Sinclair Pharma plc

Delivering strong growth, completed transformational US distribution deal, on track to meet full year guidance

Sinclair Pharma plc (SPH.L), ("Sinclair", or the "Group", or the "Company") the international specialty pharma company, today announces its unaudited results for the six and twelve month periods ended 30 June 2016.

Highlights

- Reported revenues show significant growth reflecting strong in market sales and planned de-stocking in prior six month period. Group revenues increased 125% to £17.3 million compared to £7.7 million in the previous six month period
    - On track to meet guidance of 40% sales growth for calendar year 2016, pre Brazil consolidation and US Silhouette Soft® sales
    - Silhouette Soft® sales increased 94% to £6.2 million (£3.2 million for the previous six months)
    - Ellansé® sales increased 147% to £4.2 million (£1.7 million in the previous six months)
    - Perfectha® sales up 184% to £3.7 million (£1.3 million in the previous six months)
    - Sculptra® sales back on track, up 146% to £3.2 million (£1.5 million in the previous six months)
    - Distributor inventory levels remain normalised
- Transformational US distribution and strategic marketing agreement with ThermiGen LLC for Silhouette InstaLift™
    - Significant demand from US physicians for Silhouette InstaLift™ product training
- Successfully renegotiated Ellansé® milestone payments, significantly reducing the deferred consideration payable from €36 million to a one-off payment of €15 million resulting in a £8.5 million one-off exceptional gain during the period
    - Successfully launched Ellansé® in Hong Kong, Japan, Malaysia, and Singapore
- Net cash of £24.4 million at 30 June 2016

Post period Highlights

- Established Brazilian affiliate with repatriated local rights for Silhouette Soft® and Perfectha®
    - Brazil is one of the top five global aesthetic markets
    - New local affiliate is immediately sales and earnings enhancing
    - Provides platform to directly launch Ellansé® following approval expected in 2018
- Launch of Ellanse® and Silhouette Soft® in Mexico and Columbia
- Alan Olby, CFO, joined the Board
- Restructuring post medicinal divestment expected to generate over £2.0 million in annualised cost savings
- Strong sales continue into Q3 2016. Sales for the current quarter expected to exceed the £7.7 million recorded in the July-Dec 2015 period

Chris Spooner, CEO commented *"We have made material progress in our strategy of building a high growth, global pure-play aesthetics business from our strong foundations. We have delivered significant sales growth in the last six months and are on track to meet our guidance of 40% sales growth for calendar year 2016.*

We are highly encouraged by the response to Silhouette InstaLift™ pre-marketing activities in the US, which has resulted in very strong early demand by physicians for product training. In addition, our newly established Brazilian affiliate provides direct access to a leading aesthetic market, and is immediately sales and earnings enhancing.

Sinclair has already grown since the divestment of the non-aesthetics business to a scale where it is near to EBITDA breakeven pre US investment. Conversion on incremental sales to EBITDA is very high as the relatively fixed cost base combined with high gross margins drives operational leverage."

Following the change to the Group's year end date from 30 June to 31 December, as previously announced the Group's audited results for the 18 month period to 31 December 2016 will be announced by the end of March 2017.

These financial results follow the divestment of the non-aesthetics business which completed in December 2015, and thus reflect the ongoing core aesthetics business with all results from the non-aesthetics disclosed under discontinued operations.

This announcement includes inside information.

Ends

For further information please contact:

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

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

Media enquiries

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

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 and Brazil, and a network of international distributors including ThermiGen in the US.

"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 strategic review undertaken by the Company, announced in late 2014 and concluded on 19 May 2016, has transformed Sinclair into a fast-growing, high margin, debt-free and pure-play aesthetic dermatology company. The sale of the low growth portfolio of non-aesthetic products in late 2015 to Alliance Pharma plc for £132 million plus working capital significantly strengthened the balance sheet and has allowed Sinclair to invest in its exciting portfolio of high growth brands.

We have continued to make significant progress during this period, delivering sales of £17.3 million up 125% on the previous six months and we remain on track to meet our guidance of 40% sales growth, pre Brazil consolidation and Silhouette InstaLift™ US sales, for calendar year 2016. As previously announced we took action last year to destock the Company's distribution channel, which reduced reported sales for the six months ended 31 December 2015. This process was completed during the period and as a result we have seen significant demand across all of the Group's products which is more representative of the in market performance.

In May, at the time that the strategic review was concluded, Sinclair signed an exclusive four year US distribution and strategic marketing agreement with Thermigen LLC ("Thermi" an Almirall SA company), for Silhouette InstaLift™. This deal is expected to be transformational for the Company as we see significant opportunities to generate rapidly growing sales of Silhouette InstaLift™ in the US market, and are delighted to be collaborating with Thermi who provide access to the single largest aesthetics market in the world via a highly successful and well established sales force. Sinclair has initially granted Thermi exclusive four-year distribution rights for the US market until mid-2020. The agreement involves a material investment in the launch and marketing of Silhouette Instalift™ by Sinclair in return for a structure that gives Sinclair an annual option, after year three, to repatriate the US rights.

Sinclair also established a Brazilian affiliate into which it has repatriated local rights for Silhouette Soft® and Perfectha®. Direct distribution in Brazil commenced on 1 July 2016 and was immediately sales and earnings enhancing. Brazil is one of the top five aesthetic markets globally and this new affiliate provides a platform to build on the successful launch of Silhouette Soft® and immediately enables direct sales of Perfectha®. It will also provide the platform to directly launch Ellansé™ once regulatory approval anticipated in 2018, has been granted. Initial sales in Brazil have exceeded forecasts providing optimism for a return to growth of both products following a slowdown while the transfer of rights for each were negotiated.

In addition, a strong balance sheet enabled Sinclair to re-negotiate the Ellansé® milestone payments. In return for a one-off payment of €15 million, the vendors waived their rights to all further milestone payments which totalled €36 million and were expected to have been paid over the next 3-5 years. This transaction has generated a one-off exceptional gain of £8.5 million during this interim period as a result of the significant reduction in deferred consideration payable.

Since the disposal of the non-aesthetics business Sinclair has become a simpler and more focused business. There are now 5 brands, reduced from 32, stock keeping units have dropped from 1251 to 52, external manufacturers have reduced from 19 to 3 and there are 40 fewer distribution partners. At the time of the disposal 39 staff, mostly in Europe, transferred to Alliance Pharma plc. A subsequent restructuring to further streamline the business and reduce costs has resulted in a further 13 employees leaving the Company. This restructuring will give the Company a benefit of at least £2.0 million in annual cost savings.

