



SINCLAIR PHARMA ACQUIRES EURODERM RDC SpA

Godalming; 22 December 2004: Sinclair Pharma plc ("Sinclair" or the "Company") (SPH.L) announces that it has agreed to acquire the business of Euroderm RDC SpA ("Euroderm"), a privately-owned pharmaceutical business focused on the dermatology market, for a consideration of €6 million in cash and shares.

Euroderm, based in Italy, has its own range of products principally in the dermatology field and a commission-only sales force that operates within Italy. The company has 21 sales agents that promote to specialists and pharmacies, and 12 other staff.

Euroderm currently has a portfolio of branded prescription and OTC dermatology products and a small range of products in gynaecology. Euroderm also has a number of new products under development, including two patented products, which are not yet generating revenue, which Sinclair will continue to develop.

Sinclair intends to sell its existing derma products, Atopiclair™ (for atopic dermatitis and allergic contact dermatitis) and Sebclair™ (for the treatment of seborrheic dermatitis), through Euroderm's sales force as well as selected future products in the Company's pipeline.

For the year ended 31 December 2003, Euroderm generated revenues of approximately €3.6 million and had net assets of approximately €2.9 million. In the year to 31 December 2004, it is expected to report revenues of approximately €3.7 million and to be profitable.

Under the terms of the transaction, half of the initial consideration will be paid on completion (€1.5 million cash, €1.5 million in Sinclair shares) and the balance, subject to final adjustments, paid on the sign off of Euroderm's audited results to 31 December 2004 (€3 million in Sinclair shares). The consideration to be satisfied in Sinclair shares can be paid in cash at Sinclair's option. The vendor of Euroderm has undertaken not to dispose, other than in specified circumstances, of the Sinclair shares to be issued to it as consideration for the acquisition for a limited period following the issue of each tranche of shares and, thereafter until 12 months after each issue, to notify Sinclair of its intention to dispose of such shares and to dispose of such shares through Sinclair's broker.

Sinclair's Chief Executive, Dr Michael Flynn, said: "The acquisition of Euroderm substantially increases both Sinclair's product portfolio and the Company's revenues. This deal also marks a significant step in the evolution of our strategy and reflects the progress made since IPO. We now have a growing portfolio of approved products, which we will be able to market ourselves in selected countries."

"Until now, Sinclair's strategy has been to acquire products in late stage development, complete registration and appoint distributors in the key markets. The acquisition of our own sales and marketing capability in key markets through acquiring companies with established product lines will allow Sinclair to achieve greater profitability by sharing in the larger downstream margins for its own products without increasing the risk profile of the Company. The acquisition of Euroderm achieves this objective in Italy."

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Sinclair Pharma plc

Sinclair Pharma plc based in Godalming in the UK, is quoted on the Alternative Investment Market (AIM) on the London Stock Exchange and has focused on the acquisition and development of niche patented pharmaceutical products in the fields of oral health, oncology support and dermatology, and bringing them to the international market place via out-licensing partners. The Company combines product evaluation, product development, regulatory and business development expertise to add value to its acquired and in-house developed products. A key element of the Sinclair business model is to minimise risk and exposure by avoiding involvement in lengthy R&D programmes and rapidly achieving global distribution through a network of marketing partners. The Company has already licensed its products for distribution in over 40 countries around the world.

www.sinclairpharma.com

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