

ATLANTIC HEALTHCARE

Announces it is commencing manufacture and international supply of alicaforsen for Inflammatory Bowel Disease under Named Patient Supply regulations.

International Share Offer launched to provide additional working capital.

Cambridge UK, Sydney Australia, 19th May 2010: Atlantic Healthcare Limited (“Atlantic” or the “Company”), an international specialist-led pharmaceutical company announces that, in response to requests for alicaforsen from hospital-based specialist clinicians, it is commencing manufacturing in readiness for international supply of alicaforsen enema under its Named Patient Supply (NPS) programme.

Alicaforsen offers a new treatment option for certain named patients suffering from Inflammatory Bowel Disease, including pouchitis. Pouchitis is a debilitating condition for which there is no approved treatment. There remains a major unmet medical need for novel therapies in this area.

Atlantic will make alicaforsen available in response to specific requests made by clinicians in selected countries as soon as manufacturing is completed, expected in the Autumn. The product will initially be available for named patients under the management of gastroenterologists and colorectal surgeons.

Atlantic is progressing an international Share Offer to support the manufacture and supply of this, its first product, across Europe, United States, Australasia and other markets. The Share Offer will also be used to support the acquisition of further products (and companies with products) for prescription and use by hospital-based specialists. The Company will market products in the United States and Europe itself, and through partners and licensing and distribution relationships in other regions.

Further information on Atlantic, including corporate webinar, can be found on its website (www.atlantichc.com/investor-information.htm).

Toby Wilson Waterworth, Chief Executive Officer of Atlantic Healthcare said:

“These requests from specialist clinicians for alicaforsen are an exciting milestone for Atlantic’s team and reflect the unmet need for patients with Inflammatory Bowel Disease. We are making excellent progress in securing the additional funds needed to support the manufacture and international supply of alicaforsen and anticipate closing the current funding round shortly.”

- Ends -

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Further information on Atlantic Healthcare can be found on the Company’s website: www.atlantichc.com

Editors Notes and Further Information

Atlantic Healthcare

Atlantic Healthcare Ltd is the holding company for a specialist-led pharmaceutical group which markets prescription products to hospital-based specialists, principally in the United States and Europe.

Specialist-led pharmaceuticals are a \$150bn sector showing one of the highest growth rates in the pharmaceuticals market. Atlantic is acquiring companies and niche marketed products, with the potential for peak sales of up to \$500m (£250m) that are normally too small to be of interest to major pharmaceutical groups, from which it can build significant value for its investors.

The management team and Board consists of experienced senior executives with deep knowledge of and extensive networks within the pharmaceutical industry, including Elan Pharmaceuticals, Eli Lilly, Glaxo, Novartis, Pfizer, RPR, SmithKline Beecham and Wyeth. The team and Board have a track record of successful private- and public-sector company building.

In 2007, Atlantic completed the acquisition of its first product opportunity and signed an exclusive licensing agreement with Isis Pharmaceuticals, Inc (NASDAQ:ISIS), in which it acquired the rights to late-stage anti-inflammatory antisense programmes affecting RNA. Isis took a 13.2% stake in Atlantic as part of the deal.

In 2007 Atlantic also announced it had licensed commercialisation rights to its gastrointestinal programmes to Orphan Australia a hospital focused specialist sales and marketing group, for commercialisation in the Southern Hemisphere.

Alicaforsen

Alicaforsen is an anti-inflammatory, intercellular adhesion molecule (ICAM-1) inhibitor that acts by inhibiting a key protein in the inflammation process.

ICAMs are proteins that induce inflammatory responses in tissues in the body, including the gastrointestinal tract. Alicaforsen switches off the production of the protein ICAM-1 by binding to and degrading the mRNA that encodes for it, and so blocks its production. This alters and reduces the local inflammatory reaction in the intestinal wall.

Atlantic Healthcare is delivering alicaforsen using an enema for topical treatment for Inflammatory Bowel Disease conditions in the gastro-intestinal tract including pouchitis and left-sided colitis.

Based on data demonstrating safety, efficacy and tolerability in five Phase II studies involving approximately 300 patients, Atlantic's enema formulation of alicaforsen has been prepared ready for a short single pivotal Phase III clinical trial in pouchitis, a sub-condition of ulcerative colitis, prior to submission for Marketing Authorisation.

In June 2008, Atlantic was granted Orphan Drug status for alicaforsen in the treatment of pouchitis in the USA by the US Food and Drug Administration (FDA). The FDA has also granted Fast Track Approval to alicaforsen for the treatment of chronic and recurrent pouchitis. In April 2009, Atlantic was also granted Orphan Drug status for the product in the treatment of pouchitis in Europe by the European Medicines Agency (EMA).