Silhouette Instalift™ launch by Thermi

Thermi is the world leader in minimally invasive thermistor-regulated energy solutions for aesthetics, dermatology and women's health, and one of the fastest growing aesthetics companies in the US. Silhouette InstaLift™ is the only injectable aesthetic product with a *lifting* claim in the US market. The ThermiRF® platform, enables aesthetic physicians to perform ThermiTight®, a micro-invasive single treatment solution for skin laxity. The ability for one commercial team to offer both ThermiTight and Silhouette InstaLift™ represents a major breakthrough in the quest to offer patients a minimally invasive non-surgical alternative to the facelift. With an installed base of more than 1,000 systems in the US, Thermi ispoised to quickly establish Silhouette InstaLift™ as a key offering in minimally invasive aesthetics by immediately promoting the product to Thermi's established physician customer base. Importantly these physicians are mostly plastic surgeons, the key initial target customer group for Silhouette InstaLift™. Based on early discussions with US physicians, we expect that the procedure in the US will generally involve the use of at least 6 sutures, compared to 4 on average in the rest of the world.

Silhouette InstaLift™ was launched by Thermi in August 2016. Thermi is directly supporting the product through its 55 rep sales force, with an additional 10 reps recruited for dedicated Silhouette InstaLift™ sales. Sinclair is directly involved in product marketing with Doug Abel (Sinclair US president) as head of the joint Silhouette Instalift™ Marketing Committee. To-date, c.200 US physicians have purchased and used Silhouette InstaLift™. In addition, over 500 physicians have expressed immediate interest in adding Silhouette InstaLift™ to their practices.

Silhouette Soft®

Sales in the six month period almost doubled to £6.2 million up 94% from £3.2m in the previous half, when reported sales were constrained by a period of distributor de-stocking in the final quarter of 2015. Sales in Sinclair's European affiliates were strong at £2.1 million, doubling from £1.1 million in the prior six month period, despite a difficult market environment in France.

Silhouette Soft® was launched in South Korea in Q4 2015 and delivered sales of £0.4 million in the period, up from £0.1 million in the prior six months. The Company also saw strong sales increases in the UAE (£0.7 million up from £0.3 million) as well as Australia, Japan, South Africa and Singapore. Recent launches in Columbia and Mexico in Q3 2016 will likely provide further growth in the current period and into 2017.

Sinclair completed a deal to repatriate the rights to Silhouette Soft® in Brazil in April 2016, and subsequently relaunched both Silhouette Soft® and Perfectha® on 1 July 2016. Although the Brazilian aesthetics market has been adversely affected by a weak currency and economy, Sinclair sees significant scope for geographic expansion compared to the reach of its former distributor, in addition to improvements to training and marketing programmes which are expected to contribute to sustainable growth over the medium term.

A significant new distribution agreement for Silhouette Soft® in China and Hong Kong led to a launch in Hong Kong in the period and the commencement of pre-registration activities for China, ahead of a targeted launch in 2019. This agreement has recently been extended to cover Taiwan, another important aesthetics market in the APAC region, with registration underway for a launch planned for 2017.

Key Activities

Following the positive reception of Silhouette Soft® at both the European and Latin American *World Experts' Meetings ('WEM') last year,* Sinclair held its first Asia *WEM* in Bali earlier this year. This event was attended by over 300 leading aesthetic physicians and plastic surgeons from the region, and included hands on training workshops.

The 2016 European *WEM* is being held in Barcelona this month. The Company believes this to be the best attended single company educational event in the aesthetics industry, with over 1,000 dermatologists and plastic surgeons expected to attend.

Ellansé®

Sales of £4.2 million for the six months ended 30 June were up 147% from £1.7 million in the previous half. The prior six month period was also heavily affected by planned distributor de-stocking, particularly in South Korea and Mexico. The Company continues to see a clear pick-up in the use of Ellansé® across all regions and the broad nature of this growth combined with the planned launches in major markets provides significant confidence in the outlook for the product in the remainder of 2016 and beyond.

The stock situation in South Korea has now normalized under our new partner with sales to South Korea which is a key market for the Company increasing to £1.1 million in the period from £0.4 million in the prior period. Ellanse® was re-launched in Mexico in July 2016 following a change of distributor.

Sinclair's European affiliates continue to see strong growth for Ellansé® with sales increasing to £1.1 million in the period, from £0.6 million in the six months to December 2015, supported by a strong training programme and increasing confidence in the product from physicians who have now seen the clinical benefits and excellent safety profile of the product over a longer period.

The launch of Ellansé® in Hong Kong during the period generated sales of £0.5 million during the period. There were also encouraging launches in Malaysia, Singapore and Japan, combined with strong growth in multiple existing Ellansé® markets, notably Taiwan.

Ellansé®is not yet approved in three of the world's largest aesthetic markets namely, the US, China and Brazil. In China, registration activities have commenced ahead of a targeted launch in 2019. Registration in Brazil is also underway for launch by Sinclair's Brazilian affiliate which is expected in 2018, and pre IDE work continues in the US for a planned clinical study, ahead of an expected approval in 2019.

Perfectha®

Sales in the period recovered strongly to £3.7 million, up 184% on the £1.3 million reported in the previous half, again following a period of distributor de-stocking. The outlook for the remainder of 2016 remains strong as a result of the new contractual terms agreed with our South Korean partner, the July launch in Sinclair Brazil which has beaten our initial estimates after two months, anticipated launch in Mexico in Q3 2016, and continued momentum of the product in our own direct affiliates in Europe

Having resolved contractual and stocking issues with the Group's partner in South Korea, Perfectha®'s largest market, sales re-commenced contributing £0.7 million in the period versus £nil in the prior six months. Deliveries to Brazil also re-commenced in the period, ahead of the launch through Sinclair's Brazilian affiliate in July 2016, following a period without sales while the rights were repatriated from the local distributor. Sales of Perfectha® in Russia remain weak as a result of the sharp downturn in the Russian aesthetics market, largely due to weak currency and economic uncertainties.

Perfectha® performed strongly in Sinclair's European affiliates where sales increased to £0.9 million in the period, compared to £0.4 million in the prior six months, and also in several other territories particularly in the Middle East.

Sinclair's new partner for Perfectha® in China, Hong Kong and Taiwan has commenced registration activities in the period, ahead of a planned 2019 launch.

Sculptra®/New-Fill®

Sales in the period recovered to £3.2 million, compared with £1.6 million in the first six months to December 2015 and £4.1 million in the same period last year. Sales and marketing investment for these brands remains minimal but management believes underlying use of the product remains strong, supported by long term loyal users.

Product Development

Sinclair's current development activities focus on developing line extensions and new indications for the existing aesthetics portfolio, as well as undertaking additional studies required to support regulatory submissions in new 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 Premarket Approval (PMA) for the USA, which is expected for 2019. Similarly, in collaboration with its distribution partners, Sinclair will initiate appropriate additional studies required to achieve regulatory approvals for Ellansé® in Brazil and China, with launches anticipated in 2018 and late 2019 respectively. Parallel development programmes are also being initiated to support the registration of Silhouette Soft® and Perfectha® in China, with approvals anticipated by no earlier than 2019. Sinclair has also started a number of clinical trials across the Ellansé® portfolio aimed at generating further data to demonstrate superior longevity, improved skin tone and use of Ellanse® in combination with the Sinclair portfolio.

In Q4 2016 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 2017.

