

Sinclair Pharma plc

13 March 2006

NOT FOR RELEASE, PUBLICATION OR DISTRIBUTION, IN WHOLE OR IN PART, IN, INTO OR FROM THE UNITED STATES, CANADA, AUSTRALIA AND JAPAN

Proposed acquisition of Groupe CS Dermatologie SAS

Proposed Vendor Placing to raise £35 million

Sinclair Pharma plc (“Sinclair” or the “Company”) today announced the proposed acquisition of Groupe CS Dermatologie SAS (“CS Dermatologie”), a privately owned company based in Paris, France, focused on the manufacture and distribution of prescription drugs, OTC products and derma-cosmetic products in the dermatology field, with its own sales force in France, Spain and Portugal.

The Directors believe the Acquisition will advance the Group’s strategic aim to have its own sales and marketing activities in the five major European markets and will also significantly expand the Group’s portfolio of on-market products.

The consideration payable is €3.1 million (£36.8 million), comprising an initial payment of €1 million and a further payment of €2.1 million, and there is a performance related deferred consideration payable to the President of CS Dermatologie by Sinclair in annual instalments over a period of four years, based upon the annual incremental increases in revenue achieved by the CS Dermatologie Group.

The initial consideration of €1 million (£35.3 million) is being financed through a vendor placing of 28,000,000 new ordinary shares at a price of 125 pence per share, fully underwritten by Piper Jaffray and Bridgewell to raise £35 million for the Vendors, and the balance of £0.3 million, together with the further payment of €2.1 million (£1.5 million), will be satisfied from the Company’s cash resources. The new ordinary shares in the Vendor Placing have been conditionally placed with new and existing institutional investors in the UK, continental Europe and the US, and with certain directors of the Company who have agreed to take up in aggregate 1,520,000 of the new ordinary shares.

Key points and benefits of the acquisition:

- Profitable business with a strong revenue base. Revenue of €17.7 million for the year ended 31 December 2005
- A broad and complementary range of dermatology products significantly strengthens Sinclair’s existing product portfolio
- Provides direct sales force in three European markets: France, Spain and Portugal, allowing Sinclair to advance rapidly its stated strategy of expanding its direct sales and distribution activities
- Allows introduction of the current Sinclair dermatology portfolio into France, Spain and Portugal

- Allows CS Dermatologie’s products to be sold through Sinclair’s existing direct sales force in Italy and its extensive international distributor network
- Allows Sinclair to benefit from the higher revenues and gross margins associated with selling products direct rather than through its traditional distributor model
- Experienced management team will remain in place to run the business

Dr Michael Flynn, Chief Executive Officer of Sinclair, commented: “This acquisition transforms Sinclair’s dermatology business by providing the Company with a substantially enhanced product portfolio and route to market in three European countries. With clear cross-selling opportunities, and enhanced margins from selling through our own sales force, we believe that this acquisition substantially advances our strategy of becoming a leading European specialty pharmaceutical company.”

Enquiries:

Sinclair Pharma plc +44 (0)1483 426 644
 Michael Flynn, Chief Executive Officer
 Jerry Randall, Chief Financial Officer

Piper Jaffray Ltd. +44 (0) 20 7743 8700
 David Rasouly
 Jamie Adams

Bridgewell Securities Ltd. +44 (0)20 7003 3000
 Shaun Dobson
 Xavier de Mol

Financial Dynamics +44 (0)20 7831 3113
 Ben Atwell

Vendor Placing Statistics

Placing Price	125p
Number of Ordinary Shares in issue at the date of this announcement	65,276,219
Number of Vendor Placing Shares being conditionally placed	28,000,000
Number of Ordinary Shares in issue following completion of the Vendor Placing	93,276,219
Vendor Placing Shares as a percentage of the enlarged issued ordinary share capital	30.0%
Market capitalisation of the Company immediately following	£116.6 million

completion of the Vendor Placing (at the Placing Price)

