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Allergy Therapeutics plc
("Allergy Therapeutics" or "the Company")

**Proposed Placing and Subscription
Offer to Qualifying Participants
Approval of waiver of Takeover Code Rule 9
and
Notice of General Meeting**

Allergy Therapeutics announces proposals to raise up to £22.4 million before expenses by means of a placing, subscription and offer of new ordinary Shares (the "Fundraising"). Allergy Therapeutics has a successful pharmaceutical business with the only ultra short course allergy vaccine, a growing sales base, a substantial manufacturing facility and a European sales and marketing infrastructure. The cornerstone investor for the Fundraising is Azure Ventures Limited ("Azure Ventures"), an investment vehicle of the Weinstein family of Chile, whose interests include a group of pharmaceutical companies across South America, known as the Recalcine Group. The Placing, Subscription and Offer are all subject, inter alia, to the approval of Shareholders at the General Meeting scheduled for 30 June 2009. The Placing has been fully underwritten by Nomura Code Securities Limited.

Highlights

The proposals are intended to:

- Place Allergy Therapeutics on a sound financial footing by deleveraging the Company and providing financial headroom
 - Revised credit arrangements with Royal Bank of Scotland PLC have been agreed as part of this refinancing
- Strengthen the Board with additional pharmaceutical sales and marketing expertise
- Enable investment in sales and marketing in European territories to accelerate growth

Summary

Azure Ventures has conditionally agreed to invest £12.5 million in the Company by way of a subscription for 104,166,666 New Ordinary Shares at a price of 12 pence per share. In addition, Azure Ventures will receive Warrants to subscribe for additional Ordinary Shares up to the value of £4 million (at a discount of 25% to the market price on exercise with a minimum exercise price of 12 pence per share) payable in cash.

In addition to the Subscription, Nomura Code has, on behalf of the Company, conditionally placed 59,424,896 New Ordinary Shares, with institutional investors at a price of 12 pence per New Ordinary Share, to raise a further £7.1 million (the 'Placing'). The Placing has been underwritten by Nomura Code. A Proposed and an existing Director will be investing £615,000 in the Fundraising.

In conjunction with this Placing and Subscription, the Board also announces details of an Offer to Qualifying Shareholders and Qualifying Employees that may raise up to a further €2.5 million (approximately £2.1 million) through the issue of New Ordinary Shares.

It is proposed that Alejandro Weinstein Jr. be appointed as a Non-Executive Director of the Company and Manuel Llobet as Chief Executive Officer of the Company. Keith Carter will be stepping down as Chief Executive Officer on 1 September 2009, conditional on completion of the Fundraising. Keith Carter will stay on to provide consultancy services to the Company for a minimum of three months and take up a position as Non- Executive Director.

The board of Allergy Therapeutics considers these proposals to be in the best interests of the Company and unanimously recommends Shareholders to vote in favour, as they intend to do with respect to their own holdings.

Ignace Goethals, Chairman of Allergy Therapeutics, said:

“This is a significant development for Allergy Therapeutics. After a period of substantial investment in product development and manufacturing, this transaction will enable us to invest in European sales and marketing in order to accelerate growth and fully benefit from the work undertaken to date.

“I would like to thank Keith Carter for his multiple contributions to the Company over the full ten years of its existence and for agreeing to continue to work with Allergy Therapeutics in the future. His knowledge of the business and the products will be invaluable as we seek to continue to grow the business.”

Manuel Llobet, proposed Chief Executive of Allergy Therapeutics, added:

“We will look to build on the successes from the investments in R&D and manufacturing to accelerate sales growth and leverage the Company’s cost base, and are aiming to become cash flow positive as soon as possible.”

Nomura Code Securities Limited is acting as financial advisor to Allergy Therapeutics.

A briefing for analysts will be held at 9.30am today at the offices of Financial Dynamics, Holborn Gate, 26 Southampton Buildings, London WC2A 1PB. Please call Mo Noonan for further details on 020 7269 7116. In addition, the presentation will be made available on the Company’s website at www.allergytherapeutics.com.

A circular, providing Shareholders with information about the background to and reasons for the Fundraising and containing a notice of General Meeting of the Company convened for 11.00 a.m. on 30 June 2009, will be sent to Shareholders today. Defined terms in this announcement have the same meaning as in the Circular posted to Shareholders today.

Enquiries

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Nomura Code, which is authorised and regulated in the United Kingdom by the FSA, is acting exclusively for Allergy Therapeutics in relation to the Fundraising. Nomura Code is not acting for, and will not be responsible to, any person other than Allergy for providing the protections afforded to customers of

Nomura Code or for advising any other person in relation to the Fundraising or any other matter referred to herein.

Members of the public are not eligible to take part in the Fundraising. This Announcement is for information purposes only and is directed only at: (A) Qualifying Participants (defined as (1) Shareholders on the register of members of the Company on the Record Date who are in any jurisdiction in which an offer to sell or invitation to subscribe for the Offer Shares is not unlawful and does not require the Offer or the Offer Shares; or (1) persons employed by any member of the Group on the Record Date who are in any jurisdiction in which an offer to sell or invitation to subscribe for the Offer Shares is not unlawful and does not require the Offer or the Offer Shares to be approved by, or registered with, any regulatory body to be approved by, or registered with, any regulatory body); and (B) (i) persons in Member States of the European Economic Area who are Qualified Investors; or (ii) in the United Kingdom, Qualified Investors who are persons who (i) have professional experience in matters relating to investments falling within Article 19 of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (the "Order"); (ii) are persons falling within Articles 49(2)(A) to (D) ("High Net Worth Companies, unincorporated associations, etc") of the Order or (iii) are persons to whom it may otherwise be lawfully communicated (such persons referred to in this sub-paragraph (B) together being referred to as "Relevant Persons").

This Announcement must not be acted on or relied on by persons who are not Qualifying Participants or Relevant Persons. Any investment or investment activity to which this Announcement relates is available only to Qualifying Persons (in the case of the Offer) Relevant Persons (in the case of the Placing) and will be engaged in only with Qualifying Participants or Relevant Persons as the case may be. This Announcement does not itself constitute an offer for sale or subscription of any securities in Allergy.

For publication in the United Kingdom only. The information contained herein is restricted and is not for release, publication or distribution, directly or indirectly, in whole or in part in, into or from the United States, Canada, Australia, Japan, South Africa or any other jurisdiction where to do so would constitute a violation of the relevant laws of such jurisdiction. The New Ordinary Shares have not been and will not be registered under the securities laws of such jurisdictions and may not be offered, sold, taken up, exercised, resold, renounced, transferred or delivered, directly or indirectly, within such jurisdictions except pursuant to an exemption from and in compliance with any applicable securities laws. The distribution of this announcement, the Circular and/or the transfer or offering of New Ordinary Shares into jurisdictions other than the United Kingdom is or may be restricted by law. Persons into whose possession this announcement or any such document comes should inform themselves about and observe any such restrictions. Any failure to comply with these restrictions may constitute a violation of the securities laws of any such jurisdiction.

