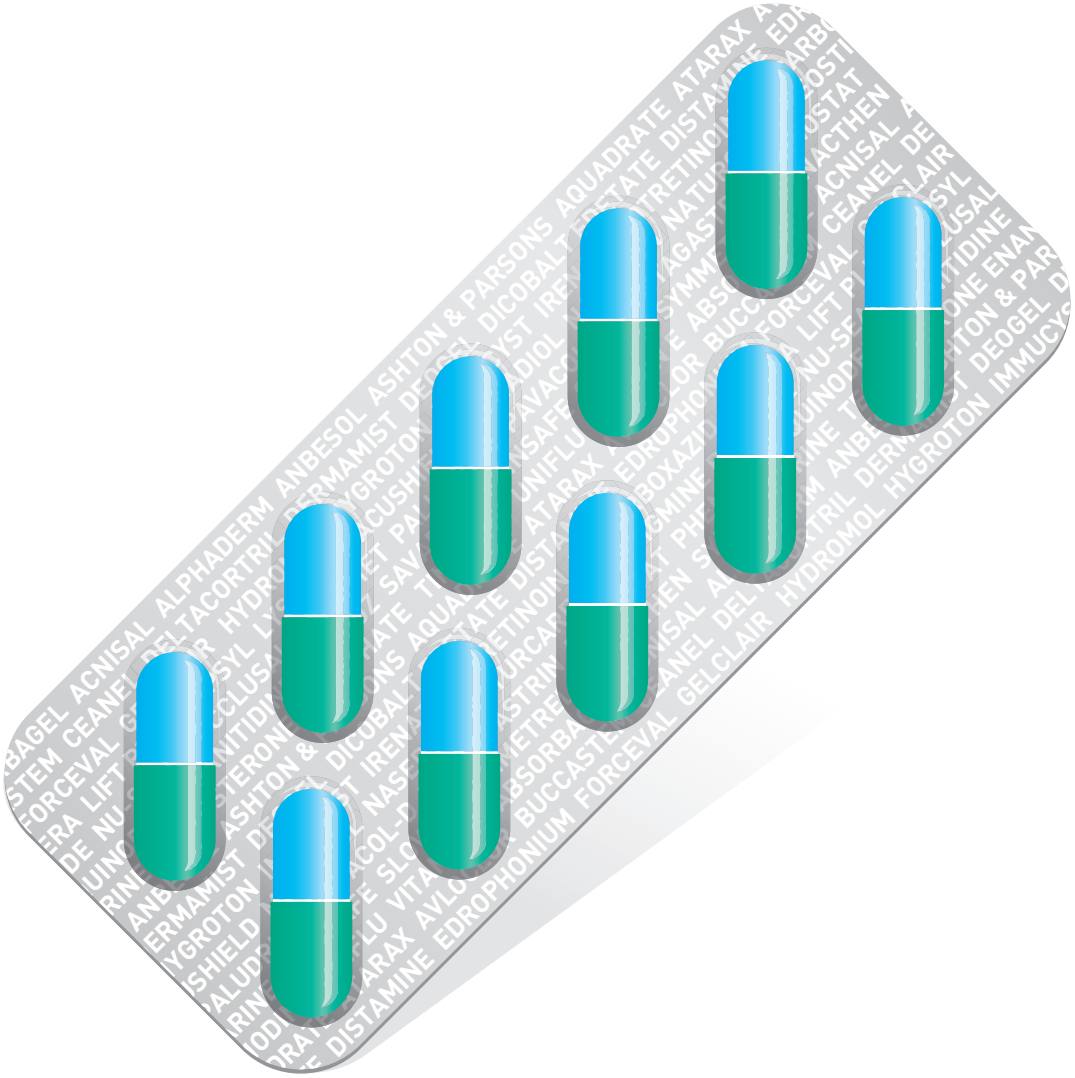
ALLIANCE

Breathing life into medicines



Acquisition of Healthcare Products Business from Sinclair IS Pharma plc

Proposed placing and re-admission to trading on AIM

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. If you are in any doubt about the contents of this document you should consult your stockbroker, bank manager, solicitor, accountant or other independent professional adviser authorised for the purposes of the Financial Services and Markets Act 2000 ("FSMA") who specialises in advising on the acquisition of shares and other securities. If you have sold or transferred all your Ordinary Shares in the Company, you should send this document, together with the accompanying Form of Proxy, to the purchaser or transferee or to the stockbroker, bank or other agent through whom the sale or transfer was effected, for transmission to the purchaser or transferee.

This document comprises an admission document prepared in accordance with the AIM Rules and has been issued in connection with the proposed Re-admission. This document is not an approved prospectus for the purposes of section 85 of FSMA, has not been prepared in accordance with the Prospectus Rules published by the Financial Conduct Authority ("FCA") and a copy of it has not been, and will not be, delivered to the UK Listing Authority in accordance with the Prospectus Rules or delivered to or approved by any other authority which could be a competent authority for the purposes of the Prospectus Directive.

The Company and the Directors whose names appear on page 14 of this document accept responsibility, both individually and collectively, for the information contained in this document. To the best of the knowledge and belief of the Company and the Directors (who have taken reasonable care to ensure that such is the case), the information contained in this document for which they are responsible is in accordance with the facts and there are no other facts the omission of which is likely to affect the import of such information. All of the Directors accept individual and collective responsibility for the Company's compliance with the AIM Rules. The Directors accept sole responsibility for the recommendation set out in paragraph 25 of the Chairman's letter set out in Part 1 of this document.

The Existing Ordinary Shares are admitted to trading on AIM. Application will be made to the London Stock Exchange for the Enlarged Issued Share Capital to be admitted to trading on AIM. The Existing Ordinary Shares are not dealt on any other recognised investment exchange and it is emphasised that no application has been, or is being, made for the Enlarged Issued Share Capital to be admitted to any such exchange. It is expected that Re-admission will become effective and that dealings in the Enlarged Issued Share Capital will commence on AIM on 17 December 2015.

The rules of AIM are less demanding than those of the Official List of the UK Listing Authority. AIM is a market designed primarily for emerging or smaller companies to which a higher investment risk tends to be attached than to larger or more established companies. AIM securities are not admitted to the Official List. A prospective investor should be aware of the risks of investing in such companies and should make the decision to invest only after careful consideration and, if appropriate, consultation with an independent financial adviser. Each AIM company is required pursuant to the AIM Rules to have a nominated adviser. The nominated adviser is required to make a declaration to the London Stock Exchange on Re-admission in the form set out in Schedule Two to the AIM Rules for Nominated Advisers. The London Stock Exchange has not itself examined or approved the contents of this document.

THE WHOLE OF THIS DOCUMENT SHOULD BE READ AND IN PARTICULAR YOUR ATTENTION IS DRAWN TO THE LETTER FROM THE CHAIRMAN WHICH IS SET OUT IN PART 1 OF THIS DOCUMENT AND WHICH CONTAINS A UNANIMOUS RECOMMENDATION FROM THE DIRECTORS THAT YOU VOTE IN FAVOUR OF THE RESOLUTIONS. YOU SHOULD BE AWARE THAT AN INVESTMENT IN THE COMPANY INVOLVES A HIGH DEGREE OF RISK. THE ATTENTION OF THE PROSPECTIVE INVESTORS IS ALSO DRAWN IN PARTICULAR TO PART 9 OF THIS DOCUMENT WHICH SETS OUT CERTAIN RISK FACTORS RELATING TO ANY INVESTMENT IN ORDINARY SHARES. ALL STATEMENTS REGARDING THE ENLARGED GROUP'S BUSINESS, FINANCIAL POSITION AND PROSPECTS SHOULD BE VIEWED IN LIGHT OF THESE RISK FACTORS.