Regulatory review of the new Perfectha® Lidocaine range of products has been temporarily suspended while a new syringe, common to all Sinclair injectable products is brought into production. Approval in now anticipated in 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 2017 with CE mark approval expected early in 2018.

Financial Review

The results reported for continuing operations in the six and twelve months ended 30 June 2016 reflect only the Group's continuing aesthetics business. All results of the non-aesthetics business which was divested to Alliance Pharma Plc on 17 December 2015 are included under the discontinued operations heading as required by IFRS. Results for the comparative periods have been restated for consistency.

Results for the six months ended 30 June 2016

Continuing operations

As expected, reported revenue for the aesthetics business in the six months ended 30 June 2016 increased 125% (112% on a constant currency basis) to £17.3 million from £7.7 million in the six months ended 31 December 2015 following the de-stocking process which was undertaken in the final quarter of 2015. As discussed above, strong sales increases were seen across all four products. Total sales were unchanged compared with the same six month period in 2015, a period that included significant levels of distributor stock increases, especially by the Group's former Brazilian distributor following the approval of Silhouette Soft® in that territory in April 2015.

Gross profit of £12.2 million for the aesthetics business in the period was 1.5% higher than in the same period last year and gross margins were improved at 70.5% compared with 69.2% in H1 2015. The improvement in gross margin is driven by an improving sales mix, in particular with higher margin Ellansé® contributing a greater proportion of sales compared with the prior period with lower margin Perfectha® and Sculptra® reporting lower sales than in the comparative period. A reduced cost of goods for Silhouette Soft® , effective from May 2015, has also contributed to the increase in gross margins.

Selling, marketing and distribution costs for the aesthetics business increased to £9.2 million in the period from £6.6 million in H1 2015 predominantly as a result of US pre-launch expenditure for Silhouette InstaLift™.

Administrative expenses before exceptional items of £8.3 million are £1.2 million higher than the same period last year, largely as a result of a £0.9 million increase in non-cash amortisation charges. The remaining increase stemming from increased administration costs in the US ahead of the Silhouette InstaLift™ launch.

There were a number of exceptional items of income and expense included within administrative expenses in the period, which in total amount to a net credit of £5.0 million (H1 2015: £0.5 million expense). These were:

- A £9.0 million credit arising on the re-negotiation of deferred contingent consideration liabilities for Ellansé® and revisions to the forecast timings of deferred considerations for Silhouette Soft® and Perfectha®.
- Restructuring costs of £2.4 million as a result of the restructuring to simplify the business and reduce costs which included severance payments payable to the Chief Operating Officer and a number of other employees.
- An inventory provision of £1.4 million as a result of the decision to de-stock distributors and eliminate shorter shelf life product from distribution.
- Acquisition costs of £0.2 million linked to the repatriation of rights to Silhouette Soft® in Brazil.

Finance costs of £3.3 million in the period are 31% lower than in H1 2015 as a result of the repayment of the external debt facility in December 2015 following the disposal of the non-aesthetics business. Finance costs represent the non-cash discount unwind charge on deferred and contingent consideration from acquisitions, net of interest income on cash balances. The discount charge of £3.3 million is reduced from £4.5 million in the same period in 2015 as a result of the settlement of various items of deferred consideration over the last year.

There is a small tax credit of £0.6 million for continuing operations, compared with a credit of £0.7 million in H1 2015. This credit arises from the amortisation of deferred tax liabilities linked to intangible assets, net of a £0.3 million charge for tax in overseas territories.

Discontinued operations

Profit for the period from discontinued operations of £1.5 million (H1 2015: £9.9 million) reflects the reversal of a £1.5 million tax charge which arose on the disposal of the non-aesthetics business to Alliance Pharma Plc on 17 December 2015, net of £0.1 million of administration expenses incurred post completion. The prior period profit includes the full trading results for the disposed non-aesthetic products.

Overall loss for the period to 30 June 2016 was £1.2 million (2015: profit of £3.5 million). This resulted in an overall loss per share of 0.2p for the period, earnings of 0.7p in 2015.

Balance sheet

The Group's balance sheet has been transformed following the disposal of the non-aesthetics business and repayment of the external debt facility, resulting in a strong balance sheet position at 30 June 2016 including net cash of £24.4 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 is being used to invest in future growth opportunities including the US launch of Silhouette Instalift™ and to cover future milestone payments from historical acquisitions.

Non-current assets have decreased to £144.0 million at 30 June 2016 from £237.5 million at 30 June 2015 as a consequence of the disposal of the non-aesthetics business impact on goodwill and intangible asset balances and associated utilisation of deferred tax assets, offset by the acquisition of Silhouette Soft® rights in Brazil and impact of foreign exchange rates where the weakness of Sterling has increased the value of Euro and US Dollar denominated assets.

Current assets have fallen to £41.4 million at 30 June 2016 from £47.9 million as a result of the disposal of the non-aesthetics business which resulted in a significant reduction in working capital balances. Inventories have fallen to £5.1 million compared to £7.6 million at 30 June 2015 and trade, and other receivables have more than halved from £27.7 million at 30 June 2015 to £11.9 million at 30 June 2016.

Current liabilities have fallen significantly to £22.5 million at 30 June 2016 (30 June 2015: £46.7 million) as a result of the payment of deferred consideration liabilities which are now £9.8 million, down from £23.1 million at 30 June 2015, and trade and other payables falling to £11.8 million from £22.6 million following the disposal of the non-aesthetics business. Key deferred consideration liabilities due within the next year are $10.0 million linked to initial Silhouette InstaLift™ sales milestones and the US clinical trial and £1.3 million in final settlement for the repatriation of rights to Silhouette Soft® in Brazil.

Non-current liabilities have been significantly reduced in the period from £133.1 million at 30 June 2015 to £52.7 million at 30 June 2016, a reduction of £80.4 million (-60%). This is a result of the repayment of the debt facility, early settlement of certain deferred consideration liabilities for Ellansé® and a reduction in deferred tax liabilities as a consequence of the disposal of the sale of the non-aesthetics business. Deferred consideration due after one year consists of $40 million in sales based milestones linked to the performance of Silhouette InstaLift™ in the US which are expected to be payable over the period 2018-2020 based on Thermi's current forecasts and a €6.5 million milestone due on the approval of a CE Mark for Perfectha Lidocaine® anticipated to become due in 2018.

Cash flow and net debt

Net cash used in operating activities was £8.8 million in the six months to 30 June 2016 from a cash generation of £8.5 million in the same period last year. This consisted of cash used in continuing operations of £5.2 million (H1 2015: £3.1 million), cash outflow from discontinued operations of £3.1 million (H1 2015: £14.4 million) and interest and tax payments of £0.4 million (H1 2015: £2.8 million). The increase in cash outflows was driven by the adjusted EBITDA loss of £1.9 million (2015 profit of £0.8 million) combined with an adverse working capital position, and cash outflows from exceptional items of £1.8 million.

