain is likely to have a material adverse effect on Sinclair Pharma or IS Pharma; and
- the satisfaction or waiver of the other conditions which are considered to be customary for a transaction of this nature.

The Scheme is not conditional on the exercise or cancellation of the IS Pharma Share Options.

The Scheme is not conditional on approval of the Delisting Resolution at the Sinclair Pharma General Meeting but the Delisting Resolution is conditional on approval of the Merger Resolutions.

Sinclair Pharma reserves the right to waive (amongst other things) in whole or in part the Conditions relating to any adverse change relating to IS Pharma and the obtaining of authorisations and appropriate assurances.

The Conditions relating to the passing of the Merger Resolutions by the Sinclair Pharma Shareholders at the Sinclair Pharma General Meeting, the approval by the IS Pharma Shareholders of the resolutions to be proposed at the Shareholder Court Meeting and the IS Pharma General Meeting, the sanction of the Scheme and confirmation of the Reduction of Capital by the Court and Admission are not capable of being waived in whole or in part.

8 Break fee agreement

Sinclair Pharma and IS Pharma have entered into mutual break fee letter agreements dated 14 February 2011 as amended by the terms of the Implementation Agreement whereby:

- where one party terminates the discussions relating to the possible Merger before 5.00pm on Friday 15 April 2011 that party agrees to pay the other party its reasonable costs in relation to the offer up to a maximum amount of £200,000; and in the event Sinclair Pharma terminates such discussions before 5.00pm on Friday 15 April 2011, it shall pay an additional amount to IS Pharma being a sum equal to the reasonable costs incurred relating to the scheme of arrangement up to a maximum of £100,000; or
- where an alternative proposal is announced before 5.00pm on Friday 15 April 2011 for either IS Pharma or Sinclair Pharma by a third party and that offer is declared to be wholly unconditional, or if any scheme of arrangement for such an alternative proposal becomes effective in either case within six months of the date of the announcement then the company in receipt of such an offer shall pay to the other party an amount equal to £551,000 being one per cent of the expected value of the consideration payable under the offer.

9 Information on Sinclair Pharma

Sinclair Pharma is a specialty pharmaceutical company with products focused in the dermatology, wound care and oral health areas. Sinclair Pharma directly markets to dermatologists, pharmacies and burns centres from its offices in France, Milan, Madrid and Frankfurt, and via distribution arrangements for its oral products and outside its European country operations. The corporate office is in Godalming (UK).

Founded in 1971 by Andrew Sinclair to focus on the sale of generic and branded pharmaceutical products in the UK, Sinclair Pharmaceuticals Limited was subject to a management buy-in led by its then Chief Executive Officer, Dr. Michael Flynn, in August 2000 when the Company was formed for the purposes of that buy-in.

Since August 2000, the Sinclair Pharma Group has been transformed from a predominantly domestic, generic and branded pharmaceutical company to a focused dermatology/oral care specialist international group, with a number of products being added to the Sinclair Pharma Group's portfolio, principally through acquisitions. Sinclair Pharma has moved from a sales and distribution model which favoured agreements with larger pharmaceutical companies to one which favours Sinclair Pharma's own direct sales and distribution network.

Following the retirement of Dr Flynn in late 2009, the business has been substantially restructured under the current CEO, Chris Spooner. During 2009 and 2010, the Sinclair Pharma Group has undertaken a rationalisation of non-core development activities in order to concentrate on key proprietary assets and developing and/or acquiring new products that give high value and low risk return. A key focus of the rationalisation process is to move to a multi-product, multi-market strategy with a particular focus on key emerging markets.

The past 12 months has seen a rapid and on-going improvement in profitability. The acquisition of the Flammazine/Flammacerium burns brand from Solvay has pushed Sinclair Pharma towards hospital-based wound care while adding to annual revenues. Concurrently,

Sinclair Pharma has reduced annual administration spend allowing for a recent step-up in marketing and product development investment.

Sinclair Pharma has recently re-launched Atopiclair in France following the granting of reimbursement status. This has provided a significant contribution to the return to growth of Sinclair Pharma's French business. In December 2010, Sinclair Pharma announced a 20-year distribution agreement for key products in 12 Asian countries including China and Australia with Invida Group (Singapore) and in March 2011, Sinclair Pharma announced the inclusion of India into their partnership with Invida Group. Under Chief Scientific Officer and Head of In-licensing, Simon Youlton, worldwide rights for terbinafine spray (Athlete's Foot) were acquired from Medpharm Limited, and first European launches are expected in 2012. The Sinclair Pharma Group has also acquired rights to anti-scar product Kelo-cote from ABT (US). The product is currently being launched in France, Italy and Spain (co-promoted with Intendis GmbH). In the UK and Germany, existing sales are promoted by the Sinclair Pharma Group.

10 Information on IS Pharma

IS Pharma is a speciality pharmaceutical company with products focused in oncology supportive care, critical care and neurology. The strategy of the IS Pharma Group is to build a leading European specialty pharma company by acquiring, developing and commercialising late stage pharmaceuticals and medical devices.

Based in the UK, IS Pharma commercialises its portfolio in the UK and Ireland directly. IS Pharma also operates internationally through a strong network of distributors. IS Pharma's marketed and development brands include:

Oncology Supportive Care

Aloxi® (palonosetron hydrochloride), a product indicated for the prevention of nausea and vomiting associated with cancer chemotherapy, Episil, an oral spray indicated in the treatment of pain in oral mucositis and Aquoral®, an oral spray, indicated for the lubrication and protection of the oral mucosa in xerostomia dry mouth.

Critical Care

Variquel®/Haemopressin® (terlipressin), a product indicated for the treatment of bleeding oesophageal varices and Cryogestic®/Dermogestic® (topical cryo-analgesic), vapo-coolant sprays for use in minor invasive procedures.

Neurology

Mysoline® (primidone), a product indicated for the treatment of epilepsy and essential tremor.

In addition to the above, IS Pharma has a number of other products and medical devices that do not fall into the critical care, neurology and oncology therapeutic areas, including:

OptiFlo®¹/Contisol

A range of devices designed to prolong the life of indwelling urological catheters and to prevent blockages.

In addition, through an agreement with the MHRA, the Company is also able to sell unlicensed medicines collectively termed 'specials', which fulfil niche areas of unmet medical need e.g. Aquihex 2 per cent..

11 Strategy of the Enlarged Group

¹ OptiFlo® is a trademark of C.R. Bard inc. or an affiliate.

The Enlarged Group will benefit from the addition of IS Pharma's EBITDA, integration cost savings and cash flow as well as its strong cash balance in order to accelerate Sinclair Pharma's existing growth plans. The strategy of the Enlarged Group, which will be very much in line with Sinclair Pharma's existing strategy, will be to:

- increase revenue through organic growth from existing brands coupled with in-licensing and/or acquisitions and the marketing of late-stage development of products or moderate risk technologies;
- continue to pursue the specialty pharma model, specifically the use of small sales forces to target specialist customer bases within the hospital environment and in other specialist settings i.e. dermatologists. The Merger with IS Pharma will expand Sinclair Pharma's existing hospital presence in wound care to include critical care and oncology supportive care;
- reduce absolute spend on non-revenue generating overheads in favour of focusing and increasing marketing and late-stage product development spend as a proportion of sales;
- improve the Enlarged Group's gross margin by improving manufacturing efficiencies, product mix and through pricing strategy;
- capitalise on the benefits arising from the sales and marketing distribution synergies for the Enlarged Group's product portfolio in the UK as well as the progressive bringing back into the Enlarged Group of IS Pharma's existing European distribution agreements;
- focus on in-house CRO moderate technology product development with a focus on medical devices. This focus will extend beyond dermatology to include certain line extensions and new developments of IS Pharma's existing hospital product portfolio; and
- focus on a proprietary sales and local operations presence in each of the major European markets, specifically, France, Germany, Italy, Spain and UK/Ireland. This strategy will be coupled with the selection of key product distribution arrangements in Western Europe and the US. Outside Europe, there will be a focus on the creation of long-term multi-country, multi-product partnerships for the emerging markets. The Directors and the IS Pharma Directors believe this commercial structure will allow the Enlarged Group to leverage its product portfolio and pipeline while minimising corporate complexity, whilst also providing an attractive opportunity for other pharma companies seeking to license or sell specialist pharma products and technologies.

12 Current trading

Sinclair Pharma

The unaudited interim results for the six months ended 31 December 2010 were released on 24 February 2011. Since 31 December 2010 Sinclair Pharma's trading has progressed in line with expectations. Sinclair Pharma's cash and cash equivalents balance as at 31 December 2010 as extracted from the unaudited statements was £3.6 million. As at 28 February 2011 the unaudited internal management accounting records of Sinclair Pharma show that Sinclair Pharma had cash and cash equivalents of £2.1 million.

For the year ended 30 June 2010 (as extracted without material adjustment from the audited annual report and accounts for the financial year ended 30 June 2010), Sinclair Pharma reported revenue of £27.6 million (2009: £30.4 million). Losses before tax and before exceptional items were £5.0 million (2009: £1.4 million), and after exceptional items £18.4 million (2009: £4.0 million). Loss for the year was £17.6 million (2009: £3.6 million). For the six months ended 31 December 2010 (as extracted from its unaudited interim statements), Sinclair Pharma's revenue was £14.0 million (2009: £11.0 million) and it made a loss before

tax and before exceptionals of £3.5 million (2009: £4.7 million) and after exceptionals of £4.0 million (2009: £14.5 million).