This announcement does not constitute or form a part of any offer or solicitation to purchase or subscribe for securities in the United States. The securities mentioned herein (the 'Securities') have not been, and will not be, registered under the United States Securities Act of 1933 (the 'Securities Act'). The Securities may not be offered or sold in the United States absent registration or an applicable exemption from the registration requirements of the Securities Act. There will be no public offer of the Securities in the United States.

No statement in this announcement is intended as a profit forecast or a profit estimate and no statement in this announcement should be interpreted to mean that earnings per Ordinary Share for the current or future financial years would necessarily match or exceed the historical published earnings per Ordinary Share.

Prices and values of, and income from, securities may go down as well as up and an investor may not get back the amount invested. It should be noted that past performance is no guide to future performance. Persons needing advice should consult an independent financial adviser.

Neither the content of the Company's website (or any other website) nor the content of any website accessible from hyperlinks on the Company's website (or any other website) is incorporated into, or forms part of, this announcement.

A circular to shareholders (the 'Circular') is expected to be dispatched today. The Circular contains a notice of a General Meeting to approve certain resolutions necessary to implement the proposals set out in the

Circular, expected to be held at the offices of Berwin Leighton Paisner LLP, Adelaide House, London Bridge, London EC4R 9HA on 30 June 2009 at 11.00 am. The Circular gives further details of the Fundraising.

Cautionary note regarding forward-looking statements

This announcement includes statements that are, or may be, 'forward-looking statements'. These forward-looking statements can be identified by the use of forward-looking terminology, including the terms 'believes', 'estimates', 'plans', 'anticipates', 'targets', 'aims', 'continues', 'expects', 'intends', 'may', 'will', 'would' or 'should' or, in each case, their negative or other variations or comparable terminology. These forward-looking statements include all matters that are not historical facts. They appear in a number of places throughout this announcement and include statements regarding the Company's intentions, beliefs or current expectations concerning, among other things, the Company's results of operations, financial condition, liquidity, prospects, growth strategies and the markets in which the Company operates. By their nature, forward-looking statements involve risk and uncertainty because they relate to future events and circumstances. A number of factors could cause actual results and developments to differ materially from those expressed or implied by the forward-looking statements, including, without limitation: market position of the Company, earnings, financial position, cash flows, return on capital, anticipated investments and capital expenditures, changing business or other market conditions and general economic conditions. These and other factors could adversely affect the outcome and financial effects of the events described herein and the Company. Forward-looking statements contained in this announcement based on these trends or activities should not be taken as a representation that such trends or activities will continue in the future.

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Approval of waiver of Rule 9 of the Takeover Code, Proposed Placing and Subscription of Ordinary Shares to raise £20.2 million, Offer to Qualifying Participants of New Ordinary Shares to raise up to €2.5 million and Notice of General Meeting

Introduction

Your Board announced today that we are proposing to raise £20.2 million before expenses by means of a placing and a subscription of New Ordinary Shares. In conjunction with this placing and subscription, the Board has also announced today details of an offer to Qualifying Shareholders and Qualifying Employees that may raise up to a further €2.5 million (approximately £2.1 million) through the issue of New Ordinary Shares. The Placing, the Subscription and Offer are all subject, inter alia, to the approval of Shareholders at the General Meeting. I am writing to set out further details of these fundraising initiatives.

The following parties are referred to as the Concert Party throughout the Circular for the purposes of the Takeover Code. Alejandro Weinstein Jr. and Manuel Llobet (the Proposed Directors) are deemed to be acting in concert with Azure, Wild Indigo, Alejandro Weinstein Snr., Nicolás Weinstein, Natacha Olarte, Joshua Llobet and Antua Llobet in relation to the Proposals.

Azure, a company incorporated under the laws of Malta whose ultimate beneficial owners are certain members of the Weinstein family of Chile whose interests include a group of pharmaceutical companies operating across South America, known as the Recalcine Group, has conditionally agreed to invest £12.5 million in the Company by way of a subscription for 104,166,666 New Ordinary Shares at a price of 12 pence per share. The Issue Price represents a 28 per cent. premium to the volume weighted average share price of the Company for the 90 days ending on the day prior to the date of first discussions between the Company and Azure. The Issue Price represents a 30 per cent. discount to the closing price of 17.25 pence on 11 June 2009, the last business day prior to the date of this announcement.

In addition, Azure will receive Warrants to subscribe for up to 33,333,333 Ordinary Shares to the value of £4 million (at the exercise price) payable in cash. The Ordinary Shares to be issued on the exercise of the Warrants will be issued at a discount of 25 per cent. to the 30 day volume weighted average share price, with a minimum exercise price of 12 pence per Warrant. Each of the Warrants may be exercised at Azure's option at any time and separately in no more than two tranches within the period of 18 months from Admission. A condition of the Warrants is that at no time shall the Concert Party's interest in Allergy exceed 49.9 per cent. of the Company's issued share capital. The Warrants are not transferable.

Wild Indigo has agreed to invest £375,000 in the Company by way of a subscription for 3,125,000 New Ordinary Shares at a price of 12 pence per share. Wild Indigo is associated with Manuel Llobet and is a company incorporated in the Republic of Panama, whose ultimate beneficial owners are Natacha Olarte, Joshua Llobet and Antua Llobet who are the wife and two minor children of Manuel Llobet, respectively. Further information about Wild Indigo is set out in the Circular. In addition, it is intended Manuel Llobet will be granted the Llobet LTIP.

In aggregate, the Concert Party will be interested in 141,374,999 New Ordinary Shares, representing 49.65 per cent. of the Enlarged Issued Share Capital as increased by the exercise in full of the Warrants and assuming vesting in full of the Llobet LTIP.

The Subscription is conditional upon the passing of the Resolutions, the Placing becoming unconditional in all respects (other than its inter conditionality with the Subscription Agreements and Admission) and the Revised Facility becoming unconditional in all respects (save for Admission).

The Fundraising, the exercise of the Warrants and the vesting of the Llobet LTIP will result in the Concert Party's maximum proposed shareholding constituting more than 30 per cent. of the Company's total voting rights, which would ordinarily incur an obligation under Rule 9 of the Takeover Code for the Concert Party to make a general offer for the remainder of the entire issued share capital of the Company. However, the Panel has agreed to waive this obligation subject to the approval of Shareholders voting on a poll at the General Meeting. Further details of this waiver are set out below.