Alliance Pharma PLC

(Incorporated and registered in England and Wales with registered number 4241478)

Proposed acquisition of the Healthcare Products Business from Sinclair IS Pharma plc

Proposed Vendor Placing of 191,463,414 new Vendor Consideration Shares at 41 pence per share

Proposed placing of up to 12,195,121 Option Shares at 41 pence per share

Re-admission of the Ordinary Shares to trading on AIM

and

Notice of General Meeting

Nominated Adviser and Broker

Numis

The Placing Shares will, following allotment, rank *pari passu* in all respects with the Existing Ordinary Shares including the right to receive all dividends and other distributions declared, made or paid on the Ordinary Shares after Re-admission.

This document does not constitute an offer to sell, or a solicitation or offer to buy or subscribe for Ordinary Shares. This document is not for distribution in the Prohibited Territories. The Ordinary Shares have not been and will not be registered under the United States Securities Act of 1933 (as amended) or under the securities legislation of the Prohibited Territories or in any country, territory or possession where to do so would contravene local securities laws or regulations and the Ordinary Shares may not be offered or sold directly or indirectly within the United States, Canada, Australia, New Zealand, the Republic of South Africa or Japan or to, or for the account of benefit of, any person within the United States, Canada, Australia, New Zealand, the Republic of South Africa or Japan, except pursuant to an exemption from, or in a transaction not subject to, such local securities laws or regulations. The distribution of this document in jurisdictions other than the United Kingdom may be restricted by law and therefore any person into whose possession this 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 in any such jurisdictions.

Numis, which is authorised and regulated in the United Kingdom by the FCA, is acting as nominated adviser and broker to the Company in connection with the arrangements described in this document and will not be providing advice to any other person in relation to the Placing or Re-admission or any other transaction or arrangement referred to in this document. Its responsibilities as the Company's nominated adviser under the AIM Rules for Nominated Advisers are owed solely to the London Stock Exchange and are not owed to the Company or to any Director or to any other person in respect of his or her decision to acquire Ordinary Shares in reliance on any part of this document. No representation or warranty, express or implied, is made by Numis as to any of the contents of this document (without limiting the statutory rights of any person to whom this document is issued). Numis will not be offering advice and will not otherwise be responsible to anyone other than the Company for providing the protections afforded to customers of Numis or for providing advice in relation to the contents of this document or any other matter. No liability is accepted by Numis for the accuracy of any information or opinions contained in, or for the omission of any material information from, this document, for which the Company and the Directors are solely responsible.

A notice convening a General Meeting of the Company to be held at the offices of Fasken Martineau LLP at 17 Hanover Square, London W1S 1HU on 14 December 2015 at 10.00 a.m. is set out at the end of this document. The Form of Proxy for use at the meeting is enclosed with this document and should be returned as soon as possible and, in any event, to arrive at the offices of the Company's Registrars, Capita Registrars, Capita Asset Services, PXS 1, 34 Beckenham Road, Beckenham, Kent BR3 4ZF not later than 12 December 2015 at 10.00 a.m. The completion and depositing of a Form of proxy will not preclude Shareholders from attending, speaking at and/or voting in person at the General Meeting should they wish to do so.

This document will also be available for download from the Company's website http://investors.alliancepharmaceuticals.com.

CONTENTS

RE-ADMISSION AND PLACING STATISTICS

Existing Issued Share Capital	264,520,610 Ordinary Shares
Number of Vendor Consideration Shares proposed to be issued	191,463,414
Maximum number of Option Shares to be issued pursuant to the Option	12,195,121
Placing Price	41 pence per Ordinary Share
Enlarged Issued Share Capital (assuming no Option Shares are issued)	455,984,024 Ordinary Shares
Enlarged Issued Share Capital (assuming the maximum number of Option Shares are issued)	468,179,145 Ordinary Shares
Gross value of the Vendor Consideration Shares at the Placing Price	£78.5 million
Gross value of the Option Shares at the Placing Price (assuming the maximum number of Option Shares are issued)	£5.0 million
Market capitalisation of the Enlarged Group at the Placing Price immediately following Re-admission (assuming no Option Shares are issued)	£187.0 million
Market capitalisation of the Enlarged Group at the Placing Price immediately following Re-admission (assuming the maximum number of Option Shares are issued)	£192.0 million
International Security Identification Number (ISIN)	GB0031030819
TIDM Symbol	APH

	Percentage of Enlarged Issued Share Capital	*Percentage of Fully Diluted Share Capital*
Percentage represented by:		
Placing Shares (assuming no Option Shares are issued)	42.0	39.9
Placing Shares (assuming the maximum number of Option Shares are issued)	43.5	41.3

EXPECTED TIMETABLE OF PRINCIPAL EVENTS

Event	***2015***
Announcement of the Placing and Acquisition	26 November
Publication date of this document	26 November
Latest time and date for receipt of Forms of Proxy in respect of the General Meeting	10.00 a.m. on 12 December
General Meeting	10.00 a.m. on 14 December
Expected date and time of suspension of trading of the Ordinary Shares on AIM	4.30 p.m. on 16 December
Expected date of completion of the Acquisition	8.00 a.m. on 17 December
Expected date and time of Re-admission becoming effective and dealings in the Ordinary Shares commencing on AIM	8.00 a.m. on 17 December
Expected crediting of CREST accounts (where applicable) by	17 December
Expected despatch of definitive share certificates (where applicable) by	24 December

The time and dates in the above timetable are indicative only and are subject to change.

Any change to the above dates will be notified to Shareholders by an announcement through a Regulatory Information Service (as defined in the AIM Rules). References to time in this document are to London time unless otherwise stated.

IMPORTANT INFORMATION

GENERAL

Prospective investors should rely only on the information in this Admission Document when deciding whether to invest in the Ordinary Shares. No person has been authorised to give any information or to make any representation in connection with the Placing and/or Re-admission other than those contained in this document and, if given or made, such information or representation must not be relied upon as having been authorised by or on behalf of the Company, the Directors or Numis. No representation or warranty, express or implied, is made by Numis as to the accuracy or completeness of such information, and nothing contained in this document is, or shall be relied upon as, a promise or representation by Numis as to the past, present or future. Neither the delivery of this document nor any issue or sale of the Placing Shares pursuant to the Placing made under this document shall, under any circumstances, create any implication that there has been no change in the business or affairs of the Company or of the Enlarged Group taken as a whole since the date hereof or that the information contained herein is correct as of any time subsequent to the earlier of the date hereof and any earlier specified date with respect to such information.

FORWARD-LOOKING STATEMENTS

All statements, other than statements of historical facts, included in this document, including, without limitation, those regarding the Company's or the Enlarged Group's financial position, business strategy, plans and objectives of management for future operations or statements relating to expectations in relation to dividends or any statements preceded by, followed by or that include the words "targets", "believes", "expects", "aims", "intends", "plans", "will", "may", "anticipates", "would", "could" or similar expressions or the negative thereof, are forward-looking statements. Such forward-looking statements involve known and unknown risks, uncertainties and other important factors beyond the Enlarged Group's control that could cause the actual results, performance, achievements of or dividends paid by the Company to be materially different from actual results, performance or achievements, or dividend payments expressed or implied by such forward-looking statements. Such forward-looking statements are based on numerous assumptions regarding the Enlarged Group's net asset value; present and future business strategies and income flows and the environment in which the Enlarged Group will operate in the future.

These forward-looking statements speak only as of the date of this document. The Company and the Directors expressly disclaim any obligation or undertaking to disseminate any updates or revisions to any forward-looking statements contained herein to reflect any change in the Company's or the Directors' expectations with regard thereto, any new information or any change in events, conditions or circumstances on which any such statements are based, unless required to do so by law, the AIM Rules, or any appropriate regulatory authority.

PRESENTATION OF OPERATIONAL DATA

The Group presents certain operational data in this document. Such data as presented in this document may not be comparable to similarly titled data presented by other companies in the Group's industries and, while the method of calculation may differ across the Group's industries, the Company believes that such data is important to understanding the Group's performance from period to period (and that of the Healthcare Products Business) and that such data facilitates comparison with the Group's peers. This operational data is not intended to be a substitute for any IFRS measures of performance. The operational data is based on the Company's estimates and is not part of the Group's financial statements and has not been audited or otherwise reviewed by outside auditors, consultants or experts.