IS Pharma

The audited historical financial information of IS Pharma for the years ended 31 March 2008, 31 March 2009 and 31 March 2010 will be set out in the Sinclair Pharma Prospectus together with the unaudited historical financial information of IS Pharma for the six months ended 30 September 2009 and 30 September 2010.

As at 28 February 2011 the unaudited internal management accounting records of IS Pharma show cash and cash equivalents of £13.4 million. For the twelve months ended 31 March 2010 IS Pharma's revenue was £14.2 million (2009: £12.2 million) and it made a profit before tax of £2.6 million (2009: £2.0 million) (as extracted without material adjustment from the historical financial information on IS Pharma set out in the Prospectus which will be sent to Sinclair Pharma and IS Pharma shareholders). For the six months ended 30 September 2010, IS Pharma's revenue was £6.5 million (2009: £5.9 million) and it made profit before tax of £1.4 million (2009: £0.5 million).

13 Directors, management and employees

Following the Merger, it is proposed that Sinclair Pharma's board of directors will include Grahame Cook, Jean-Charles Tschudin and Tim Wright as non-executive directors. John Gregory will be appointed as non-executive Chairman and the executive directors will comprise Chris Spooner (Chief Executive Officer), Christophe Foucher (Chief Operating Officer) and Matthew Hall (Chief Financial Officer).

Penny Freer will step down from the Sinclair Pharma Board on the Scheme becoming effective. Penny has been a director of Sinclair Pharma for over five years during a period of substantial development and change. She has served as Sinclair Pharma's senior independent director and chairman of the remuneration committee. Throughout this time her experience and expertise have been of considerable assistance to the Sinclair Pharma Board. Ms. Freer is fully supportive of the rationale for the Merger and of its terms and conditions. She is keen to support the future development of the Enlarged Group and Sinclair Pharma's Board will be retaining access to her skills through a consultancy agreement.

Dr Mike McDonald will step down from the IS Pharma Board on the Scheme becoming effective. Dr Mike McDonald has been a Director of IS Pharma during a period of substantial development and throughout this time his experience and expertise have been of considerable assistance to the IS Pharma Board. Dr McDonald is fully supportive of the rationale for the Merger and of its terms and conditions; he is keen to support the future development of the Enlarged Group and given his depth of clinical and regulatory experience the Sinclair Pharma Board will be retaining access to Dr Mike McDonald's considerable skills and expertise through an ongoing consultancy agreement.

Sinclair Pharma has given assurances that, following the Scheme becoming effective, it is intended that the existing employment rights of IS Pharma's employees will be fully safeguarded.

Following the Scheme becoming effective, it is intended that the Enlarged Group will carry out an integration review process which will include seeking ways to achieve the planned cost savings. It is expected that this integration review process will result in some headcount reduction with the Enlarged Group.

14 Dividends and dividend policy

Sinclair Pharma has not paid any dividends to Shareholders since its Sinclair Pharma Shares were admitted to trading on the Main Market of the London Stock Exchange and the Sinclair

Pharma Directors and Proposed Directors do not currently consider it appropriate to pay any dividends should the Scheme be effected.

15 Implementation agreement

Sinclair Pharma and IS Pharma have entered into the Implementation Agreement in connection with the Merger. The Implementation Agreement provides that Sinclair Pharma intends to implement the Merger by means of the Scheme. However, the parties agree that Sinclair Pharma may elect at any time and in its absolute discretion (after consultation with IS Pharma and subject to the consent of the Panel) whether before or after the posting of the Scheme Document to implement the Merger by way of a takeover offer.

The Implementation Agreement references the Conditions as the principal terms of the Merger together with such other terms as Sinclair Pharma and IS Pharma may agree in writing. Sinclair Pharma and IS Pharma each agree to use all of their respective reasonable endeavours to implement the Merger (and each stage of the Merger) and to co-operate with a view to obtaining or satisfying all necessary or desirable statutory or regulatory clearances or obligations in connection with the Merger.

Sinclair Pharma and IS Pharma have agreed that they shall, as soon as reasonably practicable, prepare the Scheme Document, forms of proxy and Court documentation and the parties shall ensure that such documents are finalised in sufficient time to permit application to the Court to be made for leave to convene the Shareholder Court Meeting and for such documents to be posted, in each case, in accordance with the timetable set out in Schedule 2 of the Implementation Agreement (as may be amended from time to time) (the "Timetable").

Pursuant to the terms of the Implementation Agreement, Sinclair Pharma, in conjunction with IS Pharma, shall, as soon as reasonably practicable, prepare the Prospectus and the Sinclair Pharma Circular and the parties shall ensure, insofar as is under their control and subject to the approval of the UK Listing Authority, that such documents are finalised and posted in accordance with the Timetable.

IS Pharma undertakes to Sinclair Pharma that it will take, or procure to be taken, all such steps as are within its power and are necessary, or reasonably required by Sinclair Pharma, to implement the Scheme in accordance with the Timetable.

IS Pharma has agreed that prior to the Scheme becoming effective or the Implementation Agreement being terminated in accordance with its terms (whichever is earlier), it will conduct its business in accordance with an agreed set of principles.

IS Pharma further undertakes that it shall not solicit any offer, proposal or possible transaction which is inconsistent with the consummation of the Merger save that in the event IS Pharma receives a bona fide alternative superior proposal to the transaction contemplated by the Merger, Sinclair Pharma shall have the right (but not the obligation) to match or better the terms of any such alternative superior proposal.

The Implementation Agreement contains certain representations and warranties from each party to the other and nothing in the Implementation Agreement shall oblige Sinclair Pharma or IS Pharma to pay any amount which the Panel determines would not be permitted by Rule 21.2 of the Code.

16 Irrevocable undertakings

Irrevocable undertakings to vote in favour of the Merger have been received from:

- the Sinclair Pharma Directors (or their nominees, family members or associated companies) in respect of 10,194,580 Sinclair Pharma Shares in aggregate, representing approximately 4.2 per cent. of Sinclair Pharma's existing issued ordinary share capital; and

- the IS Pharma Directors who hold IS Pharma Shares (or their nominees, family members or associated companies) in respect of 273,420 IS Pharma Shares in aggregate, representing approximately 0.53 per cent. of IS Pharma's existing issued ordinary share capital.

These irrevocable undertakings continue to be binding in the event of a higher offer being made for IS Pharma but ceases to be binding if the offer is withdrawn by Sinclair Pharma (with the consent of the Panel if required) or lapses.

Sinclair Pharma and IS Pharma have also received irrevocable undertakings to vote in favour of the Merger from IS Pharma Shareholders in respect of 15,399,288 IS Pharma Shares in aggregate, representing approximately 29.61 per cent. of IS Pharma's existing issued ordinary share capital. The irrevocable undertakings from these IS Pharma Shareholders continue to be binding but are suspended:

- in respect of IS Pharma Shares in aggregate, representing approximately 3.72 per cent. of IS Pharma's existing issued ordinary share capital in the event of any higher offer in the value of the consideration payable to IS Pharma Shareholders being made by a third party;
- in respect of IS Pharma Shares in aggregate, representing approximately 6.93 per cent. of IS Pharma's existing issued ordinary share capital in the event of an offer representing not less than 110p per IS Pharma Share being made by a third party; or
- in respect of IS Pharma Shares in aggregate, representing approximately 4.25 per cent. of IS Pharma's existing issued ordinary share capital in the event of a higher offer representing more than 10 per cent. in the value of the consideration payable to IS Pharma Shareholders is made by a third party.

In the event that Sinclair Pharma makes a further offer which in the reasonable opinion of the IS Pharma Board, having taken independent financial advice, represents an improvement on the value of the consideration from the competing offer made by a third party – the suspension of the irrevocable undertaking shall cease. The irrevocable undertakings cease to be binding if the offer is withdrawn by Sinclair Pharma (with the consent of the Panel if required) or lapses.

In addition, Sinclair Pharma has also received irrevocable undertakings to vote in favour of the Merger from Sinclair Pharma Shareholders in respect of 65,259,923 Sinclair Pharma Shares in aggregate, representing approximately 27.1 per cent. of Sinclair Pharma's existing issued ordinary share capital. These undertakings will continue to be binding in the event that the Merger is implemented by way of a Takeover Offer.

17 Sinclair Pharma General Meeting

The Merger is conditional upon, amongst other things, the approval of the Merger Resolutions by the Shareholders at the Sinclair Pharma General Meeting. Sinclair Pharma will post to Sinclair Pharma Shareholders at the same time as the Prospectus, the Sinclair Pharma Circular summarising the background to and reasons for the Merger and incorporating a notice convening the Sinclair Pharma General Meeting. The Sinclair Pharma General Meeting is expected to be scheduled to be held on or around 3 May 2011 at the offices of Fasken Martineau LLP, 17 Hanover Square London, W1S 1HU at 10.00 a.m. and the following Resolutions, which are required in connection with the Merger and the Delisting will be proposed.

Resolution 1

Resolution 1 will be proposed as an ordinary resolution requiring a simple majority of votes at the Sinclair Pharma General Meeting. Resolution 1 proposes that the Merger be approved and the Sinclair Pharma Directors be authorised to implement the Merger. The Merger will not proceed if Resolution 1 is not passed.