Subject to certain exceptions, the Concert Party has also agreed not to dispose of any of its holding of the Company's shares for 12 months and is restricted to dealing only through the Company's nominated adviser for a further 12 months thereafter. Further details of these restrictions are set out in the Circular.

In addition to the Subscription, Nomura Code has, on behalf of the Company, conditionally placed 59,424,896 New Ordinary Shares, representing 23.71 per cent. of the Enlarged Issued Share Capital, with institutional investors at a price of 12 pence per New Ordinary Share. The Placing has been underwritten by Nomura Code.

A General Meeting of the Company is being convened at which Shareholders will be asked to consider and, if thought fit, pass the Resolutions required to provide the requisite waiver of Rule 9 of the Takeover Code, to provide the Directors with the relevant authorities, inter alia, to allot and issue the Placing Shares, the Subscription Shares and the Offer Shares and to disapply preemption rights and to appoint the Proposed Directors. The Notice of Meeting is set out in the Circular.

The main purpose of the Circular is to explain the reasons for, and details of, the Proposals and to explain why your Board considers that they are in the best interests of the Company and its Shareholders as a whole and to recommend that you vote in favour of the Resolutions.

Background to and Reasons for the Fundraising

Business update

Allergy has a successful pharmaceutical business with growing sales of allergy vaccines in major EU markets, including its innovative ultra-short course vaccine Pollinex® Quattro. Pollinex Quattro achieves its rapid efficacy partly as a consequence of the incorporation in the vaccine of MPL®, an adjuvant licensed to the Company by a subsidiary of GSK. Vaccines improved by adjuvants for various indications have been widely developed recently, and Allergy is the only allergy vaccine company successfully to have progressed adjuvanted vaccines against seasonal allergic rhinoconjunctivitis (hayfever) through to completion of Phase III clinical trials. A regulatory submission for marketing authorisation for this product was made to the PEI, Germany's regulatory authority, in March 2009. Following national registration, it is intended that Germany will act as a reference member state for EU registration via the mutual recognition procedure.

The Pollinex Quattro development programme was partly funded through a Facility negotiated with RBS in May 2007. The Facility provided maximum drawings of €40 million and €33.4 million had been drawn as at the date of the Circular.

In July 2007, the FDA placed Allergy's clinical programme on clinical hold. As a consequence, the Company's plans for the development of Pollinex Quattro for the US market were suspended and the Company's share price declined progressively over the following 18 months. Although the Company's core business continued to perform well, due to the FDA clinical hold, the Company was unable to raise funds through licensing agreements in the US and Japan. As a result, the Directors took the decision to explore ways of de leveraging the business.

In addition, in line with an EU Directive, the regulatory environment for allergy vaccines is changing in the EU. In particular, Germany has passed an ordinance from the PEI, setting out how they intend to implement the EU Directive. The Company's Facility was never intended to cover the unexpected expense associated with compliance with this ordinance which put further financial pressure on the Company.

In December 2008, the Board decided to enter into discussions with RBS concerning amending the Facility. Subject to the Placing and Subscription becoming unconditional, the Company has agreed upon revised terms with RBS.

Financing

The Fundraising will permit the repayment of £10 million of the Facility. This has enabled the Company to renegotiate the terms of its borrowing from RBS. Under the new terms the Company will have access to a €11 million term loan, a €15 million revolving credit facility and a £2 million overdraft facility. Repayment is nil for 18 months, then payments are quarterly. Total repayment is €17.8 million. There is a bullet repayment of

the balance in year 5. There is a cash sweep of 50 per cent. of surplus cash flow above £2.5 million per annum. The margin is 400 - 275 basis points (ratchet on leverage). The term remains 5 years (to June 2014) and the covenants have been revised to reflect the Proposals. As a consequence, the Directors are of the opinion the Company's cash requirements for the foreseeable future will be fulfilled by the Fundraising and the Company will have sufficient funds to accelerate the growth of commercial operations. The Revised Facility to reflect these new terms, inter alia, is conditional on shareholders' approval of the Resolutions at the General Meeting.

Sales

For the year to date, sales are in line with market expectations. For the six months ended 31 December 2008, Allergy achieved sales growth in all of its core markets: Germany, Italy, Spain, Austria and the United Kingdom. Revenues grew by 24 per cent. (8 per cent. on a constant currency basis) over the six month period ended 31 December 2007 (£24.2 million in 2008 vs. £19.6 million in 2007) and named-patient sales of Pollinex Quattro grew by 31 per cent.

Pollinex Quattro

On the existing named patient basis, Pollinex Quattro remains the Company's best-selling and fastest growing product. The registration of Pollinex Quattro in Europe remains a key priority and is continuing according to schedule; the Company anticipates approval in Germany in 2010. Significant upside potential for the Company lies with development of this product for the US market, depending upon whether the FDA clinical hold is lifted and if so, on what terms. The Directors believe that a key factor is that no modern vaccine adjuvant has received approval from the FDA to date. Nevertheless, the Company believes that the FDA's familiarity with vaccine adjuvants is increasing. Other vaccine products containing adjuvants are progressing under programmes covered by FDA investigational new drug applications. One vaccine, GSK's Cervarix which contains MPL – the same adjuvant as is used in Pollinex Quattro – has recently been submitted to the FDA for marketing authorisation approval. The Directors believe that these developments will advance the FDA in their assessment of adjuvants generally and MPL in particular, especially if Cervarix's submission is successful. Against this developing background the Company will continue its dialogue with the FDA, and will continue to participate in the FDA sponsored workshops, advisory committee meetings and other forums as well as seek its own advisory board input on matters such as pharmaco economics, relative benefit to current best practice, risk minimisation proposals for future development work and the scientific mechanisms of action of the adjuvant. On this basis it is anticipated that active direct discussions with the FDA will be scheduled for the appropriate time, expected to be later in 2009.

Financial position of the Company

The Group has cash balances and existing short term facilities which provide sufficient working capital for the Group until Admission. The Company has renegotiated the terms

of its existing Facility with RBS which are conditional on the Resolutions being passed and reflect the reduction in borrowings arising from the proposed Fundraising.

Shareholders should be aware that if all of the Resolutions are not passed at the General Meeting, the Directors intend to pursue alternative financing arrangements recognising the high gearing that would exist. The Company has discussed revised terms for its existing facility in the event that the Proposals contained in this circular do not proceed and the Directors believe that the terms RBS would agree for revised banking facilities in such circumstances would be less favourable to the Company than if the Resolutions were passed.