Any unaudited operational information in relation to the Enlarged Group is derived from various sources which include: (i) unaudited accounting records; (ii) internal financial reporting systems supporting the preparation of financial statements; and (iii) the Enlarged Group's other business operating systems and records.

PRESENTATION OF MARKET, ECONOMIC AND INDUSTRY DATA

Unless the source is otherwise stated, the market, economic and industry data in this document constitute the Directors' estimates, using underlying data from independent third parties.

The Company obtained market data and certain industry forecasts used in this document from internal surveys, reports and studies, where appropriate, as well as market research and other publicly available information/publications. The Company confirms that all such data contained in this document has been accurately reproduced and, so far as the Company is aware and able to ascertain, no facts have been omitted that would render the reproduced information inaccurate or misleading.

Where third party information has been used in this document, the source of such information has been identified.

ROUNDING

Certain data in this document including percentages and certain amounts relating to financial, statistical and operating information may have been rounded for ease of presentation. As such, certain figures shown as totals in certain tables may not be the precise sum of the figures that precede them and accordingly may not add up to 100 per cent.

CURRENCIES

All references in this document to (i) "Pounds Sterling", "£" or "pence" are to the lawful currency of the UK or (ii) to "Euro" or "EUR" are to the lawful currency of the member states of the European Union that adopt the single currency in accordance with the EC Treaty or (iii) "US$" or "dollars" are to the lawful currency of the United State of America. Unless otherwise indicated, the financial information contained in this document has been expressed in Pounds Sterling.

DIRECTORS, SECRETARY AND ADVISERS

Directors	Andrew Leonard Smith *(Non-Executive Chairman)* John Dawson *(Chief Executive Officer)* Anthony Richard Booley *(Executive Director)* Peter Jonathan Butterfield *(Chief Commercial Officer)* Andrew Timothy Franklin *(Chief Financial Officer)* Thomas Theodore Casdagli *(Non-Executive Director)* David John Cook *(Non-Executive Director)* Nigel Richard Clifford *(Non-Executive Director)*
Company Secretary	Sarah Nicole Robinson
	all of:
Registered Office	Avonbridge House Bath Road Chippenham Wiltshire SN15 2BB
Nominated Adviser and Broker	Numis Securities Limited The London Stock Exchange Building 10 Paternoster Square London EC4M 7LT
Auditors to the Company	Grant Thornton UK LLP Hartwell House 55-61 Victoria Street Bristol BS1 6FT
Reporting Accountants to the Company	Grant Thornton UK LLP Hartwell House 55-61 Victoria Street Bristol BS1 6FT and PricewaterhouseCoopers LLP 101 Barbirolli Square Lower Mosley Street Manchester M2 3PW
Solicitors to the Company	Fasken Martineau LLP 17 Hanover Square London W1S 1HU
Solicitors to the Nominated Adviser and Broker	Nabarro LLP 125 London Wall London EC2Y 5AL
Registrars	Capita Registrars Limited The Registry 34 Beckenham Road Beckenham Kent BR3 4TU

DEFINITIONS

The following definitions apply throughout this document, unless the context requires otherwise:

"Acquisition"	the proposed acquisition by APL of the Healthcare Products Business from Sinclair pursuant to the Acquisition Agreement;
"Acquisition Agreement"	the conditional agreement dated 26 November 2015 between (i) the Company, (ii) APL and (iii) the Vendor relating to the Acquisition, further details of which are set out in Part 5 and paragraph 15.1.1 of Part 8 respectively of this document;
"Advanced Bio-Technologies" or "ABT"	Advanced Bio-Technologies Inc., a wholly owned US subsidiary of Sinclair Pharma Holdings;
"AIM"	the market of that name operated by London Stock Exchange;
"AIM Rules"	the rules published by the London Stock Exchange governing the admission to, and operation of, AIM from time to time and including the AIM Rules for Companies and the AIM Rules for Nominated Advisers;
"APAC"	Asia Pacific;
"APL"	Alliance Pharmaceuticals Limited, the wholly owned and trading subsidiary of Alliance and being a company incorporated in England and Wales with registered number 3250064;
"Articles"	the articles of association of the Company;
"CA 1985"	the Companies Act 1985 (as amended);
"CA 2006"	the Companies Act 2006 (as amended);
"Capita"	a trading name of Capita Registrars Limited;
"CEE"	Central and Eastern Europe;
"City Code"	the City Code on Takeover and Mergers;
"Closing Price"	51 pence (being the price of an Ordinary Share at 4.30 p.m. on 25 November 2015, being the last practicable time before the publication of this document);
"Corporate Governance Code"	the UK Corporate Governance Code published in September 2014 by the Financial Reporting Council, as amended from time to time;
"Company" or "Alliance"	Alliance Pharma plc, a company incorporated in England and Wales with registered number 4241478;
"Completion"	completion of the Acquisition pursuant to and in accordance with terms and conditions of the Acquisition Agreement;
"CREST"	the relevant system (as defined in the CREST Regulations) for paperless settlement of share transfers and the holding of shares in uncertificated form which is administered and operated by Euroclear;
"CREST Regulations"	the Uncertificated Securities Regulations 2001 (SI 2001 No. 3755), as amended, and any applicable rules made under these regulations;

"Directors" or "Board"	the directors of the Company as at the date of this document, whose names are set out on page 7 of this document;
"EBITDA"	earnings before interest, tax, depreciation and amortisation;
"Enlarged Group"	the Group as it will be following Completion, as enlarged by the Acquisition;
"Enlarged Issued Share Capital"	the issued share capital of the Company immediately following Re-admission, comprising the Existing Issued Share Capital and the Placing Shares (assuming all of the Option Shares are issued and no other Ordinary Shares are issued between the date of this document and Re-admission);
"EU"	the European Union;
"Euroclear"	Euroclear UK and Ireland Limited, the operator of CREST;
"Executive Directors"	John Dawson, Anthony Richard Booley, Peter Jonathan Butterfield and Andrew Timothy Franklin;
"Existing Issued Share Capital "	the 264,520,610 Ordinary Shares in issue at the date of this document;
"FCA"	the Financial Conduct Authority;
"FDA"	the US Food and Drug Administration;
"Flamma Franchise"	comprises Flammacerium™, Flammazine™ and Flamma Spray™;
"Form of Proxy"	the form of proxy enclosed with this document for use by Shareholders at the General Meeting;
"FSMA"	the Financial Services and Markets Act 2000, as amended;
"Fully Diluted Share Capital"	the Enlarged Issued Share Capital as it would be assuming that all outstanding options under the Share Option Schemes have been exercised in full;
"General Meeting"	the general meeting of the Company to be held at the offices of Fasken Martineau LLP, 17 Hanover Square, London W1S 1HU at 10.00 a.m. on 14 December 2015, notice of which is set out at the end of this document, and any adjournment thereof;
"Group" or "Alliance Group"	Alliance and its subsidiaries as at the date of this document, details of which are set in paragraph 4 of Part 8 of this document;
"Healthcare Products"	the healthcare medicines and devices to be acquired by the Group either directly, or indirectly through the acquisition of the SPH Group, pursuant to the Acquisition, as detailed in paragraph 5 of Part 1 of this document;
"Healthcare Products Business"	the entire business carried out at the date of this document relating to all of the Healthcare Products to be acquired pursuant to the Acquisition;
"Healthcare Products Business Combined HFI"	the historical financial information relating to the Healthcare Products Business set out in Part 6 of this document;
"HMRC"	Her Majesty's Revenue and Customs;

