

4 March 2010

IS Pharma plc ('IS Pharma')

IS Pharma acquires exclusive European rights for Episil®

IS Pharma plc (LSE:ISPH), the international speciality pharmaceutical company, is pleased to announce the acquisition of the exclusive rights for Episil, under a licence and distribution agreement for the major European territories, for a consideration of €1.75 million and royalties. Episil® is an oncology supportive care product developed by Camurus AB ('Camurus'), a privately owned Swedish life science company.

Episil is a patented oral spray indicated for local treatment of pain associated with oral mucositis, a serious side effect of chemotherapy and radiotherapy during cancer treatment. Episil creates a strongly bioadhesive FluidCrystal® film that protects sensitive and sore areas of the mouth. Episil provides prolonged pain reduction of at least eight hours and is presented in a patient friendly multi-dose device.

Episil is registered throughout Europe as a Medical Device and is patented to 2025. IS Pharma plans to launch Episil across Europe (excluding the Nordic countries) through 2010 and 2011. The market for such products in Europe is estimated at £200 million.

IS Pharma has a clear strategy of developing, acquiring and commercialising late-stage pharmaceuticals and medical devices, focused in critical care, oncology and neurology. The acquisition of Episil demonstrates a continuation of delivery against this strategy and the product represents a strong fit with IS Pharma's growing portfolio of oncology products. Episil will create the opportunity for strong sales and distribution synergies with IS Pharma's existing products, Aloxi and Aequasyl.

The consideration of €1.75 million will be funded through a combination of existing cash resources and a draw down from IS Pharma's debt facilities. As at 30 September 2009 the Group had a cash balance of £4.2 million and an undrawn debt facility of £4.5 million.

Tim Wright, CEO of IS Pharma said:

"We are delighted to become Camurus' exclusive partner in Europe for Episil. This partnership represents further success in the delivery of our strategy of building IS Pharma through the acquisition and growth of specialist hospital medicines; with a particular focus on higher margin patented products.

"As a patented product, Episil will complement IS Pharma's growing oncology portfolio of products. Distribution through our established European sales and distribution platform will further drive the successful international growth of our business."

Fredrik Tiberg, CEO of Camurus said:

"We are very pleased to have signed this agreement with IS Pharma who have clearly demonstrated their ability to grow products in the specialist hospital medicines market across Europe. Camurus sees a strong synergy for Episil with IS Pharma's product portfolio and looks forward to the success of the product in Europe."

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For further information, call:
IS Pharma plc

Tel: +44(0) 1244 625150

Tim Wright – CEO / Matthew Hall - CFO

Financial Dynamics Limited
Billy Clegg / Edward Westropp

Tel: +44(0) 20 7831 3113

Piper Jaffray Ltd
Neil Mackison / Rupert Winckler

Tel: +44 (0) 20 3142 8700

About Oral Mucositis

Oral mucositis is a severe side-effect of cancer chemotherapy or radiotherapy. It is caused by damage to the DNA in the basal epithelial cell lining of the mouth leading to decreased cell proliferation ability which may result in ulceration and opportunistic mouth infections. Oral mucositis is often a dose-limiting factor in the treatment of cancer. In more severe cases, oral mucositis can be extremely painful, preventing the patient from eating and necessitating hospitalization for re-hydration, opiate pain medication and total parenteral nutrition. It is estimated that in the UK, Germany, France Italy and Spain there are approximately 1.25 million cancer patients receiving chemotherapy or radiotherapy that could lead to oral mucositis.

About Episil

Episil represents a new concept for local treatment of pain associated with oral mucositis. The product is administered as a lipid-based liquid that spreads on the intra-oral mucosal surfaces and transforms to a strongly bioadhesive FluidCrystal film that mechanically protects the sensitised and sore epithelium of the oral cavity. Episil is conveniently administered from a ready to use multi-dose device.

Episil has been demonstrated to give an immediate and significant reduction of pain caused by oral mucositis. This analgesic effect was maintained over at least eight hours following administration.

Episil has been registered as a medical device across Europe and has been granted the CE mark. The product is protected by patent until 2025.

IS Pharma has distribution rights for all European territories with the exception of Sweden, Denmark, Finland, Norway and Iceland where Camurus will commercialise the product directly in close partnership with IS Pharma.

About Camurus AB

Camurus is a life science company providing innovative, nanoscale drug delivery systems for development of new and improved, high-value therapeutics. Application of the company's FluidCrystal® gel and nanoparticle delivery technologies range from long-acting in-situ forming depots for small molecules and peptides to lipid nanocarriers designed for intravenous, oral and transdermal delivery. These are used in developments programs with biotech and pharma companies worldwide. Camurus also develops drug products targeting improved performance, safety, and patient compliance of existing drug compounds and currently has four products in clinical development.

To find out more please go to www.camurus.com

Contact person Camurus:

Fredrik Tiberg
President & CEO
Tel: +46 (0)46 286 46 92

Liselotte Larsson
Senior Director, Business Development & Alliances
Tel: +46 (0)46 286 57 38

About IS Pharma plc (LSE: ISPH)

IS Pharma (International Speciality Pharmaceuticals) is a fast growing, profitable business which develops, acquires and commercialises late-stage pharmaceuticals and medical devices, focusing in critical care, oncology and neurology. Based in the UK, IS Pharma commercialises its portfolio in the UK directly and internationally through a strong network of distributors.

To find out more please go to www.ispharma.plc.uk