Expected Timetable of Events

2006

Latest time and date for receipt of Forms of Proxy	10.00 a.m. on 27 March
Extraordinary General Meeting	10.00 a.m. on 29 March
Completion of the Acquisition and Admission of the Vendor Placing Shares to AIM	30 March
CREST accounts credited with Vendor Placing Shares in uncertificated form	30 March
Dispatch of definitive share certificates in respect of Vendor Placing Shares to be issued in certificated form	by 13 April

Piper Jaffray Ltd. is nominated adviser and joint broker to the Company for the purpose of the AIM Rules. Piper Jaffray Ltd., which is authorised and regulated in the United Kingdom by the Financial Services Authority and is a member of the London Stock Exchange, is acting exclusively for the Company in relation to the Vendor Placing and the Acquisition. Piper Jaffray Ltd. is not acting for any other person in connection with the matters referred to in this announcement and will not be responsible to anyone other than the Company for providing the protections afforded to clients of Piper Jaffray Ltd. or for giving advice in relation to the matters referred to in this announcement.

Bridgewell Securities Ltd. is joint broker to the Company for the purpose of the AIM Rules. Bridgewell Securities Ltd., which is authorised and regulated in the United Kingdom by the Financial Services Authority and is a member of the London Stock Exchange, is acting exclusively for the Company in relation to the Vendor Placing. Bridgewell Securities Ltd. is not acting for any other person in connection with the matters referred to in this announcement and will not be responsible to anyone other than the Company for providing the protections afforded to clients of Bridgewell Securities Ltd. or for giving advice in relation to the matters referred to in this announcement.

This press announcement has been issued by the Company and is the sole responsibility of the Company. This announcement has not been approved by either Piper Jaffray Ltd. or Bridgewell Securities Ltd. for the purposes of section 21 of the Financial Services and Markets Act 2000.

This announcement does not constitute or form part of any offer to sell or issue or the solicitation of any offers to purchase or subscribe for new ordinary shares in any jurisdiction. This announcement is not an offer of securities for sale in the United States. The new ordinary shares to be issued have not been and will not be registered under the United States Securities Act of 1933 (as amended) (the "Securities Act") or the securities laws of any state or other jurisdiction of the United States and new Ordinary Shares may not be offered or sold, direct or indirect through CREST or otherwise within the United States, absent registration under the Securities Act or an exemption from registration. No public offer of new ordinary shares is being registered in the United States.

This announcement does not constitute or form part of any offer or invitation to sell or issue, or any solicitation of any offer to purchase or subscribe for, any securities other than the securities to which it relates or any offer or invitation to sell or issue, or any solicitation of

any offer to purchase or subscribe for, such securities by any person in any circumstances, and in any jurisdiction, in which such offer or solicitation is unlawful. Accordingly, copies of this announcement are not being and must not be mailed or otherwise distributed or sent in or into or from the United States, Canada, Australia or Japan and any person receiving this announcement (including custodians, nominees and trustees) must not distribute or send it in or into or from the United States, Canada, Australia or Japan.

Neither the delivery of this announcement nor any subscription or sale made under it shall, under any circumstances, create any implication that there has been no change in the affairs of the Group since the date of this announcement or that the information in it is correct as of any subsequent time.

This announcement may contain forward-looking statements that reflect the Group's current expectations regarding future events, including the clinical development and regulatory clearance of the Group's products, the Group's ability to find partners for the development and commercialisation of its products, on the Group's liquidity and results of operations, as well as the Group's future capital raising activities. Forward-looking statements involve risks and uncertainties. Actual events could differ materially from those projected herein and depend on a number of factors, including the success of the Group's strategies, the applicability of the discoveries made therein, the successful and timely completion of clinical studies, the uncertainties related to the regulatory process, the successful integration of completed mergers and acquisitions and achievement of expected synergies from such transactions, the ability of the Group to identify and consummate suitable strategic and business combination transactions.