Resolution 2

Resolution 2 is conditional on the passing of Resolution 1 and on the Scheme becoming effective or (as the case may be) the Takeover Offer being declared wholly unconditional. Resolution 2 will be proposed as a special resolution requiring a 75 per cent. majority of votes cast at the Sinclair Pharma General Meeting. Resolution 2 proposes to:

- (i) authorise the Sinclair Pharma Directors under section 551 of the 2006 Act to allot shares in the Company up to an aggregate nominal amount of £1,428,380 for the purposes of the Merger, comprising the allotment of the New Sinclair Pharma Shares. If given, this authority will expire on 30 September 2011 and is additional to any subsisting authorities to allot relevant securities or shares in the Company. The total authority of the Sinclair Pharma Directors to allot relevant securities will relate to an aggregate nominal amount of up to £1,428,380, representing approximately 59.3 per cent. of the current issued share capital of Sinclair Pharma. The purpose of the authority is to enable the Sinclair Pharma Directors to allot up to 142,838,042 New Sinclair Pharma Shares in connection with the Merger; and
- (ii) disapply the pre-emption rights provisions of section 561 of the 2006 Act in respect of the allotment of equity securities (as defined in section 560 of the 2006 Act) pursuant to the Merger, comprising the allotment of the New Sinclair Pharma Shares. If given, this authority will expire at the same time as the authority referred to in paragraph (i) will expire and is in addition to any subsisting powers to disapply pre-emption rights. Pursuant to this resolution, pre-emption rights will be disapplied in respect of New Sinclair Pharma Shares up to an aggregate nominal amount of up to £1,428,380, which represents approximately 59.3 per cent. of the current issued share capital of the Company and would result in pre-emption rights being disapplied in respect of New Sinclair Pharma Shares up to an aggregate nominal amount of £1,428,380 which represents approximately 59.3 per cent. of the current issued share capital of Sinclair Pharma. This authority is in addition to the authority granted at the annual general meeting of the Company held on 18 November 2010.

The Merger will not proceed if Resolution 2 is not passed.

Resolution 3

Resolution 3 proposes that, subject to and conditional upon the approval of Resolutions 1 and 2, the admission of Sinclair Pharma's ordinary shares to the Official List and to trading on the main market of the London Stock Exchange be cancelled and that application be made for the admission of Sinclair Pharma's ordinary shares to trading on AIM. Resolution 3 will be proposed as a special resolution requiring a 75 per cent. majority of votes cast at the Sinclair Pharma General Meeting.

Completion of the Merger is conditional on the passing of Resolution 1 and Resolution 2.

Following the Merger, it is proposed that Sinclair Pharma changes its name to Sinclair IS Pharma plc. This will be effected by the Sinclair Pharma Board pursuant to the authority granted to it under its Articles of Association.

18 Settlement, listing and dealings of the New Sinclair Pharma Shares

Prior to the Scheme becoming effective, IS Pharma will make an application to the London Stock Exchange for the cancellation of the IS Pharma Shares from trading on AIM. Accordingly, if the Scheme is sanctioned by the Court and the other Conditions are waived or satisfied, it is expected that the IS Pharma Shares will cease to be traded on AIM with effect from 7.00 a.m. on the day following the Effective Date and that the last day of dealings in IS Pharma Shares will be on or around 18 May 2011. On the Effective Date, share certificates in respect of IS Pharma Shares will cease to be valid and should, if so requested by IS Pharma, be sent to IS Pharma for cancellation. In addition, on the day immediately prior to the Effective Date entitlements to IS Pharma Shares held within the CREST system will be cancelled. As part of

the Scheme, IS Pharma will seek an order of the Court pursuant to section 651 of the 2006 Act to re-register IS Pharma as a private limited company with effect from the Effective Date. Fractions of New Sinclair Pharma Shares will not be allotted or issued pursuant to the Merger and fractional entitlements will be rounded down to the nearest whole number of New Sinclair Pharma Shares. In relation to New Sinclair Pharma Shares to be issued in certificated form, temporary documents of title will not be issued pending the dispatch by post of definitive certificates for such New Sinclair Pharma Shares. Pending the issue of definitive certificates for such New Sinclair Pharma Shares, former IS Pharma Shareholders wishing to register transfers of such New Sinclair Pharma Shares may certify their share transfer forms against the register of members of Sinclair Pharma by contacting Sinclair Pharma's registrar, Capita Registrars. On the registration of any such transfers, the transferee will receive a share certificate in respect of the New Sinclair Pharma Shares the subject of the relevant transfer. Save with the consent of the Panel, settlement of the consideration to which any IS Pharma Shareholder is due under the Scheme will be implemented in full in accordance with the terms set out in Part 2 of the Scheme Document free of any lien, charges, equitable interest, encumbrances and other third party rights and interests of any nature whatsoever.

Following completion of the Merger and subject to the passing of Resolution 3 above, the Enlarged Group will make an application for the cancellation of the Enlarged Issued Share Capital from the Official List and trading on the main market of the London Stock Exchange. An application will be made for the admission of the Enlarged Issued Share Capital to trading on AIM (such application for admission not to become effective prior to the Scheme Effective Date).

19 Analyst presentation

An analyst conference call will be held today at 10.15 a.m, for further information, please contact Financial Dynamics, Holborn Gate, 26 Southampton Buildings, London, EC2A 1PB on tel: +44(0)20 7831 3113.

20 Enquiries

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21 Cautionary note on forward looking statements

This announcement contains certain forward-looking statements with respect to the financial condition, results of operations and business of Sinclair Pharma and IS Pharma and certain plans and objectives of the Sinclair Pharma Directors and the IS Pharma Directors with respect thereto. These forward-looking statements can be identified by the fact that they do not relate only to historical or current facts. Forward-looking statements often use words such as “anticipate”, “target”, “expect”, “estimate”, “intend”, “plan”, “goal”, “believe”, “will”, “may”, “should”, “would”, “could” or other words of similar meaning. These statements are based on assumptions, and assessments made by the Sinclair Pharma Directors and IS Pharma Directors in light of their experience and their perception of historical trends, current conditions, expected future developments, and other factors they believe appropriate. By their nature, forward-looking statements in this announcement could cause actual results and developments to differ materially from those expressed in or implied by such forward-looking statements. Although the Sinclair Pharma Directors and the IS Pharma Directors believe that the expectations reflected in such forward-looking statements are reasonable, neither Sinclair Pharma nor IS Pharma can give any assurance that such expectations will prove to have been correct and assume no obligation to update or correct the information contained in this announcement (except to the extent legally required) and Sinclair Pharma and IS Pharma therefore caution you not to place undue reliance on these forward-looking statements which speak only as at the date of this announcement.

Nothing in this announcement is intended to be a profit forecast.

22 Disclosure requirements required under the Takeover Code (the "Code")

Under Rule 8.3(a) of the Code, any person who is interested in 1 per cent. or more of any class of relevant securities of an offeree company or of any paper offeror (being any offeror other than an offeror in respect of which it has been announced that its offer is, or is likely to be, solely in cash) must make an Opening Position Disclosure following the commencement of the offer period and, if later, following the announcement in which any paper offeror is first identified. An Opening Position Disclosure must contain details of the person's interests and short positions in, and rights to subscribe for, any relevant securities of each of (i) the offeree company and (ii) any paper offeror(s). An Opening Position Disclosure by a person to whom Rule 8.3(a) applies must be made by no later than 3.30 pm (London time) on the 10th business day following the commencement of the offer period and, if appropriate, by no later than 3.30 pm (London time) on the 10th business day following the announcement in which any paper offeror is first identified. Relevant persons who deal in the relevant securities of the offeree company or of a paper offeror prior to the deadline for making an Opening Position Disclosure must instead make a Dealing Disclosure.

Under Rule 8.3(b) of the Code, any person who is, or becomes, interested in 1 per cent. or more of any class of relevant securities of the offeree company or of any paper offeror must make a Dealing Disclosure if the person deals in any relevant securities of the offeree company or of any paper offeror. A Dealing Disclosure must contain details of the dealing concerned and of the person's interests and short positions in, and rights to subscribe for, any relevant securities of each of (i) the offeree company and (ii) any paper offeror, save to the extent that these details have previously been disclosed under Rule 8. A Dealing Disclosure by a person to whom Rule 8.3(b) applies must be made by no later than 3.30 pm (London time) on the business day following the date of the relevant dealing.

If two or more persons act together pursuant to an agreement or understanding, whether formal or informal, to acquire or control an interest in relevant securities of an offeree company or a paper offeror, they will be deemed to be a single person for the purpose of Rule 8.3.

Opening Position Disclosures must also be made by the offeree company and by any offeror and Dealing Disclosures must also be made by the offeree company, by any offeror and by any persons acting in concert with any of them (see Rules 8.1, 8.2 and 8.4).

Details of the offeree and offeror companies in respect of whose relevant securities Opening Position Disclosures and Dealing Disclosures must be made can be found in the Disclosure Table on the Takeover Panel's website at www.thetakeoverpanel.org.uk, including details of the number of relevant securities in issue, when the offer period commenced and when any offeror was first identified. If you are in any doubt as to whether you are required to make an Opening Position Disclosure or a Dealing Disclosure, you should contact the Panel's Market Surveillance Unit on +44 (0)20 7638 0129.