"IFRS"	International Financial Reporting Standards as adopted by the EU;
"Intellectual Property Rights"	all intellectual property rights, including: (a) patents, trademarks, copyright, rights in designs, rights in inventions, database rights and topography rights (whether or not registered); (b) applications for any of the rights in (a) above, together with the right to apply for registration of such rights; and (c) know-how, trade secrets, confidential information, technical information, customer and supplier lists and any other proprietary knowledge and/or information of whatever nature and howsoever arising, together with any rights or types of protection of the same or of a similar nature to those listed in (a), (b) or (c) which may subsist anywhere in the world and in each case for their full term and/or effect;
"LATAM/US"	Latin America and the United States;
"Launch Date"	the date on which the Enlarged Group first operates, revenues from the commercial sale of Flammacerium™ in the US following approval of Flammacerium™ by the FDA;
"Lenders"	Bank of Scotland PLC, National Westminster Bank PLC and Silicon Valley Bank;
"London Stock Exchange"	London Stock Exchange plc;
"Maelor"	Maelor Laboratories Limited, the wholly owned subsidiary of IS Pharma Limited, further details of which are set out in Part 4 of this document;
"MEA"	the Middle East and Africa;
"MENA"	the Middle East and North Africa;
"New Loans"	the new debt financing to be provided to the Group, details of which are set out in paragraph 10 of Part 1 of this document;
"New Loans Agreement"	the agreement recording the terms of the New Loans as referred to in paragraph 10 of Part 1 of this document;
"Notice of General Meeting"	the notice of General Meeting set out at the end of this document;
"Numis"	Numis Securities Limited, the Company's nominated adviser and broker;
"Official List"	the official list of the UK Listing Authority;
"Option"	the option granted to Numis pursuant to the Placing Agreement, details of which are set out in paragraphs 9 and 15.1.2 of Parts 1 and 8 respectively of this document;
"Option Shares"	up to 12,195,121 new Ordinary Shares (if any) to be allotted and issued by the Company to placees following the exercise of the Option by Numis;
"Ordinary Shares"	the ordinary shares of 1 penny each in the capital of the Company;

"Placing"	the conditional placing of the Vendor Consideration Shares and the allotment of the Option Shares (if any) at the Placing Price pursuant to the Placing Agreement;
"Placing Agreement"	the conditional agreement dated 26 November 2015 between (i) the Company and (ii) Numis relating to the Placing and Re-admission, further details of which are set out in paragraph 9 of Part 1 and paragraph 15.1.2 of Part 8 of this document;
"Placing Price"	41 pence per Vendor Consideration Share or Option Share;
"Placing Shares"	together, the Vendor Consideration Shares and the Option Shares (if any);
"Prohibited Territories"	the United States, Australia, New Zealand, Canada, Japan, the Republic of South Africa and their respective territories and possessions and any other territories where the publication of this document would be prohibited by law;
"Promissory Notes"	the series of unsecured interest free class A promissory notes issued by Maelor to relevant members of the Vendor's Group pursuant to the framework agreement referred to in paragraph 15.3.1 of Part 8 of this document;
"Proposals"	the Acquisition, the Placing and Re-admission;
"Prospectus Directive"	EU directive 2003/71/EC, as amended;
"Prospectus Rules"	the prospectus rules published by the FCA from time to time for the purposes of Part VI of FSMA in relation to offers of securities to the public and admission of securities to trading on a regulated exchange;
"Re-admission"	the admission of the Existing Issued Share Capital, the Vendor Consideration Shares and the Option Shares (if any) to trading on AIM becoming effective in accordance with Rule 6 of the AIM Rules for Companies;
"Resolutions"	the resolutions to be proposed at the General Meeting, as set out in the Notice of General Meeting;
"Royalty"	the royalty to be paid on certain sales in the five year period commencing on the Launch Date, as more particularly described in Part 5 of this document;
"Shareholder"	a holder of Ordinary Shares;
"Share Option Schemes"	the Group's share option plans details of which are set out in paragraph 14 of Part 8 of this document;
"Sinclair"	the Vendor;
"Sinclair Group"	the Vendor and its subsidiaries (including, as at the date of this document, the SPH Group);
"Sinclair Pharma France" or "SPF"	Sinclair Pharma France SAS, a wholly owned French subsidiary of SPH, further details of which are set out in Part 5 of this document;
"Sinclair Pharma Holdings" or "SPH"	Sinclair Pharma Holdings Limited, the holding company for each of ABT, SP s.r.l and SPF, further details of which are set out in Part 5 of this document;

"Sinclair Pharma s.r.l." or "SP s.r.l."	Sinclair Pharma s.r.l., the wholly owned Italian subsidiary of SPH, further details of which are set out in Part 5 of this document;
"SPH Group"	each of ABT, SP s.r.l., SPF and Maelor;
"UK" or "United Kingdom"	the United Kingdom of Great Britain and Northern Ireland;
"United States" or "US"	the United States of America, its territories and possessions, any state of the United States and the District of Columbia;
"Vendor"	Sinclair IS Pharma plc, a company incorporated in England with registered number 3816616 and whose registered office is at Whitfield Court, 30-32 Whitfield Street, London W1T 2RQ;
"Vendor Consideration Shares"	191,463,414 new Ordinary Shares to be allotted and issued by the Company, credited as fully paid, under the Acquisition Agreement to Numis, or such persons as Numis may direct, in part consideration for the Acquisition;
"Vendor Placing"	the conditional vendor placing (to be effected by Numis on behalf of the Company) of the Vendor Consideration Shares at the Placing Price pursuant to the Placing Agreement; and
"Vendor's Group"	Sinclair and its subsidiaries other than the SPH Group at the date of this document.

In this document, all references to times and dates are in reference to those observed in London, United Kingdom.

GLOSSARY

"aesthetics"	a branch of medicine which focusses on the improvement of cosmetic appearance by the treatment of various skin conditions;
"consumer healthcare"	medicines and healthcare products available to buy without a prescription ("over the counter") from retailers;
"cosmetics"	a product applied to the body and face to improve its appearance;
"dermatology"	a branch of medicine concerned with hair, nails, skin and their conditions and diseases;
"device"	an instrument, apparatus or similar device (which can include certain topical creams, solutions, gels, ointments and sprays) that is used to diagnose, prevent or treat disease or other conditions but which does not achieve its purpose through chemical action within or on the body;
"established products"	products where clinical use is well established and which, in the case of the Group, are generally branded generic medicines that are no longer protected by patents;
"FDA"	the US Food and Drug Administration;
"Market Authorisation" or "MA"	marketing authorisation (or any analogous authorisation or registration) issued in any jurisdiction in respect of the marketing, production and sale of pharmaceutical products or medicines;
"nutrition"	the provision of nutrients and/or minerals required for the proper functioning of the biochemical processes on which the human body depends;
"oncology"	the study and treatment of tumours, including cancerous tumours;
"ophthalmology"	the branch of medicine that deals with the anatomy, physiology and diseases of the eye;
"orphan drug" or "OD"	a pharmaceutical agent that has been developed specifically to treat a rare medical condition;
"OTC"	over-the-counter (that is to say, capable of being purchased without a prescription);
"prescription product"	a pharmaceutical product that legally requires a prescription to be dispensed;
"PPRS"	the UK Government's Pharmaceutical Price Regulation Scheme which imposes price control on pharmaceutical products sold to the UK National Health Service;
"R&D"	research and development;
"secondary care"	healthcare services provided by a specialist or facility, such as a hospital, that requires more specialized knowledge, skill or equipment than offered by general practice (primary care) services; and
"SKU"	stock keeping unit.

PART 1

LETTER FROM THE CHAIRMAN OF ALLIANCE

Alliance Pharma PLC

(Incorporated and registered in England and Wales with registered number 4241478)

Directors		*Registered Office*
Andrew Leonard Smith	*(Non-Executive Chairman)*	Avonbridge House
John Dawson	*(Chief Executive Officer)*	Bath Road
Anthony Richard Booley	*(Executive Director)*	Chippenham
Peter Jonathan Butterfield	*(Chief Commercial Officer)*	Wiltshire
Andrew Timothy Franklin	*(Chief Financial Officer)*	SN15 2BB
Thomas Theodore Casdagli	*(Non-Executive Director)*	
David John Cook	*(Non-Executive Director)*	
Nigel Richard Clifford	*(Non-Executive Director)*	

26 November 2015

Dear Shareholder, and, for information only, holders of options granted under the Share Option Schemes.