Sinclair Pharma plc

13 March 2006

NOT FOR RELEASE, PUBLICATION OR DISTRIBUTION, IN WHOLE OR IN PART, IN, INTO OR FROM THE UNITED STATES, CANADA, AUSTRALIA AND JAPAN

1. Introduction

Sinclair Pharma plc today announced that it has entered into a conditional agreement to acquire CS Dermatologie, a privately owned company based in Paris, France, focused on the manufacture and distribution of prescription drugs, OTC products and derma-cosmetic products in the dermatology field. The initial consideration is €51 million (£35.3 million), payable on completion. A further €2.1 million (£1.5 million) is payable, to EF only, 20 business days after completion. Further performance related deferred consideration of up to a maximum of €25 million (£17.3 million) is payable by Sinclair in annual instalments over a period of four years based upon the annual incremental increases in revenue achieved by the CS Dermatologie Group. The Directors consider the Acquisition will further the Group's strategic aim to have its own sales and marketing activities in the five major European markets and will also expand the Group's portfolio of on-market products.

The initial consideration of €51 million (£35.3 million) is to be satisfied through the issue of 28,000,000 Vendor Placing Shares which have been conditionally placed by Piper Jaffray and Bridgewell at the Placing Price to realise cash proceeds of £35 million for the Vendors, and the balance of £0.3 million, together with the further payment of €2.1 million (£1.5 million) will be satisfied from the Company's cash resources.

In order for the Acquisition and the Vendor Placing to be effected it is necessary to seek Shareholders' approval at the EGM to increase the authorised share capital of the Company and to authorise the Directors to allot the Vendor Placing Shares pursuant to the Acquisition and the Vendor Placing. The Acquisition and the Vendor Placing are conditional therefore, amongst other things, upon the approval of Shareholders. After consultation with the London Stock Exchange the acquisition of CS Dermatologie is not being treated as a "Reverse takeover" as defined by the AIM Rules.

2. Information on CS Dermatologie

Background

CS Dermatologie is a privately-owned French pharmaceutical company, based in Paris, France focused on the manufacture and distribution of topical treatments in the field of dermatology. It has a complementary range of branded products covering the prescription drug, OTC product and derma-cosmetic product markets. CS Dermatologie markets its products using its own sales force in its main market, France, as well as in Portugal and Spain; and sells to other countries in north Africa, the French territories and Asia through a range of distributors.

CS Dermatologie was originally established in 1986 as a joint venture between Didier Rase and Sanofi and incorporated the latter's prescription dermatology business in 1991. Mr Rase, who owns EF, one of the Vendors, and is President of CS Dermatologie, was the manager of the business whilst it was partnered with Sanofi and has remained the key driver of the business since it became independent in 1993. Since then CS Dermatologie has grown by the

acquisition of well known branded drugs and innovative products and has expanded to cover both OTC and derma-cosmetic products. In 1994, CS Dermatologie acquired a 50 per cent. interest in a Portuguese dermatology company based in Lisbon, and in 2005 acquired a 51 per cent. interest in a small Spanish company based in Madrid providing it with small sales forces in each of these countries.

Products and markets

The CS Dermatologie Group has a portfolio of three complementary categories of branded dermatology products which cover a range of therapeutic treatments as follows:

- Prescription products – treatments for fungal infections, acne and eczema
- OTC products – treatments for nappy rash, skin bacterial infections, superficial burns and warts
- Derma-cosmetic products – treatments for mild ailments such as mild acne and dry skin, and beauty treatments such as anti-ageing creams and skin lotions

CS Dermatologie's key products are summarised in the table below:

Brand	Active Ingredient	Indication	2005 sales in France (€millions)
Prescription Products			
FAZOL	Isoconazole	Anti-fungal	2.7
VIBRAMYCINE	Doxycycline	Acute acne	1.6
TRIDENOSIT*	Desonide	Eczema, dermatitis	1.5
EFFEDERM	Tretinoin	Acne	0.4
PANNOGEL	Benzoyl peroxide	Acne	0.3
OTC Products			
JONCTUM	Oxaceprol	Superficial burns	1.7
OXYPLASTINE	Zinc oxide	Nappy rash	0.8
EPHYDROL**	Various	Perspiration	0.6
Derma-Cosmetics			
FADIAMONE	Centella Asiatica, soya extract	Anti-ageing cream	1.0
EFFADIANE	Allantoin	Dry skin	1.0
PAPULEX	Bacterial anti-adhesion factor	Acne	1.1
MELA'AURA	Aloe vera	Dry skin	0.4

* Fastest growing prescription product for CS Dermatologie.