23 Disclosure requirements required under the Takeover Code (the "Code")

Sinclair Pharma reserves the right, with the consent of the Panel, to seek to implement the Merger by making a takeover offer for the entire issued and to be issued share capital of IS Pharma. If Sinclair Pharma elects to implement the Merger by a Takeover Offer, the Takeover Offer will be implemented on the same terms (subject to appropriate amendments including (without limitation) an acceptance condition set at 90 per cent. (or such lesser percentage being more than 50 per cent. as Sinclair Pharma may decide) of the shares to which such offer relates and of the voting rights carried by those shares), so far as applicable, as those which would apply to the Scheme. Further, if sufficient acceptances of any such offer are received and/or sufficient IS Pharma Shares are otherwise acquired, it is the intention of Sinclair Pharma to acquire compulsorily any outstanding Sinclair Pharma Shares to which such offer relates. The IS Pharma Directors have confirmed that, in the event that Sinclair Pharma determines to implement the Merger by way of a Takeover Offer, the IS Pharma Directors will recommend, on a unanimous and unqualified basis, that IS Pharma Shareholders accept the Takeover Offer (except to the extent permitted by the Implementation Agreement).

This announcement is not intended to and does not constitute or form part of, an offer or invitation to sell or subscribe for or acquire or exchange securities in Sinclair Pharma or IS Pharma or a solicitation of any vote or approval in any jurisdiction pursuant to the Merger or otherwise. The full terms and conditions of the Scheme will be set out in the Scheme Document. This announcement does not constitute a prospectus or a prospectus equivalent document. IS Pharma Shareholders are advised to read carefully the formal documentation in relation to the Merger, once it is dispatched. In deciding whether or not to approve the Scheme, IS Pharma Shareholders must rely solely on the terms and conditions of the Merger and the information contained or referenced and the procedures described, in the Scheme Document.

The release, publication or distribution of this announcement in jurisdictions other than the UK and the implications of the Scheme for IS Pharma Shareholders outside the UK may be affected by the laws of the relevant jurisdictions. IS Pharma Shareholders outside the UK should inform themselves about and observe any applicable requirements. It is the responsibility of each IS Pharma Shareholder to satisfy himself as to the full observance of the laws of the relevant jurisdiction in connection therewith, including the obtaining of any governmental, exchange control or other consents which may be required to be observed and the payment of any issue, transfer or other taxes in such jurisdictions. This announcement has been prepared for the purpose of complying with English law and the Code and the information disclosed may not be the same as that which would have been disclosed if this announcement had been prepared in accordance with the laws of jurisdictions outside the UK.

The New Sinclair Pharma Shares have not been, nor will they be, registered under the Securities Act or under the securities laws of any jurisdiction of the United States and will not be listed on any stock exchange in the United States. Neither the US Securities and Exchange Commission nor any US state securities commission has approved or disapproved of the New Sinclair Pharma Shares or determined if this announcement is accurate or complete. Any representation to the contrary is a criminal offence under US law. Further, the relevant clearances have not been, and will not be, obtained from the securities commission of any province of Canada, no prospectus has been lodged with, or registered by, the Australian Securities and Investments Commission or the Japanese Ministry of Finance and the New Sinclair Pharma Shares have not been, and nor will they be, registered under or offered in compliance with applicable securities laws of any state, province, territory or jurisdiction of Canada, Australia or Japan. Accordingly, the New Sinclair Pharma Shares may not (unless an

exemption under relevant securities laws is applicable) be offered, sold, resold or delivered, directly or indirectly, in or into the United States, Canada, Australia or Japan or any other jurisdiction if to do so would constitute a violation of the relevant laws of, or require registration thereof in, such jurisdiction or to, or for the account or benefit of, a person located in the United States, Canada, Australia or Japan.

24 General

Singer Capital Markets Limited, which is authorised and regulated in the United Kingdom by the Financial Services Authority, is acting as financial adviser to Sinclair Pharma and no-one else in connection with the offer and will not be responsible to anyone other than Sinclair Pharma for providing the protections afforded to clients of Singer Capital Markets Limited nor for providing advice in relation to the offer or any of the matters referred to herein.

finnCap Limited, which is authorised and regulated in the United Kingdom by the Financial Services Authority, is acting as financial adviser to IS Pharma and no-one else in connection with the offer and will not be responsible to anyone other than IS Pharma for providing the protections afforded to clients of finnCap Limited nor for providing advice in relation to the offer or any of the matters referred to herein.

This announcement is not intended to, and does not, constitute or form part of an offer or invitation to sell or subscribe for or acquire or exchange securities in Sinclair Pharma or IS Pharma or a solicitation of any vote or approval in any jurisdiction pursuant to the Merger or otherwise. The full terms and conditions of the Scheme will be set out in the Scheme Document. This announcement does not constitute a prospectus or a prospectus equivalent document. IS Pharma Shareholders are advised to read carefully the formal documentation in relation to the Scheme, once it is dispatched. In deciding whether or not to approve the Scheme, IS Pharma Shareholders must rely solely on the terms and conditions of the Scheme and the information contained or referenced, and the procedures described, in the Scheme Document.

The release, publication or distribution of this announcement in jurisdictions other than the UK and the implications of the Scheme for IS Pharma Shareholders outside the UK may be affected by the laws of the relevant jurisdictions. IS Pharma Shareholders outside the UK should inform themselves about and observe any applicable requirements. It is the responsibility of each IS Pharma Shareholder to satisfy himself as to the full observance of the laws of the relevant jurisdiction in connection therewith, including the obtaining of any governmental, exchange control or other consents which may be required to be observed and the payment of any issue, transfer or other taxes in such jurisdictions. This announcement has been prepared for the purpose of complying with English law and the City Code and the information disclosed may not be the same as that which would have been disclosed if this announcement had been prepared in accordance with the laws of jurisdictions outside the UK.

The New Sinclair Pharma Shares have not been, nor will they be, registered under the Securities Act or under the securities laws of any jurisdiction of the United States and will not be listed on any stock exchange in the United States. Neither the US Securities and Exchange Commission nor any US state securities commission has approved or disapproved of the New Sinclair Pharma Shares, or determined if this announcement is accurate or complete. Any representation to the contrary is a criminal offence under US law. Further, the relevant clearances have not been, and will not be, obtained from the securities commission of any province of Canada, no prospectus has been lodged with, or registered by, the Australian Securities and Investments Commission or the Japanese Ministry of Finance and the New Sinclair Pharma Shares have not been, and nor will they be, registered under or offered in compliance with applicable securities laws of any state, province, territory or jurisdiction of Canada, Australia or Japan. Accordingly, the New Sinclair Pharma Shares may not (unless an exemption under relevant securities laws is applicable) be offered, sold, resold or delivered, directly or indirectly, in or into the United States, Canada, Australia or Japan or any other jurisdiction if to do so would constitute a violation of the relevant laws of, or require registration thereof in, such jurisdiction, or to, or for the account or benefit of, a person located in the United States, Canada, Australia or Japan.

In accordance with Rule 2.10 of the Code, Sinclair Pharma has 240,979,560 ordinary shares of 1p each in issue with ISIN GB0033856740.

IS Pharma has 52,000,679 ordinary shares of 10p each in issue with ISIN GB00B2QBY649.

In accordance with Rule 19.1 of the Code, a copy of this announcement will be published, subject to certain restrictions relating to persons resident in restricted jurisdictions, on Sinclair Pharma's website at www.sinclairpharma.com and IS Pharma's website at www.ispharma.plc.uk by no later than 12.00 noon (London time) on 7 April 2011. For the avoidance of doubt, the contents of these websites are not incorporated into and do not form part of this announcement.

25 Appendices

Appendix I sets out the Conditions and further terms of the Merger.

Appendix II sets out the bases and sources of information from which the financial calculations used in this announcement have been derived.

Appendix III contains particulars of the irrevocable undertakings referred to in paragraph 16 of this announcement.

Appendix IV contains the definitions of terms used in this announcement (including the summary).

APPENDIX I – Conditions and Further Terms of the Merger

The Merger will be conditional upon the Scheme becoming unconditional and becoming effective by not later than 30 June 2011, or such later date (if any) as IS Pharma and Sinclair Pharma may, with the consent of the Panel (if required) agree and the Court may allow.

PART A

Conditions of the Merger

1. The Scheme will be conditional upon:
 - 1.1 its approval by a majority in number of IS Pharma Shareholders, present and voting either in person or by proxy, at the Shareholder Court Meeting (or at any adjournment of such meeting) representing 75 per cent. or more in value of the IS Pharma Shares voted by those IS Pharma Shareholders;
 - 1.2 the special resolution required to implement the Scheme and set out in the notice of the IS Pharma General Meeting being duly passed by the requisite majority at the IS Pharma General Meeting (or at any adjournment of such meeting);
 - 1.3 the sanction (with or without modification, any such modification being on terms reasonably acceptable to IS Pharma and Sinclair Pharma) of the Scheme and the confirmation of the Reduction of Capital by the Court being obtained and office copies of the Court Orders being filed with, and in the case of the Reduction Court Order registered by, the Registrar of Companies.
2. In addition, subject to Part B below, the Merger is conditional upon the following matters, and accordingly the necessary actions to make the Scheme effective will not be taken unless such Conditions have been satisfied (where capable of satisfaction), or waived, prior to the Scheme being sanctioned by the Court in accordance with paragraph 1 above:
 - 2.1 the passing at the Sinclair Pharma General Meeting (or at any adjournment thereof) of the Merger Resolutions or such resolution or resolutions as are necessary to approve, effect and implement the Merger;
 - 2.2 the Financial Services Authority agreeing to Admission occurring and (unless the Panel otherwise agree) Admission becoming effective;
 - 2.3 no Relevant Authority having decided to take, instituted, implemented or threatened any action, proceedings, suit, investigation or enquiry or enacted, made or proposed any statute, regulation or order or otherwise taken any other step or done any thing, and there not being outstanding any statute, legislation or order, that would:
 - (i) restrict, restrain, prohibit, delay, impose additional conditions or obligations with respect to, or otherwise interfere with the implementation of, the Merger, the acquisition of any IS Pharma Shares by Sinclair Pharma or any matters arising therefrom, in each case in a manner which is material in the context of the Merger;
 - (ii) require, prevent, delay or affect the divestiture by Sinclair Pharma or any of its subsidiaries, subsidiary undertakings or associated undertakings (including any company, partnership, joint venture or firm of which 20 per cent. or more of the voting capital is held by the Sinclair Pharma Group (together the "wider Sinclair Pharma Group") or IS Pharma or any of its subsidiaries, subsidiary undertakings or associated undertakings (including any company, partnership, joint venture or firm of which 20 per cent. or more of the voting capital is held by the IS Pharma Group (together the