Proposed Acquisition of the Healthcare Products Business from Sinclair IS Pharma plc
Proposed Vendor Placing of 191,463,414 Vendor Consideration Shares at 41 pence per share
Proposed placing of up to 12,195,121 Option Shares
Re-admission of the Ordinary Shares to trading on AIM
and
Notice of General Meeting

1. Introduction

Alliance has today announced that it, together with its wholly owned subsidiary APL, has entered into the conditional Acquisition Agreement with Sinclair to acquire the Healthcare Products Business. The aggregate consideration for the Acquisition, determined on an adjusted debt free/cash free basis, is up to £127.5 million, plus an estimated £4.7 million for inventory, to be satisfied partly in cash, funded by way of the New Loans, and partly by the issue and allotment of the Vendor Consideration Shares pursuant to the terms of the Acquisition Agreement. The Vendor Consideration Shares are proposed to be placed by Numis on behalf of the Company pursuant to the Placing Agreement to raise approximately £78.5 million (before expenses).

The Acquisition constitutes a reverse takeover under the AIM Rules and, therefore, Completion is conditional on, amongst other things, receiving the approval of Shareholders. This approval will be sought at the General Meeting to be held at the offices of Fasken Martineau LLP, 17 Hanover Square, London W1S 1HU at 10.00 a.m. on 14 December 2015, notice of which is set out at the end of this document.

The purpose of this document is to: (i) provide you with the background to and to set out the reasons for, the Proposals; (ii) explain why the Directors consider the Proposals are in the best interests of the Company and its Shareholders as a whole; and (iii) seek Shareholder approval for the Proposals. This document also contains the Directors' unanimous recommendation that you vote in favour of the Resolutions to be proposed at the General Meeting.

Irrevocable undertakings to vote in favour of the Resolutions have been received from the Directors and certain Shareholders in respect of 123,484,458 Ordinary Shares, in aggregate, representing approximately 46.7 per cent. of the Existing Issued Share Capital. Further details of the irrevocable undertakings are set out in paragraph 24 below.

Shareholders should read this entire document, and your attention is drawn to Parts 2 to 9 of this document in particular, which contain important information in relation to the Acquisition. In particular, you should consider the risk factors set out in Part 9 (Risk Factors) of this document.

2. Background to and reasons for the Acquisition and Placing

Overview

The Directors believe that the Healthcare Products Business will complement the Group's business and strategy. The principal therapy area of the Healthcare Products Business is dermatology and the Acquisition will therefore give the Enlarged Group, from Re-admission, a broad geographic reach by combining the Healthcare Products Business with the Group's existing core portfolio in dermatology, which Alliance has successfully served for over a decade and which remains an important area of continuing medical need.

The portfolio of Healthcare Products contains a mixture of 'growth' products receiving promotion as well as non-promoted, established products. This corresponds with the Group's strategic approach to balancing risk within its portfolio and also applies to the similar prescription and consumer split of each of the portfolios. The Healthcare Products Business is similar in size to the Group in terms of revenue and the Acquisition is therefore expected to provide a significant increase in the scale of business, leading to economies of scale and increased revenue and EBITDA, improved access to further acquisitions and a higher industry profile. The Healthcare Products Business and the Group have each been pursuing an internationalisation strategy. The Directors expect that the Enlarged Group will be able to take advantage and benefit from this synergy by (i) strengthening the existing footprint of the top five directly served territories in Europe (and in particular the UK, France and Italy) and (ii) providing an extensive combined network of distributors serving the APAC, MEA and LATAM/US regions. The Healthcare Products Business achieved revenue of £43.3 million for the 12 months ended 30 June 2015, with a gross profit of £22.2 million and EBITDA before exceptional items of £9.0 million over the same period.

The Directors therefore believe that the resulting business of the Enlarged Group will have a stronger platform for future development with synergies in existing markets and, with over half of its business outside of the UK, create greater opportunity for international deals including in-licensing opportunities, and candidacy as a truly global alliance partner.

International diversification and distribution network

The Enlarged Group will have a significantly larger international footprint than the existing Group with around half of the Enlarged Group's sales having been made internationally over the 12 month period ended 30 June 2015 on a pro-forma basis. The Healthcare Products Business currently serves the top five European markets with offices in France, Italy and the UK. For the 12 months ended 30 June 2015, the Healthcare Products Business achieved sales of £24.4 million in its key Western European markets. The top five territories of the Healthcare Products Business for the same period were France (sales of £8.9 million), UK (£6.3 million), Italy (£4.3 million), Germany (£2.6 million) and Spain (£2.4 million). The other top 10 territories included Algeria, China, Brazil, the Philippines and Indonesia which were served by a network of distribution partners. The Healthcare Products Business' top 10 territories accounted for just over two-thirds (68 per cent.) of gross revenues for the 12 months ended 30 June 2015. The Healthcare Products Business also has a small presence in the US and Brazil through distribution partners, which the Directors believe has the potential for growth. The Directors believe that the diverse geographical spread of the Healthcare Products Business helps to reduce risk and creates a better platform for acquisition and in-licencing opportunities.

Currently, distribution of the Healthcare Products is carried out either directly (39.9 per cent. of revenues in the 12 months ended 30 June 2015), which results in higher gross margins for the Healthcare Products Business, or via third party distributors (60.1 per cent. of revenues in the 12 months ended 30 June 2015). The mix of direct and non-direct sales may change over time, as the extent of the Enlarged Group's presence in each territory alters. The distributor base comprises at least 65 active distributors, with the top five (Menarini, Bard, Conbio, Recordati and Magpharm) accounting for over 50 per cent. of the total distributor revenue in the 12 months ended 30 June 2015. The Directors believe that there may be potential for the distribution network to provide a platform for Hydromol and other existing products of the Group to be introduced to new territories.

The Enlarged Group will then expect to be able to, in due course, introduce products from the Group's existing portfolio to these markets via the distribution network it is acquiring pursuant to the Acquisition as well as any new lines of distribution it is able to establish.

Complementary product portfolio of growth and established products

The Healthcare Product portfolio consists of a range of devices, cosmetics and medicines focused on dermatology and wound care. The Healthcare Products Business is therefore similar to the Group's existing range of products, which is also comprised of a mixture of devices, cosmetics and medicines.

The majority of the Healthcare Products are not prescription products, which provides the Enlarged Group's portfolio with a more balanced prescription/OTC mix.

As described elsewhere in this document, the portfolio of Healthcare Products contains a mixture of 'growth' products receiving promotion as well as non-promoted, established products. The Directors have identified 20 such established products among the Healthcare Products.

The Directors have also identified five key growth brands: Kelo-cote™ (a wound care product with sales of £8.0 million for the 12 months ended 30 June 2015); Flamma Franchise including Flammacerium™ which was granted orphan drug designation in the USA by the FDA in 2014 (wound care; sales of £7.1 million); Aloclair™ (wound care; sales of £4.0 million); Kelo-Stretch™ (skin care; sales of £2.7 million) and Atopiclair™ (skin care; sales of £2.0 million).

Taking these products with the Group's current portfolio, the Directors believe that the portfolio of the Enlarged Group will consist of a well-balanced blend of stable established products and 'growth' brands, with an improved balance between Prescription Products and products with OTC status.

Acceleration of the Group's stated 'Buy & Build' strategy to create an Enlarged Group of scale

The Directors believe that the Acquisition will prove transformational in terms of scale, product range and geographical reach resulting in greater efficiency and increased revenue for the Enlarged Group, as well as improved access to further acquisitions and an enhanced industry profile. For the 12 months ended 30 June 2015, the Enlarged Group achieved pro-forma sales of £88.1 million and gross profit of £49.2 million.