** Fastest growing OTC product for CS Dermatologie.

Sales are reasonably spread across each of these three categories with prescription drugs accounting for 46 per cent., OTC products 27 per cent. and derma-cosmetic products 27 per

cent. of the CS Dermatologie Group's sales of €17.7 million for the year ended 31 December 2005.

France is by far the largest market for the CS Dermatologie Group's products, accounting for 80.8 per cent. of sales in the year ended 31 December 2005, while Portugal accounted for €0.9 million or 5.1 per cent. in the same period, Spain accounted for €0.1 million (for the five month period since acquisition) and other export markets, including north Africa, the French territories and Asia accounted for €2.5 million or 14.1 per cent. of the sales for the year ended 31 December 2005.

Overall sales in 2005 fell by 3.7 per cent., principally as a result of declining prescription drug sales, in particular due to the advent of generic competition for Vibramycine, a treatment for acute acne. This was compounded by the introduction of a 'gate-keeper' system for the prescription of dermatology therapies in France whereby patients are now compelled to visit a general practitioner prior to a visit to the dermatologist. This temporarily reduced dermatology prescriptions in the second half of 2005.

In response to the French government's policy of reducing expenditure on prescriptions for minor dermatological ailments, CS Dermatologie's strategy has been to move towards a higher mix of derma-cosmetic products for which patients bear the full cost themselves. This has the added strategic advantage that derma-cosmetic products tend to have a higher margin than prescription drugs and are part of a growing market.

CS Dermatologie is planning to introduce line extensions for a number of its derma-cosmetic products in 2006.

Sales and Marketing

In France CS Dermatologie employs 18 sales representatives, managed by two area sales managers and a national sales manager, who market CS Dermatologie's prescription drugs and OTC products to specialist dermatologists and selected general practitioners. CS Dermatologie's derma-cosmetic products are marketed through an agreement with Edrapharm, a leading French contract sales organisation, dedicated to the pharmacy marketplace. Under this agreement, CS Dermatologie contracts for 24 sales representatives on a non-exclusive basis and 3 area sales managers, who target high sales potential French pharmacies.

In Portugal there are 4 sales representatives based in Porto and Lisbon covering the Portuguese market, while in Spain there are 4 sales representatives, who call on dermatologists and high prescribing general practitioners.

In all other overseas markets CS Dermatologie uses local distributors to market its products.

Manufacturing

CS Dermatologie manufactures most of its products at its own factory in Cléry, Paris in accordance with GMP standards. This is supplemented by outsourcing to third party contract manufacturers for Vibramycine and Jonctum as part of the in-licensing agreements for these products.

To date Sinclair has chosen not to manufacture its products in-house and following the Acquisition the Directors will consider whether it is appropriate for CS Dermatologie to maintain in-house manufacturing activities.

Management

Brief biographies of the CS Dermatologie's key management team are set out below.

Didier Rase (President, 57) is responsible for the overall management and strategy of CS Dermatologie and is closely involved with the identification and introduction of new products to the business. Mr Rase has been the key driver behind the business since he founded the two dermatology companies Cofraco and Care System as a joint venture with Sanofi in the 1980's. These businesses combined to form CS Dermatologie in 1993. Mr Rase, who currently owns 39.9 per cent. of CS Dermatologie through EF, has committed to stay with the business following completion of the Acquisition during which time he will be incentivised to grow the business through a performance related incentive scheme for which EF is the sole beneficiary.

Michel Bedouel (Factory Manager, 57), a pharmacist by training, has been responsible for the manufacturing operations at CS Dermatologie since 1996. Prior to that he held senior positions in production, site management and quality assurance at Procter and Gamble, France for more than 20 years achieving the position of Quality Assurance Director in 1994.

Ivan Ferey (Marketing Director, 42) entered the pharmaceutical industry as a medical representative with Pharmacia in 1989 and joined CS Dermatologie in 1993 as regional director, progressing to the position of National Sales Manager in 1998 and was promoted to his current position of Marketing Director in 2001.

