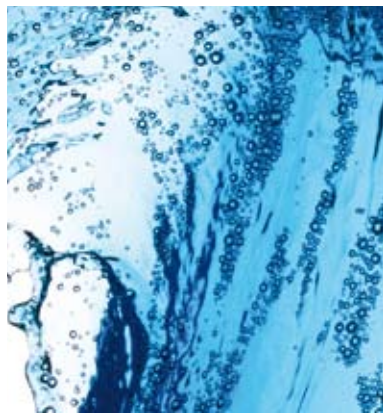




An international specialty pharma company



Sinclair Pharma plc is an **international specialty pharma** company. We have a growing sales and marketing operation that is already present in France, Italy, the UK, Spain and Portugal, and a complementary **network of marketing partners in 82 countries**.

Sinclair acquires, registers and commercialises undervalued products.

We currently focus on the **niche** therapeutic areas of oral health and dermatology.

We extract **full value** from each of our brands by a combination of sales through our own sales operations and marketing partners.

Our current portfolio includes **26** registered products in the EU and **10** in the US.

Our strategy

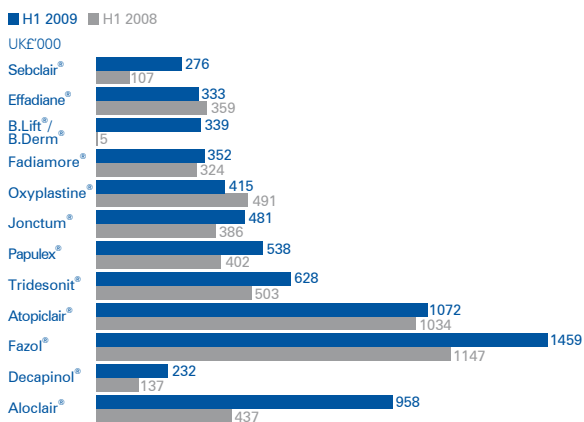
- ✦ To bring unique and needed products, which we believe are undervalued, to the market
- ✦ This is done via the identification and acquisition of late-stage or marketed products with intellectual property (IP)
- ✦ The regulatory process leverages medical device status, where possible, in order to achieve a cost effective yet rapid route to market
- ✦ Once registered, Sinclair exploits the products through its own sales and marketing operations in parallel with its extensive network of marketing partners to rapidly bring the products to market
- ✦ We utilise and combine the acquired technologies and IP to create new product concepts, adding to the product pipeline

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2009 key product sales

H1 09 vs H1 08



Highlights

'We are pleased with Sinclair's achievements this half year. The positive half year performance demonstrates the ongoing strength of Sinclair's business model and product portfolio. We have continued to grow sales, launch products and sign new distribution agreements whilst expanding our product portfolio. We are confident about continuing our positive progress during the second half of the year.'

GRAHAME COOK, Chairman.

Financial

- ✦ **Total revenues up 56% to £16.2m** (H1 08: £10.4m)
- ✦ **Gross profit up 77% to £11.8m** (H1 08: £6.7m)
- ✦ **Operating profit of £4.1m after exceptional items** (H1 08: operating loss of £0.9m)
- ✦ **Profit before tax £3.2m** (H1 08: loss of £0.9m)
- ✦ **EBITDA of £2.2m before exceptional items** (H1 08: EBITDA loss of £1.6m)
- ✦ **Net exceptional credits of £3.2m** (H1 08: £1.6m)
- ✦ **Earnings per share of 4.0p** (H1 08: loss per share of 1.1p)
- ✦ **Cash balance of £2.4m** (December 2007: £0.4m)

Operating

- ✦ **Revenues through own operations increased 5%** to £6.0m (H1 08: £5.7m)
 - ✦ European sales and marketing operations strengthened with acquisition of the minority interest in Laboratorios Novo Pharma SL in Spain
- ✦ **Revenues through marketing partners increased 118%** to £10.2m (H1 08: £4.7m)
- ✦ This includes:
 - ✦ an increase in product sales of 36% to £3.9m (H1 08: £2.9m)
 - ✦ the licensing of US rights to Atopiclair to Graceway for £2.1m
 - ✦ the non-cash out-licensing of early stage gynaecology technology to BMG Pharma for £3.3m
- ✦ **25 new distribution agreements** covering 16 products in 14 markets, with a further 14 signed post period
 - ✦ This brings the total number of new deals in this financial year to 39, representing minimum purchase obligations of €3.5m in the first year after product launch
- ✦ **Strong performance of dermo-cosmetics portfolio** with revenues increasing by 70% to £2.3m (H1 08: £1.3m)

Chief Executive's Review

OVERVIEW

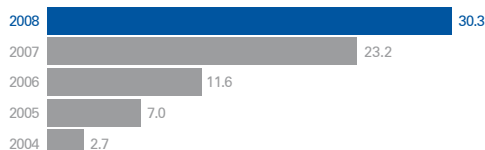
The first six months of this financial year saw continued progress for Sinclair, with revenues growing by 56% despite the challenges presented by the turbulent economic environment. This growth was underpinned by a steady stream of revenues from products marketed by our own sales and marketing operations, our extensive marketing partner network, and a significant contribution from licensing and royalty payments. Careful management of our resources has enabled us to end the six month period with a cash balance of £2.4m.