Strategy, Use of Funds and Rationale for Investment

It is the intention of the Directors and the Proposed Directors that the approximately £18.9 million (net of costs) being raised from the Placing and Subscription along with any funds raised from the Offer will be used for the following purposes:

1. to reduce the Facility utilisation by £10 million;
2. the reservation of approximately £3 million for expansion of sales operations; and
3. the balance of funds shall be used for working capital purposes, including: compliance with the PEI ordinance (EU Directive) which will allow Allergy's currently manufactured therapeutic allergens to remain on the market until a licence is granted; and providing sufficient headroom to allow the Company to trade more comfortably through its seasonal cash cycle.

Allergy fits Recalcine Group's strategy and skill set as it enables expansion into a new region and operates in a specialised sector. Allergy is a niche, standalone business, has established products with revenues, a major new product in registration and a high quality GMP compliant manufacturing facility. Allergy is protected from multinationals and benefits from a lack of generic alternatives that may destroy pricing and value. The Fundraising will place the Company on a sounder financial footing, strengthen the Board with pharmaceutical marketing expertise and enable investment in sales and marketing in European territories to accelerate growth.

The Company aims to achieve European registrations from 2010 enabling further acceleration of sales growth and improved pricing, and will continue to work towards lifting the FDA clinical hold. A review of the Company's options in the US will occur once the FDA clinical hold is lifted. In the future the Company may consider expanding into new territories or opportunities regarding possible consolidation in the sector.

Details of each of the members of the Concert Party, their relationships with each other and their interests in the Company are set out below.

Information on Azure

Azure Ventures Limited is associated with the Recalcine Group, the group of pharmaceutical companies owned wholly or partly by the Weinstein family. The Recalcine Group currently has a presence in 20 countries, concentrated in South America where the Recalcine Group has a significant presence amongst the market leaders. The Recalcine Group's international revenues have grown with a CAGR of 22 per cent. Over the last 6 years and sales for 2008 were approximately US\$300 million making it one of the fastest growing pharmaceutical companies in the region (excluding Brazil). The Recalcine Group is now expanding outside its geographical home base and beyond the core 'branded generic' business.

Azure Ventures Limited is a special purpose vehicle incorporated on 28 April 2009 in Malta. Azure Ventures Limited is wholly owned by The Karjiang Pharma Trust, a trust incorporated under the laws of Belize on 6 December 2007. The trustee of The Karjiang Pharma Trust is Aleman, Cordero, Galindo & Lee Trust (Belize) Limited of 60 Market Square, PO Box 1906, Belize City, Belize. The beneficiaries of the trust are Alejandro Weinstein Snr., Alejandro Weinstein Jr. and Nicolás Weinstein. Alejandro Weinstein Snr. is the father of Alejandro Weinstein Jr. and Nicolás Weinstein, who are brothers.

Azure Ventures Limited

Registration number: C46721

Registered address: 6/3 O'Hea Building, Sir William Reid Street, Gzirea GZR1038, Malta

Incorporated: 28 April 2009

Director: Mr. Jason Tabone

Financing of Azure's Subscription

Azure's Subscription has been financed from existing cash resources of the Recalcine Group which were transferred to Azure. The Subscription funds to be received from Azure are, as at the date of the Circular, held in a joint escrow account in the name of the Company's solicitors, Berwin Leighton Paisner LLP and Azure's solicitors, Reed Smith LLP and the release of such funds to the Company is subject only to the satisfaction of the conditions to and rights of termination under the Placing Agreement, the passing of the Resolutions at the General Meeting and the Revised Facility becoming unconditional, save for any conditions as to Admission.

Intentions of the Concert Party

Other than the proposed changes to the Board, as described below, the Concert Party has confirmed that it would be its intention that the business of the Company be continued in substantially the same manner as at present and the Concert Party supports the Company's strategy of focusing its efforts on working towards becoming cash flow positive as soon as possible through growth of market share in EU markets. In particular, the Concert Party's strategy is to focus on accelerating sales growth for investment in European sales and marketing. As part of the Company's strategy, supported by the Concert Party, the Board and Proposed Directors will review the Company's cost base and implement a rationalisation programme. In addition, the Concert Party has confirmed

its intention that the locations of the Company's places of business and the continued employment of its employees and management (and those of its subsidiaries) would not be altered, save for the position of Chief Executive Officer and any change to the Board resulting from the Company's move towards compliance with corporate governance rules as described in the Circular, nor would there be any material changes in the conditions of employment, nor any redeployment of the fixed assets of the Company.

Board and Senior Management Appointments

The Board is pleased to propose the appointments, conditional upon Admission, of Alejandro Weinstein Jr. as a Non-Executive Director of the Company and Manuel Llobet as Chief Executive Officer and an Executive Director of the Company. The Directorship appointments will be made pursuant to the approval of the relevant Resolutions at the General Meeting, and Manuel Llobet's appointment as Chief Executive Officer will be effective as of 1 September 2009.

Keith Carter will be stepping down as CEO on 1 September 2009 under the terms of a compromise agreement as set out in the Circular. Keith Carter will stay on to provide consultancy services to the Company for a minimum of 3 months and take up a position as a Non-Executive Director, conditional on the Resolutions being passed. Keith Carter's resignation as CEO is conditional on completion of the Fundraising.

The arrangements with Keith Carter constitute a related party transaction under the AIM Rules. The Directors other than Keith Carter, having consulted the Company's nominated adviser, Nomura Code, that the terms of the arrangements with Keith Carter are fair and reasonable insofar as the Company's Shareholders are concerned.

Alejandro Weinstein Jr.

Alejandro Weinstein Jr., 51, is one of the ultimate beneficiaries under The Karjiang Pharma Trust, family trust, which is the sole shareholder of Azure Ventures Limited, the vehicle to be used to make the proposed investment in Allergy. Mr Weinstein has served as CEO of Laboratorios Recalcine Chile since 2000 and is responsible for the entire Weinstein family group of pharmaceutical companies in 20 countries. Mr Weinstein and Manuel Llobet were responsible for transforming the Recalcine Group from a local Chilean pharmaceutical company into a global family pharmaceutical company with a presence in 20 countries and double digit sales growth for the last five years. Mr Weinstein has been active in developing and managing several businesses and start ups in the pharmaceutical industry and the healthcare sector, including Genomika Foundation, a stem cell research organisation; Biomedical Research Consortium, a joint venture between a biotech R&D company and a university; Vidacel and Banco de Vida, public and private stem cell banks in Chile; Educa U.C., a joint venture with a Chilean University; Ventana U.C., a business incubator; and several other joint ventures with local and foreign R&D companies. Mr Weinstein completed a BA, is a Certified Public Accountant and participated in the Owner/President Management Program (OPM) at Harvard Business School.