"wider IS Pharma Group") of all or any portion of their businesses, assets or property or of any IS Pharma Shares or other securities in IS Pharma or impose any limitation on the ability of any of them to conduct their respective businesses or own their respective assets or properties or any part thereof, in any such case to an extent which is material in the context of the wider Sinclair Pharma Group, or the wider IS Pharma Group, as the case may be, taken as a whole;

- (iii) impose any limitation on the ability of any member of the wider Sinclair Pharma Group to acquire or hold or exercise effectively, directly or indirectly, all rights of all or any of the IS Pharma Shares (whether acquired pursuant to the Merger or otherwise) to an extent which is material in the context of the wider Sinclair Pharma Group;
- (iv) other than in connection with the Merger, require any member of the wider Sinclair Pharma Group or the wider IS Pharma Group to acquire or to offer to acquire any shares or other securities or rights thereover in any member of the wider IS Pharma Group owned by any third party in any such case to an extent which is material in the context of the wider Sinclair Pharma Group, or the wider IS Pharma Group, as the case may be, taken as a whole;
- (v) make the Merger or its implementation or the proposed acquisition of IS Pharma or any member of the wider IS Pharma Group or of any IS Pharma Shares or any other shares or securities in, or control of, IS Pharma, illegal, void or unenforceable in or under the laws of any jurisdiction in any such case to an extent which is material in the context of the wider Sinclair Pharma Group, or the wider IS Pharma Group, as the case may be, taken as a whole;
- (vi) impose any limitation on the ability of any member of the wider Sinclair Pharma Group or the wider IS Pharma Group to integrate or co-ordinate its business, or any part of it, with the business of any other member of the wider Sinclair Pharma Group or the wider IS Pharma Group in any such case to an extent which is material in the context of the wider Sinclair Pharma Group, or the wider IS Pharma Group, as the case may be, taken as a whole; or
- (vii) otherwise adversely affect any or all of the businesses, assets, financial or trading position, prospects or profits of any member of the wider Sinclair Pharma Group or the wider IS Pharma Group or the exercise of any rights attaching to the shares of any company in the IS Pharma Group in any such case to an extent which is material in the context of the wider Sinclair Pharma Group, or the wider IS Pharma Group, as the case may be, taken as a whole;

and all applicable waiting or other time periods during which such Relevant Authority could take, institute, implement or threaten any such action, proceeding, suit, investigation, enquiry or reference or otherwise intervene in respect of the Merger, having expired, lapsed or been terminated;

- 2.4 all authorisations, orders, grants, consents, clearances, licences, permissions and approvals, in any jurisdiction, reasonably necessary for or in respect of the Merger, the proposed acquisition of any shares or securities in, or control of, IS Pharma or any member of the wider IS Pharma Group by any member of the wider Sinclair Pharma Group or the carrying on of the business of any member of the wider IS Pharma Group or the wider Sinclair Pharma Group, the issue of the New Sinclair Pharma Shares or any matters arising therefrom being obtained in terms reasonably satisfactory to Sinclair Pharma from all appropriate Relevant Authorities and such authorisations, orders, grants, consents, clearances, licences,

permissions and approvals remaining in full force and effect and there being no notice of any intention to revoke, suspend, restrict, modify or not to renew the same and all necessary notifications, applications and filings having been made, all appropriate waiting and other time periods (including extensions thereto) under any applicable legislation and regulations in any jurisdiction having expired, lapsed or been terminated and all necessary statutory or regulatory obligations in any jurisdiction in respect of the Merger or the proposed acquisition of IS Pharma or of any IS Pharma Shares by Sinclair Pharma or any matters arising therefrom having been complied with and in each case where the direct consequence of a failure to obtain such authorisations, orders, grants, consents, clearances, licences, permissions or approvals, or make such filing or notification or to wait for the expiry, lapse or termination of any such waiting or other time period or to comply with such obligations would or is reasonably likely to have material adverse effect on the wider Sinclair Pharma Group taken as a whole or the wider IS Pharma Group taken as a whole;

2.5 except as disclosed in the annual report and accounts of IS Pharma for the year ended 31 March 2010, as publicly announced by or on behalf of IS Pharma (by delivery of an announcement to a Regulatory Information Service) before 6 April 2011, or as fairly disclosed to Sinclair Pharma before 6 April 2011, there being no provision of any agreement, instrument, permit, licence or other arrangement to which any member of the wider IS Pharma Group is a party or by or to which it or any of its assets may be bound or subject which, as a consequence of the Merger or the proposed acquisition of IS Pharma by Sinclair Pharma or because of a change in the control or management of IS Pharma or any member of the IS Pharma Group or any matters arising therefrom or otherwise, would or might reasonably be expected to have the result (which, in any such case is material and adverse in the context of the wider IS Pharma Group taken as a whole) that:

- (i) any monies borrowed by, or other indebtedness, actual or contingent, of, or grant available to, any member of the wider IS Pharma Group becomes or is capable of being declared repayable immediately or earlier than the repayment date stated in such agreement, instrument or other arrangement or the ability of any member of the wider IS Pharma Group to borrow monies or incur indebtedness is withdrawn, inhibited or adversely affected or becomes capable of being withdrawn or inhibited;
- (ii) any mortgage, charge or other security interest is created over the whole or any part of the business, property or assets of any member of the wider IS Pharma Group or any such security (whenever arising) becomes enforceable;
- (iii) any such agreement, instrument, permit, licence or other arrangement or any right, interest, liability or obligation of any member of the wider IS Pharma Group therein, is terminated or adversely modified or affected or any adverse action is taken or onerous obligation or liability arises thereunder;
- (iv) the financial position of any member of the wider IS Pharma Group is materially adversely affected;
- (v) any material asset or, other than in the ordinary course of business, any asset of the wider IS Pharma Group is or falls to be charged or disposed of;
- (vi) the rights, liabilities, obligations or interests or business of any member of the wider IS Pharma Group in or with any other person, firm or company (or any arrangement relating to such interest or business) are terminated, modified or adversely affected; or

- (vii) any member of the wider IS Pharma Group ceases to be able to carry on business under any name under which it currently does so, and no event having occurred which, under any provision of any agreement, instrument, permit, licence or other arrangement to which any member of the wider IS Pharma Group is a party or by or to which it or any of its assets may be bound or subject, could result in any of the events or circumstances as are referred to in sub-paragraphs (i) to (vi) of this Condition 2.5 (in any such case to an extent which is material in the context of the wider IS Pharma Group taken as a whole);

2.6 except as disclosed in the annual report and accounts of IS Pharma for the year ended 31 March 2010, as publicly announced by or on behalf of IS Pharma (by delivery of an announcement to a Regulatory Information Service) before 6 April 2011, or as fairly disclosed to Sinclair Pharma before 6 April 2011, since 31 March 2010, no member of the IS Pharma Group having:

- (i) issued or agreed to issue or authorised or proposed the issue of additional shares of any class or issued or authorised or proposed the issue of or granted securities convertible into or rights, warrants or options to subscribe for or acquire such shares or convertible securities or redeemed, purchased or reduced or announced any intention to do so or made any other change to any part of its share capital, save as between IS Pharma and wholly owned subsidiaries of IS Pharma and save for the issue of IS Pharma Shares pursuant to or in connection with rights granted under, or the grant of the rights under the IS Pharma Share Schemes which have been disclosed to Sinclair Pharma before 6 April 2011;
- (ii) sold or transferred or agreed to sell or transfer any treasury shares;
- (iii) recommended, declared, paid or made or proposed to recommend, declare, pay or make any dividend, bonus or other distribution other than dividends lawfully paid to other members of the IS Pharma Group;
- (iv) (other than pursuant to the Merger and as envisaged in accordance with the terms of the Scheme) authorised or proposed or announced its intention to propose any merger or demerger or acquisition or disposal or transfer of assets (other than in the ordinary course) or shares or securities or any change in its share or loan capital;
- (v) issued or authorised or proposed the issue of any debentures or incurred or increased any indebtedness or contingent liability, in each case of an aggregate amount that is material in the context of the wider IS Pharma Group taken as a whole;
- (vi) save for transactions between members of the IS Pharma Group, disposed of or transferred, mortgaged or encumbered any asset or any right, title or interest in any asset or entered into or varied any contract, commitment or arrangement (whether in respect of capital expenditure or otherwise) which is of a long term or unusual nature or which involves or could involve an obligation of a nature or magnitude which is material or authorised, proposed or announced any intention to do so, where in each such case it is material in the context of the wider IS Pharma Group taken as a whole;
- (vii) other than pursuant to the Merger, entered into or varied or proposed to enter into or vary any contract, commitment, arrangement or other transaction which is of a long term or unusual or onerous nature or is otherwise than in the ordinary course of business or announced any intention to do so, that is material in the context of the wider IS Pharma Group taken as a whole;