The achievements of the first half demonstrate the success of our core strategy and further advance Sinclair toward realising its ambition of becoming a world class specialty pharma company.

Revenue growth since IPO

Organic and acquired growth

UK£m



OPERATIONAL REVIEW

Sales and marketing

We experienced continued growth in revenues through our own sales and marketing operations, which rose by 5%.

UK

We have restructured the UK business to focus on specialty dermatology sales. This resulted in lower sales for the half year but a stronger performance is anticipated in the second half aided by doubling the sales force through the collaboration with York Pharma. The team has successfully launched Atopiclair® lotion in the UK and has achieved its first hospital formulary listings in the UK.

France

The French operation continues to deliver on its strategy and generated £4.7m in revenues during the six months to 31 December 2008 which represents an increase of 15% year on year (H1 08: £4.1m).

Spain

Sinclair firmly established its presence in Spain through the acquisition of the remaining shares in Laboratorios Novo Pharma S.L. This move was strengthened with the appointment of Santiago Calavia Torres as Operations Manager of Dermatology and renaming the entity to Sinclair Pharma Espana.

Italy

Following organisational restructuring in Italy at the end of the last financial year, Sinclair Srl in Italy contributed £0.8m to Group revenues during the period and successfully launched Sebclair Shampoo and Sebclair Scalp Fluid. It also welcomed Paolo Prioglio as its Sales and Marketing Director.

Marketing partner network

Sinclair's marketing partner network spans over 82 countries and leverages the experience and local knowledge of our partners to extend the commercial reach of our product portfolio. This network is managed by our business development and alliance management team and continues to be a very important part of the business.

The first half saw the continued geographical expansion of Sinclair's product distribution with 118% growth in revenues through marketing partners. Product sales increased 36% to £3.9m. Licensing payments contributed £5.8m to revenues (H1 08: £1.5m). These include the licence of US rights to Atopclair® to Graceway for £2.1m and the out-licensing of early stage gynaecology technology to BMG Pharma for £3.3m.

During the half year, there were 19 launches in 11 markets covering seven product ranges including the Decapinol® and Aloclair® product ranges. By extending the commercial presence of our product portfolio on a global basis, we aim to provide patients all around the world with an effective solution to their oral health and dermatological needs.

Sinclair continues to increase its global footprint and during the period signed 25 new distribution agreements covering 16 products in 14 markets. We continue our expansion in emerging markets, signing a distribution agreement in Pakistan with Ismara, covering 19 Sinclair products. Eight of these agreements saw the commercialisation of new pipeline products including Herpclair (for herpes simplex virus), Sinlice (for head lice), Decapinol Perio® (for management of gum pockets in periodontal disease) and T-Go (for the relief of teething in infants).

Product review

Sinclair has a broad portfolio of products on the market for treating skin and dental conditions, including the growing range of dermo-cosmetics products. The products are available through prescriptions and over-the-counter (OTC) and are at the beginning of their commercial lives. With a broad and growing range of products Sinclair becomes less susceptible to any single product underperformance.

Oral Health

Decapinol® was developed for treating and preventing gingivitis and plaque. During the half year period it generated revenue of £0.2m (H1 08: £0.1m) with a number of launches in various export markets during the period. In the US we are closely working with Orapharma to support their launch preparations of Decapinol® in the next financial year.

The Decapinol® range was expanded with the addition of the 'Decapinol Suite'. This innovative system includes two different options for treating local periodontal pockets. The first step is professional intervention with Decapinol Perio®, composed of a unique ergonomically designed applicator that is used with Perio-Vials which contain Decapinol® solution. The second step is follow-up domiciliary care with Decapinol® gel. These two formulations can be used along the margins of the sub and supra-gingival and into interdental spaces

Aloclair®, Sinclair's product for the relief of mouth ulcers is available in a rinse, gel and spray format. During the period the global roll out of Aloclair® continued with launches in six markets including Mexico. Aloclair® delivered revenues of £1.0m this half year (H1 08: £0.4m).

Chief Executive's Review continued

Dermatology

Sinclair's dermatology portfolio comprises three product groups: prescriptions, over-the-counter (OTC) and dermo-cosmetics (which may be promoted to doctors, pharmacists and the public). This allows us to develop a tailored strategy for each channel taking into consideration the different patient and promotional needs.

Atopiclair® is a non-steroidal cream registered in the US and EU for the management of symptoms of atopic dermatitis and contact dermatitis.

Sinclair signed an agreement to sell the US distribution rights and license the patent for use in atopic dermatitis, pertaining to Atopiclair® cream and lotion, to its US marketing partner Graceway for £2.1m (\$3.1m). The payment is equivalent to the royalties Sinclair would have anticipated to receive from Graceway over the next five years. Atopiclair® sales in the US had been impacted by the economic environment, in common with other atopic dermatitis treatment sales in the US.

Atopiclair® delivered £1.1m revenue for the period (H1 08: £0.9m). Total revenues for the year are anticipated to increase as a result of three new launches in the first half and a number of distribution agreements signed for Atopiclair® during the last 12 months.

Sebclair is a non steroidal treatment for seborrheic dermatitis, a common skin condition that affects areas of the body with a high concentration of sebaceous glands. Following the initiation of commercial rollout, Sebclair delivered revenues of £0.3m (H1 08: £0.05m).