The Group has experience of integrating acquisitions through its 'Buy & Build' model having completed at least 18 acquisitions (both corporate entities and assets) since it was admitted to AIM in 2003. Notwithstanding this experience, the Directors recognise that the Acquisition is larger than any of the Group's previous acquisitions and plans have been put in place to integrate and deliver the transition programme by the Group's management team.

3. Information on the Group

The Group is a specialty pharmaceuticals group traded on AIM (LSE: APH). Audited turnover for the 12 months ended 31 December 2014 was £43.5 million and pre-tax profits were £10.8 million before exceptional items. The Group is headquartered in the UK and employed 88 people (in the UK, Republic of Ireland, France, Germany and China) as at 1 November 2015. In the six months ended 30 June 2015, unaudited turnover was £22.8 million and unaudited pre-tax profits were £5.5 million.

The Group's principal activity is the marketing of pharmaceutical and healthcare products. Its brands are sourced via acquisition or inward licensing. The brands and products are selected for their sales stability or growth potential. Capital intensive activities such as manufacturing, warehousing and logistics are controlled by the Group but outsourced to specialist service organisations in these fields. The Group does not engage in R&D, except for minor line extensions on a product by product basis. The Group's personnel have been recruited from a wide range of pharmaceutical companies and backgrounds.

The Group has acquired or in-licensed the rights to more than 60 products. The Group's product portfolio contains a mixture of 'growth' products receiving promotion as well as non-promoted, established products. The Group's established products business now covers a wide range of therapy areas. The growth portfolio includes brand-building businesses focused on dermatology, secondary care, ophthalmology and nutrition.

The Group distributes its products through wholesalers, retail pharmacies, hospitals and an international network of distributors. Sales are mainly in the UK but also through direct offices in France, Germany, the Republic of Ireland and joint ventures in China. In other countries, the Group's market presence is met through a network of over 30 distribution partners around the world.

Further information on the Group is set out in Part 2 of this document.

4. Information on the Vendor

Sinclair is a medical and aesthetic dermatology international specialty pharmaceuticals company traded on AIM (LSE: SPH). Sinclair has its corporate headquarters in London, UK and has a sales and marketing footprint in the UK, France, Germany, Italy and Spain, and a presence in emerging markets around the world through strategic partners.

In November 2014, Sinclair commenced a strategic review and has consequently decided to divest its non-aesthetics business and focus on its aesthetics activities.

5. Information on the Healthcare Products Business

The Acquisition is being effected as follows: (a) the purchase of the collection of companies forming the SPH Group, and (b) the acquisition of the Healthcare Products not owned by those companies and their related businesses.

SPH Group

The SPH Group is a collection of four companies: Advanced Biotechnologies Inc. (incorporated in Florida, USA), Sinclair Pharma s.r.l. (incorporated in Italy), Sinclair Pharma France SAS (incorporated in France) and Maelor Laboratories Limited (incorporated in England and Wales).

Healthcare Products Business not owned by the SPH Group

Not all of the Healthcare Products Business is owned by companies in the SPH Group. The remainder of the Healthcare Products Business is owned by other companies in the Sinclair Group, and is being acquired by APL. These business assets include a single Healthcare Product and the distributor relationships relevant to the Healthcare Products which are not otherwise being acquired with the SPH Group.

Historical financial information

The Healthcare Products Business Combined HFI has been prepared in respect of the Healthcare Products Business.

The Healthcare Products Business Combined HFI was prepared using the Healthcare Products Business' historical records of its assets and liabilities, and includes all sales, costs, assets and liabilities directly attributable to the Healthcare Products Business. Costs directly associated with the Healthcare Products Business, for example, costs associated with manufacturing, are separately identifiable and have been included directly within the Healthcare Products Business Combined HFI.

In addition, there are a number of other indirect central costs which have been allocated into the Healthcare Products Business Combined HFI to reflect the fact that the Healthcare Products Business operated as part of the wider Sinclair Group. These costs primarily relate to the sales force, general marketing and merchandising, and general corporate expenses related to regulatory, development, finance, legal and information technology. These expenses have been allocated to the Healthcare Products Business on the basis of direct usages when identifiable, or on a basis deemed appropriate by the management of the Healthcare Products Business, for example, scheme members' time spent in relation to share-based payments, headcount and promotional spend, with the remainder allocated on the basis of the Healthcare Products Business' revenue as a proportion of the Sinclair Group's total revenue. These costs were affected by the arrangements that existed in the Sinclair Group and are not necessarily representative of the position

that will prevail in the future. As such, the Directors do not consider that the historical cost base reflects the cost base that would be attributed to the Healthcare Product Business once integrated within the Enlarged Group.

Historical income statement

	12 months ended 30 June 2015 £m	*12 months ended 30 June 2014 £m*	*12 months ended 30 June 2013 £m*
Revenue	43.3	46.1	46.5
Cost of sales	(21.1)	(23.3)	(20.1)
Gross profit	22.2	22.8	26.4
Administration and marketing expenses	(17.2)	(18.4)	(36.1)
Operating profit/(loss)	5.0	4.4	(9.7)
Finance expense[1]	–	–	–
Profit/(loss) before taxation	5.0	4.4	(9.7)
Taxation	0.4	0.4	1.3
Profit/(loss) for the year	5.4	4.8	(8.4)

Reconciliation to EBITDA before exceptional items:

	12 months ended 30 June 2015 £m	*12 months ended 30 June 2014 £m*	*12 months ended 30 June 2013 £m*
Operating profit/(loss)	5.0	4.4	(9.7)
Depreciation & amortisation	3.8	3.6	3.8
Exceptional items	0.2	–	12.2
EBITDA before exceptional items	9.0	8.0	6.3

1 Finance expense of £67,000 in the year ended 30 June 2013 has been rounded to £nil to eliminate rounding differences on the operating profit and profit/(loss) for the year line items.

It is important to note that approximately 55 to 60 per cent. of sales are booked by the Vendor in Euros. The Healthcare Products Business' sales have been stable on a constant currency basis with sales of £43.5 million for the 12 months ended 30 June 2013 and £44.0 million for the 12 months ended 30 June 2014 based on the actual exchange rate for the 12 months ended 30 June 2015. The Directors understand that comparisons between sales in the years ended 30 June 2014 and 2015 are also distorted by distributors building inventory for launch campaigns between April 2014 and December 2014. The Directors also understand that sales were impacted by margin sharing arrangements. As noted above, the Directors do not believe that the historical costs attributed to the Healthcare Products Business are reflective of likely future costs within the Enlarged Group. EBITDA and EBITDA margins have both increased over the period reviewed in the Healthcare Products Business Combined HFI.

Further historical financial information on the Healthcare Products Business is set out in Part 6 of this document.

The Healthcare Products Business

The Group will acquire a portfolio of 27 products. As set out in paragraph 2 above, five of these products have been identified by the Directors as 'growth' products with the remainder of the portfolio considered stable established products, some of which the Directors believe have the potential for line extension. Within the 'growth' product category Kelo-cote™, the Flamma Franchise and Aloclair™ are wound care products

whereas Kelo-stretch™ and Atopiclair™ are skin care products. Further details of the key products are set out below.

The Directors believe that Kelo-cote™, which is used for the treatment of hypertrophic scars, has good prospects for growth in Asia and in Brazil where a new sun protection factor formulation, Kelo-cote UV, was launched in 2015. Alliance intends to pursue a strategy for continued growth through distributor promotions and development and in-licensing of new line extensions such as silicone sheets. Kelo-cote™ dries to an invisible, breathable sheet in four to five minutes, which the Directors believe is quicker than competing products; it is the only Healthcare Product with clinical trial data. Sales of Kelo-cote™ increased by 18.9 per cent. between June 2012 and September 2015 on a last 12 month basis. Last 12 month sales from the product remained steady between June 2012 and November 2014, since when they have increased to £8.8 million (for the 12 months ended to 30 September 2015). Kelo-cote™ has performed strongly in China with sales increasing from approximately £0.7 million on a last 12 month basis for the period to 30 June 2012 to £2.3 million for the period ended 30 September 2015, with sales growth having accelerated in recent months.