Cash used in investing activities in the six months to 30 June 2016 was £42.5 million, compared with £8.5 million in 2015. This included the payment of a number of deferred consideration milestones for Silhouette Soft®, the early settlement of the deferred consideration for Ellansé® and the cost of repatriating rights to Silhouette Soft® in Brazil, offset by £3.6 million additional proceeds on the disposal of the non-aesthetics business reflecting the collection of working capital balances and inventory true-up payments.

The overall net cash outflow in the six months to 30 June 2016 of £51.3 million resulted in a net cash position of £24.4 million at 30 June 2016.

Outlook

Sinclair is positioned to become a significant player in the global aesthetics market. The Company is a leader in the field of collagen stimulation with a portfolio of high growth, innovative products that address patient demand for better, long-lasting natural results. The portfolio also offers compelling economics for physicians which is a key consideration for adoption and regular use. The significant growth in sales during the second interim period demonstrates increasing demand for Sinclair's products, which the Company will continue to launch into new territories to sustain premium growth over the medium term. Distributor inventory levels remain normalised at 30 June 2016 and into Q3, in-line with those at 31 December 2015.

Our partnership with ThermiGen in the US has started extremely well. A common customer base, the complementary nature of the products and ThermiGen's experienced and highly motivated sales force give grounds for optimism for Silhouette InstaLift™ sales in the US.

Q3 2016 (traditionally the quietest quarter of the year) has seen strong growth with reported sales expected to exceed the £7.7 million reported for the six month period to December 2015, and compared with £4.1 million in Q3 2015. We are confident in our 2016 outlook and the Board maintains guidance of 40% sales growth, pre Brazil consolidation and US Silhouette InstaLift™ sales. Foreign exchange movements post Brexit continue to offer revenue tailwinds but remain broadly neutral in EBITDA terms due to the costs of the US investment.

The simplification of the business has created opportunities to streamline and re-invigorate the organisation and allow substantial on-going cost savings. Cost control remains central to management thinking as the Board looks to transition the Group back into profitability as soon as possible. The Board is highly optimistic that there will be significant near and medium term operating leverage. The business is already close to break-even at the EBITDA level (pre US investment), yet anticipated sales growth is strong with very high marginal profitability as a result of high and rising gross margins and a relatively fixed operating cost base.

SINCLAIR

Unaudited Consolidated Income Statement

For the six months ended 30 June 2016

		Unaudited			Unaudited		
		Six months ended 30 June 2016			Six months ended 30 June 2015		
	Notes	**Pre-exceptional items £'000**	**Exceptional items (note 3) £'000**	**Total £'000**	Pre-exceptional items £'000	Exceptional items (note 3) £'000	Total £'000
Continuing operations							
Revenue	2	**17,250**	**-**	**17,250**	17,297	-	17,297
Cost of sales		**(5,089)**	**-**	**(5,089)**	(5,320)	-	(5,320)
Gross profit		**12,161**	**-**	**12,161**	11,977	-	11,977
Selling, marketing and distribution costs		**(9,199)**	**-**	**(9,199)**	(6,633)	-	(6,633)
Administrative expenses		**(8,287)**	**5,221**	**(3,066)**	(7,114)	(546)	(7,660)
Operating loss		**(5,325)**	**5,221**	**(104)**	(1,770)	(546)	(2,316)
Finance costs	5	**(3,290)**	**-**	**(3,290)**	(4,839)	-	(4,839)
Loss before taxation		**(8,615)**	**5,221**	**(3,394)**	(6,609)	(546)	(7,155)
Taxation	6	**631**	**-**	**631**	746	-	746
Loss for the period from continuing operations		**(7,984)**	**5,221**	**(2,763)**	(5,863)	(546)	(6,409)
Discontinued operations	4						
Profit for the period from discontinued operations				**1,541**			9,876
(Loss)/profit for the period attributable to the owners of the parent				**(1,222)**			3,467
(Loss)/earnings per share	7						
From continuing operations				**(0.5)p**			(1.3)p
From discontinued operations				**0.3p**			2.0p
(Loss)/earnings per share for the period				**(0.2)p**			0.7p

Unaudited Consolidated Statement of Comprehensive Income

For the six months ended 30 June 2016

	Unaudited Six months Ended 30 June 2016 £'000	Unaudited Six months ended 30 June 2015 £'000
(Loss)/profit for the period	**(1,222)**	3,467
Other comprehensive income (Items that may be reclassified subsequently to profit and loss)		
Currency translation differences	**6,036**	(9,802)
Total comprehensive income/(expense) attributable to the owners of the parent	**4,814**	(6,335)
Total comprehensive income/(expense) arises from:		
Discontinued operations	**1,541**	9,876
Continuing operations	**3,273**	(16,211)
	4,814	(6,335)

The notes on pages 16 to 30 form an integral part of this condensed consolidated interim financial information.

Unaudited Consolidated Income Statement

For the twelve months ended 30 June 2016

	Notes	Unaudited Twelve months ended 30 June 2016 Pre-exceptional items £'000	Exceptional items (note 3) £'000	Total £'000	Audited Twelve months ended 30 June 2015 Pre-exceptional items £'000	Exceptional items (note 3) £'000	Total £'000
Continuing operations							
Revenue	2	**24,922**	**-**	**24,922**	27,842	-	27,842
Cost of sales		**(7,248)**	**-**	**(7,248)**	(9,262)	-	(9,262)
Gross profit		**17,674**	**-**	**17,674**	18,580	-	18,580
Selling, marketing and distribution costs		**(17,308)**	**-**	**(17,308)**	(13,481)	-	(13,481)
Administrative expenses		**(17,198)**	**5,720**	**(11,478)**	(16,287)	(546)	(16,833)
Operating loss		**(16,832)**	**5,720**	**(11,112)**	(11,188)	(546)	(11,734)
Finance costs	5	**(11,478)**	**(2,861)**	**(14,339)**	(12,695)	-	(12,695)
Loss before taxation		**(28,310)**	**2,859**	**(25,451)**	(23,883)	(546)	(24,429)
Taxation	6	**836**	**-**	**836**	1,058	-	1,058
Loss for the period from continuing operations		**(27,474)**	**2,859**	**(24,615)**	(22,825)	(546)	(23,371)
Discontinued operations	4						
Profit for the period from discontinued operations				**9,299**			16,163
Loss for the period attributable to the owners of the parent				**(15,316)**			(7,208)
Loss per share	7						
From continuing operations				**(5.0)p**			(4.7)p
From discontinued operations				**1.9p**			3.2p
Loss per share for the period				**(3.1)p**			(1.5)p

Unaudited Consolidated Statement of Comprehensive Income

For the twelve months ended 30 June 2016

	Unaudited Twelve months Ended 30 June 2016 £'000	Audited Twelve months ended 30 June 2015 £'000
Loss for the period	**(15,316)**	(7,208)
Other comprehensive income (Items that may be reclassified subsequently to profit and loss)		
Currency translation differences	**10,543**	(6,555)
Reclassification adjustment relating to foreign operations disposed of in the period	**7,703**	-
Total comprehensive income/(expense) attributable to the owners of the parent	**2,930**	(13,763)
Total comprehensive income/(expense) arises from:		
Discontinued operations	**17,002**	16,163
Continuing operations	**(14,072)**	(29,926)
	2,930	(13,763)

The notes on pages 16 to 30 form an integral part of this condensed consolidated interim financial information.