Dermo-cosmetics

Sinclair's dermo-cosmetic portfolio continued its strong growth with revenues increasing by 70% to £2.3m (H1 08: £1.3m). Revenue contributors in the dermo-cosmetics range include the **B.Lift®** and **B.Derm®** corrective dermatology products which generated revenues of £0.3m (H1 08: £0.05m). The B.Lift® range contain unique matrices that facilitate the penetration of the active ingredient, Hexapeptide B, a 'Botox' mimicking molecule, to reverse skin wrinkles. The B.Derm® range contains hyaluronic acid for sensitive and hyper reactive skin. Seven new distribution deals have been signed for these products during the period.

The **Papulex®** range for acne also experienced growth, generating revenues of £0.5m (H1 08: £0.4m). This range is specifically targeted at cleansing, protecting and keeping acne prone skin in good condition. It has been developed with a unique combination of ingredients, making them suitable for use alone or in combination with other acne treatments. The Papulex® range is available as a cream, lotion, Isocorrexion, gel and cleanser.

Pipeline development

During the period we expanded the future potential of our pipeline and signed two product development and commercialization deals with BMG Pharma, a privately-owned US-based company. BMG will be developing and registering a number of women's health products from Sinclair's pipeline. Sinclair has in-licensed a range of skin anti-infection products based on patented silver nanotechnology from BMG. These innovative deals present Sinclair with significant pipeline development opportunities and new product assets.

Research and development update

Product registrations

During the first half of FY09 we achieved two new product registrations in the EU. These registrations were the EU approval of Decapinol Perio® vials for the management of gum pockets in periodontal disease and Dermachronic foam for the treatment of sensitive skin or chronic skin conditions such as atopic dermatitis, xerosis, psoriasis and eczema.

Clinical publications

Sinclair continues to be committed to generating robust clinical data to support its portfolio of innovative products. As a result three new publications were generated and ten clinical abstracts were presented at the 17th Congress of the European Academy of Dermatology and Venereology (EADV) during September 2008 in Paris.

FINANCIAL REVIEW

Highlights

Sinclair recorded its first profitable H1 at the EBITDA level since IPO, recording an EBITDA profit of £2.2m before exceptional items (H1 08: loss of £1.6m) and basic earnings per share of 4.0p (H1 08: loss per share of 1.1p) after exceptional items. The results for the six months ended 31 December 2008 show total revenues of £16.2m (H1 08: £10.4m) for the Group. Gross profit increased by 77% to £11.8m (H1 08: £6.7m) whilst the operating profit for the six months was £4.1m, after exceptional items (H1 08: operating loss of £0.9m). This strong performance was driven by sustained sales growth from Sinclair's own sales operations, as well as its partners, and by a significant contribution from licence fees and ongoing royalty payments.

Revenue

Total revenue for the six months increased 56% to £16.2m (H1 08: £10.4m). Product revenue for the six months increased 15% to £9.9m (H1 08: £8.6m).

Direct sales through own sales and marketing operations

Revenue through Sinclair's own sales and marketing operations increased 5% to £6.0m (H1 08: £5.7m).

Revenue from our sales and marketing operations was driven by a 15% growth of the French business and progressive growth of the Italian, Spanish and Portuguese operations. The UK business was restructured in July 2008 to focus on specialty dermatology sales in place of sales to dispensing doctors, following the changes in UK legislation which resulted in the cessation of the dispensing doctors market. This resulted in lower sales for the half year but a stronger performance is anticipated in the second half as a result of doubling the sales force with the York Pharma collaboration and hospital formulary listings.

A breakdown of the contribution from Sinclair's own sales and marketing operations for the period are summarised below:

	H1 09 £m	H1 08 £m
France	4.7	4.1
Italy	0.8	0.6
UK	0.2	0.8
Spain & Portugal	0.3	0.2
Total	6.0	5.7

Revenue through marketing partner network

Revenue from our marketing partners for the six month period generated revenues of £10.2m, an increase of 118% year on year (H1 08: £4.7m). A breakdown is summarised below:

	H1 09 £m	H1 08 £m
Product sales	3.9	2.9
Royalties	0.5	0.3
Licence fees and milestones	5.8	1.5
Total	10.2	4.7

Product sales through marketing partners have grown 36% year on year. This growth has been primarily driven by Aloclair[®], Decapinol[®] and Sebclair[®].

During the six months Sinclair recognised licence fees and milestones of £5.8m (H1 08: £1.5m). The main components of this are the agreement with Graceway for the sale of US distribution rights to Atopiclair[®] Cream and Lotion for £2.1m, and the non-cash licensing agreement with BMG Pharma for the license of Sinclair's gynaecological portfolio which contributed £3.3m.

Chief Executive's Review continued

FINANCIAL REVIEW CONTINUED

Exceptional items

During the six months there were some exceptional items recorded which were outside the normal trading activities of the Company:

- Foreign exchange gains of £4.4m were recorded during the period on the translation of an intra-group loan balance as a result of Sterling's weakening against the Euro.
- Charges of £0.7m in total were recorded for the UK and Italian business units following a restructuring exercise to optimise efficiency.
- Costs of £0.5m were incurred in relation to the strategic opportunity that was pursued during the summer.

Operating expenses

Selling, marketing and distribution costs increased to £5.1m from £3.6m last year. This reflects our increased focus on sales and marketing as well as Sterling's weakness which added £0.5m to reported costs.

