



Sinclair IS Pharma plc

Acquisition of Advanced Bio-Technologies Inc.

Gives Sinclair IS ownership of full rights outside the US to Kelo-cote® scar reduction product.

Highlights

- Acquisition of Kelo-cote® in all remaining markets outside the United States makes it Sinclair IS' second largest brand
- Efficient re-cycling of capital into a core dermatology product with significant growth in developed and emerging markets
- Leveraging infrastructure of Sinclair IS to improve underlying cash flow
- Transaction expected to be earnings enhancing in first full year post completion

LONDON –8th December 2011 - Sinclair IS Pharma plc (AIM:SPH.L) ("Sinclair IS" or "the Company"), the international specialty pharmaceutical company, announces that it has entered into an agreement to acquire Advanced Bio-Technologies, Inc. ("ABT"), a dermatological products company focused on scar treatment and prevention from HealthEdge Investment Partners, LLC and certain other shareholders (the "Vendors") for a total consideration of £21.0m. The acquisition gives Sinclair IS ownership of ABT's flagship scar prevention and treatment product Kelo-cote® in all the remaining markets not already licenced by Sinclair IS outside the US, with the most important markets being Brazil, Korea and China. Sinclair IS previously licenced the rights to Kelo-cote® in its core European markets, the UK, France, Germany, Italy and Spain.

The acquisition has been structured to exclude ABT's existing US business and infrastructure and its subsidiaries (SOS Brands, Inc. and ABT-Belli Materna, Inc.). ABT's international division generated revenues of \$6.1 million in its last full financial year to 31 December 2010, representing growth of 19% over the prior year, and delivered EBITDA of \$3.9 million. Based on the results in the first ten months of the current financial year to 30 October 2011, ABT's international revenues are expected to grow by approximately 40% by the end of 2011, including revenues from Sinclair IS in Europe.

The total consideration is valued at £21.0 million (based on the closing price on 7 December 2011 of 21.38p per share) and includes inventory and debtors of c£0.9 million. The consideration comprises £16.7 million in cash payable on completion plus the issue of 19,990,000 ordinary shares of 1p each in the Company ("Consideration Shares") to the Vendors. The acquisition of ABT is expected to complete within 5 days ("Completion"). Following Completion, application will be made for the Consideration Shares to be admitted to trading on AIM. The Consideration Shares will be subject to a lock-up arrangement (see below). The Company is using the cash generated from the recent £11.1 million disposal of Mysoline, as announced by the Company on 15 November 2011, with the balance being drawn down from the Company's existing debt facility with Clydesdale Bank Plc.

The acquisition will be earnings accretive to Sinclair IS in the first full financial year, following a period of marketing investment. Kelo-cote® will immediately become Sinclair IS's second most important product/brand after Flammazine in terms of contribution. The acquisition is in line with the Company's strategy to commercialise fewer, bigger assets while using just one brand name globally. Sinclair IS now has a portfolio with four key products that in aggregate deliver over 40% of operations EBITDA before central overheads.

Scar reduction is a large and rapidly growing market. Silicone is recommended as the first-line treatment for scar management in the most recognised international guidelines. Kelo-cote® is a patented topical silicone gel range available both in prescribed and over the counter formats for the prevention and management of abnormal scars. The product is the most researched and published silicone technology available, which is widely recognized amongst physicians worldwide.



Kelo-cote® fits into two of the Company's core markets, straddling dermatology and wound care. Sinclair IS has identified a number of opportunities to grow the brand through entry into new territories and by developing line-extensions to augment growth. With revenues of approximately \$2m in Brazil, Kelo-cote® is already well established and is expected to serve as a platform for the Company's Latin American ambitions. In Asia, Kelo-cote® is also well established, generating revenues of \$1.1m in South Korea and is also sold in several other countries in the region including China, Japan and Australia. In Europe, where Sinclair IS already licences Kelo-cote® rights for the UK, Germany, France, Italy and Spain, the acquisition will significantly enhance margins in these territories.

Historically, ABT has intensively marketed Kelo-cote®, strengthening key opinion leaders' product endorsement and hosting several annual distributor roundtables worldwide. Sinclair IS expects to increase overall marketing spend and to leverage Kelo-cote® brand equity, but will only require two additional members of staff, with existing country operations and business development infrastructure positioned to grow the franchise.

Chris Spooner, CEO, commented: *"This accretive deal is a clear demonstration of the value Sinclair IS can create through leveraging our existing platform with targeted product acquisitions, as well as highlighting the Company's commitment to simplifying the business model with fewer, larger brands with international potential. We believe there is clear scope to augment the franchise with new launches, while substantial existing revenues from Brazil, South Korea and other key countries will further our ambitions in emerging markets"*.

Ends

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Additional Information as Required Under the AIM Rules:

Following the issue of the Consideration Shares, which rank pari passu with the Company's existing ordinary shares, the Company will have 400,802,790 ordinary 1p shares in issue, each share carrying the right to one vote. The Company does not hold any ordinary shares in Treasury.

The above figure of 400,802,790 ordinary shares may be used by shareholders in the Company as the denominator for the calculations by which they will determine if they are required to notify their interest in, or a change to their interest in, the share capital of the Company under the Financial Services Authority's Disclosure and Transparency Rules.

Lock-up Arrangement

The Consideration Shares are subject to a lock-up arrangement whereby they cannot be sold in the market until ABT's audited results for the year to 31 December 2012 are available or 30 June 2013 (whichever is earlier). Within that period, a proportion of the Consideration Shares may be sold if the Sinclair IS share price exceeds a certain threshold and a further proportion may be sold six months and twelve months post Completion.

Notes to Editors:



About Sinclair IS Pharma plc – www.sinclairispharma.com

Sinclair IS Pharma is an international specialty pharmaceutical company focused on treatments in dermatology, wound care, oncology support and critical care through advanced surface technology and innovative delivery systems. The Company has a growing sales and marketing operation with a direct sales presence in the top five European markets and an extensive marketing partner network across selected developed and emerging markets.

About Kelo-cote® – www.kelocote.com

Kelo-cote® is an innovative topical silicone gel for the management of scars and for the prevention of abnormal scars in the form of hypertrophic scars and keloids. Kelo-cote® is indicated for scars resulting from trauma, surgery, burns or other events that result in broken skin. Kelo-cote® is a revolutionary and patented product that maintains the positive benefits of silicone gel sheets while eliminating the concerns and limitations associated with their use. Kelo-cote® gel self-dries to a waterproof, gas permeable membrane that acts like an extra layer of skin. It helps to soften, flatten and smooth the scar while maintaining the moisture balance and elasticity of the adjacent skin. It has also been shown to reduce the discoloration and itching associated with scars. In FY11 Sinclair IS acquired the existing franchise for the UK and Germany, and simultaneously launched the product in France, Spain and Italy. The product is also available in spray and UV forms.

"Safe Harbor" Statement under the US Private Securities Litigation Reform Act of 1995: Some or all of the statements in this document that relate to future plans, expectations, events, performances and the like are forward-looking statements, as defined in the US Private Securities Litigation Reform Act of 1995. Actual results of events could differ materially from those described in the forward-looking statements due to a variety of factors.