Unaudited Consolidated Balance Sheet

As at 30 June 2016

	Notes	Unaudited 30 June 2016 £'000	Audited 30 June 2015 £'000
Non-current assets			
Goodwill	8	**60,947**	122,072
Intangible assets	9	**81,243**	110,210
Property, plant and equipment	10	**1,613**	1,712
Deferred tax assets		**70**	3,308
Other financial assets		**100**	167
		143,973	237,469
Current assets			
Inventories		**5,098**	7,623
Trade and other receivables	11	**11,927**	27,664
Cash and cash equivalents		**24,365**	12,661
		41,390	47,948
Total assets		**185,363**	285,417
Current liabilities			
Borrowings	13	**-**	(19)
Trade and other payables	12	**(11,813)**	(22,606)
Other financial liabilities	14	**(9,796)**	(23,101)
Current tax liabilities		**(464)**	(393)
Provisions		**(401)**	(628)
		(22,474)	(46,747)
Non-current liabilities			
Borrowings	13	**-**	(51,779)
Other financial liabilities	14	**(29,281)**	(54,615)
Deferred tax liabilities		**(23,382)**	(26,704)
		(52,663)	(133,098)
Total liabilities		**(75,137)**	(179,845)
Net assets		**110,226**	105,572
Equity			
Share capital		**4,974**	4,974
Share premium account		**86,128**	86,128
Merger reserve		**97,141**	97,141
Other reserves		**11,518**	(6,728)
Accumulated losses		**(89,535)**	(75,943)
Total shareholders' equity		**110,226**	105,572

The notes on pages 16 to 30 form an integral part of this condensed consolidated interim financial information.

Unaudited Consolidated Statement of Changes in Shareholders' Equity

For the twelve months ended 30 June 2016

	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	-	-	-	(6,555)	-	(6,555)
Loss for the period	-	-	-	-	(7,208)	(7,208)
Total comprehensive expense for the period	-	-	-	(6,555)	(7,208)	(13,763)
Share based payments	-	-	-	-	1,427	1,427
Share issue expenses	-	(9)	-	-	-	(9)
Total transactions with owners recognised directly in equity	**-**	**(9)**	**-**	**-**	**1,427**	**1,418**
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	-	-	-	10,543	-	10,543
Reclassification adjustment relating to foreign operations disposed of in the period (note 16)	-	-	-	7,703	-	7,703
Loss for the period	-	-	-	-	(15,316)	(15,316)
Total comprehensive income/(expense) for the period	-	-	-	18,246	(15,316)	2,930
Share based payments	-	-	-	-	1,724	1,724
Total transactions with owners recognised directly in equity	**-**	**-**	**-**	**-**	**1,724**	**1,724**
Balance at 30 June 2016 (unaudited)	**4,974**	**86,128**	**97,141**	**11,518**	**(89,535)**	**110,226**

The notes on pages 16 to 30 form an integral part of this condensed consolidated interim financial information.

Unaudited Consolidated Statement of Cash Flows

	Notes	**Unaudited Six months ended 30 June 2016 £'000**	Unaudited Six months ended 30 June 2015 £'000	**Unaudited Twelve months ended 30 June 2016 £'000**	Audited Twelve months ended 30 June 2015 £'000
Net cash (outflow)/inflow from operating activities including discontinued operations	18	**(8,370)**	11,296	**(12,687)**	9,978
Interest paid		**-**	(2,433)	**(2,850)**	(5,181)
Interest paid on finance lease		**-**	(3)	**-**	(3)
Taxation paid		**(426)**	(376)	**(443)**	(542)
Net cash (used in)/generated from operating activities		**(8,796)**	8,484	**(15,980)**	4,252
Investing activities					
Purchases of property, plant and equipment		**(292)**	(520)	**(442)**	(826)
Purchase of intangible assets		**(320)**	(818)	**(735)**	(1,401)
Proceeds on settlement of financial instrument		**19**	-	**19**	-
Proceeds from the sale of intangible assets		**-**	37	**-**	1,367
Net cash inflow from disposal of subsidiaries		**3,569**	-	**134,028**	-
Payment of deferred consideration		**(40,077)**	(7,240)	**(43,688)**	(7,402)
Acquisition of subsidiary undertakings, net of cash acquired	15	**(5,456)**	52	**(5,456)**	(93)
Interest Received		**43**	-	**43**	-
Net cash (used in)/generated from investing activities		**(42,514)**	(8,489)	**83,769**	(8,355)
Financing activities					
Repayment of borrowings		**-**	-	**(56,671)**	(973)
Payment of share issue expenses		**-**	(9)	**-**	(9)
Net cash used in financing activities		**-**	(9)	**(56,671)**	(982)
Net (decrease)/increase in cash and cash equivalents		**(51,310)**	(14)	**11,118**	(5,085)
Cash and cash equivalents at 1 January		**75,377**	13,425	**12,661**	17,532
Exchange gain/(loss) on cash and bank overdrafts		**298**	(750)	**586**	214
Cash and equivalents at end of period		**24,365**	12,661	**24,365**	12,661

The notes on pages 16 to 30 form an integral part of this condensed consolidated interim financial information.

Notes to the unaudited condensed consolidated half-yearly financial information

1. General Information, basis of preparation and accounting policies

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 interim 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 interim financial information for the six and twelve months ended 30 June 2016 has been reviewed, not audited and was approved for issue on 21 September 2016.

Basis of preparation

This condensed consolidated half-yearly financial information for the six and twelve months ended 30 June 2016, 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 interim 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.

Accounting policies

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.

There are no new IFRSs or IFRICs that are effective for the first time for this interim period that would be expected to have a material impact on the Group.

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.