Administrative expenses pre exceptional items, increased to £5.9m a rise of just 6%. This includes increases in amortisation and the cost of share-based payments of £0.6m. Underlying administrative expenses excluding amortisation and share-based payment costs fell by 2% in the period when the impact of foreign exchange changes are removed, reflecting our continued commitment to growing the business while keeping costs under tight control.

Operating profit

Sinclair recorded an operating profit for the six months of £4.1m (H1 08: operating loss of £0.9m) after exceptional items.

Taxation

The tax credit of £0.4m (H1 08: charge of £0.02m) results from the increase in the value of the deferred tax asset linked to the value of product rights acquired with Groupe CS Dermatologie in 2006.

Liquidity & capital resources

Sinclair had cash balances of £2.4m on 31 December 2008 (December 07: £0.4m). Net cash inflow during the six months was £0.8m (H1 08: outflow of £3.2m), which included cash inflow from operations of £1.5m (H1 08: outflow of £2.3m) and cash used in investing activities of £2.5m (H1 08: £2.2m). Cash inflow from financing was £1.7m (H1 08: £1.3m), which includes £1.0m, net of expenses, from an institutional placing of new shares in December 2008.

Earnings per share

Sinclair recorded a basic earnings per share of 4.0p (H1 08: loss per share of 1.1p).

Additions to intangible assets

Additions to intangible assets were £5.7m including the addition of the silver nanotechnology arm to the skincare portfolio (£3.3m) and in-licensed zinc technology, both of which are non-cash transactions. These additions resulted in an increased amortisation charge of £1.1m (H1 08: £0.6m).

BOARD AND MANAGEMENT CHANGES

In November 2008, Steve Harris stepped down as Non-Executive Chairman. Grahame Cook, previously the Senior Independent Director, was appointed as Non-Executive Chairman.

We also announced the appointment of Dr Ross Macdonald as Vice President of Business Development for North America & South Pacific, responsible for developing new commercial opportunities for Sinclair with a particular focus on dermatology products in that region. In December Sinclair welcomed Santiago Calavia as Operations Manager, Dermatology of the newly created Sinclair Pharma Espana and Paolo Prioglio as Sales and Marketing Director of Sinclair Srl, in Italy.

OUTLOOK


We are pleased to have recorded our first H1 profit at the EBITDA level since Sinclair's IPO in December 2003. We continue to see good progress across all parts of our business with an increase in product sales, new product launches, licence approvals and new distribution agreements. This progress has resulted in the generation of a steady stream of revenues for the Sinclair Group and demonstrates the ongoing strength of Sinclair's business model and product portfolio.

Sinclair's existing pipeline of products has been bolstered by the technology and commercialisation agreements with BMG Pharma. The deals present Sinclair with significant pipeline development opportunities and new product assets. We believe they will make a valuable and lucrative contribution to our broad portfolio of innovative products.

The implementation of a short-term strategy with clear focus on our long-term ambitions and diligent management of our cash resources has enabled us to grow revenues by 56% and end the six month period with a £2.4m cash balance.

Combined with our renewed efforts to enhance our internal capabilities, Sinclair remains well positioned to meet the challenges of the market place without compromising our deliverables or strategic goals.

In summary, the achievements of the first half demonstrate the success of our core strategy and further advanced Sinclair toward realising its ambition of becoming a world class specialty pharma company. We are confident about continuing our positive progress during the second half of the year.



DR MICHAEL FLYNN
Chief Executive Officer



JERRY RANDALL ACA
Chief Financial Officer

Unaudited Consolidated Income Statement for the six months ended 31 December 2008

	Note	Unaudited Six months ended 31 December 2008			Unaudited Six months ended 31 December 2007		
		Pre- exceptional items £'000	Exceptional (note 5) £'000	Total £'000	Pre- exceptional items £'000	Exceptional (note 5) £'000	Total £'000
Revenue	4	16,245	—	16,245	10,434	—	10,434
Cost of sales		(4,413)	—	(4,413)	(3,762)	—	(3,762)
Gross profit		11,832	—	11,832	6,672	—	6,672
Selling, marketing and distribution costs		(5,075)	—	(5,075)	(3,629)	—	(3,629)
Administrative expenses		(5,886)	3,179	(2,707)	(5,548)	1,642	(3,906)
Operating profit/(loss)		871	3,179	4,050	(2,505)	1,642	(863)
Finance income	6	79	—	79	32	—	32
Finance costs	6	(960)	—	(960)	(79)	—	(79)
Profit/(loss) before taxation		(10)	3,179	3,169	(2,552)	1,642	(910)
Taxation		395	—	395	(22)	—	(22)
Profit/(loss) for the period		385	3,179	3,564	(2,574)	1,642	(932)
Attributable to:							
Minority interest		—	—	—	—	—	—
Equity holders of the Company		385	3,179	3,564	(2,574)	1,642	(932)
		385	3,179	3,564	(2,574)	1,642	(932)
Earnings/(loss) per share (basic)	7	0.4p	3.6p	4.0p	(3.0)p	1.9p	(1.1)p
Earnings/(loss) per share (diluted)	7	0.4p	3.4p	3.8p	(3.0)p	1.9p	(1.1)p

The notes on pages 12 to 17 form an integral part of this condensed consolidated interim financial information.