- (viii) implemented or authorised any reconstruction, amalgamation or other transaction (other than pursuant to the Merger) which is, in any case, material in the context of the wider IS Pharma Group taken as a whole;
- (ix) entered into, or varied the terms of, any contract or agreement with any of the directors or senior executives of IS Pharma in any respect which is, in any such case, material in the context of the wider IS Pharma Group taken as a whole;
- (x) taken or proposed any corporate action or had any legal proceedings started or threatened against it for its winding-up, dissolution or reorganisation or for the appointment of a receiver, administrator, administrative receiver, trustee or similar officer of all or any of its assets and revenues or the appointment of any analogous person in any jurisdiction;
- (xi) waived or compromised or settled any claim other than in the ordinary course of business, which is material in the context of the business of the wider IS Pharma Group taken as a whole;
- (xii) (other than pursuant to the Merger and as envisaged in accordance with the terms of the Scheme), made any amendment to its memorandum or articles of association or other constitutional documents;
- (xiii) entered into any contract, transaction or arrangement which is or may be restrictive on the business of any member of the wider IS Pharma Group or the wider Sinclair Pharma Group in any respect which is, in any such case, material in the context of the wider IS Pharma Group taken as a whole;
- (xiv) been unable or admitted that it is unable to pay its debts or having stopped or suspended (or threatened to stop or suspend) payment of its debts generally or ceased or threatened to cease carrying on all or a substantial part of its business;
- (xv) modified in any respect the terms of the IS Pharma Share Schemes or proposed, agreed to provide, or modified in any respect any other share option scheme or incentive scheme relating to the employment or termination of employment of any person employed by the wider IS Pharma Group in each case to the extent material in the context of the wider IS Pharma Group taken as a whole;
- (xvi) entered into any licence or other disposal of intellectual property rights of any member of the wider IS Pharma Group which are material in the context of the wider IS Pharma Group and outside the normal course of business; or
- (xvii) entered into any contract, commitment or agreement or passed any resolution or made any offer (which remains open) with respect to, or proposed or announced any intention to effect or propose any of the transactions or events referred to in this Condition 2.6;

2.7 except as disclosed in the annual report and accounts of IS Pharma for the year ended 31 March 2010, as publicly announced by or on behalf of IS Pharma (by delivery of an announcement to a Regulatory Information Service) before 6 April 2011, or as fairly disclosed to Sinclair Pharma before 6 April 2011, since 31 March 2010:

- (i) no litigation, arbitration, prosecution or other legal proceedings including, without limitation, with regard to intellectual property rights used by the wider IS Pharma Group having been instituted, announced or threatened

by written notice received by a member of the wider IS Pharma Group or as is otherwise within the knowledge of any IS Pharma Director or any member of the wider IS Pharma Group (after due and careful enquiry) become pending or remained outstanding by or against any member of the wider IS Pharma Group or to which any member of the wider IS Pharma Group is or is reasonably likely to become a party (whether as plaintiff, defendant or otherwise) which in any such case would have a material adverse effect on the wider IS Pharma Group taken as a whole;

- (ii) no material adverse change having occurred in the business, assets, financial or trading position or profits of the wider IS Pharma Group;
- (iii) no investigation or enquiry by any Relevant Authority having been to the knowledge of any IS Pharma Director or any member of the wider IS Pharma Group (after due and careful enquiry) threatened, announced, implemented or instituted or remaining outstanding by, against or in respect of any member of the wider IS Pharma Group, which in any such case would have a material adverse effect on the wider IS Pharma Group taken as a whole;
- (iv) no contingent or other liability in respect of any member of the wider IS Pharma Group having arisen which would have, or would reasonably be expected to have a material adverse effect on any member of the wider IS Pharma Group and which in any such case is material in the context of the wider IS Pharma Group taken as a whole; and
- (v) no steps having been taken and no omissions having been made which would have, or would reasonably be expected to result, in the withdrawal, cancellation, termination or adverse modification of any licence held by any member of the wider IS Pharma Group which is necessary for the proper carrying on of its business and which, in any such case, is material in the context of the wider IS Pharma Group taken as a whole;

2.8 except as disclosed in the annual report and accounts of IS Pharma for the year ended 31 March 2010, as publicly announced by or on behalf of IS Pharma (by delivery of an announcement to a Regulatory Information Service) before 6 April 2011, or as fairly disclosed to Sinclair Pharma before 6 April 2011, Sinclair Pharma not having discovered:

- (i) that any business, financial or other information concerning any member of the IS Pharma Group disclosed, publicly, by or on behalf of any member of the IS Pharma Group, either contains a misrepresentation of fact or omits to state a fact necessary to make the information contained therein not misleading and which, in any such case, is material in the context of the wider IS Pharma Group taken as a whole; or
- (ii) that any member of the wider IS Pharma Group is subject to any liability, actual or contingent, and which, in any such case, is material in the context of the wider IS Pharma Group taken as a whole.

2.9 except as disclosed in the annual report and accounts of IS Pharma for the year ended 31 March 2010 as publicly announced by or on behalf of IS Pharma (by delivery of an announcement to a Regulatory Information Service) before 6 April 2011, or as fairly disclosed to Sinclair Pharma before 6 April 2011, Sinclair Pharma not having discovered that:

- (i) any past or present member of the wider IS Pharma Group has not complied in all material respects with all applicable legislation or regulations of any jurisdiction with regard to the storage, disposal, discharge, spillage, leak or emission of any waste or hazardous substance

or any substance likely to impair the environment or to harm human health or otherwise relating to environmental matters (which non-compliance might give rise to any liability (whether actual or contingent) or cost on the part of any member of the wider IS Pharma Group) or that there has otherwise been any such disposal, discharge, spillage, leak or emission (whether or not the same constituted a non-compliance by any person with any such legislation or regulations and wherever the same may have taken place) which in any such case might give rise to any liability (whether actual or contingent) or cost on the part of any member of the wider IS Pharma Group and which in each case is material in the context of the wider IS Pharma Group taken as a whole;

- (ii) there is or is likely to be any liability (whether actual or contingent) to make good, repair, reinstate or clean up any property now or previously owned, occupied or made use of by any past or present member of the wider IS Pharma Group or any controlled waters under any environmental legislation, regulation, notice, circular or order of any Relevant Authority or third party or otherwise in any jurisdiction, in each case to an extent which is material in the context of the wider IS Pharma Group taken as a whole.
- (iii) circumstances exist (whether as a result of the Merger or otherwise) which are likely to lead to any Relevant Authority instituting or any member of the Enlarged Group is likely to be required to institute, an environmental audit or take any other steps which in any such case is likely to result in any actual or contingent liability to improve or install new plant or equipment or make good, repair, re-instate or clean up any land or other asset now or previously owned, occupied or made use of or controlled by any member of the wider IS Pharma Group, which in each case, are material in the context of the wider IS Pharma Group taken as a whole; or
- (iv) circumstances exist whereby a person or class of persons have or is reasonably likely to have any legitimate claim or claims in respect of any product or process or manufacture or materials used therein now or previously manufactured, sold or carried out by any past or present member of the IS Pharma Group which in each case, are material in the context of the wider IS Pharma Group and the Enlarged Group taken as a whole.

PART B

Waiver of Conditions and Further Terms of the Merger

- 3. Sinclair Pharma reserves the right to waive all or any of Conditions 2.4 to 2.9 (inclusive). Sinclair Pharma shall be under no obligation to waive or treat as satisfied any of such Conditions by a date earlier than the date specified above for the satisfaction thereof notwithstanding that the other Conditions of the Merger may at such earlier date have been waived or fulfilled and that there are at such earlier date no circumstances indicating that any such Conditions may not be capable of fulfilment.
- 4. The Merger will lapse and the Scheme will not proceed if: (a) the Merger is referred to the Competition Commission; or (b) the European Commission in respect thereof either initiates proceedings under article 6(1)(c) of Council Regulation (EEC) 4064/89 or makes a referral to a competent authority of the United Kingdom under article 9(1) of that Regulation, in either case, before the date of the Court Meeting.