Atlantic's current product opportunities are targeting gastrointestinal disease, a major unmet medical need and a \$2bn annual market. Peak sales for the first product, its alicaforsen enema, are projected at £200m (\$320m) per annum.

Inflammatory Bowel Disease ("IBD")

Ulcerative colitis and Crohn's disease are the two major forms of inflammatory bowel disease ("IBD"). IBD is caused by a chronic activation of the immune system in the gastro-intestinal tract, the symptoms of which include inflammation of the gut, ulceration, abdominal pain, increased stool frequency and bleeding. It is estimated that over 2 million people suffer from IBD worldwide. Of these patients, the greater majority resides in the United States and Northern Europe. It is clear that IBD is rapidly becoming a major global health problem.

The pharmaceutical market for IBD is currently valued at approximately US\$2bn and growing at approximately 10-15% per annum, driven by unsatisfactory existing treatments and the need for and use of new therapies. In spite of the wide range of prescription products available, IBD remains a poorly served market and there is a need for more effective and safer treatments.

Pouchitis

Most patients with IBD will require surgery at some time; in ulcerative colitis, this is likely to involve removal of the large intestine (colon and rectum) and the surgical creation of an artificial rectum, known as a pouch, to retain the faeces for evacuation through the anus.

Pouchitis is a common post-operative inflammatory complication of the pouch. It is a debilitating condition for which there is no approved treatment. Ultimately the only cure is further surgery to remove the diseased tissue and creation of a stoma for use with an ostomy bag. There are around 100,000 pouchitis sufferers in the United States and 100,000 in Europe for which there is no approved treatment. As a result of these relatively low numbers the disease falls into the Orphan Drug category.

Orphan Drug designation has been granted for the treatment of pouchitis. It is granted to encourage development of drugs for the treatment of rare diseases and conditions where there are low numbers of patients and where it would otherwise be prohibitively expensive or unprofitable for a company to do so. Incentives include smaller clinical trials, Fast Track Approval, Priority Review and market exclusivity.

Named Patient Supply

Atlantic Healthcare is initially making alicaforsen enema available internationally in the autumn, 2010, under its Named Patient Supply programme.

Treatment with an alicaforsen enema has been clinically shown to have a number of significant benefits and unique differentiating points compared to existing drugs.

A considerable body of safety and other data, and the results of five Phase II clinical trials in ulcerative colitis and pouchitis, and trials in 900 patients with Crohn's disease suggest that Atlantic's product could be of benefit in the treatment of IBD.

Of note was the finding that alicaforsen did not only bring patients with active disease into remission but maintained patients in remission without further ongoing treatment for an average of six months.

Alicaforsen enema has the potential to be used as a first line treatment that is well tolerated. Early data, if borne out in large scale clinical trials suggest that alicaforsen may offer a superior safety profile in the treatment of IBD. Patients, on average may need only two, six week treatment courses per year,

rather than daily treatment common to Gastro-Intestinal anti-inflammatory products, which can result in better patient compliance and fewer physician visits.

Having been granted Orphan Drug status in the USA and Europe and USA FDA Fast Track Approval, and based upon positive results in Phase II, Atlantic is commencing the supply in Europe and elsewhere of alicaforsen enema under the “Named Patient Supply” regulations, ahead of its pivotal Phase III clinical programme and registration.

There is a strong precedent for drugs with novel modes of action, such as alicaforsen to be requested by patients and prescribed by healthcare professionals prior to regulatory approval. Regulations covering Named Patient Supply (Article 5, EU Directive 2001/83/EC) permit companies to undertake supply on an individual by individual (“Named Patient”) basis.

Named Patient Supply regulations allow medicines to be supplied to patients prior to receiving Marketing Authorisation where they are:

- Deemed to be effective and (relatively) safe
- Manufactured in accordance with Good Manufacturing Practice (“GMP”) standards
- Prescribed for conditions where there is no effective treatment for the patients concerned
- Whilst the product will initially be available for patients with chronic unremitting and chronic recurrent pouchitis, feedback from gastro-enterologists involved in clinical trials suggests that they may be used for treating a wider range of IBD patients because of the strong therapeutic benefits observed during the trials.

For further information please contact Toby Wilson Waterworth, CEO (Toby@atlantichc.com) or Dr Stephen Jones, Medical Director (Stephen@atlantichc.com), Atlantic Healthcare Ltd.

World IBD Day 2010

Atlantic Healthcare is supporting World IBD Day on 19th May. The purpose of the day is to bring to international attention the needs of people living with IBD, articulated with a unified worldwide voice.

The leading IBD organisations from Australia, USA, Canada, Europe, the UK and South America will be taking part. The website, www.worldibdday.org, outlines the aims of the day and the support required for people living with the disease.

To quote the World IBD Day website “there is no cure, no known cause, and little public understanding of the pain and chronic suffering with which IBD patients courageously cope every day of their lives”.