Unaudited Consolidated Balance Sheet

	Note	31 December 2008 £'000	31 December 2007 £'000	30 June 2008 £'000
Non-current assets				
Goodwill	8	55,394	46,019	48,110
Intangible assets	9	22,729	13,387	14,811
Property, plant and equipment		2,052	1,843	1,827
Non-current tax assets		1,000	1,617	708
Other non-current assets		374	502	317
		81,549	63,368	65,773
Current assets				
Inventories		4,266	3,165	3,380
Trade and other receivables	10	13,218	6,982	14,469
Current tax receivables		57	50	1,580
Cash and cash equivalents		2,400	411	1,052
		19,941	10,608	20,481
Total assets		101,490	73,976	86,254
Current liabilities				
Financial liabilities – borrowings	12	(4,009)	(1,681)	(3,108)
Trade and other payables	11	(13,730)	(8,962)	(11,666)
Deferred income		(440)	(280)	(566)
Current tax liabilities		(131)	(22)	(86)
		(18,310)	(10,945)	(15,426)
Non-current liabilities				
Financial liabilities – borrowings	12	(5,187)	(1,639)	(4,140)
Non-current tax liabilities		—	(1,296)	—
Deferred income		(357)	(429)	(357)
		(5,544)	(3,364)	(4,497)
Total liabilities		(23,854)	(14,309)	(19,923)
Net assets		77,636	59,667	66,331
Equity				
Share capital		1,034	935	935
Share premium account		23,131	21,472	21,472
Merger reserve		50,474	50,474	50,474
Other reserves		9,846	2,358	4,198
Retained deficit		(6,849)	(15,583)	(10,760)
Total shareholders' equity		77,636	59,656	66,319
Minority interests		—	11	12
Total equity		77,636	59,667	66,331

The notes on pages 12 to 17 form an integral part of this condensed consolidated interim financial information.

Unaudited Consolidated Statement of Changes in Equity for the six months ended 31 December 2008

	Share capital £'000	Share premium £'000	Merger reserve £'000	Other reserves £'000	Retained deficit £'000	Attributable to equity holders of the parent £'000	Minority interest £'000	Total equity £'000
Balance at 1 July 2007	935	21,472	50,474	271	(14,775)	58,377	11	58,388
Exchange differences arising on translation of overseas subsidiaries	—	—	—	2,087	—	2,087	—	2,087
Loss for the period	—	—	—	—	(932)	(932)	—	(932)
Total recognised income/(expense) for the period	—	—	—	2,087	(932)	1,155	—	1,155
Share-based payments – value of employee services	—	—	—	—	124	124	—	124
Balance at 31 December 2007	935	21,472	50,474	2,358	(15,583)	59,656	11	59,667
Exchange differences arising on translation of overseas subsidiaries	—	—	—	1,840	—	1,840	—	1,840
Profit for the period	—	—	—	—	4,269	4,269	1	4,270
Total recognised income for the period	—	—	—	1,840	4,269	6,109	1	6,110
Share-based payments – value of employee services	—	—	—	—	554	554	—	554
Balance at 30 June 2008		935	21,472	50,474	4,198	(10,760)	66,319	12
66,331								
Exchange differences arising on translation of overseas subsidiaries	—	—	—	5,648	—	5,648	—	5,648
Profit for the period	—	—	—	—	3,564	3,564	—	3,564
Total recognised income for the period	—	—	—	5,648	3,564	9,212	—	9,212
Share-based payments – value of employee services	—	—	—	—	347	347	—	347
Issue of share capital	99	1,722	—	—	—	1,821	—	1,821
Share issue expenses	—	(63)	—	—	—	(63)	—	(63)
Purchase of minority interest	—	—	—	—	—	—	(12)	(12)
Balance at 31 December 2008	1,034	23,131	50,474	9,846	(6,849)	77,636	—	77,636

The notes on pages 12 to 17 form an integral part of this condensed consolidated interim financial information.

Unaudited Consolidated Cash Flow Statement for the six months ended 31 December 2008

	Note	Six months ended 31 December 2008 £'000	Six months ended 31 December 2007 £'000
Net cash inflow/(outflow) from operations	13	14	(2,213)
Interest paid		(413)	(51)
Interest paid on finance leases		(33)	(28)
Taxation recovered/(paid)		1,978	(50)
Net cash generated from/(used in) operating activities		1,546	(2,342)
Investing activities			
Interest received		382	32
Purchases of property, plant and equipment		(464)	(52)
Proceeds from sale of property, plant and equipment		—	10
Purchase of intangible assets		(1,824)	(2,154)
Payment of contingent consideration regarding Groupe CS Dermatologie		(237)	—
Purchase of minority interest		(317)	—
Net cash used in investing activities		(2,460)	(2,164)
Financing activities			
Repayments of obligations under finance leases		(108)	(110)
Proceeds from borrowings		1,284	1,654
Repayments of borrowings		(811)	(288)
Proceeds from issue of share capital		1,383	—
Share issue costs		(63)	—
Net cash from financing activities		1,685	1,256
Net increase/(decrease) in cash, cash equivalents and bank overdrafts		771	(3,250)
Cash, cash equivalents and bank overdrafts at 1 July		(354)	2,604
Exchange gains on cash and bank overdrafts		42	211
Cash, cash equivalents and bank overdrafts at end of period		459	(435)
Cash, cash equivalents and bank overdrafts includes:			
Cash and cash equivalents		2,400	411
Bank overdrafts		(1,941)	(846)
Cash, cash equivalents and bank overdrafts		459	(435)

The notes on pages 12 to 17 form an integral part of this condensed consolidated interim financial information.