PART C

Certain further terms of the Merger

5. Sinclair Pharma reserves the right, with the consent of the Panel, to seek to implement the Merger by way of a takeover offer. In such event, such offer will be implemented on the same terms (subject to appropriate amendments including (without limitation) an acceptance condition set at 90 per cent. (or such lesser percentage (being more than 50 per cent.) as Sinclair Pharma may decide) of the shares to which such offer relates and of the voting rights carried by those shares) so far as applicable, as those which would apply to the Scheme.
6. The availability of the Merger to persons not resident in the United Kingdom may be affected by the laws of the relevant jurisdiction. Persons who are not resident in the United Kingdom should inform themselves about any applicable requirements.
7. If the Scheme becomes effective, the new IS Pharma Shares to be issued pursuant to the Scheme will be acquired by Sinclair Pharma fully paid and free from all liens, charges, equitable interests, encumbrances, rights of pre-emption and any other rights and interests of any nature whatsoever and together with all rights now and hereafter attaching thereto, including voting rights and the right to receive and retain in full all dividends and other distributions (if any) declared, made or paid on or after the Effective Date. Under the terms of the Merger, each IS Pharma Shareholder will forgo all rights to any future dividend or undeclared dividends or other returns of capital of IS Pharma.
8. Accordingly, insofar as a dividend and/or a distribution and/or a return of capital is proposed, declared, made, paid or becomes payable by IS Pharma in respect of a IS Pharma Share on or after 7 April 2011 (except as otherwise disclosed in the Scheme Document) and prior to the Effective Date or, as the case may be, the date on which the Takeover Offer becomes or is declared unconditional in all respects, or prior to the Merger lapsing or being withdrawn, Sinclair Pharma reserves the right (at its sole discretion) to reduce the amount of consideration payable under the Merger commensurate with such dividend and/or distribution and/or return of capital by adjusting the share exchange ratio, except insofar as the relevant IS Pharma Share is or will be acquired or transferred pursuant to the Merger on a basis which entitles Sinclair Pharma alone to receive the dividend and/or distribution and/or return of capital and to retain it. To the extent that a reduction in the consideration payable pursuant to the Merger in respect of a IS Pharma Share is to apply in respect of a dividend and/or distribution and/or return of capital but that reduction in consideration has not been effected, the person to whom the consideration payable under the Merger is paid in respect of that IS Pharma Share will be obliged to account to Sinclair Pharma for the amount of such dividend or distribution or return of capital.
9. Fractions of New Sinclair Pharma Shares will not be allotted or issued to IS Pharma Shareholders pursuant to the Scheme. Fractional entitlements to New Sinclair Pharma Shares will be rounded down to the nearest whole number of New Sinclair Pharma Shares.
10. This announcement and any rights or liabilities arising hereunder, together with the Merger and the Scheme, will be governed by English law and will be subject to the jurisdiction of the English Courts. The rules and regulations of the Financial Services Authority and the rules contained in the City Code, so far as they are appropriate, will apply to the Merger.

APPENDIX II – Bases of Calculations and Sources of Information

1. The value placed by the Merger on the existing issued share capital, and other statements made by reference to the existing share capital of IS Pharma are based on 52,000,679 IS Pharma Shares in issue (assuming no outstanding IS Pharma Share Options are exercised before the Effective Date).
2. Unless otherwise stated, the financial information and other information on IS Pharma included in this announcement has been extracted or derived, without material adjustment, from the audited consolidated annual report and accounts for the IS Pharma Group for the year ended 31 March 2010.
3. Unless otherwise stated, the financial information and other information on Sinclair Pharma included in this announcement has been extracted or derived, without material adjustment, from the audited consolidated annual report and accounts for the Sinclair Pharma Group for the year ended 31 June 2010.
4. Unless otherwise stated, all historic share prices quoted for IS Pharma Shares have been sourced from the Daily Official List and represent closing middle market prices for IS Pharma Shares on the relevant dates.
5. Unless otherwise stated, all historic share prices quoted for Sinclair Pharma Shares have been sourced from the Daily Official List and represent closing middle market prices for Sinclair Pharma Shares on the relevant dates.
6. As at the close of business on 6 April 2011, IS Pharma had in issue 52,000,679 ordinary shares of 10 pence each.
7. As at the close of business on 6 April 2011, Sinclair Pharma had in issue 240,979,560 ordinary shares of 1 pence each.

APPENDIX III – Details of Irrevocable Undertakings

The following IS Pharma Directors have given irrevocable undertakings to vote in favour of the resolutions to be proposed, in order to enable the Merger and the Scheme to become effective, at the IS Pharma General Meeting and the Court Meeting in respect of the number of IS Pharma Shares set out below:

Name	Number of IS Pharma Shares
John Gregory	49,315
Timothy Wright	223,571
Matthew Hall	534

In addition to the IS Pharma Directors, the following persons have given irrevocable undertakings to vote in favour of the resolutions to be proposed, in order to enable the Merger and the Scheme to become effective, at the IS Pharma General Meeting and in favour of the resolution to be proposed at the Court Meeting in respect of the number of IS Pharma Shares set out below:

Name	Number of IS Pharma Shares
Abingworth LLP	7,649,410*
ISIS EP LLP	3,604,500**
Northern Venture Managers Ltd	2,212,388***
Octopus Investments Limited	1,932,990****

Notes:

* 4,972,117 shares are registered in the name of Bank of New York Nominees Ltd and the beneficial owner is Abingworth Bioventures V L.P. 2,677,293 shares are registered in the name of Jefferies & Co Inc and the beneficial owner is Abingworth Bioequities Master Fund Ltd.

** 666,750 shares each are registered in the names of Chase Nominees Ltd Baronsmead VCT plc, Chase Nominees Ltd Baronsmead VCT 2 plc, Chase Nominees Ltd Baronsmead VCT 3 plc and Chase Nominees Ltd Baronsmead VCT 4 plc. 937,500 shares are registered in the name of Chase Nominees Ltd Baronsmead VCT 5 plc.

*** All 2,212,388 shares are registered in the name of Giltspur Nominees Limited.

**** All 1,932,990 shares are registered in the name of Octopus Investments Nominees Limited.

These undertakings will continue to be binding in the event that the Merger is implemented by way of a Takeover Offer.

The undertaking from Abingworth LLP remains binding in the event of an alternative offer for IS Pharma is announced pursuant to Rule 2.5 of the Code (“Alternative Offer”) unless the Merger lapses or is withdrawn.

The undertaking from ISIS EP LLP will cease to be binding in the event that an Alternative Offer is made and the valuation of the consideration payable pursuant to the Alternative Offer is not less than 110p per IS Pharma Share.

The undertaking from Northern Venture Managers Ltd will cease to be binding in the event that an Alternative Offer is made and the valuation of the consideration payable pursuant to the Alternative Offer represents an improvement in the reasonable opinion of finnCap Limited of not less than 10 per cent. over the value of the Merger.

The undertaking from Octopus Investments Limited will cease to be binding in the event that an Alternative Offer is made and the valuation of the consideration payable pursuant to the Alternative Offer represents a value, in the sole opinion of Octopus Investments Nominees Limited higher than the value of the Merger.

The following Sinclair Pharma Directors have given irrevocable undertakings to vote in favour of the resolutions to be proposed, in order to approve the Merger, at the Sinclair Pharma General Meeting in respect of the number of Sinclair Pharma Shares set out below:

Name	Number of Sinclair Pharma Shares
Grahame Cook	700,000
Christopher Spooner	8,407,263
Christophe Foucher	76,200
Penelope Anne Freer	100,000
Jean-Charles Tschudin	911,117

In addition to the Sinclair Pharma Directors, the following persons have given irrevocable undertakings to vote in favour of the resolutions to be proposed, in order to approve the effective, at the Sinclair Pharma General Meeting in respect of the number of Sinclair Pharma Shares set out below:

Name	Number of Sinclair Pharma Shares
Lansdowne Partners Limited	37,757,952*
Dr Michael and Sookja Flynn	14,621,177**
Abingworth LLP	12,880,794***

Notes:

* All 37,757,952 shares are registered in the name of Morstan Nominees Limited.

** 6,972,723 shares are registered in the name of Dr Michael Flynn. 2,899,936 shares are registered in the name of Barclays Stockbrokers for MJF, 1,702,365 shares re registered in the name of Vestra Wealth for MJF and 18,000 shares are registered in the name of UBS Wealth Management (ISA) and Dr Michael Flynn is the beneficial owner of all these shares. 2,410,000 shares are registered in the name of Mrs Sookja Flynn. 609,030 shares are registered in the name of Barclays Stockbrokers for SJF and 9,123 shares are registered in the name of Barclays Stockbrokers (ISA) and Mrs Sookja Flynn is the beneficial owner of all these shares

*** 9,214,459 shares are registered in the name of Bank of New York Nominees Ltd and the beneficial owner is Abingworth Bioventures V L.P. 3,666,335 shares are registered in the name of Jefferies & Co Inc and the beneficial owner is Abingworth Bioequities Master Fund Ltd.

These undertakings will continue to be binding in the event that the Merger is implemented by way of a Takeover Offer.

APPENDIX IV – Definitions

The following definitions apply throughout this announcement unless the context requires otherwise:

“2006 Act”	the Companies Act 2006
“Admission to AIM”	admission of the Enlarged Issued Share Capital to trading on AIM becoming effective in accordance with the AIM Rules
“Admission”	the admission of the New Sinclair Pharma Shares to listing on the Official List and to trading on the London Stock Exchange’s main market for listed securities
“AIM Rules”	the rules published by the London Stock Exchange which set out the rules and responsibilities for companies on AIM
“AIM”	AIM, a market operated by the London Stock Exchange
“Articles of Association”	the articles of association of the Company
“Business Day”	a day, other than a Saturday, Sunday or public holiday, on which clearing banks are open for ordinary banking business in London
“Closing Price”	the closing middle-market quotation of a share at the close of business on a particular trading day as derived from the Daily Official List
“Code” or “City Code”	the City Code on Takeovers and Mergers published by the Panel on Takeovers and Mergers
“Companies Act”	every statute including any orders, regulations and other subordinate legislation made under it, from time to time, in force concerning companies insofar as the same applies to the Company (whether or not called a Companies Act or within the statutory citation of Companies Acts)
“Company” or “Sinclair Pharma”	Sinclair Pharma plc, incorporated in England and Wales (with registered number 3816616), whose registered office is Godalming Business Centre, Woolsack Way, Godalming, Surrey GU7 1XW
“Conditions”	the conditions to the implementation of the Merger (including the Scheme) which are set out in Appendix I to this announcement
“Court Hearing”	the hearing by the Court of the petition to sanction the Scheme
“Court Meeting”	the Shareholder Court Meeting
“Court Orders”	the court order or orders sanctioning the Scheme and/or Reduction of Capital
“CREST”	the United Kingdom paperless share settlement system and system for the holding of shares in uncertified form in respect of which Euroclear UK & Ireland Limited is the Operator (as defined in the CREST Regulations 2001)
“Daily Official List”	the daily record setting out the prices of all trades in shares and other securities trading on the London Stock Exchange
“Delisting”	the proposed cancellation of the listing of the Sinclair Pharma Shares on the Official List and of trading on the London Stock Exchange’s main

