Sinclair Pharma plc

Interim Results

Sinclair Pharma plc (SPH.L), ("Sinclair", or the "Group", or the "Company") the international aesthetics company, today announces its unaudited half year results for the six months ended 31 December 2015.

These are Sinclair's first financial results since the divestment of the non-aesthetics business and reflect the ongoing core business with all results from non-aesthetics disclosed under discontinued operations.

Highlights

- Created a focused and dedicated international aesthetics company with fast growth, a unique portfolio and a transformational opportunity in the US
    - US launch of Silhouette InstaLift™ on track for Q4 FY16
- As expected, reported sales at £7.7 million (H1 FY15: £10.5 million) were lower in H1 as a result of planned distributor de-stocking
- Overall in-market growth rate of 31% for the 6 month period to 31 December 2015
    - Ellansé® in-market sales +100%
    - Silhouette + 64%
- Pre-launch activities for Silhouette InstaLift™ increased during the period and the initial reception has exceeded Company expectations
- Disposal of non-aesthetics business for £132 million has strengthened the balance sheet which is now debt free
- Net cash of £75.4 million at 31 December 2015 available to invest in future growth opportunities
- The Company remains in an offer period

Post period highlights

- Successfully renegotiated Ellansé® milestone payments, significantly reducing the deferred consideration payable from €36 million to a one-off payment of €15 million. As a result, a c. £8 million one-off exceptional gain is expected in the current financial year ending 30 June 2016
- Q3 FY16 revenues expected to exceed £8.0 million, ahead of H1 FY16
- 40% in-market and reported revenue growth forecast for calendar 2016, excluding US revenues from Silhouette InstaLift™

Chris Spooner, CEO, commented *"Our decision to focus the business entirely on aesthetics has allowed us to build solid foundations to support future growth. We have built an exciting portfolio of high growth, differentiated products that address patient and physician demand for better, long-lasting natural results. The imminent US launch of Silhouette InstaLift™ will expose Sinclair to the world's largest aesthetics market and is expected to be transformational for both revenue and earnings growth. Underlying end-user sales growth remains strong, and as previously guided we*

have de-stocked our distribution channel reducing reported sales for the first half. The de-stocking process is largely complete and sales for the third quarter are expected to exceed first half sales. Our expectations for calendar 2016 and beyond remain unchanged and we are highly confident in the immediate and longer term outlook".

Ends

For further information please contact:

Sinclair Pharma plc **Tel: +44 (0) 20 7467 6920**
Chris Spooner
Alan Olby

Peel Hunt LLP (NOMAD and Broker) **Tel: +44 (0) 20 7418 8900**
James Steel

Media enquiries

FTI Consulting **Tel: +44 (0) 203 727 1000**
Ben Atwell
Brett Pollard

About Sinclair Pharma plc – www.sinclairpharma.com
Sinclair Pharma plc is an international company operating in the fast growth, high gross margin, global aesthetics market. Sinclair has built a strong portfolio of differentiated, complementary aesthetics technologies, which are experiencing significant growth, targeting unmet clinical needs for effective, high quality, longer duration, natural looking and minimally-invasive treatments. The Company is planning entry to multiple new geographic markets and line extension launches over the next few years. Sinclair has an established sales and marketing presence in the leading EU markets, an option to acquire its Brazilian distributor and a network of international distributors. The Company is undergoing a strategic review and various distribution options for the US launch of Silhouette InstaLift™ are under consideration.

"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.

BUSINESS REVIEW

The disposal of the non-aesthetics business for £132 million has transformed Sinclair into a focused, innovative and high growth pure-play aesthetics business with a strong balance sheet. During the period, the Company recorded in-market growth of 31% for the aesthetic portfolio, with key products Silhouette Soft® and Ellansé® delivering in-market growth of 64% and 100% respectively. As previously guided, a decision was taken to de-stock the distributor channel to more closely align reported sales with in-market sales to improve visibility. This has led to a reduction in reported sales in the first half of FY16 (£7.7 million versus £10.5 million in the prior year). Distributor inventory levels were approximately six weeks at the end of the period and have subsequently remained at this level. With Q3 2016 revenues expected to be in excess of those for the entire first half, current in-market and reported growth is robust.

In the US, pre-launch activities for Silhouette InstaLift™ were increased during the period and the initial reception has been stronger than anticipated. As a result of this encouraging development, the Board agreed to take time during the ongoing strategic review to determine the optimal path forward for this transformational opportunity.

The Company is remaining in an offer period under the framework provided by a formal sales process under the Takeover Code. The Board believes that Sinclair as a dedicated aesthetics business is an attractive growth platform and has a secure and promising future as an independent business. The Board will continue its assessment on how to maximise shareholder value and continues to receive attention with regards to the remaining aesthetics business from a number of international companies, many of which are interested in some form of co-operation, including (co)-promotion; licensing of products; distribution agreements; and merger and acquisition opportunities.

Non-aesthetics disposal and business simplification

The disposal of the non-aesthetics business to Alliance Pharma Plc, completed on 17 December 2015, has significantly strengthened the Group's balance sheet to support future growth and has also simplified the Company. Sinclair has recently taken steps to use its enhanced cash position to renegotiate future milestone payments due for historical aesthetics acquisitions.

Sinclair received total upfront cash consideration of £132 million plus working capital (and future royalties on Flammacerium in the US) for the disposal of its non-aesthetics products and pipeline, which represented a multiple of 3.1x FY15 sales.

As a result of the disposal, the Company has reduced the number of SKUs from 333 to less than 50, moved from using 12 to just 3 third-party manufacturers and substantially reduced the number of distributor relationships significantly reducing business complexity. The Company's headcount has also been reduced with 39 employees transferring to Alliance as part of the transaction. Management information and reporting procedures have been simplified in-line with the transition to a simplified portfolio.

Re-negotiation of the Ellansé® milestone payments

Sinclair has recently successfully renegotiated the milestone payments due to the vendors of Ellansé®. In return for a one-off payment of €15 million, the vendors waived their rights to further milestone payments which totalled €36 million and were expected to have been paid over the next

3-5 years. This transaction is estimated to generate a one-off exceptional gain of approximately £8 million during H2 FY16 as a result of the significant reduction in deferred consideration payable.

Silhouette InstaLift™

Silhouette InstaLift™ is the only FDA cleared US injectable with a facial *lifting* claim. Commercial launch, expected in mid-2016, will create a transformational growth opportunity and is Sinclair's main focus.

Doug Abel who joined as President of Sinclair US during the period has a broad aesthetic and dermatology background. He had an instrumental role in the development and launch of BOTOX® and subsequently has been involved with several aesthetics start-ups, launching products and building new organisations.

Sinclair has created a US Advisory Board comprising eight renowned aesthetic dermatologists and plastic surgeons who now use the product regularly. Initially their role has been to develop industry and physician awareness, and over time to create a larger pool of US Key Opinion Leaders ("KOLs") and product trainers for launch. To date, more than 200 patients have been treated by over 20 KOLs and Advisory Board members.

In-line with the Group's experience with Silhouette Soft® elsewhere in the world, management believes that the ultimate commercial success of Silhouette InstaLift™ will be a function of both physician training and education as well as the product's performance and reputation for efficacy and safety. A reputable third party CME (medical education) provider has been appointed to develop educational content and will, independent of Sinclair, be launching training in H2 FY16.

Since the start of 2016, the US Advisory Board exposure has provided a high profile symposium presence at leading industry events. The first live demonstration in January 2016 was attended by several hundred physicians at the Orlando Dermatology and Aesthetic Conference. Subsequently InstaLift™ has been presented at the South Beach Symposium, where in a one hour session with eight faculty members and a live demonstration, over 400 attendees saw and heard the enthusiasm of the initial users. In March 2016 at the American Academy of Dermatology ('AAD'), Silhouette InstaLift™ was included in the live patient demonstrations to an audience of over 500 physicians, alongside the leading aesthetic products available today. In addition, four other AAD presentations included Silhouette InstaLift™ discussions, including the key 'What's new?' session with over 1,300 physicians in attendance.

Sinclair has not yet started promotional spending activities for Silhouette InstaLift™. Nevertheless the product has already received widespread commentary in printed and digital media, and on television. With awareness building rapidly, the Company has already received multiple unsolicited enquiries from both physicians and patients.

Silhouette Soft®

Reported sales in the period of £3.2 million (H1 FY15: £2.7 million) represented growth of 19%. In contrast, in-market growth was 64% (48% excluding newly-launched Brazil). The reported number was affected by de-stocking actions in several markets. Sinclair believes that the FDA clearance of Silhouette InstaLift™ and the recent US pre-launch activities are now providing a halo effect for the product in other territories and contributing to the overall in-market growth rate.

Silhouette Soft® in-market growth was 66% in Sinclair's European affiliates in the period, with notably strong performances in Spain and Germany. High growth rates have continued in Europe into 2016.