Notes to the Unaudited Condensed Consolidated Interim Financial Information

1. GENERAL INFORMATION

These interim financial results do not comprise statutory accounts within the meaning of Section 434–436 of the Companies Act 2006. Statutory accounts (within the meaning of Section 240 of the Companies Act 1985) for the year ended 30 June 2008 were approved by the Board of Directors on 31 October 2008 and delivered to the Registrar of Companies. The report of the auditors on those accounts was unqualified but did contain a material uncertainty in respect of going concern, and did not contain any statement under Section 237 of the Companies Act 1985.

The Company is a limited liability company, incorporated and domiciled in the United Kingdom. The address of the registered office is: Unit 4, Godalming Business Centre, Woolsack Way, Godalming, Surrey, GU7 1XW. The Company has its primary listing on the London Stock Exchange and a secondary listing on Euronext in Paris.

This condensed consolidated interim financial information was approved for issue on 25 February 2009.

2. BASIS OF PREPARATION

This condensed consolidated interim financial information for the half-year ended 31 December 2008 has been prepared in accordance with the Disclosures and Transparency Rules of the Financial Services Authority and with IAS 34, 'Interim financial reporting' as adopted by the European Union. The condensed consolidated interim financial report should be read in conjunction with the annual financial statements for the year ended 30 June 2008, which have been prepared in accordance with IFRS as adopted by the European Union.

Going concern

The Group had net cash balances of £0.5m at 31 December 2008. The Directors expect a net cash outflow in the twelve months to 31 December 2009 and recognise that there will be a need to have increased facilities.

The condensed consolidated interim financial information has been prepared on the going concern basis which assumes that the Group will continue in operational existence for the foreseeable future. The Directors have reviewed the working capital requirements of the Group for the next 12 months, and are confident that the further facilities required can be obtained. The Directors have also identified a number of steps that could be taken to improve the working capital situation, should further facilities not be available in the timeframe required. The condensed consolidated interim financial information does not reflect any adjustments that would be required if it were to be prepared on a basis other than the going concern basis.

3. ACCOUNTING POLICIES

The accounting policies adopted are consistent with those of the annual financial statements for the year ended 30 June 2008, as described in those annual financial statements, and the following new accounting standards and interpretations.

The following interpretation to published standards is mandatory for accounting periods beginning on or after 1 January 2008 but is not relevant to the Group's operations;

IFRIC 11, 'IFRS 2 – Group and treasury share transactions' – The Company's accounting policy for share based compensation arrangements is already in compliance with the interpretation;

IFRIC 12, 'Service concession arrangements';

IFRIC 13, 'Customer loyalty programmes'; and

IFRIC 14, 'IAS 19 – The limit on a defined benefit asset, minimum funding requirements and their interaction'.

Principal risks and uncertainties

There are a number of risks and uncertainties which could have a material impact on the Group's performance over the remaining six months of the financial year and could cause actual results to differ materially from expected results. The principal risks remain those set out on page 20 of the Group's Annual Report for 2008, a copy of which is available on the Group's website www.sinclairpharma.com.

4. SEGMENTAL INFORMATION

The Group is organised into two operating segments; development, registration and commercialisation of products through marketing partners and direct sales and marketing of pharmaceutical products. These segments are the basis on which the Group reports its primary segment information.

Business segments	Six months ended 31 December 2008			Six months ended 31 December 2007		
	Marketing partners £'000	Direct £'000	Total £'000	Marketing partners £'000	Direct £'000	Total £'000
Revenue	10,205	6,040	16,245	4,679	5,755	10,434
Segment operating profit/(loss) before exceptional items	1,801	(930)	871	(1,323)	(1,182)	(2,505)
Exceptional items			3,179			(1,642)
Operating profit/(loss)			4,050			(863)

Revenue analysis – an analysis of revenue by category is set out in the table below:

	Six months ended 31 December 2008 £'000	Six months ended 31 December 2007 £'000
Product revenue	9,873	8,597
Royalties	560	312
Licence fees and milestones	5,812	1,525
	16,245	10,434

5. EXCEPTIONAL OPERATING 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 period, so as to facilitate comparison with prior periods and to better assess trends in financial performance.

	2008 £'000	2007 £'000
Foreign exchange gain/(losses)	4,413	1,963
Restructuring costs	(744)	—
Aborted acquisition costs	(490)	(321)
	3,179	1,642

Foreign exchange gains of £4,413,000 (2007: gain of £1,963,000) represent the gain on the translation of an intra-group loan balance. This is a non-cash item.

Restructuring costs of £744,000 include severance costs and costs related to the re-structuring of Sinclair Pharma UK Limited (formerly Ashbourne Pharmaceuticals Limited), and Sinclair srl.

Exceptional acquisition related costs were incurred in relation to a strategic acquisition opportunity during the summer of 2008. These discussions were put on hold as a result of the market volatility in the autumn of 2008. Costs of £490,000 were incurred to that point.

In July 2007, exceptional acquisition related costs were incurred in preparing for a major acquisition. Sinclair was substantially outbid in this transaction which resulted in a charge of £321,000 to cover professional fees.