	market for listed securities
“Delisting Resolution”	the resolution of Sinclair Pharma to approve the Delisting as set out as Resolution 3 in the notice of the Sinclair Pharma General Meeting appended to the Sinclair Pharma Circular
“EBITDA”	earnings before interest, tax, depreciation and amortisation
“Effective Date”	the date on which the Scheme becomes effective in a accordance with its terms
“Enlarged Group”	the Sinclair Pharma Group, including the IS Pharma Group following the Merger becoming effective
“Enlarged Issued Share Capital”	the issued share capital of the Company following completion of the Merger, consisting of the Existing Sinclair Pharma Shares and the New Sinclair Pharma Shares
“EU”	the European Union
“Eurolist by Euronext Paris”	Eurolist by Euronext Paris, the regulated market of Euronext Paris
“Euronext ” or “Euronext Paris”	Euronext Paris SA
“European Economic Area” or “EEA”	territories comprising the European Union together with Norway, Iceland and Lichtenstein
“Existing Sinclair Pharma Shares”	the 240,979,560 Sinclair Pharma Shares in issue at the date of this announcement
“FSA” or “Financial Services Authority”	the Financial Services Authority of the United Kingdom
“Implementation Agreement”	the implementation agreement between Sinclair Pharma and IS Pharma dated 7 April 2011 relating to implementation of the Merger
“IS Pharma Board” or “IS Pharma Directors”	the board of directors of IS Pharma
“IS Pharma General Meeting”	the general meeting of IS Pharma to be held on 3 May 2011 in connection with the Merger including any adjournment thereof
“IS Pharma Group”	IS Pharma and its subsidiaries and, where the context requires, any one of them
“IS Pharma Optionholder Letters”	the letters to be sent to the IS Pharma Optionholders
“IS Pharma Optionholders”	the holders of the IS Pharma Share Options
“IS Pharma Share Capital”	the issued share capital of IS Pharma
“IS Pharma Share Option Plans”	the IS Pharma share option plans being: <ul style="list-style-type: none"> (i) the IS Pharma plc 2007 enterprise management incentive (EMI) and unapproved share option plan; and (ii) the IS Pharma 2000 enterprise management incentive (EMI) and unapproved share option plan

“IS Pharma Share Options”	<ul style="list-style-type: none"> (i) all options in issue under the IS Pharma Share Option Plans at the date of the Scheme Document; and (ii) any option(s) issued under the IS Pharma Share Option Plans after the date of the Scheme Document and before the Scheme Record Time
“IS Pharma Shareholders”	<p>the holders of:</p> <ul style="list-style-type: none"> (i) the IS Pharma Shares in issue at the date of the Scheme Document; (ii) any IS Pharma Shares issued after the date of the Scheme Document and before the Voting Record Time pursuant to the Scheme; and (iii) any IS Pharma Shares issued at or after the Voting Record Time pursuant to the Scheme and before the Scheme Record Time in respect of which the original or any subsequent holders are, or shall have agreed in writing to be, bound by this Scheme.
“IS Pharma Shares”	the existing unconditionally allotted or issued and fully paid ordinary shares of 10 pence each of IS Pharma and any further such shares which are unconditionally allotted or issued fully paid before the Effective Date or, subject to the provisions of the City Code, by such earlier period as Sinclair Pharma may decide
“IS Pharma”	IS Pharma, incorporated in England and Wales (with registered number 03337415) whose registered office is Office Village, Chester Business Park, Chester, CH4 9QZ
“ISIN”	International Securities Identification Number
“Listing Rules”	the listing rules of the FSA
“London Stock Exchange”	London Stock Exchange plc
“Merger Resolutions”	Resolution 1 and Resolution 2 to be proposed at the Sinclair Pharma General Meeting the full text of which will be set out in the notice of the Sinclair Pharma General Meeting appended to the Sinclair Pharma Circular
“Merger”	<p>means the recommended acquisition of the entire issued, and to be issued, share capital of IS Pharma by Sinclair Pharma to be implemented by way of:</p> <ul style="list-style-type: none"> (i) the Scheme (or should Sinclair Pharma elect, with the consent of the Panel, by means of a Takeover Offer) on the terms and subject to the Conditions set out in the Scheme Document and any subsequent revision, variation, extension or renewal thereof; and (ii) a separate proposal to the IS Pharma Optionholders on the terms and conditions set out in the IS Pharma Optionholder Letter
“New Sinclair Pharma Shares”	the up to 142,838,042 new Sinclair Pharma Shares to be issued and credited as fully paid to the IS Pharma Shareholders in connection with the Merger
“Official List”	the Official List of the UKLA

“Opening Position Disclosure”	has the meaning given to it in the preamble to Rule 8 of the Code
“Proposed Directors”	each of Matthew Hall, John Gregory and Tim Wright
“Prospectus”	the Sinclair Pharma prospectus which is to be issued in connection with the Merger.
“Reduction Court Order”	the order of the Court confirming the Reduction of Capital under section 648 of the 2006 Act in connection with the Scheme
“Reduction of Capital”	the proposed reduction of capital under section 641 of the 2006 Act in connection with the Scheme
“Regulation S”	Regulation S promulgated under the Securities Act
“Relevant Authority”	any central bank, government or governmental, quasi-governmental, supranational, statutory or regulatory body, or any court, institution, investigative body, association, trade agency or professional or environmental body or (without prejudice to the generality of the foregoing) any other person or body having statutory or regulatory competence in any jurisdiction
“Resolutions”	Resolution 1, Resolution 2 and Resolution 3 as set out in the notice of the Sinclair Pharma General Meeting appended to the Sinclair Pharma Circular
“Restricted Jurisdictions”	each of Australia, Canada, Japan, New Zealand, South Africa and the United States
“Scheme Document”	the document to be dispatched by IS Pharma to, amongst others, the IS Pharma Shareholders and, for information only, the IS Pharma Optionholders containing, amongst other things, the terms and conditions of the Merger, the Scheme, the explanatory statement required by section 897 of the 2006 Act and the notice of the Shareholder Court Meeting and the IS Pharma General Meeting
“Scheme Record Time”	6.00 p.m. on the Business Day immediately prior to the Effective Date
“Scheme”	the scheme of arrangement under part 26 of the 2006 Act to be proposed by IS Pharma to the IS Pharma Shareholders with or subject to any modification, addition or condition approved or imposed by the Court and agreed by IS Pharma and Sinclair Pharma
“Securities Act”	the United States Securities Act of 1933, as amended
“Shareholder Court Meeting”	the meeting of the IS Pharma Shareholders convened by order of the Court pursuant to section 896 Companies Act 2006 to be held at 2.10 p.m. on 3 May 2011 to consider and, if thought fit, approve the Scheme
“Sinclair Pharma Board” or “Sinclair Pharma Directors”	the current executive and non-executive directors of Sinclair Pharma being each of Grahame Cook, Christopher Spooner, Christophe Foucher, Jean-Charles Tschudin and, Penelope Anne Freer
“Sinclair Pharma Circular”	the circular to be sent to Sinclair Pharma Shareholders convening the Sinclair Pharma General Meeting
“Sinclair Pharma General”	the general meeting of Sinclair Pharma to be held in connection with the

Meeting”	Merger, including any adjournment thereof
“Sinclair Pharma Resolutions”	all of the Resolutions to be proposed at the Sinclair Pharma General Meeting the full text of which will be set out in the notice of the Sinclair Pharma General Meeting to be appended to the Sinclair Pharma Circular
“Sinclair Pharma Shareholders”	holders of Sinclair Pharma Shares
“Sinclair Pharma Shares”	ordinary shares of 1 pence each in the capital of Sinclair Pharma
“Sponsor” or “Singer”	Singer Capital Markets Ltd
“Takeover Offer”	a takeover offer governed by the City Code to implement the Merger as Sinclair Pharma may elect to make in accordance with the terms of the Implementation Agreement
“the Court”	the High Court of Justice in England and Wales
“the Panel”	the Panel on Takeovers and Mergers
“UK Listing Authority” or “UKLA”	the FSA acting in its capacity as the competent authority for the purposes of Part VI of FSMA in the exercise of its functions in respect of, inter alia, the admission to the Official List
“UK” or “United Kingdom”	the United Kingdom of Great Britain and Northern Ireland
“United States”, “US” or “USA”	the United States of America, its territories and possessions
“US Person”	a natural person resident in the US, a corporation or a partnership organised or incorporated under the laws of the US, any estate of which any executor or administrator is a “US person” within the meaning of Rule 902(k) under the Securities Act, any trust of which any trustee is a “US person” within the meaning of Rule 902(k) under the Securities Act, or any other person, entity, trust or estate included within the definition of “US person” under the Securities Act or determined to be resident in the US for the purposes of the US Investment Company Act of 1940, as amended
“Voting Record Time”	6.00 p.m. on the day which is two days before the date of the Shareholder Court Meeting or, if the Shareholder Court Meeting is adjourned, 6.00 p.m. on the day which is two days before the date of such adjourned meeting