Sebastien Baudinot (Export Director, 33) holds a Masters in Management from ESSEC in Paris and joined CS Dermatologie in 2000 from Bioglan UK where he had been responsible for distributor recruitment and training and sales development for Asia and East Africa. He is currently responsible for the sales development of CS Dermatologie's overseas markets and the management of the two subsidiary companies in Portugal and Spain.

Franck Pinon (National Sales Manager, 46) joined CS Dermatologie from Bayer in 2003. He has over ten years experience in sales management functions in the pharmaceutical industry with Astra Zeneca, Sanofi and Laboratoire Bouchara, and holds an MBA from ESSEC in Paris.

Financial Information

In the year ended 31 December 2005, the CS Dermatologie Group had revenues of €17.7 million and an operating profit of €2.3 million. As at 31 December 2005, the CS Dermatologie Group had net assets of €31.8 million after excluding bank borrowings and shareholders loans and the cash which will be eliminated immediately prior to completion of the Acquisition.

3. Reasons for the Acquisition

The Directors believe that CS Dermatologie represents a transforming acquisition for Sinclair for the following reasons:

- CS Dermatologie is focused on dermatology products and its complementary range of products will strengthen Sinclair's existing product portfolio in its key area of therapeutic focus;
- the Acquisition is expected to allow Sinclair to advance rapidly its stated strategy of expanding its sales and distribution activities into the five major European markets. Following the acquisition of Euroderm in Italy in January 2005, the Acquisition will allow Sinclair to expand its direct sales and marketing presence beyond Italy and into France as well as Spain and Portugal;
- the Acquisition will open the way for the introduction of the Group's existing dermatology portfolio into France, Spain and Portugal. In the longer term this is expected to enable Sinclair to benefit from the higher revenues and gross margins

associated with selling products direct rather than through its traditional distributor model;

- the integration of some of CS Dermatologie's products into Sinclair's existing sales and marketing infrastructure will create opportunities for revenue growth, through Sinclair's own sales force in Italy, and through its international distributor network;
- CS Dermatologie has an experienced management team which will remain in place to run the business allowing Sinclair's existing management to focus on running the Enlarged Group as a whole; and
- CS Dermatologie is a profitable business with a strong revenue base which will provide critical mass to Sinclair's current commercial activities.

4. Details of the Vendor Placing

The Company has entered into the Vendor Placing Agreement with Piper Jaffray and Bridgewell, pursuant to which Piper Jaffray and Bridgewell have agreed (as agents of the Company) to procure places for the Vendor Placing Shares at the Placing Price. The Placing Price of 125p per Vendor Placing Share represents a discount of 2.0 per cent. to the closing mid-market price of 127.5p per Ordinary Share on 10 March 2006, being the latest practicable date prior to the date of this announcement.

The Vendor Placing, which has been fully underwritten by Piper Jaffray and Bridgewell, is conditional, inter alia, upon:

- the approval of the Resolutions at the EGM;
- the Vendor Placing Agreement becoming unconditional in all respects and not having been terminated in accordance with its terms; and
- Admission.

The Vendor Placing Shares will be issued credited as fully paid by virtue of completion of the Acquisition Agreement and will be identical to and rank *pari passu* in all respects with the existing Ordinary Shares, including the right to receive all future distributions, declared, paid or made in respect of the Ordinary Shares from the date of Admission. The Vendor Placing Shares represent approximately 30.0 per cent. of the enlarged issued ordinary share capital of the Company following the Vendor Placing.

In order to broaden the institutional shareholder base of the Company and to minimise transactional costs, the Vendor Placing Shares are only being offered to a number of existing and new institutional shareholders. The Vendor Placing Shares are not being made available to the public.

Application will be made to the London Stock Exchange for the Vendor Placing Shares to be admitted to trading on AIM. It is expected that Admission will become effective and that dealings in the Vendor Placing Shares will commence on 30 March 2006.