Brazilian in-market growth was very strong during the period due to pent-up demand for the product following its approval in Q4 FY15. It should be noted that the headline in-market growth rate of 195% is reflective of a launch period and the noted pent up demand. The underlying growth rate at the exit of the period is estimated at 15-20%. Adverse foreign currency impacts and the rapid deterioration of the Brazilian economy have had an impact on the country's aesthetics market. However there remains considerable scope for geographical expansion within the territory and sustainable growth prospects over the medium term.

Elsewhere Silhouette Soft® is performing strongly in multiple markets notably South Africa, Turkey, and UAE. Growth in 2016 is likely to be supplemented by the recent launch in South Korea, new distribution partners for Japan and Australia, and H2 FY16 launches anticipated in Columbia and Mexico.

Business development for Silhouette Soft® during the period included a significant new distribution deal in China and Hong Kong. Launch in Hong Kong is planned for H2 FY16 and pre-registration activities for China have now commenced ahead of a target launch in 2019.

Silhouette Soft® Key Activities

In line with Sinclair's objective to be an industry leader in product training and education, the Company has conducted multiple product and cadaver/anatomy workshops, live demonstrations and technique training sessions. Of note was the European *World Experts' Meeting ('WEM')* held in Barcelona in October 2015. This two-day event was attended by over 1,200 dermatologists and plastic surgeons and featured only Silhouette Soft® and its use in combination with Ellansé®. The Company believes the European *WEM* to be the best attended single company educational event in the aesthetics industry.

In November, Sinclair held its first Latin American *WEM* in Sao Paolo, attended by over 300 physicians. In Asia, Sinclair formed the Silhouette Soft® Medical Advisory Board ahead of the December 2015 launch in South Korea. In February 2016, the Company held its first Asia *WEM* in Bali. This event was attended by over 300 leading aesthetic physicians and plastic surgeons from the region, and included hands on training workshops.

Ellansé®

Reported sales in the period of £1.7 million (H1 FY15: £1.8 million) fell by 7%. In contrast in-market growth was +100% for the six months ended 31 December 2015. The difference between reported sales growth and in-market sales growth is largely the result of the Company deliberately de-stocking the South Korea distributor during the period, and by the decision to terminate the existing underperforming distribution partner in Mexico.

Ellansé® sales momentum in Sinclair's European affiliates has accelerated sharply in the period. In-market growth of 92% was recorded despite a slowdown in France following the Paris terrorist attacks. This trend has continued into 2016 with France accelerating again.

Ellansé® revenues are being significantly aided by high growth rates from low bases in multiple markets outside Europe. The Company has seen a clear pick-up in the use of the product across all regions and while it is still early days, the broad nature of this growth provides confidence in the outlook for the product in 2016 and beyond.

In South Korea, a full recovery from the excess stock position inherited by Sinclair on acquisition is expected by the end of FY16 and has been aided by a partner switch during the period.

Business development for Ellansé® during the period included new distribution deals in China and Hong Kong. Launch in Hong Kong is planned for H2 FY16 and registration activities for China have now commenced ahead of a target launch in 2019. Further Ellansé launches in 2016 will include Australia, Japan, Malaysia, Singapore, South Africa and a re-launch in Mexico following the partner switch.

Ellansé® Key Activities

Sinclair has become increasingly optimistic regarding the sales potential of the Ellansé brand and is currently reconsidering the peak sales potential of this unique asset. At the time of acquisition the product was largely viewed as a next generation collagen stimulator. However, there is already increasing evidence that physicians are now using the product in place of long-acting hyaluronic acid ('HA') fillers, potentially opening up a far larger target market.

Experience from all Sinclair regions suggests that physicians take time to adopt the brand as they are naturally cautious regarding the use of long-acting collagen stimulators. However, with c.120,000 patients treated to-date, the excellent clinical results and safety profile are now increasingly self-evident. There is now a clear upward trend in both the number of physician users and their rate of use.

The success of Ellansé in the past several months has persuaded management to increase marketing, training and clinical investment to further drive growth of the brand. The Company has held multiple live demonstrations and training workshops throughout all regions during the period. Data is being generated comparing Ellansé with HA fillers and evaluating anecdotal evidence of Ellansé's skin boosting properties.

In the US, pre IDE work continues ahead of a planned clinical study to start this year. Approval is anticipated via a full Pre-Marketing Approval ('PMA') for a launch in early 2019.

Perfectha®

Reported sales in the period of £1.3 million (H1 FY15: £3.7 million) fell by 66%. By contrast in-market performance was flat (-1%).

The reported figure was largely the result of the planned de-stocking in the brand's largest market, South Korea, where reported sales were £nil compared to £1.2 million in the prior year. Historical supply and quality issues had generated high distributor stock levels dating back to before Sinclair's ownership of the product. These problems have long since been resolved and Sinclair has made a concerted effort to reduce stock levels during the period. However, reported sales were further affected by contractual negotiations with the distributor, contributing to a 28% reduction in in-market use during the period. This contractual situation was resolved during Q3 FY16 and a strong recovery is now anticipated.

Sales of Perfectha® have also been impacted in Russia, where the overall aesthetics market demand has been moderated by the weak currency and economic difficulties. In Brazil, Perfectha® distribution rights were terminated in preparation for new Sinclair affiliate arrangements in 2016. As a result, sales into Brazil which were £0.5 million in FY15 were £nil in the six month period.

Excluding South Korea, Russia and Brazil in-market growth for Perfectha® was 32% during the period with notably strong performances by the European affiliates and throughout the Middle East.

The outlook for calendar 2016 and beyond provides considerable cause for optimism. In February 2016 South Korea distribution arrangements were renewed with minimum purchase obligations for 2016 in excess of the 2H FY14 run rate (pre de-stocking). In Brazil, sales are anticipated to resume in April 2016 and launch in Mexico is expected for H2 FY16. However, Russia is not expected to improve in 2016 due to the ongoing economic situation within this market.

Perfectha® Key Activities

The Company considers that physicians do not require one-on-one training for the Perfectha® product range. Local demonstrations and symposia (mainly in CEE/Russia and Latin America) were held regularly through the period, usually coinciding with promotional or launch activities.

Perfectha® Lidocaine was submitted for regulatory approval in Europe in October 2015 and first European launches are anticipated for Q2 FY17. This is particularly significant for the UK and German HA filler markets, where over 70% of units sold are Lidocaine combination products.

As part of the contract re-negotiation for South Korea, Sinclair recovered full rights for Perfectha® in China, Hong Kong and Taiwan. A new Perfectha® agreement has now been signed with Sinclair's China partner, with launch expected in 2019.

Sculptra®/New-Fill®

Reported sales in the period of £1.5 million (H1 FY15: £2.3 million) fell by 33% as a result of de-stocking. In contrast the in-market sales were flat (+1%). While sales and marketing investment has been minimal, the Company considers the brand to be broadly stable and any concerns around Ellansé® cannibalising Sculptra® sales to be unfounded.

Product Development

Sinclair development activities continue to focus on developing line extensions and new indications for the aesthetics portfolio, as well as undertaking additional studies that are often required to support new regulatory submissions in key markets.

Following the initial submission of an IDE application for Ellansé® in 2015, the Company continues to liaise with the FDA to ensure that all necessary data are provided to meet the requirements of the PMA for the USA, which is expected for 2018. Similarly, in collaboration with its distribution partners, Sinclair will initiate appropriate additional studies required to achieve regulatory approval for Ellansé® in Brazil and China, with approvals anticipated in 2018 and 2019 respectively. Parallel development programmes are also being initiated to support the registration of Silhouette Soft® and Perfectha® in China, with approvals anticipated in 2019. Sinclair has also started a number of clinical trials across the Ellansé® portfolio aimed at generating further data to demonstrate the differentiating longevity of action of Ellansé® in comparison to competitor products.

The main development focus for Silhouette Soft® is the extension of the approved uses to non-facial areas. Specifically line extensions for larger volumes of tissue that require re-positioning in the wider body indications, including arms, abdomen and thighs.

In Q4 FY16 Sinclair will commence US multi-centre pivotal clinical studies aimed at simplifying the labelled Silhouette InstaLift™ insertion technique and providing additional data to support product efficacy and longevity. Data submission is planned for early Q2 FY17 for an updated product label in early 2017.

Regulatory review of the new Perfectha® Lidocaine range of products is ongoing with CE mark approval expected later this year. This extension of the Perfectha® brand will be supplemented by a clinical development programme to support the extension of indication of Perfectha® to aesthetic gynaecological indications, an emerging new market for hyaluronic acid based dermal fillers, with approval targeted for late 2017

Technology transfer activities are underway to establish the manufacturing and supply of Sinclair's collagen stimulating dermal filler, Atléan®, at an EU and FDA accredited manufacturing facility. Following completion of the development work, regulatory submission is anticipated in early 2017 with CE mark approval expected later in the year.