Manuel Llobet

Manuel Llobet, 45, is the Principal Consultant for Biohealth LLC and CEO of International Operations of the Weinstein family's group of companies. Mr Llobet is responsible for international development of the Weinstein family's group of pharmaceutical companies in 20 countries. The operations overseen by Mr Llobet turnover approximately US\$200 million and employ more than 1,000 people. Mr Llobet is currently the Chairman of Farindustria S.A., a Peruvian pharmaceutical company listed on the Lima Stock Exchange. Mr Llobet has over ten years experience working in the pharmaceutical industry, primarily in South America and has served as Executive Director of Coporación Drokasa where he was responsible for a US\$25 million AAA rated bond issue to finance the group's expansion plans; CEO of Laboratorios Andrómico where he led the company to an IPO on the Santiago Stock Exchange; and Business Development Manager for Laboratorio Chile. Mr Llobet participated in the Executive Program at the Graduate Business School of Stanford University and has an MBA from IESE, Universidad de Navarra, Barcelona. Mr Llobet also has degrees in Industrial Business Management and Chemical Engineering from Universitat Ramon Llull, Barcelona.

By virtue of the relationships between the members of the Concert Party as described above, Alejandro Weinstein Snr., Nicolás Weinstein, Alejandro Weinstein Jr., Manuel Llobet, Natacha Olarte, Joshua Llobet, Antua Llobet, Wild Indigo and Azure are deemed to be acting in concert, as defined in the Takeover Code.

Placing and Subscription

It was announced today that the Company has placed New Ordinary Shares with institutional investors to raise £7.1 million before expenses. This Placing has been underwritten by Nomura Code. Azure has entered into the Azure Subscription Agreement with the Company whereby it will subscribe for New Ordinary Shares at the Issue Price raising a further £12.5 million in aggregate before expenses. Further information on Azure may be found in the Circular. In addition Wild Indigo has agreed to invest £375,000 by way of a subscription at the Issue Price and the Chairman has agreed to invest £240,000 at the Issue Price. Together, the Placing and the Subscription will raise a total of £20.2 million before expenses. The Subscription has not been underwritten by Nomura Code.

Offer to Qualifying Shareholders and Qualifying Employees

The Company considers it important that Qualifying Shareholders and Qualifying Employees have an opportunity to participate in the Fundraising on equivalent terms and conditions to the Placing and Subscription. The Company has been advised that Qualifying Participants can subscribe, in aggregate, for up to the €2.5 Million Maximum without the Company having to produce a prospectus which would be time-consuming and costly. At current exchange rates, €2.5 million equates to approximately £2.1 million.

In the event that Qualifying Participants apply for an aggregate amount that is greater in aggregate than the €2.5 Million Maximum and/or greater than the Rule 9 Subscription Threshold, the Directors will use their discretion to scale back such applications such that this maximum and/or threshold is not exceeded. For further information on the Offer see the Circular and Qualifying Participants' attention is drawn to the risk factors detailed in the Circular. In order to apply for Offer Shares, Qualifying Participants should complete the Application Form in accordance with the instructions set out on the Application Form and return it and the appropriate remittance, by post, to Capita Registrars, Corporate Actions, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU or by hand (during normal business hours only) to Capita Registrars at that address together, in each case, with payment in full, so as to be received no later than 11.00 a.m. on 26 June 2009. The Offer is not being underwritten.

Participation in the Subscription by a Director

As part of the Subscription, Ignace Goethals has agreed to subscribe for 2,000,000 New Ordinary Shares at the Issue Price. Ignace Goethals is not a Qualifying Participant under the Offer. In order for him to participate in the Fundraising the Company has entered into the Director Subscription Agreement described in the Circular. The Director Subscription Agreement has been entered into on the basis that he is an "accredited investor" under Regulation D of the United States Securities Act 1933. The participation in the Fundraising by Mr Goethals constitutes a related party transaction under the AIM Rules. Keith Carter, Ian Postlethwaite, Thomas Holdich, Christian Grätz, Virinder Nohria and Steven Smith, being the Directors not participating in the Fundraising, consider, having consulted the Company's nominated adviser, Nomura Code, that the terms on which Mr Goethals is participating in the Subscription are fair and reasonable insofar as the Company's Shareholders are concerned.

Financial Information

The financial information in the Circular relates to the Company. The financial information on the Company is comprised of the annual report and accounts for the years ended June 2008, 2007 and 2006 and the interim results for the six months ended 31 December 2008. Azure was incorporated on 28 April 2009 and as such financial information on Azure has not been prepared. Further information on the nature and beneficiaries of Azure may be found in the Circular.

The Takeover Code

The terms of the Proposals give rise to certain considerations under the Takeover Code. Brief details of the Panel, the Takeover Code and the protection they afford are given below.

The Takeover Code is issued and administered by the Panel. The Company is a company to which the Takeover Code applies and as such, its shareholders are entitled to the protections afforded by the Takeover Code. The Takeover Code and the Panel operate

principally to ensure that shareholders are treated fairly and are not denied an opportunity to decide on the merits of a takeover and that shareholders of the same class are afforded equivalent treatment by an offeror. The Takeover Code also provides an orderly framework in which takeovers are conducted. In addition, it is designed to promote, in conjunction with other regulatory regimes the integrity of the financial markets.

Under Rule 9 of the Takeover Code, where any person acquires an interest in shares as defined in the Takeover Code which (taken together with shares in which he is already interested and which persons acting in concert with him are interested) carry 30 per cent. or more of the voting rights of a company which is subject to the Takeover Code, that person, and any person acting in concert with him, is normally required by the Panel to make a general offer in cash to the shareholders for the remaining shares in that company not held by him and his concert party at not less than the highest price paid by him or any person acting in concert with him, within the 12 months preceding the date of the announcement of such offer.

Rule 9 of the Takeover Code further provides that, amongst other things, where any person, together with persons acting in concert with him, is interested in shares which in aggregate carry not less than 30 per cent. of the voting rights of a company but does not hold shares carrying more than 50 per cent. of such voting rights and such person, or any such person acting in concert with him, acquires an interest in any other shares which increases the percentage of shares carrying voting rights in which he is interested, such person or persons acting in concert with him is normally required by the Panel to make a general offer in cash to all shareholders of the company for the shares not already owned by him or any other person acting in concert with him at not less than the highest price paid by him or any person acting in concert with him within the 12 months preceding the date of the announcement of such offer. Under the Takeover Code, a concert party arises, inter alia, when persons who, pursuant to an agreement or understanding (whether formal or informal), co-operate, to obtain or consolidate control of that company.

Under the Takeover Code, control means an interest, or interests, in shares carrying in aggregate 30 per cent. or more of the voting rights of a company, irrespective of whether such interest or interests give de facto control. In this context, voting rights means all the voting rights attributable to the capital of a company which are currently exercisable at a general meeting.