The Flamma Franchise is used for the treatment of burns and wounds in hospitals. Its key features are that it is a sterile cream, which prevents infection, relieves pain and speeds up the healing process. The Directors believe that there is a specific opportunity to launch Flammacerium™ in the UK in Q1 2017 once regulatory approval has been obtained. Flammacerium™ has been granted orphan drug ("OD") designation in the US by the FDA. Alliance intends to pursue growth through new negotiations and a new OD indication launch in the US.

Aloclair™ is used for the treatment of aphthous mouth ulcers and other minor oral lesions and its sales are growing in the UK, US and Portugal as well as in other regions. It is positioned as a fast pain-relieving treatment, which is non-stinging, alcohol free and promotes healing; it is supplied with applicators and there are no limits on its age of use. Alliance intends to pursue growth by consolidating the brand into its Consumer Healthcare division and completing the development and launch of Aloclair Ultra, a new long-acting formulation.

Kelo-stretch™ is a clinically proven dermocosmetic cream for the prevention and treatment of stretch marks. It moisturises and heals, is sensitiser- and irritant-free, is quickly absorbed and is non-sticky. Its growth is being driven in Asia through the distribution agreement with Menarini. Alliance will seek to pursue growth through new and existing distribution channels with central brand marketing support.

Atopiclair™ is a steroid-free reference treatment for mild to moderate atopic dermatitis, for use in hospitals, primary care and OTC. It restores, protects and calms the affected area. The product is showing sales growth via its distribution partner, Menarini, in APAC. Alliance will pursue the product's growth as an "anti-itch" gap within its existing Hydromol portfolio, as well as supporting growth in APAC via Menarini and through a focus on developing the product's European sales.

The turnover of the Healthcare Products is set out below:

Brand	*Application*	*Sales in the 12 months ended 30 June 2015 (in £ millions)*	*Percentage of Sales in the 12 months ended 30 June 2015*
Kelo-cote™	Hypertrophic scars	8.0	18.4%
Flamma Franchise	Wound care	7.1	16.4%
Haemopressin™	Bleeding oesophageal varices	4.0	9.2%
Aloclair™	Mouth ulcers	4.0	9.2%
Optiflo™	Catheter flushing	2.8	6.5%
Kelo-stretch™	Stretch marks	2.7	6.2%
Oxyplastine™	Humid eczema	2.4	5.5%
Atopiclair™	Atopic dermatitis	2.0	4.6%
Papulex™	Acne	1.8	4.2%
Fazol™	Dermal fungal infections	1.7	3.9%
Tridesonit™	Contact/Atopic dermatitis	1.4	3.2%
Others	–	5.4	12.7%
Totals		43.3	100%

Set out below are further details of the 13 Healthcare Products which reported sales in excess of £1 million for the 12 months ended 30 June 2015 together with the Flammacerium™ and FlammaSpray™ whose sales are included in the Flamma Franchise sales shown above:

Product		*Key Information*
Aloclair™	–	medical device presented as a mouth rinse, gel and spray
	–	indication: mouth ulcers, manufactured in Italy
	–	distributed in 57 countries
	–	considered a growth product
Atopiclair™	–	medical device presented as cream and lotion
	–	indication: atopic dermatitis
	–	manufactured in France and India
	–	distributed in 43 countries
	–	considered a growth product
Bio-taches™	–	dermo-cosmetic presented as emulsion, peel off mask, serum and suncream
	–	indication: pigmentation disorders, chloasma, melasma, and dyschromia
	–	manufactured in France
	–	distributed in 26 countries
Fazol™	–	medicine presented as a cream, emulsion and powder
	–	indication: skin fungal infections
	–	manufactured in France
	–	distributed in 22 countries
Flammacerium™	–	medicine presented as a cream
	–	indication: prevention of infection of burns and wounds
	–	manufactured in Spain
	–	distributed in 22 countries
	–	considered a growth brand as part of Flamma Franchise (Flammacerium™, Flammazine™, FlammaSpray™)
	–	granted orphan drug designation in the US by the FDA in March 2014
Flammazine™	–	medicine presented as a cream
	–	indication: prevention of infection of burns and wounds
	–	manufactured in Spain
	–	distributed in 7 countries

FlammaSpray™	–	dermo-cosmetic (in EU) presented as a spray
	–	indication: relief from pain and promotion of healing process following sunburn
	–	manufactured in Spain
	–	distributed in 9 countries
Haemopressin™/ Variquel™	–	medicine presented as powder ampoules for intravenous injection (with diluent) and as pre-mixed solution
	–	indication: bleeding oesophageal varices
	–	manufactured in Germany and Spain
	–	distributed in 22 countries; established products with main markets in the UK and Germany
Kelo-cote™	–	medical device presented as a gel and spray
	–	indication: prevention of hypertrophic scars
	–	manufactured in US
	–	distributed in 88 countries
	–	considered a growth product
Kelo-stretch™	–	medical device presented as a cream
	–	indication: prevention of stretch marks
	–	manufactured in France
	–	distributed in 32 countries
	–	considered a growth product
Optiflo™	–	medical device presented as solution
	–	indication: catheter flushing device
	–	manufactured in Germany
	–	distributed in the UK, the Netherlands and the Republic of Ireland
Oxyplastine™	–	medicine presented as an ointment
	–	indication: humid eczema and nappy rash
	–	manufactured in France
	–	distributed in 18 countries
Papulex™	–	dermo-cosmetic presented as a foaming gel, cream, gel and lotion
	–	indication: acne vulgaris
	–	manufactured in France and India
	–	distributed in 42 countries
Sebclair™	–	medical device (in EU) and medicine (USA) presented as a cream and shampoo
	–	indication: seborrheic dermatitis
	–	manufactured in France, Italy and India
	–	distributed in 27 countries
Tridesonit™	–	medicine presented as a cream
	–	indication: atopic dermatitis and contact dermatitis
	–	manufactured in France
	–	distributed in 17 countries

Included in the assets to be acquired pursuant to the Acquisition are 27 families of patents and patent applications that are in force or under ongoing examination respectively and which cover each of Aloclair™, Atopiclair™, Decapinol™, Effadiane™, Kelo-cote™, Optiflo™, Papulex™ and Sebclair™. These patents and applications vary in the jurisdictions they cover but most include at least the main European countries (France, Germany and the UK) as well as the US, parts of MEA, LATAM and CEE. The patent families themselves have varying levels of longevity with the earliest date of expiry being November 2016 (relating to Effadiane) and the latest currently being February 2033 (relating to Kelo-cote™). Whilst the acquisition of a portfolio of products which has such a level of patent protection is a significant departure, in terms of size, by the Group from previous acquisitions, the Directors believe that the value of the Healthcare Products Business does not rest simply with the higher level of patent protection but, in line with the Group's strategy, to a greater degree with the brand recognition and repeat use by patients and healthcare practitioners.

Further information on all the Healthcare Products to be acquired pursuant to the Acquisition is set out in Part 4 of this document.

Manufacturing

All of the products being acquired are manufactured in the US or EU, with three also being manufactured in India. The Healthcare Products Business does not manufacture any of its own products. As part of the Acquisition, the Group will also take on contract manufacturing agreements pursuant to which all of the Healthcare Products being acquired are manufactured.

Distribution

The products being acquired are currently distributed both directly (39.9 per cent. of gross revenues in the 12 months ended 30 June 2015) and through the Healthcare Products Business's distribution network (60.1 per cent. of revenues in the 12 months ended 30 June 2015). The mix of direct and indirect sales depends on whether the Healthcare Products Business has a physical presence in a given territory. Direct sales are higher in Europe. The Healthcare Products Business has a small presence in the US through distributors, with potential for future growth.