Financial Review

Continuing operations

The results reported for continuing operations in the six months ended 31 December 2015 reflect only the aesthetics business. All results of the non-aesthetics business which were disposed of on 17 December 2015 are now included under the discontinued operations heading as required by IFRS. Results for the comparative period ended 31 December 2014 have also been restated for consistency.

As expected, reported revenue for the aesthetics business in the six months ended 31 December 2015 decreased by 27% (and 23% on a constant currency basis) to £7.7 million (H1 FY15: £10.5 million) as a result of the de-stocking process undertaken in the final quarter of 2015. As highlighted above, this does not reflect the in-market sales growth of the products which was 31% for the six month period.

Gross profit of £5.2 million for the aesthetics business was lower than the £6.6 million in the prior period although gross margins were significantly higher, at 68.3% compared with 62.6% in H1 FY15. The improvement in gross margin is driven by an improving sales mix, with high margin Silhouette contributing 42% of total sales compared to just 26% in H1 FY15; a reduction in lower margin Perfectha® and improvements to the Perfectha® manufacturing process in H2 FY15, which have improved yields and reduced cost of manufacture. A reduced cost of goods for Silhouette, which was effective from May 2015, has also contributed to the increase in gross margins.

Selling, marketing and distribution costs for the aesthetics business have increased to £8.2 million in the first half (H1 FY15: £6.8 million) as a result of increased marketing and training investment targeted at Silhouette Soft® and Ellansé®. Activities continued throughout the summer compared to the prior year when spend started in September 2014 and at a lower run rate. The Group also incurred US Advisory Board and other US expenditure for Silhouette InstaLift™ in anticipation of the US launch.

Administrative expenses before exceptional items of £9.4 million for the period are slightly below the £9.7 million in the same period last year. Stripping out non-cash charges for depreciation, amortisation and share based payments, underlying administration costs increased by £0.9 million to £6.2 million in the period as a result of increased costs in the United States ahead of the InstaLift™ launch as well as increases in support function costs.

Exceptional administrative expenses of £0.8 million credit (H1 FY15: £nil) arise on the re-negotiation of certain deferred contingent consideration liabilities for the rights to Silhouette in UK and France and revisions to the forecast timing of certain milestone payments which result in a credit of £2.3 million, less a £1.5 million impairment charge to the related intangible asset.

Overall finance costs increased to £11.0 million in the period, up from £7.9 million in H1 FY15, mainly as a result of the exceptional finance charges of £2.9 million linked to the repayment of the debt facility in December 2015 and the associated write-off of facility set-up costs which were being expensed over the life of the facility. The non-exceptional finance costs of £8.2 million includes interest payable on borrowings of £2.7 million (H1 FY15: £2.6 million), as well as non-cash charges for the unwinding of the discounting applied to deferred consideration amounting to £3.7 million (H1 FY15: £4.3 million); and FX losses of £1.8 million (H1 FY15: loss of £0.8 million) arising on the re-translation of US Dollar and Euro denominated borrowings at the period end rates.

Discontinued operations

The profit for the period from discontinued operations of £8.4 million (H1 FY15: £6.8 million) reflects the results of the non-aesthetics business which was sold to Alliance Pharma Plc on 17 December 2015, and for the prior period also includes non-aesthetic products divested and discontinued prior to the sale to Alliance.

Loss per share

Loss for the period increased to £14.1 million (H1 FY15: £10.7 million) largely as a result of the higher finance charges. This resulted in a loss per share of 2.8p for the period, increased from 2.1p in H1 FY15.

Balance sheet

The Group's balance sheet has been transformed in the period following the disposal of the non-aesthetics business and the subsequent repayment of the external debt facility, which results in a strong balance sheet position as at 31 December 2015 including net cash of £75.4 million compared with a net debt position of £42.2 million at 30 June 2015. The additional capital provided by the disposal of the non-aesthetics business will be used to invest in future growth opportunities and to cover future milestone payments from historical acquisitions.

Non-current assets have decreased to £124.5 million at 31 December 2015 from £237.5 million at 30 June 2015 largely as a consequence of the disposal, the impact on goodwill and intangible asset balances and the utilisation of deferred tax assets.

Current assets have increased to £96.2 million at 31 December 2015 from £47.9 million as a result of the significant increase in cash balances to £75.4 million at period end. Inventories and trade receivable balances have reduced compared to 30 June 2015 as a result of the disposal of the non-

aesthetics business. Inventories of £5.8 million at 31 December 2015 for the remaining aesthetics business are higher than in previous periods as a result of the de-stocking process in the final quarter of the period and improvements to manufacturing capacity which have led to some inventory build. Going forward, it is anticipated that distributors will be supplied more regularly and there will be a substantial reduction in monthly sales volatility.

Current liabilities have increased to £57.7 million at 31 December 2015 (30 June 2015: £46.7 million) despite a £7.1 million reduction in trade and other payables as a result of an increase in deferred consideration amounts due within one year to £39.6 million (30 June 2015: £23.1 million). Key deferred consideration liabilities expected to be paid within the next year include milestones for Perfectha® (Lidocaine combination European approval), and Silhouette Soft® (sales reach $14 million, Silhouette Soft® royalty buy-out and Silhouette InstaLift™ FDA approval).

Non-current liabilities have been significantly reduced in the period from £133.1 million at 30 June 2015 to £58.4 million at 31 December 2015, a reduction of £74.7 million (-56%). This is due to the repayment of the debt facility, reclassification of certain deferred consideration liabilities due within one year and a reduction in deferred tax liabilities as a consequence of the disposal of certain assets as part of the sale of the non-aesthetics business.

Cash flow and net debt

Net cash used in operating activities increased to £7.2 million from £4.2 million in the prior year. This consisted of cash used in continuing operations of £9.7 million (H1 FY15: £8.8 million), cash inflow from discontinued operations of £5.4 million (H1 FY15: £7.5 million) and interest and tax payments of £2.9 million (H1 FY15: £2.9 million). The increase in cash outflows was driven by lower sales and EBITDA generation combined with an adverse working capital position, mainly as a result of inventory increases in the continuing aesthetics business and linked to the year end de-stocking process.

Net cash proceeds of £130.5 million from the disposal of the non-aesthetics business received in the period were used to repay the Group's borrowing facilities in full in December 2015, resulting in a cash outflow of £56.7 million. The other significant cash outflow was the £3.6 million (H1 FY15: £0.2 million) payment of deferred consideration linked to Silhouette regulatory approvals and net sales royalties.

The overall net cash inflow in the period of £62.4 million resulted in net cash balances of £75.4 million at 31 December 2015.

Outlook

Sinclair is now a focused and dedicated international aesthetics business with a strong balance sheet and potential to deliver substantial sustainable growth for many years. 31% in-market growth during H1 FY16 was strong but in fact slightly below the Company's expectations due to currency related weakness in Russia and Brazil, and contractual issues with distributors in Korea.

For the calendar year 2016, Sinclair expects in-market and reported revenue growth to accelerate to around 40%, excluding any contribution from the US and consolidation of Brazil. There are several reasons for the Company's positive outlook; Q3 FY16 revenues are forecast to exceed £8.0 million, higher than the reported sales for the entire first half and consistent with budget and our growth

expectations for 2016; Q3 reported sales are expected to be largely in-line with in-market sales; distributor stock levels are likely to average just 6 weeks, in-line with the level at the end of December 2015; the Korean contractual issues are now resolved and an improvement in Brazil is expected once the local affiliate has been created, expected in Q4 FY16; the excellent progress of Ellansé® and Silhouette Soft® will be augmented by several new launches in the coming months; and first Silhouette InstaLift™ revenues are expected mid-2016.

Going forward, in-market sales are expected to continue to show some seasonality in line with industry trends, with sales in the April-June period high compared to the mid-summer July-September holiday season. The Board has determined to reduce seasonality in reported sales where possible and to continue to manufacture and supply throughout the summer. This is now possible due to supply chain capacity improvements which is expected to improve gross margins and will facilitate production planning. Therefore while the Board intends as far as possible to match in-market sales with reported revenues, it is likely that reported H2 FY16 revenues will show only modest growth compared to the previous year in the absence of a significant Q4 distributor stock build. The result is that the Board expects very strong reported growth throughout 1H FY17 against a low H1 FY16 which was low due to destocking. As in calendar year 2015, reported revenue for the calendar year 2016 is expected to approximately match in-market revenue, with in-market growth as guided and excluding any US revenues.

The Company considers that its existing infrastructure is already sufficiently strong to deliver significant growth (ex US) but that it will exercise its option to acquire full Silhouette Soft® rights and distribution infrastructure in Brazil during the second half of FY16. This acquisition will also enable the Company to sell Perfectha® directly and launch Ellansé® in the future.

Overall, Sinclair is very satisfied with its recent progress and prospects. With a strengthened balance sheet, simplified business and excellent growth potential, we are highly confident in the outlook for the business.