The members of the Concert Party are deemed to be acting in concert for the purpose of the Takeover Code. On completion of the Subscription (assuming the Warrants are exercised in full and the issue of the Llobet LTIP), and assuming no other person converts any convertible securities or exercises any option or any other right to subscribe for shares in the Company, the Concert Party would be interested in 141,374,999 Ordinary Shares, representing 49.65 per cent. of the Company's Enlarged Issued Voting Share Capital. Each of the warrants can be exercised at Azure's option at any time and separately in no more than two tranches within the period of 18 months from Admission. A table setting out the Concert Party's individual interests is set out below.

The Panel has been consulted by Nomura Code on behalf of the Company and the Panel has agreed, subject to Resolution 1 (as set out in the Notice of Meeting) being passed on a poll by the Shareholders, to waive the obligation on Azure to make a general offer for the Ordinary Shares in the Company which would otherwise arise as a result of the Subscription and the issue of Ordinary Shares, the exercise of the Warrants or the full vesting of the Llobet LTIP. To be passed, Resolution 1 will require a simple majority of the votes cast on a poll by the Shareholders at the General Meeting.

Following completion of the Proposals, the Concert Party will be interested in shares carrying 30 per cent. or more of the Company's voting rights but will not hold shares carrying more than 50 per cent. of such voting rights and (for so long as they continue to be treated as acting in concert) any further increase in the aggregate interest in shares will be subject to the provisions of Rule 9.

Allotment of Placing and Subscription Shares

For the purposes of the Takeover Code, and assuming that the Subscription and Placing are duly completed and that no Offer Shares are taken up under the Offer.

	At present: existing Ordinary Shares	%	Immediately after Placing and Subscription	%	Maximum interest in Enlarged Issued Share Capital ⁽¹⁾	%
Azure	0	0	104,166,666	41.56	137,499,999	48.29
Wild Indigo	0	0	3,125,000	1.25	3,875,000	1.36

(1) Assumes exercise of the Warrants in full at 12 pence each and full vesting of the Llobet LTIP and the issue of no other Ordinary Shares, other than those issued on the exercise of the Warrants and the Llobet LTIP.

The maximum interests of the Concert Party will not exceed shares carrying 49.65 per cent. of the voting rights of the Company.

No member of the Concert Party nor any director of any company within the Concert Party nor anyone acting in concert with the Concert Party is interested in or has dealt in any of the Company's securities in the 12 months prior to the date of the Circular. The waiver to which the Panel has agreed will be invalidated if any acquisitions of interests in the Company's shares are made by the Concert Party in the period between the date of the Circular and the General Meeting. Under the provisions of the Takeover Code and the Subscription Agreements, Shareholders' approval of the waiver of the obligation arising under Rule 9 of the Takeover Code will be required at the General Meeting in order to permit the proposed investment by Azure and Wild Indigo. No inducement fee is payable in respect of the proposed Fundraising. General Meeting The Placing, the

Subscription, the Offer and the waiver of Rule 9 of the Takeover Code are subject, inter alia, to the passing of the Resolutions at the General Meeting. Set out at the end of the Circular is the notice convening a General Meeting to be held on 30 June 2009 at the offices of Berwin Leighton Paisner LLP, St Magnus House, 3 Lower Thames Street, London, EC3R 6HE at 11.00 a.m. at which the Resolutions will be proposed.

Resolution 1 – an ordinary resolution, to be taken on a poll, to approve the Panel Waiver

Resolution 2 – an ordinary resolution to grant the Directors authority to allot the New Ordinary Shares

Resolution 3 – a special resolution to disapply pre-emption rights

Resolution 4 – an ordinary resolution to appoint Alejandro Weinstein Jr. as a director of the Company

Resolution 5 – an ordinary resolution to appoint Manuel Llobet as a director of the Company

Action to be taken

A Form of Proxy for use at the General Meeting accompanies the Circular. Whether or not you intend to be present at the meeting, you are asked to complete the Form of Proxy in accordance with the instructions thereon and to return it by post to Capita Registrars, Proxy Department, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU, so as to be received as soon as possible and, in any event, not later than 11.00 a.m. on 26 June 2009. Completion and return of the Form of Proxy will not preclude you from attending the General Meeting and voting in person should you so wish. Qualifying Participants who wish to take up the Offer should duly complete and return the Application Form and appropriate remittance.

Importance of vote

The Placing, Subscription, Offer and the waiver of Rule 9 of the Takeover Code are conditional, inter alia, upon the passing by Shareholders of the Resolutions at the General Meeting.

Shareholders should be aware that if all of the Resolutions are not passed at the General Meeting, the Directors intend to pursue alternative financing arrangements recognizing the high gearing that would exist. The Company has discussed revised terms for its existing Facility in the event that the Proposals contained in this circular do not proceed and the Directors believe that the terms RBS would agree for revised banking facilities in such circumstances would be less favourable to the Company than if the Resolutions were passed.

Recommendation

The Directors, who have been so advised by Nomura Code, consider the terms of the Fundraising and the waiver of the obligations under Rule 9 of the Takeover Code to be fair and reasonable and in the best interest of the Company and its existing Shareholders

as a whole. In providing advice to the Directors, Nomura Code has taken into account the Board's commercial assessments. The Directors recommend that you vote in favour of the Resolutions to be proposed at the General Meeting. Directors who are also Shareholders have given irrevocable undertakings to vote in favour of the Resolutions in respect of their own beneficial holdings of Ordinary Shares which amount, in aggregate, to 5,592,963 Ordinary Shares, representing approximately 6.82 per cent. of the existing Ordinary Shares. Certain other Shareholders have provided signed letters to the Company confirming their intentions to vote in favour of the Resolutions in respect of the beneficial holdings of Ordinary Shares which amount in aggregate to 8,274,195 Ordinary Shares, representing approximately 10.07 per cent. of the existing Ordinary Shares. This letter should not be viewed as, and is not, financial advice and the Directors are not making any recommendations to Qualifying Participants in relation to taking up Offer Shares under the Offer. Any Qualifying Participant considering investing in Offer Shares under the Offer is recommended immediately to seek independent financial advice from their stockbroker, bank manager, solicitor or other independent professional adviser authorized under the Financial Services and Markets Act 2000 (as amended), if you are in the United Kingdom or, if not, another appropriately authorised independent financial adviser.