Notes to the Unaudited Condensed Consolidated
Interim Financial Information continued

6. FINANCE INCOME AND COSTS

	Six months ended 31 December 2008 £'000	Six months ended 31 December 2007 £'000
Finance costs		
Interest on bank loans and overdrafts	(319)	(49)
Interest due on finance leases	(33)	(28)
Net foreign exchange losses on financing activities	(492)	—
Other finance charges	(116)	(2)
Finance costs	(960)	(79)
Finance income		
Bank interest receivable	1	16
Other finance income	78	16
Finance income	79	32
Net finance expense	(881)	(47)

7. EARNINGS/(LOSS) PER SHARE

The basic earnings/(loss) per share has been calculated by dividing the profit/(loss) for the period, by the weighted average number of shares in existence for the period.

Shares held by the Employee's Share Trust, including shares over which options have been granted to Directors and staff, have been excluded from the weighted average number of shares for the purposes of calculation of the basic earnings/(loss) per share.

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. Potential ordinary shares of the Company are share options, warrants and awards. A calculation has been undertaken to determine the number of shares that could have been acquired at fair value (determined as the average annual market price of the Company's shares) based on the monetary value of the subscription rights attached to outstanding options, warrants and awards.

	Six months ended 31 December 2008	Six months ended 31 December 2007
Basic and diluted EPS		
Profit/(loss) attributable to equity shareholders (£'000)	3,564	(932)
Weighted average number of shares	88,978,838	87,047,526
Adjustment for share options, warrants and awards	3,915,407	n/a
Diluted weighted average number of shares	92,894,245	87,047,526
Basic profit/(loss) per share	4.0p	(1.1)p
Diluted profit/(loss) per share	3.8p	(1.1)p

8. GOODWILL

	31 December 2008 £'000	31 December 2007 £'000	30 June 2008 £'000
Cost			
At 1 July	50,989	45,929	45,929
Additions	381	—	67
Exchange adjustments	6,903	2,601	4,993
At period end	58,273	48,530	50,989
Accumulated amortisation and impairment			
At 1 July	2,879	2,511	2,511
Impairment charge	—	—	368
At period end	2,879	2,511	2,879
Net book value at period end	55,394	46,019	48,110

Additions in the period relate to the purchase of the minority interest in Laboratorios Novo Pharma SL for €330,000 plus expenses.

9. INTANGIBLE ASSETS

	31 December 2008 £'000	31 December 2007 £'000	30 June 2008 £'000
Cost			
At 1 July	17,779	11,511	11,511
Additions	5,704	3,274	4,586
Disposals	—	(423)	(491)
Exchange adjustments	3,666	1,133	2,173
At period end	27,149	15,495	17,779
Accumulated amortisation and impairment			
At 1 July	2,968	1,469	1,469
Charge for the period/year	1,094	633	1,483
Disposals	—	(22)	(51)
Impairment charge	—	—	13
Exchange adjustments	358	28	54
At period end	4,420	2,108	2,968
Net book value at period end	22,729	13,387	14,811

Additions in the current period relate to the acquisition of the silver nanotechnology, the zinc technology, and the buy-out of a future royalty obligation. Additions of £4.7m were from non-cash transactions.

Notes to the Unaudited Condensed Consolidated
Interim Financial Information continued

10. TRADE AND OTHER RECEIVABLES

	31 December 2008 £'000	31 December 2007 £'000	30 June 2008 £'000
Trade receivables	10,596	5,657	12,154
Less provision for impairment of trade receivables	(178)	(102)	(113)
Trade receivables – net	10,418	5,555	12,041
Other receivables	2,195	638	1,144
Prepayments and accrued income	605	789	1,284
	13,218	6,982	14,469

11. TRADE AND OTHER PAYABLES

	31 December 2008 £'000	31 December 2007 £'000	30 June 2008 £'000
Trade payables	7,073	4,703	6,418
Other tax and social security	894	550	426
Other payables	1,556	2,054	2,060
Accruals	4,207	1,655	2,762
	13,730	8,962	11,666

12. BORROWINGS

	31 December 2008 £'000	31 December 2007 £'000	30 June 2008 £'000
Bank loans	5,097	1,496	4,022
Obligations under finance leases	90	143	118
Non-current borrowings	5,187	1,639	4,140
Obligations under finance leases	164	230	218
Bank loans	1,555	605	1,350
Bank overdrafts	1,941	846	1,406
Other borrowings	349	—	134
Current borrowings	4,009	1,681	3,108
Total borrowings	9,196	3,320	7,248
Borrowings included above are repayable as follows:			
On demand or within one year	4,009	1,681	3,108
Over one and under two years	2,801	644	1,299
Over two and under five years	2,386	989	2,841
Beyond five years, by instalments	—	6	—
Total borrowings	9,196	3,320	7,248

13. CASH FLOW FROM OPERATING ACTIVITIES

	31 December 2008 £'000	31 December 2007 £'000
Profit/(loss) before tax	3,169	(910)
Adjustments for:		
Finance income	(79)	(32)
Finance costs	960	79
Share based payment – value of employee services	347	124
Depreciation	254	261
Amortisation of intangible assets	1,094	633
Non-cash purchase of intangible assets	(4,381)	—
Profit on disposal of property, plant and equipment	—	(2)
Profit on sale of product rights	—	(40)
Increase/(decrease) in provision for doubtful debts	65	(709)
Exchange gains	(6,014)	(2,105)
	(4,585)	(2,701)
Changes in working capital (excluding effects of acquisitions)		
Increase in inventories	(259)	(831)
Decrease in receivables	4,041	1,784
Increase in payables	943	71
Decrease in deferred income	(126)	(536)
Net cash inflow/(outflow) from operations	14	(2,213)