5. Extraordinary General Meeting

An EGM will be held at the offices of Simmons & Simmons, One Ropemaker Street, London EC2Y 9SS at 10.00 a.m. on 29 March 2006. The Resolutions to be proposed at the EGM are to approve an increase the nominal capital of the Company to £1,250,000 by the creation of 55,000,000 new Ordinary Shares; and to authorise the Directors to allot relevant securities up

to a maximum aggregate number of 59,092,000 Ordinary Shares, representing up to an aggregate nominal amount of £590,920.

Enquiries:

Sinclair Pharma plc +44 (0)1483 426 644

Michael Flynn, Chief Executive Officer

Jerry Randall, Chief Financial Officer

Piper Jaffray Ltd. +44 (0) 20 7743 8700

David Rasouly

Jamie Adams

Bridgewell Securities Ltd. +44 (0)20 7003 3000

Shaun Dobson

Xavier de Mol

Financial Dynamics +44 (0)20 7831 3113

Ben Atwell

Definitions

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

“Acquisition”	the proposed acquisition by the Company of CS Dermatologie pursuant to the Acquisition Agreement
“Acquisition Agreement”	the conditional agreement dated 13 March 2006 between the Company and the Vendors relating to the Acquisition of CS Dermatologie
“Admission”	admission of the Vendor Placing Shares to trading on AIM becoming effective in accordance with the AIM Rules
“AIM”	AIM, a market that is operated by the London Stock Exchange
“AIM Rules”	the rules published by the London Stock Exchange governing admission to and operation of AIM (as amended from time to time)
“Bridgewell”	Bridgewell Securities Ltd, the Company’s joint broker
“Company” or “Sinclair”	Sinclair Pharma plc
“CS Dermatologie”	Groupe CS Dermatologie SAS
“CS Dermatologie Group”	CS Dermatologie and its subsidiaries and subsidiary undertakings from time to time, or any one of them as the context may require
“Enlarged Group”	the Group as enlarged by the Acquisition
“EF”	Europe Finance SAS, being one of the Vendors and a company controlled by Didier Rase, President of CS Dermatologie
“EGM” or “Extraordinary General Meeting”	the extraordinary general meeting of the Company to be held at 10.00 a.m. on 29 March 2006 (and any adjournment thereof)
“Euros” or “€”	Euros, the lawful currency of the European Union
“Form of Proxy”	the form of proxy for use by Shareholders at the EGM
“Group”	the Company and its subsidiaries and subsidiary undertakings from time to time, or any one of them as the context may require
“London Stock Exchange”	London Stock Exchange plc
“Ordinary Shares”	the ordinary shares of 1p each in the capital of the Company
“OTC products”	over-the-counter products, sold in pharmacies without the need for a prescription
“Piper Jaffray”	Piper Jaffray Ltd., the Company’s nominated adviser and joint broker
“Pounds Sterling”, “GBP” or “£”	Pounds Sterling, the lawful currency of the United Kingdom
“Placing Price”	125p, being the price at which each Vendor Placing Share is to be issued under the Vendor Placing

“Portugal”	the territories forming the Republic of Portugal
“Prescription drugs”	pharmaceutical drugs available only on the prescription of a registered medical practitioner and available only from pharmacies
“Resolutions”	the resolutions to be proposed at the EGM
“Shareholders”	holders of Ordinary Shares
“Spain”	the territories forming the Kingdom of Spain
“Vendor Placing”	the proposed placing of the Vendor Placing Shares at the Placing Price on the terms and conditions of the Vendor Placing Agreement
“Vendor Placing Agreement”	the conditional agreement dated 13 March 2006 between Piper Jaffray, Bridgewell and the Company relating to the Vendor Placing
“Vendor Placing Shares”	28,000,000 new Ordinary Shares to be allotted pursuant to the Vendor Placing
“Vendors”	EF, Atria Private Equity Fund, I Ferey, M Bedouel, F Pinon and S Baudinot

Unless otherwise stated, the Sterling/Euro exchange rate applicable to amounts stated in this announcement is £1: Euro 1.4443 being the spot rate of exchange for the conversion of Pounds Sterling to Euros which will be used to convert the placing proceeds from Pounds Sterling to Euros in order to effect payment to the Vendors due on completion of the Acquisition in accordance with the Acquisition Agreement.