Unaudited Consolidated Income Statement

For the six months ended 31 December 2015

	Notes	Unaudited Six months ended 31 December 2015 Pre-exceptional items £'000	Exceptional items (note 8) £'000	Total £'000	Unaudited Six months ended 31 December 2014 Pre-exceptional items £'000	Exceptional items (note 8) £'000	Total £'000
Continuing operations							
Revenue	7	**7,672**	**-**	**7,672**	10,545	-	10,545
Cost of sales		**(2,434)**	**-**	**(2,434)**	(3,942)	-	(3,942)
Gross profit		**5,238**	**-**	**5,238**	6,603	-	6,603
Selling, marketing and distribution costs		**(8,233)**	**-**	**(8,233)**	(6,848)	-	(6,848)
Administrative expenses		**(9,386)**	**774**	**(8,612)**	(9,728)	-	(9,728)
Operating (loss)/profit		**(12,381)**	**774**	**(11,607)**	(9,973)	-	(9,973)
Finance costs	10	**(8,188)**	**(2,861)**	**(11,049)**	(7,856)	-	(7,856)
Loss before taxation		**(20,569)**	**(2,087)**	**(22,656)**	(17,829)	-	(17,829)
Taxation	11	**206**	**-**	**206**	312	-	312
Loss for the period from continuing operations		**(20,363)**	**(2,087)**	**(22,450)**	(17,517)	-	(17,517)
Discontinued operations	9						
Profit for the period from discontinued operations				8,356			6,842
Loss for the period				**(14,094)**			(10,675)
Loss attributable to the owners of the parent				**(14,094)**			(10,675)
Loss per share	12						
From continuing operations				**(4.5)p**			(3.5)p
From discontinued operations				**1.7p**			1.4p
Loss per share for the period				**(2.8)p**			(2.1)p

The notes on pages 16 to 33 form an integral part of this condensed consolidated half-yearly financial information.

Unaudited Consolidated Statement of Comprehensive Income

For the six months ended 31 December 2015

	Unaudited Six months Ended 31 December 2015 £'000	Unaudited Six months ended 31 December 2014 £'000
Loss for the period	**(14,094)**	(10,675)
Other comprehensive income (Items that may be reclassified subsequently to profit and loss)		
Currency translation differences	**4,508**	3,247
Reclassification adjustment relating to foreign operations disposed of in the period	**7,703**	-
Total comprehensive expense for the period	**(1,883)**	(7,428)
Total comprehensive expense attributable to the owners of the parent	**(1,883)**	(7,428)
Total comprehensive expense arises from:		
From discontinued operations	**16,059**	6,842
From continuing operations	**(17,942)**	(14,270)
	(1,883)	(7,428)

The notes on pages 16 to 33 form an integral part of this condensed consolidated half-yearly financial information.

Unaudited Consolidated Balance Sheet

As at 31 December 2015

	Notes	**Unaudited 31 December 2015 £'000**	Unaudited 31 December 2014 £'000	Audited 30 June 2015 £'000
Non-current assets				
Goodwill	13	**52,755**	130,457	122,072
Intangible assets	14	**70,172**	116,025	110,210
Property, plant and equipment	15	**1,413**	1,526	1,712
Deferred tax assets	20	**63**	3,661	3,308
Other financial assets		**50**	182	167
		124,453	251,851	237,469
Current assets				
Inventories		**5,790**	8,534	7,623
Trade and other receivables	16	**15,055**	25,310	27,664
Cash and cash equivalents		**75,377**	13,425	12,661
		96,222	47,269	47,948
Total assets		**220,675**	299,120	285,417
Current liabilities				
Borrowings	18	**-**	(1,438)	(19)
Trade and other payables	17	**(15,502)**	(18,992)	(22,606)
Other financial liabilities	19	**(39,603)**	(16,251)	(23,101)
Current tax liabilities		**(1,997)**	(747)	(393)
Provisions		**(594)**	(171)	(628)
		(57,696)	(37,599)	(46,747)
Non-current liabilities				
Borrowings	18	**-**	(52,945)	(51,779)
Other financial liabilities	19	**(38,205)**	(69,513)	(54,615)
Deferred tax liabilities	20	**(20,156)**	(27,666)	(26,704)
		(58,361)	(150,124)	(133,098)
Total liabilities		**(116,057)**	(187,723)	(179,845)
Net assets		**104,618**	111,397	105,572
Equity				
Share capital		**4,974**	4,974	4,974
Share premium account		**86,128**	86,128	86,128
Merger reserve		**97,141**	97,141	97,141
Other reserves		**5,483**	3,074	(6,728)
Accumulated losses		**(89,108)**	(79,920)	(75,943)
Total shareholders' equity		**104,618**	111,397	105,572

The notes on pages 16 to 33 form an integral part of this condensed consolidated half-yearly financial information.

Unaudited Consolidated Statement of Changes in Shareholders' Equity

For the six months ended 31 December 2015

	Share capital £'000	Share premium £'000	Merger reserve £'000	Other Reserves £'000	Accumulated losses £'000	Total equity £'000
Balance at 30 June 2014 (audited)	**4,974**	**86,137**	**97,141**	**(173)**	**(70,162)**	**117,917**
Exchange differences arising on translation of overseas subsidiaries	-	-	-	3,247	-	3,247
Loss for the period	-	-	-	-	(10,675)	(10,675)
Total comprehensive income/(expense) for the period	-	-	-	3,074	(10,675)	(7,428)
Share based payments	-	-	-	-	917	917
Share issue expenses	**-**	(9)	**-**	**-**	**-**	(9)
Total transactions with owners recognised directly in equity	**-**	**(9)**	**-**	**-**	**917**	**(908)**
Balance at 31 December 2014 (unaudited)	**4,974**	**86,128**	**97,141**	**3,074**	**(79,920)**	**111,397**
Exchange differences arising on translation of overseas subsidiaries	-	-	-	(9,802)	-	(9,802)
Profit for the period	-	-	-	-	3,467	3,467
Total comprehensive (expense)/income for the period	-	-	-	(9,802)	3,467	(6,335)
Share based payments	-	-	-	-	510	510
Total transactions with owners recognised directly in equity	**-**	**-**	**-**	**-**	**510**	**510**
Balance at 30 June 2015 (audited)	**4,974**	**86,128**	**97,141**	**(6,728)**	**(75,943)**	**105,572**
Exchange differences arising on translation of overseas subsidiaries	-	-	-	4,508	-	4,508
Reclassification adjustment relating to foreign operations disposed of in the year	-	-	-	7,703	-	7,703
Loss for the period	-	-	-	-	(14,094)	(14,094)
Total comprehensive income/(expense) for the period	-	-	-	12,211	(14,094)	(1,883)
Share based payments	-	-	-	-	929	929
Total transactions with owners recognised directly in equity	**-**	**-**	**-**	**-**	**929**	**929**
Balance at 31 December 2015 (unaudited)	**4,974**	**86,128**	**97,141**	**5,483**	**(89,108)**	**104,618**

The notes on pages 16 to 33 form an integral part of this condensed consolidated half-yearly financial information.

Unaudited Consolidated Statement of Cash Flows

For the six months ended 31 December 2015

	Notes	**Unaudited Six months ended 31 December 2015 £'000**	Unaudited Six months ended 31 December 2014 £'000
Net cash outflow from operating activities including discontinued operations	23	**(4,317)**	(1,318)
Interest paid		**(2,850)**	(2,748)
Taxation paid		**(17)**	(166)
Net cash used in operating activities		**(7,184)**	(4,232)
Investing activities			
Purchases of property, plant and equipment		**(151)**	(306)
Purchase of intangible assets		**(415)**	(583)
Proceeds from the sale of intangible assets		**-**	1,330
Net cash inflow from disposal of subsidiaries		**130,459**	-
Payment of deferred consideration		**(3,611)**	(162)
Acquisition of subsidiary undertakings, net of cash acquired		**-**	(145)
Net cash generated from investing activities		**126,282**	134
Financing activities			
Repayments of borrowings		**(56,671)**	(973)
Net cash from financing activities		**(56,671)**	(973)
Net increase/(decrease) in cash and cash equivalents		**62,427**	(5,071)
Cash and cash equivalents at 1 July		**12,661**	17,532
Exchange gain on cash and bank overdrafts		**289**	964
Cash and equivalents at end of period		**75,377**	13,425

The notes on pages 13 to 30 form an integral part of this condensed consolidated half-yearly financial information.

Notes to the unaudited condensed consolidated half-yearly financial information

1. General Information

Sinclair Pharma plc (the 'Company') is an international speciality pharmaceutical company and following the sale of the non-aesthetic business in December 2015, is now focused on Aesthetics. The Group has a direct sales presence and marketing presence in the top four European markets and a rapidly growing international division concentrated on key emerging markets through long-term multi-product and multi-country sales, marketing and distribution deals with key strategic partners.