2. 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 30 June 2016 £'000	Unaudited Six months ended 30 June 2015 £'000	**Unaudited Twelve months ended 30 June 2016 £'000**	Audited Twelve months ended 30 June 2015 £'000
Revenue	**17,250**	17,297	**24,922**	27,842
Cost of goods sold	**(5,089)**	(5,320)	**(7,248)**	(9,262)
Gross Profit	**12,161**	11,977	**17,674**	18,580
Adjusted EBITDA	**(1,894)**	803	**(10,248)**	(4,198)

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 30 June 2016 £'000	Unaudited Six months ended 30 June 2015 £'000	**Unaudited Twelve months Ended 30 June 2016 £'000**	Audited Twelve months ended 30 June 2015 £'000
European direct	**7,879**	8,576	**11,630**	13,060
Asia Pacific (APAC)	**4,295**	2,581	**5,486**	4,933
United States of America	**120**	89	**178**	193
Intercontinental	**4,956**	6,051	**7,628**	9,656
Total Revenue	**17,250**	17,297	**24,922**	27,842

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

	Unaudited Six months ended 30 June 2016 £'000	Unaudited Six months ended 30 June 2015 £'000	**Unaudited Twelve months ended 30 June 2016 £'000**	Audited Twelve months ended 30 June 2015 £'000
Adjusted EBITDA	**(1,894)**	803	**(10,248)**	(4,198)
Depreciation	**(255)**	(259)	**(486)**	(451)
Amortisation	**(2,182)**	(1,353)	**(4,250)**	(4,437)
Exceptional administrative expenses (note 3)	**5,221**	(546)	**5,720**	(546)
Share based and long term incentive payments	**(994)**	(961)	**(1,848)**	(2,102)
Operating loss	**(104)**	(2,316)	**(11,112)**	(11,734)

3. 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 30 June 2016 £'000	Unaudited Six months ended 30 June 2015 £'000	**Unaudited Twelve months ended 30 June 2016 £'000**	Audited Twelve months ended 30 June 2015 £'000
Adjustment to contingent consideration	**9,220**	-	**11,539**	-
Restructuring	**(2,423)**	(22)	**(2,423)**	(22)
Inventory provision	**(1,378)**	-	**(1,653)**	-
Acquisition and business development costs (note 15)	**(198)**	(524)	**(198)**	(524)
Impairment charge	**-**	-	**(1,545)**	-
Exceptional administrative expenses	**5,221**	(546)	**5,720**	(546)
Prepaid arrangement fees – finance cost	**-**	-	**(2,861)**	-
	5,221	(546)	**2,859**	(546)

Adjustments to contingent consideration in the six months to 30 June 2016 include a credit of £8,539,000 following early settlement of all remaining milestones relating to the acquisition of Aqtis Medical BV resulting in a reduction to the total purchase consideration, and adjustments a credit of £681,000 following changes to the forecast timing of payments for certain milestones payable following the acquisition of Obvieline SAS and Silhouette Lift SL.

Further adjustments to contingent consideration in the twelve month period to 30 June 2016 include a credit of £2,091,000 following a reduction in the contingent purchase consideration of Juvinessence Limited which held the distribution rights for Silhouette in the UK. This 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.

These adjustments have been credited to the income statement as the changes were triggered more than twelve months after the original acquisition completion date. There is no tax impact of these adjustments.

Following the disposal of the non-aesthetic products to create a focussed aesthetics business, the Group has undertaken an internal restructuring resulting in £2,423,000 of one-off severance and redundancy costs being incurred.

In the period ended 31 December 2015, the Group took a decision to de-stock its distribution partners. As a result during this period of below average sales the Group's inventory increased and aged. A decision was then made to withdraw inventory with a limited shelf life from commercial sale in order to provide partners and doctors product with as long a shelf life as possible. This has resulted in a provision for short life inventory of £1,378,000 in the six months ended 30 June 2016 and £1,653,000 in the twelve months ended 30 June 2016.

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

4. 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 30 June 2016 £'000	Unaudited Six months ended 30 June 2015 £'000	**Unaudited Twelve months ended 30 June 2016 £'000**	Audited Twelve Months ended 30 June 2015 £'000
Revenue	-	26,548	**15,211**	48,045
Cost of sales	-	(8,557)	**(7,420)**	(18,863)
Gross profit	-	17,991	**7,791**	29,182
Selling, marketing and distribution costs	-	(3,181)	**(1,791)**	(5,331)
Administrative expenses	**(9)**	(5,010)	**(4,216)**	(7,574)
Operating (loss)/profit and (loss)/profit before taxation	**(9)**	9,800	**1,784**	16,277
Taxation	-	76	**62**	(114)
(Loss)/profit for the period from discontinued operations	**(9)**	9,876	**1,846**	16,163
Pre tax gain on disposal of non-aesthetic business (note 16)	**91**	-	**4,111**	-
Attributable taxation charge	**1,459**	-	**3,342**	-
Profit for the period from discontinued operations (attributable to owners of the Company)	**1,541**	9,876	**9,299**	16,163

Cash flows from discontinued operations

	Unaudited Six months ended 30 June 2016 £'000	Unaudited Six months ended 30 June 2015 £'000	**Unaudited Twelve months ended 30 June 2016 £'000**	Audited Twelve months ended 30 June 2015 £'000
Net cash (outflows)/inflows from operating activities (note 18)	**(3,140)**	14,407	**1,687**	21,250
Net cash inflows/(outflows) from investing activities	**3,122**	(312)	**133,319**	513
Net cash inflows from financing activities	-	-	-	-
Net cash (outflows)/inflows from discontinued operations	**(18)**	14,095	**135,006**	21,763

5. Finance costs

	Unaudited Six months ended 30 June 2016 £'000	Unaudited Six months ended 30 June 2015 £'000	Unaudited Twelve months ended 30 June 2016 £'000	Audited Twelve months Ended 30 June 2015 £'000
Interest on loans	**-**	(3,013)	**(2,651)**	(5,652)
Discount unwind on deferred and contingent consideration	**(3,327)**	(4,517)	**(6,980)**	(8,790)
Other finance charges	**(6)**	(89)	**(120)**	(217)
Other finance income	**43**	-	**43**	-
Net foreign exchange loss on financing activities	**-**	2,780	**(1,770)**	1,964
Total finance costs (pre-exceptional)	**(3,290)**	(4,839)	**(11,478)**	(12,695)
Exceptional finance costs (note 3)	**-**	-	**(2,861)**	-
Total finance costs	**(3,290)**	(4,839)	**(14,339)**	(12,695)

6. Taxation

	Unaudited Six months ended 30 June 2016 £'000	Unaudited Six months ended 30 June 2015 £'000	Unaudited Twelve months ended 30 June 2016 £'000	Audited Twelve months ended 30 June 2015 £'000
Current tax				
Overseas tax	**(275)**	121	**(355)**	67
Deferred tax				
Utilisation of brought forward losses	**-**	7	**-**	-
Timing differences arising in the period	**-**	361	**(228)**	361
Reversal of temporary differences	**906**	257	**1,419**	630
	906	625	**1,191**	991
Tax credit on loss before taxation	**631**	746	**836**	1,058

7. (Loss)/earnings per share

The basic (loss)/earnings per share has been calculated by dividing the (loss)/profit 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 30 June 2016	Unaudited Six months ended 30 June 2015	**Unaudited Twelve months ended 30 June 2016**	Audited Twelve months ended 30 June 2015
Basic and diluted EPS				
(Loss)/profit attributable to equity shareholders (£'000)	**(1,222)**	3,467	**(15,316)**	(7,208)
Weighted average number of shares	**496,983,706**	496,983,706	**496,983,706**	496,983,706
Diluted weighted average number of shares	**496,983,706**	496,983,706	**496,983,706**	496,983,706
Basic and diluted (loss)/earnings per share (pence)	**(0.2)p**	0.7p	**(3.1)p**	(1.5)p
From continuing activities				
Loss from continuing activities (£'000)	**(2,763)**	(6,409)	**(24,615)**	(23,371)
Basic and diluted loss per share (pence) from continuing activities	**(0.5)p**	(1.3)p	**(5.0)p**	(4.7)p
From discontinued activities				
Profit from discontinued activities (£'000)	**1,541**	9,876	**9,299**	16,163
Basic and diluted loss per share (pence) from discontinuing activities	**0.3p**	2.0p	**1.9p**	3.2p