14. RELATED PARTY TRANSACTIONS

During the period ended 31 December 2008, the Group was charged £157,919 (in the period to 31 December 2007, £176,738 and in the year ended 30 June 2008 £500,074) by Axcan Pharma (Ireland) Ltd for the cost of Photofrin[®] sold in the period less reimbursable costs. At 31 December 2008 the amount owing to Axcan was £241,170 (31 December 2007 £182,029 and at 30 June 2008 £269,940).

Dr MJ Flynn, Chief Executive Officer is a remunerated Non-Executive Director of Axcan Pharma (Ireland) Ltd.

On 31 October 2008, the Group received unsecured, interest-bearing short-term loans from certain Directors and connected persons as follows:

	Received	Owed at 31 December
Mr JAP Randal	£100,000	£36,000
Mrs S Flynn (wife of Dr MJ Flynn)	£200,000	£200,000
Mr J-C Tschudin	€62,500	€62,500

These loans are repayable on 30 April 2009. On 8 December 2008, £64,000 of Mr JAP Randall's loan was converted into a subscription for 400,000 new ordinary shares of 1p each at a price of 16p each, as part of the institutional placing.

On 12 November 2008 Dr MJ Flynn agreed to subscribe in cash for 1,739,130 new ordinary shares of 1p each at a price of 23p, amounting to £400,000. £200,000 remained due at 31 December 2008 and was received on 12 and 20 January 2009, the delay in settlement arose from administrative difficulties with Dr Flynn's SIPP.

Also on 12 November 2008, Mr J-C Tschudin subscribed in cash for 217,391 new ordinary shares of 1p each at a price of 23p, amounting to £50,000.

On 18 November 2008, Mr G Cook subscribed in cash for 400,000 new ordinary shares of 1p each at a price of 23p, amounting to £92,000.

Statement of Directors' Responsibilities

The Directors' confirm that this condensed consolidated interim financial information 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 are as listed in the Group's Annual Report for the year ended 30 June 2008, with the exception of Mr R S Harris who did not stand for re-election at the AGM and therefore stood down on 8 December 2008.

By order of the Board



DR MICHAEL FLYNN
Chief Executive Officer



JERRY RANDALL ACA
Chief Financial Officer

26 February 2009

Independent Review Report to Sinclair Pharma plc

INTRODUCTION

We have been engaged by the Company to review the condensed consolidated interim financial information in the interim financial report for the six months ended 31 December 2008, which comprises the income statement, balance sheet, statement of changes in equity, cash flow statement and related notes. We have read the other information contained in the interim financial report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed consolidated interim financial information.

DIRECTORS' RESPONSIBILITIES

The interim financial report is the responsibility of, and has been approved by, the Directors. The Directors are responsible for preparing the interim financial report in accordance with the Disclosure and Transparency Rules of the United Kingdom's Financial Services Authority.

As disclosed in note 2, the annual financial statements of the Group are prepared in accordance with IFRS as adopted by the European Union. The condensed consolidated interim financial information included in this interim financial report has been prepared in accordance with International Accounting Standard 34, 'Interim Financial Reporting', as adopted by the European Union.

OUR RESPONSIBILITY

Our responsibility is to express to the Company a conclusion on the condensed set of financial statements in the interim financial report based on our review. This report, including the conclusion, has been prepared for and only for the Company for the purpose of the Disclosure and Transparency Rules of the Financial Services Authority and for no other purpose. We do not, in producing this report, 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.

SCOPE OF REVIEW

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.

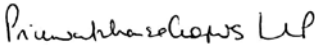
CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the condensed consolidated interim financial information in the interim financial report for the six months ended 31 December 2008 is not prepared, in all material respects, in accordance with International Accounting Standard 34 as adopted by the European Union and the Disclosure and Transparency Rules of the United Kingdom's Financial Services Authority.

Independent Review Report to Sinclair Pharma plc continued

EMPHASIS OF MATTER – GOING CONCERN

In forming our conclusion, we have considered the adequacy of the disclosures made in note 2 of the condensed consolidated interim financial information concerning the ability of the Company to continue as a going concern due to the uncertainty associated with the Company's ability to obtain further facilities, or generate additional funds. The matters explained in note 2 indicate the existence of a material uncertainty which may cast significant doubt about the Company's ability to continue as a going concern. These condensed financial statements have been prepared on a going concern basis and do not include any adjustments that would result if the Company were unable to continue as a going concern. In view of this material uncertainty we consider that it should be drawn to your attention but our conclusion is not qualified in this respect.



PRICEWATERHOUSECOOPERS LLP

Chartered Accountants

Cambridge

25 February 2009

Notes:

- (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 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.

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COMPANY INFORMATION

Sinclair Pharma plc reregistered as a public limited Company on 11 December 2003 under English law. Its shares are listed on the Official List of the London Stock Exchange and on Euronext Paris. Sinclair Pharma plc is incorporated and domiciled in England and its registered number is 03816616.

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