The Company is a public limited company which is listed on the AIM market of the London Stock Exchange, and is incorporated and domiciled in the United Kingdom. The address of its registered office is Whitfield Court, 30-32 Whitfield Street, London, W1T 2RQ.

This condensed consolidated half-yearly financial information does not constitute statutory accounts within the meaning of Section 434 of the Companies Act 2006. Statutory accounts for the year ended 30 June 2015 were approved by the board of Directors on 22 December 2015 and delivered to the Registrar of Companies. The report of the auditors on those accounts was unqualified, did not contain an emphasis of matter paragraph and did not contain any statement under Section 498 of the Companies Act 2006.

This condensed consolidated half-yearly financial information has been reviewed, not audited and was approved for issue on 30 March 2016.

2. Basis of preparation

This condensed consolidated half-yearly financial information for the half-year ended 31 December 2015 has been prepared in accordance with the Disclosures and Transparency Rules of the Financial Conduct Authority (previously Financial Services Authority) and with IAS 34, 'Interim financial reporting' as adopted by the European Union as if the Company were listed on a market regulated under EU law. The half-yearly condensed consolidated financial report should be read in conjunction with the annual financial statements for the year ended 30 June 2015, which have been prepared in accordance with IFRSs as adopted by the European Union.

3. Accounting policies

Except as described below, the accounting policies adopted are consistent with those of the annual financial statements for the year ended 30 June 2015, as described in those annual financial statements.

Amendments to existing standards and interpretations that are relevant to the Group's operations but have had no impact:

- *IFRS 10, 'Consolidated financial statements'*
- *IAS 27 (revised 2011) 'Separate financial statements'*
- *Amendment to IAS 1 'Presentation of financial statements'' on disclosure initiative*
- *Annual improvements 2012 affecting Share-based payments, Business Combinations, Operating segments, Fair value measurement, Property, plant and equipment*
- *Annual improvements 2013 affecting Business Combinations, and Fair value measurement, interim financial reporting*

Amendments to existing standards that are effective for annual periods beginning on or after 1 January 2018 which have not been early adopted:

- IFRS 9 'Financial Instruments'
- Amendments to IFRS 9 'Financial instruments' regarding general hedge accounting

4. Financial risk management

The group's activities expose it to a variety of financial risks: credit risk, price risk, and liquidity risk.

The condensed interim financial statements do not include all financial risk management information and disclosures required in the annual financial statements; they should be read in conjunction with the group's annual financial statements as at 30 June 2015.

There have been no changes in any risk management policies since the year end.

Liquidity risk

The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities as they fall due. The Board reviews the forecast liquidity at every Board meeting using cash flow forecasts which are updated on a regular basis in line with the business plan.

On December 18 2015, following the disposal of the non-aesthetics businesses to Alliance, all external group debt has been repaid.

Fair value estimation

The Group analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (Level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (Level 3).

Specific valuation techniques used to value financial instruments include:

- The fair value of interest rate caps is calculated as the present value of the estimated future cash flows based on observable yield curves;
- Other techniques, such as discounted cash flow analysis, are used to determine fair value for the remaining financial instruments.

The interest rate cap is included in Level 2 and the contingent consideration in Level 3.

The following table presents the group's financial assets and liabilities that are measured at fair value at 31 December 2015.

	Level 1 £'000	Level 2 £'000	Level 3 £'000	**Total** **£'000**
Assets				
- Interest rate cap	-	18	-	**18**
Liabilities				
- Contingent consideration from business combinations	-	-	74,789	**74,789**

4. Financial risk management continued

The following table presents the group's financial assets and liabilities that are measured at fair value at 30 June 2015.

	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Assets				
- Interest rate cap	-	48	-	48
Liabilities				
- Contingent consideration from business combinations	-	-	75,463	75,463

The following table presents the changes in Level 3 instruments for the period ended 31 December 2015:

	Contingent consideration in a business combination
As at 1 July 2015	75,463
Reclassification to deferred consideration	(735)
Gains and losses recognised in profit or loss within finance costs	3,635
Adjustments to fair value	(3,669)
Payments	(3,658)
Foreign exchange movements	3,753
Closing balance	**74,789**
Total gains or losses for the period included in profit or loss for assets held at the end of the reporting period	3,635

There were no transfers between levels 1, 2, or 3 during the period and no changes in valuation techniques during the period.

5. Estimates

The preparation of the interim financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported values of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing these condensed interim financial statements, the significant judgements made by management in applying the group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements for the year ended 30 June 2015.

Taxes on income in the interim periods are accrued using the tax rate that would be applicable to expected total annual profit or loss, ignoring other timing differences which may occur between now and the year end.

6. Seasonality of operations

Due to the ordering patterns of the distributor base, higher underlying revenues and operating profits are usually experienced in the second half of the year compared to the first half. In financial year ended 30 June 2015, 37% of revenues accumulated in the first half of the year, with 63% accumulating in the second half of the year.

7. Segment information

The chief operating decision maker has been identified as the executive management team. This team reviews the Group's internal reporting in order to assess performance and allocate resources. Management has determined that following the disposal of the non-aesthetics business that the continuing business consists of one reportable segment, which is Aesthetics, based on these reports.

The executive management team assesses the performance of the reportable segment based on a measure of adjusted earnings before interest, tax, depreciation, amortisation, exceptional items and share based payments (Adjusted EBITDA).

	Unaudited Six months ended 31 December 2015 £'000	Unaudited Six months ended 31 December 2014 £'000
Revenue	**7,672**	10,545
Cost of goods sold	**(2,434)**	(3,942)
Gross Profit	**5,238**	6,603
Adjusted EBITDA	**(9,288)**	(5,556)

The executive management team also monitors business performance based on geographic destination of sales. Revenues on a geographic basis were as follows:

	Unaudited Six months ended 31 December 2015 £'000	Unaudited Six months ended 31 December 2014 £'000
European direct	**3,752**	5,228
Asia Pacific (APAC)	**1,191**	2,352
United States of America	**58**	104
Intercontinental	**2,672**	2,861
Total Revenue	**7,672**	10,545

A reconciliation of total adjusted EBITDA to operating loss is provided as follows:

	Unaudited Six months ended 31 December 2015 £'000	Unaudited Six months ended 31 December 2014 £'000
Adjusted EBITDA for reportable segments	**(9,228)**	(5,556)
Depreciation	**(231)**	(194)
Amortisation	**(2,068)**	(3,141)
Exceptional items (note 8)	**774**	-
Share based payments and long term incentive payments	**(854)**	(1,082)
Operating loss	**(11,607)**	(9,973)

8. Exceptional items

Exceptional items represent significant items of income and expense which due to their nature, size or the expected infrequency of the events giving rise to them, are presented separately on the face of the income statement to give a better understanding to shareholders of the elements of financial performance in the current period, so as to facilitate comparison with prior periods and to better assess trends in financial performance.

	Unaudited Six months ended 31 December 2015 £'000	Unaudited Six months ended 31 December 2014 £'000
Adjustment to contingent consideration	**(2,319)**	-
Impairment charge	**1,545**	-
Exceptional administrative expenses	**774**	-
Prepaid arrangement fees – finance cost	**(2,861)**	-
	(2,087)	-

Adjustments to contingent consideration includes a credit of £2,091,000 following a reduction in the contingent purchase consideration for the distribution rights for Silhouette in the UK. The adjustment follows a review of the forecast value of royalty payments. This is offset by an impairment charge of £1,545,000 relating to the corresponding intangible asset recognised on the repurchase of these rights in 2014. This does not impact taxation.

The adjustment to contingent consideration also includes a credit of £228,000 to contingent consideration arising from business combinations follows changes to the forecast timing of payments for certain milestones payable following the acquisition of Silhouette Lift SL. The adjustment has been credited to the income statement as the changes were triggered more than twelve months after the original acquisition completion date. This does not impact taxation.

Prepaid arrangement fees on debt facilities totalling £2,861,000 were expensed to the income statement on the repayment of the Group's external borrowings in December 2015. This charge is deductible for tax.

9. Discontinued operations

On 26 November 2015, the group entered into a sale agreement to dispose of all of the non-aesthetics business of the Group to Alliance Pharma Plc ('Alliance') in order to create a fast growing pure-play aesthetics business. The disposal completed on 17 December 2015, on which date control of the non-aesthetics business passed to Alliance. The disposal included the Group's interest in Sinclair Pharma France SAS, Advanced Bio-Technologies Inc, Sinclair Pharma srl, and Maelor Laboratories Limited, as well as certain IP assets.