Adjusted loss per share

A reconciliation of adjusted loss per share is as follows:

	Unaudited Six months ended 30 June 2016 £'000	Unaudited Six months ended 30 June 2015 £'000	**Unaudited Twelve months ended 30 June 2016 £'000**	Audited Twelve months ended 30 June 2015 £'000
(Loss)/profit for the period	**(1,222)**	3,467	**(15,316)**	(7,208)
Amortisation of acquired licences	**2,159**	1,253	**4,207**	4,237
Impairment losses (note 3)	**-**	-	**1,545**	-
Exceptional items (note 3)	**(5,221)**	546	**(4,404)**	546
Discount unwind on deferred consideration	**3,327**	4,517	**6,980**	8,790
Discontinued activities	**(1,541)**	(9,876)	**(9,299)**	(16,163)
Deferred tax credits on amortisation and exceptional items	**(906)**	(257)	**(1,419)**	(630)
Adjusted loss for the period	**(3,404)**	(350)	**(17,706)**	(10,428)
Adjusted loss per share basic and diluted (pence)	**(0.7)p**	(0.1)p	**(3.6)p**	(2.1)p

8. Goodwill

	Unaudited Twelve months ended 30 June 2016 £'000	Audited Twelve months ended 30 June 2015 £'000
Cost		
At 1 July	**128,628**	133,862
Additions (note 15)	**2,208**	1,646
Adjustments to goodwill	**(575)**	(2,568)
Disposals (note 16)	**(79,852)**	-
Exchange adjustments	**10,538**	(4,312)
At period end	**60,947**	128,628
Accumulated amortisation and impairment		
At 1 July	**6,556**	6,556
Disposals (note 16)	**(6,556)**	-
At period end	**-**	6,556
Net book value at period end	**60,947**	122,072

During the year ended 30 June 2016, the company acquired Sinclair Pharma Brasil Ltda (note 15). The goodwill valuation for this acquisition remains provisional.

During the year ended 30 June 2015, the company acquired Medicalio SL and Arkea BV. 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 30 June on balances recorded in Euros and US Dollars.

9. Intangible assets

	Unaudited Twelve months ended 30 June 2016 £'000	Audited Twelve months ended 30 June 2015 £'000
Cost		
At 1 July	**150,907**	155,123
Additions	**1,139**	1,622
Additions arising on business combinations (note 15)	**5,818**	3,373
Disposals	**(74,596)**	(7,718)
Adjustments to business combinations	**(1,060)**	-
Exchange adjustments	**11,893**	(1,493)
At period end	**94,101**	150,907
Amortisation and impairment		
At 1 July	**40,697**	40,888
Charge for the period	**6,090**	8,511
Disposals	**(36,605)**	(7,706)
Impairment charge (note 3)	**1,545**	-
Exchange adjustments	**1,131**	(996)
At period end	**12,858**	40,697
Net book value at period end	**81,243**	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 30 June on balances recorded in Euros and US Dollars.

Adjustments to business combinations represents a change in the intangible asset arising on acquisition of Arkea BV, following a re-appraisal of the asset valuation during the 12 month period subsequent to acquisition.

10. Property, plant and equipment

	Unaudited Twelve months ended 30 June 2016 £'000	Audited Twelve months ended 30 June 2015 £'000
Cost		
At 1 July	**4,474**	3,777
Additions	**532**	978
Additions arising on business combinations (note 15)	**5**	-
Disposals	**(909)**	-
Exchange adjustments	**414**	(281)
At period end	**4,516**	4,474
Amortisation and impairment		
At 1 July	**2,762**	2,378
Charge for the period	**535**	503
Disposals	**(605)**	-
Exchange adjustments	**211**	(119)
At period end	**2,903**	2,762
Net book value at period end	**1,613**	1,712

11. Trade and other receivables

	Unaudited 30 June 2016 £'000	Audited 30 June 2015 £'000
Trade receivables	**8,902**	24,380
Less provision for impairment of trade receivables	**(700)**	(483)
Trade receivables-net	**8,202**	23,897
Other receivables	**1,613**	1,523
Prepayments and accrued income	**2,112**	2,244
	11,927	27,664

12. Trade and other payables

	Unaudited 30 June 2016 £'000	Audited 30 June 2015 £'000
Trade payables	**3,381**	12,576
Other taxes and social security costs	**1,188**	1,289
Other payables	**661**	851
Accruals and deferred income	**6,583**	7,890
	11,813	22,606

13. Borrowings

Movements in borrowings are analysed as follows:

	Unaudited 30 June 2016 £'000	Audited 30 June 2015 £'000
At 1 July	**51,798**	54,559
Repayments of borrowings	**(56,671)**	(973)
Release of prepaid arrangement fees	**2,861**	-
Amortisation of prepaid arrangement fees	**162**	383
Direct issue costs	**(8)**	(207)
Exchange adjustments	**1,858**	(1,964)
At 30 June	**-**	51,798

Following the disposal of the Non-Aesthetic business to Alliance Pharma Plc all external Group borrowings were repaid on 18 December 2015.

14. Other financial liabilities

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

	Unaudited 30 June 2016 £'000	Audited 30 June 2015 £'000
Obvieline SAS	**-**	6,044
Silhouette Lift SL	**7,552**	15,795
Sinclair Pharma Brasil (note 15)	**1,284**	-
Other deferred and contingent consideration	**960**	1,262
Total Current	**9,796**	23,101
Obvieline SAS	**6,892**	1,268
Aqtis Medical BV	**-**	26,953
Silhouette Lift SL	**32,730**	44,940
Other deferred and contingent consideration	**538**	10,643
Total non-current	**40,160**	83,804
Discount	**(10,879)**	(29,189)
	39,077	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 30 June 2016, £746,000 is current, and £Nil is non-current.

Deferred consideration is payable to the vendors of Medicalio, the former distributors of Silhouette in Spain. On 30 June 2016, £214,000 is current and £538,000 is non-current.

Deferred and contingent consideration is payable as follows:	**Unaudited 30 June 2016 £'000**	Audited 30 June 2015 £'000
On demand or within one year	**9,796**	23,101
Over one and under two years	**2,818**	17,149
Over two and under five years	**36,195**	51,530
Over five years	**1,147**	15,125
Discount	**(10,879)**	(29,189)
Total other financial liabilities	**39,077**	77,716

15. Business combinations

Sinclair Pharma Brasil Ltda

On March 29 2016, the Company acquired 100% of the share capital of "Building Health Distribuidora de Produtos para a Saude Ltda", an off-the shelf company registered in Brazil, which will subsequently be renamed "Sinclair Pharma Brasil Ltda". On 30 June 2016, the Company completed it's re-acquisition of the distribution rights for Silhouette Soft in Brazil and has transferred all related trade and assets into the acquired entity.