Yours faithfully,
 Ignace Goethals
 Non-Executive Chairman

EXPECTED TIMETABLE OF PRINCIPAL EVENTS

	<i>2009</i>
Record Date for the Offer	6.00 p.m. on 11 June
Date of the Circular and posting of the Application Form and Form of Proxy	12 June
Latest time and date for receipt of completed Application Form and Form of Proxy	11.00 a.m. on 26 June
General Meeting	11.00 a.m. on 30 June
The results of the Placing, Subscription and Offer announced by way of a Regulatory Information Service	30 June
Admission and commencement of dealings on AIM of the Placing Shares, Subscription Shares and Offer Shares	1 July
CREST accounts to be credited for the Placing Shares, Subscription Shares and Offer Shares	1 July
Where applicable, despatch of definitive share certificates for the Placing Shares, Subscription Shares and Offer Shares	7 July

Each of the times and dates in the above timetable is subject to change. If any of the above times and/or dates change, the revised times and/or dates will be notified to Shareholders by announcement on a Regulatory Information Service. References to time in the Circular are to London time.

The Company's SEDOL code is B02LCQ0 and ISIN code is GB00B02LCQ05.

PLACING, SUBSCRIPTION AND OFFER STATISTICS

Issue Price	12p
Number of Ordinary Shares in issue at the date of the Circular	81,950,632
Number of Placing Shares	59,424,896
Number of Subscription Shares	109,291,666
Maximum number of Offer Shares ⁽¹⁾	17,835,233
Enlarged Issued Share Capital	250,667,194
Maximum dilution (assuming full take up under the Offer)	69.48%
Gross proceeds of the Placing and Subscription	£20.2 million
Estimated net proceeds of the Placing and Subscription	£18.9 million
Maximum proceeds of the Offer ⁽¹⁾	£2.1 million
Concert Party's interest in the Enlarged Issued Share Capital ⁽²⁾	42.80%
Concert Party's maximum interest in the share capital of Allergy as increased by the Warrants ^{(2),(3)}	49.65%

1 The Offer is capped at the pounds sterling equivalent of less than €2,500,000 and calculated from an exchange rate of £/€1.1681 as of 10 June 2009 (derived from WM/Reuters at 4.00 p.m. (London time) and published on FT.com).

2 Assuming no take up under the Offer.

3 Assuming all the Warrants are exercised at 12 pence each and full vesting of the Llobet LTIP and the issue of no other Ordinary Shares.

RISK FACTORS

An investment in the Company involves significant risks and is only suitable for investors who are capable of evaluating the merits and risks of such an investment and who have sufficient resources to be able to bear any losses (which may be equal to the whole amount invested) which may result from such an investment.

Prospective investors should carefully review and evaluate the risks and the other information contained in the Circular before making a decision to invest in the Company. If in any doubt, prospective investors should immediately seek their own personal financial advice from their independent professional adviser authorised under FSMA who specialises in advising on the acquisition of shares and other securities or other advisers such as legal advisers and accountants. If any of the following risks actually occur, the Company's business, financial condition, capital resources, results and/or future operations could be materially and adversely affected. In such circumstances, the trading price of Ordinary Shares could decline and investors may lose all or part of their

investment. Additional risks and uncertainties not currently known to the Board may also have an adverse effect on the Company's business and the information set out below does not purport to be an exhaustive summary of the risks affecting the Company or the Group. There can also be no guarantee that the Company's investment objectives will be achieved.

Prospective investors should be aware that the value of Ordinary Shares, including New Ordinary Shares and the income from them may go down as well as up and that they may not be able to realise their investment. In addition, it is possible that the market price of Ordinary Shares in the Company may be less than the underlying net asset value per Ordinary Share. References to the Company are also deemed to include, where appropriate, each member of the Group.

Product liability risk

The Group's products may produce unanticipated adverse side effects that may hinder their marketability. The Group may be insufficiently covered for any potential litigation which in some cases can potentially be open-ended. The Group's manufacturing facilities and those of some of its suppliers are subject to regulatory requirements and there is a risk that such facilities may not comply with such requirements.

Dependence on retention and recruitment of key personnel

The success of Allergy and its business strategy are dependent on its ability to retain and attract key management, R&D, sales, marketing and other operating personnel with the relevant expertise and experience. As Allergy expands the commercialisation of its products, the Group will need to recruit and integrate additional personnel. In a period of high growth, the loss of the services of one or more members of the management group or the inability to recruit and effectively integrate additional personnel as needed could have an adverse effect on the Group's product development programmes and on its business, financial condition and results.

Changes in the regulatory environment

The pharmaceuticals field in which the Company operates is very highly regulated. Marketing Authorisations ("MAs") granted by regulatory bodies such as the EMEA and national equivalents such as Germany's PEI and the Medicines and Healthcare products Regulatory Agency ("MHRA") in the UK are required before any product can be commercialised. Achieving and maintaining such MAs is therefore necessary to the continued success of the Company. In some markets specific immunotherapy ("SIT") products such as many of the Company's marketed vaccines were treated as a special case owing to their allergen-specific nature. Under the terms of EU Directive 2001/83/EG all manufactured human pharmaceutical products require MAs and steps are being taken to bring SIT products into line with this EU Directive. In particular, Germany has passed into law an Ordinance, prepared by the PEI. This Ordinance allows for an extended transition period to compliance with the EU Directive, and the Company has a detailed plan to adhere to the requirements of the Ordinance. Were the Company to fail to meet the needs of the Ordinance it could result in a reduction in the number of the Company's products able to be commercialised in Germany, resulting in a reduction in revenues. In

Spain and Italy, two of the Group's other key markets, the authorities have yet to determine how to implement the EU Directive; the Group's sales in these markets could therefore be impacted by new regulation.

Competition and technical advances

The market in which the Group is operating is characterised by rapidly evolving technology and industry standards and many of the companies competing in this sector have substantially greater financial, technical and marketing resources, greater name recognition, larger customer bases and more established co-operative relationships. As the market grows, new alliances between competitors may emerge which could reduce the Group's sales, margins and market shares. Competitors could develop superior or more cost-effective techniques which could render the Group's products uncompetitive or develop products that achieve greater market acceptance than the Group's products. In the future, the Group may experience pricing pressures from competitors and customers which may adversely affect sales levels and/or gross margins. The future success of the Group and the maintenance of its margins will therefore depend to a large extent upon the Group's ability to develop and introduce new products and enhancements to existing products to meet and broaden customer needs and to anticipate developments in the market and changes in industry standards. No assurance can be given that new products or product enhancements will satisfy customer requirements or can be developed in time to meet market opportunities, will achieve a sufficient level of acceptance in new and existing markets, or will successfully anticipate rapid technological changes or new industry standards.