The results of the discontinued operations, which have been included in the consolidated income statement were as follows:

	Unaudited Six months ended 31 December 2015 £'000	Unaudited Six months ended 31 December 2014 £'000
Revenue	**15,211**	21,497
Cost of sales	**(7,420)**	(10,306)
Gross profit	**7,791**	11,191
Selling, marketing and distribution costs	**(1,667)**	(2,150)
Administrative expenses	**(3,733)**	(2,009)
Operating profit	**2,391**	7,032
Finance charges	**-**	-
Profit before taxation	**2,391**	7,032
Taxation	**62**	(190)
Profit for the period from discontinued operations	**2,453**	6,842
Pre tax gain on disposal of non-aesthetic business (note 22) including a cumulative exchange loss of £7,703 reclassified from other reserves to profit or loss	**4,020**	-
Attributable taxation charge	**1,883**	-
Profit for the period from discontinued operations (attributable to owners of the Company)	**8,356**	6,842

Cash flows from discontinued operations

	Unaudited Six months ended 31 December 2015 £'000	Unaudited Six months ended 31 December 2014 £'000
Net cash inflows from operating activities	**5,425**	7,521
Net cash inflows from investing activities	**130,197**	825
Net cash outflows from financing activities	**-**	-
Net cash inflows	**135,622**	8,346

10. Finance costs

	Unaudited Six months ended 31 December 2015 £'000	Unaudited Six months ended 31 December 2014 £'000
Interest on loans	**(2,651)**	(2,639)
Discount unwind on deferred and contingent consideration	**(3,653)**	(4,273)
Other finance charges	**(114)**	(128)
Net foreign exchange loss on financing activities	**(1,770)**	(816)
Total finance costs (pre-exceptional)	**(8,188)**	(7,856)
Exceptional finance costs	**(2,861)**	-
Total finance costs	**(11,049)**	(7,856)

11. Taxation

	Unaudited Six months ended 31 December 2015 £'000	Unaudited Six months ended 31 December 2014 £'000
Current tax		
UK Corporation tax	**-**	-
Overseas tax	**(79)**	(53)
	(79)	(53)
Deferred tax		
Utilisation of brought forward losses	**-**	(8)
Timing differences arising in the year	**(227)**	-
Reversal of temporary differences	**512**	373
	285	366
Tax credit on loss before taxation	**206**	312

12. Loss per share

The basic loss per share has been calculated by dividing the loss for the period by the weighted average number of shares in existence for the period.

The loss and weighted average number of shares for the purpose of calculating the diluted loss per share are identical to those used for the basic loss per share, as a loss is not dilutive.

	Unaudited Six months ended 31 December 2015	Unaudited Six months ended 31 December 2014
Basic and diluted EPS		
Loss attributable to equity shareholders (£'000)	**(14,094)**	(10,675)
Weighted average number of shares	**496,983,706**	496,983,706
Diluted weighted average number of shares	**496,983,706**	496,983,706
Basic and diluted loss per share (pence)	**(2.8)p**	(2.1)p
From continuing activities		
Loss from continuing activities	**(22,450)**	(17,517)
Basic and diluted loss per share (pence) from continuing activities	**(4.5)p**	(3.5)p
From discontinued activities		
Profit from discontinued activities	**8,356**	6,842
Basic and diluted loss per share (pence) from discontinuing activities	**1.7p**	1.4p

Adjusted loss per share

A reconciliation of adjusted loss per share is as follows:

	Unaudited Six months ended 31 December 2015 £'000	Unaudited Six months ended 31 December 2014 £'000
Loss for the period	**(14,094)**	(10,675)
Amortisation of acquired licences	**2,068**	3,084
Impairment losses	**1,545**	-
Exceptional items (note 8)	**2,087**	-
Discount unwind on deferred consideration	**3,653**	4,273
Discontinued activities	**8,356**	3,050
Deferred tax credits on amortisation and exceptional items	**(512)**	(373)
Adjusted profit/(loss) for the period	**3,103**	(641)
Adjusted profit/(loss) per share basic and diluted (pence)	**0.6p**	(0.1)p

13. Goodwill

	Unaudited 31 December 2015 £'000	Unaudited 31 December 2014 £'000	Audited 30 June 2015 £'000
Cost			
At 1 July	**128,628**	133,862	133,862
Additions	**-**	1,486	1,646
Adjustments to goodwill	**(575)**	(1,561)	(2,568)
Disposals	**(79,852)**	-	-
Exchange adjustments	**4,554**	3,226	(4,312)
At period end	**52,755**	137,013	128,628
Accumulated amortisation and impairment			
At 1 July	**6,556**	6,556	6,556
Disposal	**(6,556)**	-	-
At period end	**-**	6,556	6,556
Net book value at period end	**52,755**	130,457	122,072

During the year ended 30 June 2015, the company acquired Arkea BV and Medicalio SL. The goodwill valuations for Medicalio SL remains provisional. Adjustments to provisional goodwill of £575,000 have been made following changes in the directors' estimates to the timing of certain milestone payments included within contingent consideration.

Exchange adjustments arise as a result of the impact of the difference in the Sterling: Euro exchange rate and the Sterling: US Dollar exchange rate, at the beginning of the year or the date of acquisition and at 31 December on balances recorded in Euros and US Dollars.

14. Intangible assets

	Unaudited 31 December 2015 £'000	Unaudited 31 December 2014 £'000	Audited 30 June 2015 £'000
Cost			
At 1 July	**150,907**	155,123	155,123
Additions	**576**	912	1,622
Additions arising on business combinations	**-**	2,579	3,373
Disposals	**(74,477)**	(14)	(7,718)
Adjustments to business combinations	**(1,060)**	-	-
Exchange adjustments	**4,371**	2,870	(1,493)
At period end	**80,317**	161,470	150,907
Amortisation and impairment			
At 1 July	**40,697**	40,888	40,888
Charge for the period/year	**3,908**	4,896	8,511
Disposals	**(36,488)**	-	(7,706)
Transfer to assets held for sale	**-**	-	-
Impairment charge	**1,545**	-	-
Exchange adjustments	**483**	(339)	(996)
At period end	**10,145**	45,445	40,697
Net book value at period end	**70,172**	116,025	110,210

Exchange adjustments arise as a result of the impact of the difference in the Sterling: Euro exchange rate and the Sterling: US Dollar exchange rate, at the beginning of the year or the date of acquisition and at 31 December on balances recorded in Euros and US Dollars.

15. Property, plant and equipment

	Unaudited 31 December 2015 £'000	Unaudited 31 December 2014 £'000	Audited 30 June 2015 £'000
Cost			
At 1 July	**4,474**	3,777	3,777
Additions	**210**	394	978
Disposals	**(858)**	-	-
Exchange adjustments	**127**	(64)	(281)
At period end	**3,953**	4,107	4,474
Amortisation and impairment			
At 1 July	**2,762**	2,378	2,378
Charge for the period/year	**280**	232	503
Disposals	**(578)**	-	-
Exchange adjustments	**76**	(29)	(119)
At period end	**2,540**	2,581	2,762
Net book value at period end	**1,413**	1,526	1,712

16. Trade and other receivables

	Unaudited 31 December 2015 £'000	Unaudited 31 December 2014 £'000	Audited 30 June 2015 £'000
Trade receivables	**9,626**	19,349	24,380
Less provision for impairment of trade receivables	**(551)**	(403)	(483)
Trade receivables-net	**9,075**	18,946	23,897
Other receivables	**3,765**	2,652	1,523
Prepayments and accrued income	**2,215**	3,712	2,244
	15,055	25,310	27,664

17. Trade and other payables

	Unaudited 31 December 2015 £'000	Unaudited 31 December 2014 £'000	Audited 30 June 2015 £'000
Trade payables	**6,942**	9,281	12,576
Other taxes and social security costs	**815**	688	1,289
Other payables	**2,377**	950	851
Accruals and deferred income	**5,368**	8,073	7,890
	15,502	18,992	22,606

18. Borrowings

	Unaudited 31 December 2015 £'000	Unaudited 31 December 2014 £'000	Audited 30 June 2015 £'000
Loans	**-**	52,945	51,779
Finance lease liabilities	**-**	-	-
Non-current borrowings	-	52,945	51,779
Obligations under finance leases	**-**	20	19
Loans	**-**	1,418	-
Current borrowings	**-**	1,438	19
Total borrowings	**-**	54,383	51,798
Borrowings included above are repayable as follows:			
On demand or within one year	**-**	1,438	19
Over one and under two years	**-**	-	-
Over two and under five years	**-**	52,945	51,779
Total borrowings	**-**	54,383	51,798

18. Borrowings continued

Movements in borrowings are analysed as follows:

Six months ended 31 December 2015 (unaudited)	**£'000**
At 1 July 2015	**51,798**
Repayments of borrowings	**(56,671)**
Release of prepaid arrangement fees	**2,861**
Amortisation of prepaid arrangement fees	**162**
Direct issue costs	**(8)**
Exchange adjustments	**1,858**
At 31 December 2015	**-**

Six months ended 31 December 2014 (unaudited)	£'000
At 1 July 2014	54,559
Repayments of borrowings	(973)
Amortisation of prepaid arrangement fees	(198)
Direct issue costs	179
Exchange adjustments	816
At 31 December 2014	54,383

The carrying amounts of the group's borrowings are denominated in the following currencies:

	Unaudited 31 December 2015 £'000	Unaudited 31 December 2014 £'000	Audited 30 June 2015 £'000
GBP	**-**	7,227	7,337
EUR	**-**	28,208	25,712
USD	**-**	18,948	18,749
Total	**-**	54,383	51,798

Net foreign exchange losses of £1,858,000 (2014: £816,000) has arisen from the difference in the Sterling: Euro and the Sterling: US Dollar exchange rates between 30 June 2015 and 31 December 2015.