As a result of the acquisition, the Group now has a direct presence for Silhouette in the key Brazilian market via a 16 reps sales force, and is now additionally using the sales force to launch Perfectha. The goodwill of £2,208,000 arising from the acquisition is attributable to the economies of scale expected from selling Silhouette and Perfectha through the Group's direct sales forces in Brazil. Goodwill is not deductible for tax purposes.

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

	Book value	Adjustments	Fair value
	£'000		£'000
Intangible assets	21	5,797	5,818
Property, plant and equipment	5	-	5
Inventory	482	-	482
Trade and other receivables	93	(93)	-
Deferred Tax liabilities	-	(1,971)	(1,971)
Net assets	**601**	**3,733**	**4,334**
Goodwill			2,208
Total consideration			**6,542**
Cash consideration			5,258
Deferred consideration			1,284
Total consideration transferred			**6,542**
Net cash outflow arising on acquisition			
Cash consideration			5,258
Acquisition costs recognised within exceptional items			198
			5,456

All deferred consideration is contractual with no contingent elements. The contracted amounts in local currency, and Sterling equivalent translated at the date of acquisition, are expected to be settled as follows:

	$'000	£'000
Within one year	1,724	1,284

16. Disposal of non-aesthetics business

As referred to in note 5, 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	5,169
Trade and other receivables	11,701
Cash and cash equivalents	541
Trade and other payables	(11,066)
Foreign currency reserves	7,703
Net assets	**125,735**
Other disposal costs	4,182
Gain on disposal	4,111
Total consideration	**134,028**
Satisfied by:	
Cash and cash equivalents	**134,028**

The gain on disposal is included in the profit for the period from discontinued operations (note 4).

17. Related party transactions

There were no related party transactions during the current or preceeding period. Key management received payroll payments totalling £1,594,000 for the six months ended 30 June 2016, which included £200,000 of exceptional restructuring payments (2015: £1,494,000) and £2,378,000 for the twelve months ended 30 June 2016 (2015: £2,130,000). At 30 June 2016, exceptional restructuring payments of £1,617,000 remain unpaid and are included within other payables.

18. Cash flow from operating activities

	Unaudited Six months ended 30 June 2016 £'000	Unaudited Six months ended 30 June 2015 £'000	Unaudited Twelve months ended 30 June 2016 £'000	Unaudited Twelve months ended 30 June 2015 £'000
Continuing Operations				
Loss before tax	**(3,394)**	(7,155)	**(25,451)**	(24,429)
Exceptional items	**(5,221)**	546	**(5,720)**	546
Loss before tax and exceptional items	**(8,615)**	(6,609)	**(31,171)**	(23,883)
Adjustments for:				
Finance costs	**3,290**	4,839	**14,339**	12,695
Share based payments	**994**	961	**1,848**	2,102
Depreciation	**255**	259	**486**	451
Amortisation of intangible assets	**2,182**	1,353	**4,250**	4,437
Impairment of non-current asset	**-**	-	**1,545**	-
Increase in bad debt provision	**-**	(101)	**-**	(101)
Profit on disposal of intangible assets	**24**	(63)	**24**	(415)
	6,745	7,248	**22,492**	19,169
Changes in working capital (excluding effects of acquisitions)				
Decrease/(increase) in inventories	**2,852**	749	**(1,410)**	(301)
(Increase)/decrease in receivables	**(1,457)**	(3,387)	**7,400**	(2,346)
Decrease in payables	**(2,921)**	(1,112)	**(11,208)**	(2,901)
Increase in provisions	**-**	-	**43**	-
Net cash outflow from continuing operations before exceptional items	**(3,396)**	(3,111)	**(13,854)**	(10,262)
Exceptional costs paid	**(1,834)**	-	**(520)**	(1,010)
Net cash outflow from continuing operations	**(5,230)**	(3,111)	**(14,374)**	(11,272)
Discontinued operations				
Profit before tax	**82**	9,800	**5,895**	16,277
Adjustments for:				
Depreciation	**-**	12	**49**	52
Amortisation of intangible assets	**-**	2,262	**1,840**	4,074
Share based payments	**-**	-	**-**	59
Profit on disposal	**(91)**	-	**(4,111)**	-
Changes in working capital				
Decrease/(increase) in inventories	**-**	154	**(95)**	274
Decrease in debtors	**3,214**	915	**5,667**	4,629
(Decrease)/increase in payables	**(6,124)**	1,264	**(7,337)**	(4,115)
Decrease in provisions	**(221)**	-	**(221)**	-
Net cash (outflow)/ inflow from discontinued operations	**(3,140)**	14,407	**1,687**	21,250
Cash (outflow)/inflow from operations including discontinued operations	**(8,370)**	11,296	**(12,687)**	9,978

19. 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 was 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 30 June.

At 30 June 2016	Level 1 £'000	Level 2 £'000	Level 3 £'000	**Total £'000**
Liabilities				
- Contingent consideration from business combinations	-	-	36,431	**36,431**

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

19. Financial risk management (continued)

The following table presents the changes in Level 3 instruments for the period ended 30 June 2016:

	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	6,804
Adjustments to fair value	(12,889)
Payments	(41,637)
Foreign exchange movements	9,425
As at 30 June 2016	**36,431**
Total gains or losses for the period included in profit or loss for assets held at the end of the reporting period	6,804

Details regarding the valuation and sensitivity of the contingent consideration are disclosed in note 15.

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

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	(resigned 1 September 2016)
Mr J-C Tschudin	Non-executive Director	(resigned 19 July 2016)
Mr J Thompson	Non-executive Director	
Mr A M Olby	Chief Financial Officer	(appointed 19 July 2016)

By order of the Board

CP Spooner
Chief Executive Officer

G Cook
Chairman

21 September 2016

Independent review report to Sinclair Pharma Plc

Report on the consolidated interim financial statements

Our conclusion

We have reviewed Sinclair Pharma Plc's consolidated interim financial statements (the "interim financial statements") in the interim report of Sinclair Pharma Plc for the 6 and 12 month periods ended 30 June 2016. 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 consolidated interim statement of financial position as at 30 June 2016;
- the consolidated interim income statement and consolidated statement of comprehensive income for the period then ended;
- the consolidated interim statement of cash flows for the period then ended;
- the consolidated interim statement of changes in equity for the period then ended; and
- the explanatory notes to the interim financial statements.

The interim financial statements included in the interim report 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 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 report, including the interim financial statements, is the responsibility of, and has been approved by, the directors. The directors are responsible for preparing the interim report 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 report 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 report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the interim financial statements.

PricewaterhouseCoopers LLP
Chartered Accountants
Manchester
September 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.