Intellectual property and proprietary technology

The Group's success will depend in part on its ability to secure and maintain patent protection and copyright for its products and processes, to preserve its trade secrets and to operate without infringing the proprietary rights of third parties. No assurance can be given that any pending patent applications or any future patent applications will result in granted patents, that the scope of any copyright or patent protection will exclude competitors or provide competitive advantages to the Group, that any of the Group's patents will be held valid if challenged or that third parties will not claim rights in or ownership of the copyright, patents and other proprietary rights held by the Group. As product sales increase, the Group may be subject to claims in relation to infringement of patents, trademarks or other proprietary rights. Adverse judgments against the Group may give rise to significant liability in monetary damages, legal fees and an inability to manufacture, market or sell products either at all or in particular territories using existing trademarks and/or particular technology. Where the Group has given assurances to customers that its products do not infringe proprietary rights of third parties, any such infringement might also expose the Group to liabilities to those customers. Even claims without merit could deter customers and have a detrimental effect on the Group's business as well as being costly and time consuming to defend and diverting Group resources. Further there can be no assurance that others have not developed or will not develop similar products, duplicate any of the Group's products or design around any patents held by the Group. Others may hold or receive patents which contain claims having a scope that covers products developed by the Group (whether or not patents are

issued to the Group). The Group relies on patents to protect, amongst other things, its products. These rights act only to prevent a competitor from copying and not to prevent a competitor from independently developing products that perform the same functions. No assurance can be given that others will not independently develop or otherwise acquire substantial equivalent techniques or otherwise gain access to the Group's un-patented proprietary technology or disclose such technology or that the Group can ultimately protect meaningful rights to such un-patented proprietary technology.

Dependence on collaborative arrangements

The Group is assisted by third parties in its research and development and in the production, marketing and commercialisation of its products. Disagreements between the Group and any of its collaborators could lead to delays in the Group's research and development programme and/or commercialisation plans. If any of those third parties were to terminate its relationship with the Group, the Group would be required to obtain development services from other parties or develop these functions internally. The process of entering into such similar relationships or developing these functions internally could require significant expenditure and time. While the Directors believe that the Group would be able to enter into arrangements with other companies within a reasonable period of time, upon commercially reasonable terms, and in compliance with applicable regulatory requirements, no assurance can be given that it would be able to do so, and failure to do so, or in a timely manner, could materially and adversely affect the Group's business, operating results and financial condition.

Exchange rate fluctuations

The majority of the Group's revenues are in Euros whilst a substantial part of its operating costs are in Sterling. The Group is therefore exposed to foreign currency risk due to fluctuations in exchange rates. This may result in gains or losses with respect to movements in exchange rates which may be material and may also cause fluctuations in reported financial information that are not necessarily related to the Group's operating results.

Overseas activities

Allergy Therapeutics is exposed to additional risks related to operating in foreign countries. It has operations in Germany, Spain, and Italy and a large proportion of the products are sold outside the UK. These risks include export controls and/or other regulatory restrictions which may prevent the shipping of products into and from some markets or may increase the costs of doing so, the impact of foreign taxes and other applicable foreign regulations, an inability to repatriate earnings or overseas sales, difficulty in collecting debts or enforcing or protecting IPR, economic weakness or political instability in foreign economies or markets, changes in government healthcare policies and the difficulties involved in managing overseas activities. Approximately 70 per cent. of Group sales are made in Germany and therefore Group results are sensitive to German legislation and government policies.

Volatility in share price and liquidity

The share prices of publicly traded companies that are perceived to be within the technology sector are often subject to significant fluctuations. The market price of the Ordinary Shares may therefore be volatile and may be influenced by factors which affect the quoted pharmaceutical and biotechnology sectors (or quoted companies) generally and not just factors specific to the Group. An AIM quotation does not guarantee that there will be a liquid market for Ordinary Shares. An active public market for the Ordinary Shares may not develop or be sustained after the Fundraising and the market price may fall below the price of which the Ordinary Shares are issued under the Fundraising.

Regulatory Approval

As part of the regulatory approval process the Group must conduct pre-clinical studies and clinical trials for each of its unapproved products to demonstrate safety and efficacy. The number of pre-clinical studies and clinical trials that will be required varies depending on the product, the indication being evaluated, the stage of development reached, the trial results and regulations applicable to the particular product. The results of pre-clinical studies and initial clinical trials of the Group's unapproved products do not necessarily predict the results of later-stage clinical trials. Unapproved products in later stages of clinical trials may fail to show the desired safety and efficacy despite having progressed through initial clinical trials. There can be no assurance that the data collected from the preclinical studies and clinical trials of the Group's unapproved products will be sufficient to support FDA, EMEA or other regulatory approvals, or approvals from local ethics committees. In addition, the continuation of a particular study after review by an independent data safety monitoring board or review body does not necessarily indicate that all clinical trials will ultimately be successfully completed.

The Group's unapproved products may produce unexpected side effects or serious adverse events which could interrupt, delay or halt clinical trials of the products and could result in the FDA, EMEA or other regulatory authorities denying approval of its products for any or all targeted indications. An independent safety monitoring board, the FDA, EMEA, other regulatory authorities or the Group itself may suspend or terminate clinical trials at any time. There can be no assurances that any of the Group's unapproved product candidates will ultimately prove to be safe for human use. The Group's clinical trials could also be delayed or terminated in the event that the product being tested, or a component of it, is in the same class as a marketed product that is revealed to cause side effects.

The Group has completed late-phase clinical trials with its Grass and Ragweed vaccines, and has submitted Grass for approval in Germany with the intention of gaining EU-wide approval via the mutual recognition process. There can be no guarantee that the PEI or any other submission will be successful. Failure to achieve approval following submission may impact negatively on the Company's sales of products considered in the market to be similar to those for which MAs are sought.

Clinical hold on the MATAMPL programmes

The clinical hold imposed by the FDA on all the MATAMPL programmes in July 2007 remains as part of a wider ongoing investigation into adjuvant technologies. A key risk

facing the Group with respect to new development in the US and potentially elsewhere is whether the clinical hold is lifted and if so, on what terms. There can be no guarantee as to when, or if, the clinical hold is lifted and the Directors cannot accurately predict when any clinical trials required will be completed, if at all.

Substantial shareholding in the Company by Azure

Following the Fundraising, the Concert Party will be interested in 49.65 per cent. of the Company's aggregate Enlarged Issued Share Capital as increased by the exercise in full of the Warrants and assuming vesting in full of the Llobet LTIP. Accordingly, these shareholders may be in a position to exert significant influence over the outcome of matters relating to the Company. The interests of these Shareholders may be different from the interests of the Company or the Company's other Shareholders. In addition, this control may have the effect of making certain transactions more difficult without the support of these Shareholders and may have the effect of delaying or preventing an acquisition or other change in control of the Company.