Following the disposal of the Non-Aesthetic business to Alliance Pharma Plc all external Group borrowings were repaid on 17 December 2015.

19. Other financial liabilities

Other financial liabilities include deferred and contingent purchase consideration which is due as follows:

	Unaudited 31 December 2015 £'000	Unaudited 31 December 2014 £'000	Audited 30 June 2015 £'000
Obvieline SAS	**6,302**	1,551	6,044
Silhouette Lift SL	**29,059**	13,935	15,795
Other deferred and contingent consideration	**4,242**	765	1,262
Total Current	**39,603**	16,251	23,101
Obvieline SAS	**1,284**	8,010	1,268
Aqtis Medical BV	**27,963**	29,525	26,953
Silhouette Lift SL	**31,811**	55,383	44,940
Other deferred and contingent consideration	**1,235**	11,245	10,643
Total non-current	**62,293**	104,163	83,804
Discount	**(24,088)**	(34,650)	(29,189)
	77,808	85,764	77,716

Items of deferred and contingent consideration represents the Director's estimate of the fair value of the assumed contractual minimum liabilities discounted to their present value using a discount rate of 11.5%, the Groups' estimated weighted average cost of capital.

Other includes:
Deferred consideration payable to the previous owner of SEPI AG (a Swiss subsidiary acquired by IS Pharma in April 2008) to which is payable to the original developers of Haemopressin in annual instalments until March 2017 reflecting royalties that are expected to be paid on future net revenue from Haemopressin. On 31 December 2015 £477,000 is current, and £757,000 is non-current.

Contingent consideration is payable to the former distributors of Silhouette in UK, France, and Switzerland which arises from the repurchase of distribution rights in those territories and also the acquisition of Arkea B.V. These are payable in annual instalments until November 2018 representing royalties payable on future net revenue from Silhouette in those territories. On 31 December 2015 £3,765,000 is current and £478,000 is non-current.

Deferred and contingent consideration is payable as follows:	**Unaudited 31 December 2015 £'000**	Unaudited 31 December 2014 £'000	Audited 30 June 2015 £'000
On demand or within one year	**39,603**	16,251	23,101
Over one and under two years	**1,668**	33,033	17,149
Over two and under five years	**44,599**	60,992	51,530
Over five years	**16,026**	10,138	15,125
Discount	**(24,088)**	(34,650)	(29,189)
Total other financial liabilities	**77,808**	85,764	77,716

20. Deferred tax

The movement in deferred tax assets is analysed as follows:	Business combinations £'000s	Tax losses £'000s	Total £'000s
At 1 July 2015	1,944	1,364	3,308
Exchange differences	73	33	106
Timing differences arising in the year		5	5
Disposal of non-aesthetics business	(2,017)	(1,139)	(3,156)
Tax losses utilised in the period	-	(200)	(200)
At 31 December 2015	**-**	**63**	**63**
At 1 July 2014	1,730	2,117	3,847
Exchange differences	(28)	-	(28)
Timing differences arising in the year	(33)	-	(33)
Arising on business combinations	60	-	60
Tax losses utilised in the period	(185)	-	(185)
At 31 December 2014	1,544	2,117	3,661

The movement in deferred tax liabilities is analysed as follows:

	Business combinations £'000s	Other timing differences £'000s	Reinvestment relief £'000s	Total £'000s
At 1 July 2015	24,071	116	2,517	26,704
Exchange differences	951	-	-	951
Adjustments to business combinations	(282)	21	-	(261)
Timing differences arising in the period	-	-	228	228
Amortisation of deferred tax liabilities	(700)	-	-	(700)
Disposal of non-aesthetics business	(6,629)	(137)		(6,766)
At 31 December 2015	**17,411**	**-**	**2,745**	**20,156**
At 1 July 2014	23,999	163	2,878	27,040
Exchange differences	223	(18)	-	205
Arising on business combinations	1,073	-	-	1,073
Amortisation of deferred tax liabilities	(656)	-	4	(652)
At 31 December 2014	24,639	145	2,882	27,666

21. Business combinations

Arkea BV

The Company acquired 100% of the issued share capital of Arkea BV, on 21 November 2014. Arkea BV owns the exclusive distribution rights to Silhouette in France and Switzerland.

As a result of the acquisition, the Group expects to increase its control of the distribution of the Silhouette brand. The goodwill of £847,000 arising from the acquisition is attributable to the economies of scale expected from selling Silhouette directly through the Group's direct sales forces in France, and through partners in Switzerland, alongside the Group's existing aesthetic portfolio. Goodwill is not deductible for tax purposes.

Goodwill of £847,000 (30 June 2015 provisional of £1,358,000) has been recalculated following revisions in management's assumptions around the timing and achievement of certain items of contingent consideration. Contingent consideration has been reduced to £1,769,000 from a provisional amount of £3,127,000.

Details of the consideration paid, the final fair value of assets acquired and liabilities assumed, and goodwill arising are as follows:

	£'000
Intangible assets	1,474
Trade and other receivables (contractual)	298
Cash and cash equivalents	12
Trade and other payables	(336)
Deferred Tax liabilities	(369)
Net assets	**1,079**
Goodwill	847
Total consideration	**1,926**
Cash consideration	157
Contingent consideration	1,769
Total consideration transferred	**1,926**
Net cash outflow arising on acquisition	
Cash consideration	157
Less: cash and cash equivalent balances acquired	(12)
	145

Contingent consideration comprises;

- a royalty earned on Silhouette sales in France and Switzerland in the first four years of the agreement which is not expected to exceed €0.6m
- a one-off payment payable in year four, equivalent to a multiple of sales in France which is capped at €1.6m
- a one-off payment payable in year four which is equivalent to a multiple of sales in Switzerland and is capped at €0.02m.

The contracted amounts in local currency, and Sterling equivalent translated at the date of acquisition, are expected to be settled as follows:

	€'000s	**£'000**
Within one year	145	113
Over two years and under five years	3,019	2,364
Discount	(1,065)	(834)
Total contingent consideration	**2,260**	**1,769**

21. Business combinations continued

Contingent consideration included in the calculation of total consideration is calculated by discounting the contracted contingent consideration amounts in the table above to present value at the date of acquisition using a discount rate of 11.5%.

The minimum undiscounted future payment is €0m and the potential undiscounted amount of all further future payments that the Group could be required to make is up to €6.3m.

The fair value of the contingent consideration of £1.8m was estimated by applying the income approach. The fair value estimates are based on a discount rate of 11.5%, and assumed future growth in the Silhouette trade in France and Switzerland.

Medicalio SL

The Company acquired 100% of the issued share capital of Medicalio SL, on 14 May 2015. Medicalio SL owns the exclusive distribution rights to Silhouette in Spain.

As a result of the acquisition, the Group expects to increase its control of the distribution of the Silhouette brand. The goodwill of £195,000 arising from the acquisition is attributable to the economies of scale expected from selling Silhouette directly through the Group's direct sales force Spain alongside the Group's existing aesthetic portfolio. Goodwill is not deductible for tax purposes.

Goodwill of £195,000 (30 June 2015 provisional of £288,000) has been recalculated following revisions in management's assumptions around the timing and achievement of certain items of contingent consideration. Contingent consideration has been reduced to £642,000 from a provisional amount of £735,000.

Details of the consideration paid, the provisional fair value of assets acquired and liabilities assumed, and goodwill arising are as follows:

	£'000
Intangible assets	770
Trade and other receivables (contractual)	(231)
Net assets	**539**
Goodwill	195
Total consideration	**734**
Cash consideration	92
Contingent consideration	642
Total consideration transferred	**734**
Net cash outflow arising on acquisition	
Cash consideration	92
Less: cash and cash equivalent balances acquired	-
	92

The contracted amounts in local currency, and Sterling equivalent translated at the date of acquisition, are expected to be settled as follows:

	€'000s	**£'000**
Within one year	193	136
Over two years and under five years	715	507
Discount	(260)	(184)
Total contingent consideration	**907**	**642**

The fair value of the contingent consideration of £0.6m was estimated by applying the income approach. The fair value estimates are based on a discount rate of 11.5%, and assumed future growth in the Silhouette trade in Spain.

22. Disposal of non-aesthetics business

As referred to in note 9, on 17 December 2015 the group completed the disposal of its non-aesthetics business to Alliance Pharma Plc. The net assets of the non-aesthetics business at the date of disposal were as follows:

	£'000
Attributable goodwill	73,296
Intangible assets	37,989
Property, plant and equipment and other non-current assets	402
Inventories	5,124
Trade and other receivables	11,458
Cash and cash equivalents	541
Trade and other payables	(11,145)
Foreign currency reserves	7,703
Net assets	**125,368**
Other disposal costs	4,182
Gain on disposal	4,020
Total consideration	**133,570**
Satisfied by:	
Cash and cash equivalents	131,000
Deferred consideration	2,570
	133,570

The gain on disposal is included in the profit for the period from discontinued operations (note 9).

23. Cash flow from operating activities

	Unaudited Six months ended 31 December 2015 £'000	Unaudited Six months ended 31 December 2014 £'000
Continuing Operations		
Loss before tax	**(22,656)**	(17,829)
Exceptional items	**(774)**	-
Loss before tax and exceptional items	**(23,430)**	(17,829)
Adjustments for:		
Finance costs	**11,049**	7,856
Share based payments	**854**	1,141
Depreciation	**231**	192
Amortisation of intangible assets	**2,068**	3,084
Impairment on non-current asset	**1,545**	-
Profit on disposal of intangible assets	**-**	(352)
	15,743	11,921
Changes in working capital (excluding effects of acquisitions)		
Increase in inventories	**(2,605)**	(1,050)
Decrease in receivables	**8,857**	1,041
Decrease in payables	**(8,290)**	(1,912)
Increase in provisions	**43**	-
Net cash outflow from continuing operations before exceptional items	**(9,678)**	(7,829)
Exceptional costs paid	**(64)**	(1,010)
Net cash outflow from continuing operations	**(9,742)**	(8,839)
Discontinued operations		
Profit before tax	**6,411**	7,032
Adjustments for:		
Finance costs	**-**	-
Depreciation	**49**	40
Amortisation of intangible assets	**1,840**	1,812
Profit on disposal	**(4,020)**	-
Changes in working capital		
(Increase)/decrease in inventories	**(95)**	120
Decrease in debtors	**2,453**	3,714
Decrease in payables	**(1,213)**	(5,197)
Net cash inflow from discontinued operations	**5,425**	7,521
Cash used from operations including discontinued operations	**(4,317)**	(1,318)

24. Related party transactions

There were no related party transactions during the current or preceeding period. Key management received payroll payments totalling £784,400 (2014: £636,206).

25. Post balance sheet events

In March 2016, the Company renegotiated the milestone payments due to the vendors of AQTIS (Ellansé®). In return for a one-off payment of €15.0 million, the vendors waived their rights to further milestone payments which totalled €36.0 million and were projected to become due over the period 2018-2020. This transaction is estimated to generate one-off exceptional income of approximately £8 million during H2 FY16 as a result of the significant reduction in deferred consideration payable.

Principal risks and uncertainties

Sinclair Pharma plc is a business that depends on product revenues generated through its own sales force and marketing operations and marketing partners to achieve a successful pipeline to build future revenues. The Group's performance and future prospects may be affected by risks and uncertainties relating to our business environment. Our internal controls include a risk management process to identify key risks and, where possible, manage those risks through systems and processes and by implementing specific mitigation strategies.

The most significant identified risks that could materially affect the Group's ability to achieve its financial and operating objectives are summarised below.

Risk associated with commercialised success of products
The Group's revenues are, and will be, principally from sales of its products. There can be no assurance that current product revenues can be maintained or increased in the future. Product sales may be affected by adverse market conditions or other factors including: pricing pressures from governments or other authorities, competition from other products, the withdrawal of a product because of a regulatory or other reason, or the financial or commercial failure of a marketing partner. The Company spreads risk by commercialising its products throughout the global markets. The Company maintains adequate insurance to mitigate the risks associated with product recall.

Interruption to product supply
The Group relies on third-party manufacturers for the supply of the majority its products. Problems at manufacturers' facilities may lead to delays and disruptions in the supply chain which could have significant negative impact on the Group. The Group maintains a close dialogue with key suppliers and rigorously monitors inventory levels and customer demand to ensure that any interruption to product supply can be managed, and back up sources of supply are maintained where possible.

Product liability risk
The Group's products may produce unanticipated adverse side effects that may hinder their marketability. Sinclair maintains product liability insurance and operates quality systems relating to the manufacture of its products and a pharmacovigilance system to monitor safety of its marketed products.

Competition and intellectual property risk
The position of Sinclair's products in the market is dependent on its ability to obtain and maintain patent and/or trademark protection for its products, preserve its trade secrets, defend and enforce its rights against infringement and operate without infringing the proprietary or intellectual property rights of third parties. The validity and enforceability of patents and/or trademarks may involve complex legal and factual issues resulting in uncertainty as to the extent of the protection provided. The Group's intellectual property may become invalid or expire before or during commercialisation of the product. The Group continuously seeks to develop its products to ensure they are competitive and monitors its intellectual property rights to identify and protect against any infringements.

Foreign exchange risk
The Group has transactional currency exposures as the majority of revenues and expenditures and deferred consideration liabilities are in Euros and US Dollars. Fluctuations in exchange rates between Sterling and Euro and US Dollars could adversely impact financial results. Sinclair seeks to match currency receipts and expenditure as far as possible with deferred consideration liabilities denominated in the functional currency of the underlying businesses acquired. The Group may also engage in short-term hedging transactions in order to hedge against changes in exchange rates during the financial year.

Statement of Directors' responsibilities

The Directors have voluntarily adopted to comply with the requirements of the Disclosure and Transparency Rules 4.2.7 and 4.2.8 as if the Company were listed on a regulated market under EU law.

The Directors' confirm that these condensed set of interim financial statements has been prepared in accordance with IAS 34 as adopted by the European Union, and that the interim management report herein includes a fair review of the information required by DTR 4.2.7 and DTR 4.2.8, namely:

- an indication of important events that have occurred during the first six months and their impact on the condensed consolidated interim financial information, and a description of the principal risks and uncertainties for the remaining six months of the financial year; and
- material related-party transactions in the first six months and any material changes in the related-party transactions described in the last annual report.

The Directors of Sinclair Pharma Plc in the period were:

Mr G Cook	Non-Executive Chairman
Mr C P Spooner	Chief Executive Officer
Mr C H Foucher	Chief Operating Officer
Mr J-C Tschudin	Non-executive Director
Mr J Thompson	Non-executive Director

By order of the Board

CP Spooner
Chief Executive Officer

G Cook
Chairman

30 March 2016

Independent review report to Sinclair Pharma plc

Report on the interim results

Our conclusion
We have reviewed Sinclair Pharma plc's Interim Results (the "interim financial statements") in the interim results of Sinclair Pharma plc for the 6 month period ended 31 December 2015. Based on our review, nothing has come to our attention that causes us to believe that the interim financial statements are not prepared, in all material respects, in accordance with International Accounting Standard 34, 'Interim Financial Reporting', as adopted by the European Union and the AIM Rules for Companies.

What we have reviewed
The interim financial statements comprise:

- the unaudited consolidated balance sheet as at 31 December 2015;
- the unaudited consolidated income statement and unaudited consolidated statement of comprehensive income for the period then ended;
- the unaudited consolidated statement of cash flows for the period then ended;
- the unaudited consolidated statement of changes in shareholders' equity for the period then ended; and
- the explanatory notes to the interim financial statements.

The interim financial statements included in the interim results have been prepared in accordance with International Accounting Standard 34, 'Interim Financial Reporting', as adopted by the European Union and the AIM Rules for Companies.
As disclosed in note 2 to the interim financial statements, the financial reporting framework that has been applied in the preparation of the full annual financial statements of the Group is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

Responsibilities for the interim financial statements and the review

Our responsibilities and those of the directors
The interim results, including the interim financial statements, is the responsibility of, and has been approved by, the directors. The directors are responsible for preparing the interim results in accordance with the AIM Rules for Companies which require that the financial information must be presented and prepared in a form consistent with that which will be adopted in the company's annual financial statements.

Our responsibility is to express a conclusion on the interim financial statements in the interim results based on our review. This report, including the conclusion, has been prepared for and only for the company for the purpose of complying with the AIM Rules for Companies and for no other purpose. We do not, in giving this conclusion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

What a review of interim financial statements involves
We conducted our review in accordance with International Standard on Review Engagements (UK and Ireland) 2410, 'Review of Interim Financial Information Performed by the Independent Auditor of the Entity' issued by the Auditing Practices Board for use in the United Kingdom. A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures.

A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK and Ireland) and, consequently, does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

We have read the other information contained in the interim results and considered whether it contains any apparent misstatements or material inconsistencies with the information in the interim financial statements.

PricewaterhouseCoopers LLP
Chartered Accountants
Manchester
30 March 2016

a) The maintenance and integrity of the Sinclair Pharma plc website is the responsibility of the directors; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the interim financial statements since they were initially presented on the website.

b) Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.