The Group will take on agreements with at least 65 active distributors, which relate to all of the products being acquired and their distribution around the world. The Group intends to continue with and, where applicable, to renew the distribution relationships. Historically these relationships have been maintained by the relevant Regional Directors and following Completion the Enlarged Group intends to maintain those relationships.

The top five distributors in revenue terms are Menarini (Asia), Bard (UK – Optiflo™), Conbio (China – Kelo-cote™), Recordati and Magpham Sarl (MEA – Oxyplastine™).

Inventory holding arrangements

The Healthcare Products Business does not hold inventory directly and inventory is held and managed by external distributors and warehouse providers including Silvano Chiapparoli Logistica, Next Pharma, Farmavenix and Mawdsley Brooks & Co. The Group intends to continue the SPH Group's stockholding arrangements following Completion.

Healthcare Products Business personnel to be transferred to the Group pursuant to the Acquisition

It is expected that 39 Healthcare Product Business employees will transfer on Completion and be employed by the Enlarged Group. It is likely that further employees will need to be recruited to operate the activities of the Healthcare Products Business following Completion. The statutory consultation processes required in particular by French law have been concluded.

SPH Group key sites

The Healthcare Products Business maintains offices in London (UK), Chester (UK), Paris (France) and Milan (Italy). The Paris office serves as the SPH Group's global operational headquarters.

Transitional Arrangements

The Acquisition Agreement provides that, for a period of 12 months after Completion, Sinclair will provide certain transitional services to Alliance in order to facilitate the integration of the Healthcare Products Business. Those services will focus on the transition of key business functions including regulatory; commercial support; finance, accounting & supply chain and operations. The Acquisition Agreement also provides for the handover of IT systems and communication with key external stakeholders including distributors. In addition, the Group has developed a detailed transition plan building on its extensive experience of integrating acquisitions through its 'Buy & Build' model. A transition director has been appointed and a team prioritising the integration established.

6. Information on Current Product Portfolio of the Group

The Group's sales are derived from sale of prescription products and OTC products, with sales of prescription products being the predominant channel. The Group distributes to hospitals directly, to pharmaceuticals

wholesalers which service both retail and hospital pharmacies and to distributors in various territories around the world. Currently the Group does not have any direct-to-consumer or online sales.

The turnover of the leading products in the Group's current portfolio is set out below:

Brand	*Application*	*Sales in the 12 months ended 31 December 2014 (in £ millions)*	*Percentage of sales in the 12 months ended 31 December 2014*
Hydromol™	Dermatology	6.0	13.8%
Opus™	Stoma Care	4.3	9.9%
Buccastem™	Nausea & Vomiting	2.5	5.7%
Nu-Seals™	Cardiology	2.3	5.3%
Syntometrine™	Obstetrics	2.1	4.8%
Forceval™	Nutrition	1.9	4.4%
Timodine™	Dermatology	1.7	3.9%
Vitamin E	Nutrition	1.6	3.7%
Naseptin™	Antibacterial	1.4	3.2%
Ashton & Parsons™	Teething	1.4	3.2%
Anti-Malarials	Infectious diseases	1.3	3.0%
Others	Various	17.0	39.1%
Totals		43.5	100%

7. Strategy of the Group

The Group's strategy is to grow through acquisition and in-licensing of cash-generating healthcare products, maintain a balanced portfolio of growth and established products to deliver profits whilst exploiting growth opportunities, scale up the business for improved profitability and deal flow, and internationalise in order to provide a stronger platform for future development.

8. Details of the Acquisition

Under the terms of the Acquisition Agreement, APL has conditionally agreed to acquire, and the Vendor has conditionally agreed to procure the sale by its subsidiaries of, the Healthcare Products Business, by way of the acquisition of the SPH Group and the single Healthcare Product which is outside the SPH Group, for an aggregate consideration of up to £127.5 million (plus an estimated £4.7 million for inventory). In addition, the Vendor will be entitled to receive the Royalty, which is calculated at the rate of 12.0 per cent. on net US sales of Flammacerium™ in the five years following the Launch Date.

The consideration for the Acquisition, which is payable on Re-admission, is to be satisfied partly in cash, funded by way of the New Loans, and partly by the issue and allotment of the Vendor Consideration Shares (pursuant to the terms of the Acquisition Agreement). To this end the Company and Numis have entered into the Placing Agreement to effect the Vendor Placing to raise £78.5 million (before expenses). Under the terms of the Placing Agreement, Numis has agreed to procure that the net proceeds of the Vendor Placing (after deducting all commissions) are paid to the Vendor. In addition, the Company is increasing its debt facility to £100.0 million (including the refinancing of £25.6 million of existing debt) by way of the New Loans (details of which are set out in paragraph 10 of Part 1 of this document).

The Acquisition Agreement is conditional, *inter alia*, upon the passing of the Resolutions and Re-admission.

The Acquisition Agreement also contains certain warranties from the Vendor relating to, *inter alia*, the Healthcare Products and the SPH Group which are subject to an aggregate financial cap on the Vendor's liability by reference to a percentage of the value of the consideration payable by APL for the Acquisition.

Further details of the Acquisition Agreement are set out in paragraph 2 of Part 5 of this document.

9. Details of the Placing

Under the Vendor Placing, the Company will issue and allot 191,463,414 Vendor Consideration Shares to Numis, or such persons as Numis may procure on behalf of the Company to subscribe for such shares, at the Placing Price. The aggregate value of the Vendor Consideration Shares at the Placing Price is £78.5 million (of which £2.16 million will be withheld to settle the commissions payable by the Company pursuant to the Placing Agreement and the balance paid to the Vendor). The Placing Price represents a discount of approximately 19.6 per cent. to the Closing Price of 51 pence per Ordinary Share as at 4.30 p.m. 25 November 2015 (being the latest practicable time before publication of this document).

In connection with the Vendor Placing, the Company and Numis have entered into the Placing Agreement pursuant to which Numis has agreed, in accordance with its terms, to use reasonable endeavours to procure subscribers on behalf of the Company for the Vendor Consideration Shares at the Placing Price. The Vendor Placing has been underwritten by Numis.

The Placing Agreement contains customary warranties given by the Company to Numis as to matters relating to the Group and its business and a customary indemnity given by the Company to Numis in respect of liabilities arising out of or in connection with the Placing. Numis is entitled to terminate the Placing Agreement in certain circumstances prior to Re-admission, including circumstances where any of the warranties are found not to be true or accurate or were misleading and which in any such case is material, or the occurrence of certain *force majeure* events.

The Placing is conditional, *inter alia*, on:

- the relevant conditions in the Placing Agreement being satisfied or (if applicable) waived and the Placing Agreement not having been terminated in accordance with its terms prior to Re-admission;
- the Acquisition Agreement having become unconditional in all respects, save for Re-admission;
- the New Loans Agreement having become unconditional in all respects, save for Re-admission and the Vendor Placing;
- the passing of the Resolutions; and
- Re-admission becoming effective by no later than 8.00 a.m. on 17 December 2015 (or such later time and/or as Numis and the Company may agree, being not later than 8.30 a.m. on 28 December 2015).

Further details of the Placing Agreement are set out in paragraph 15.1.3 of Part 8 of this document.

The Company has also granted the Option to Numis under the Placing Agreement in order to enable Numis to deal with additional demand under the Placing in the event that requests to participate in the Placing from institutional and certain other investors are received during the period from the date of this document to 5.00 p.m. on 2 December 2015.

The Option is exercisable on more than one occasion at any time prior to 5.00 p.m. on 2 December 2015. Any Ordinary Shares issued pursuant to the exercise of the Option will be issued on the same terms and conditions as the Vendor Consideration Shares. The Option may be exercised by Numis, following consultation with the Company, but there is no obligation on Numis to exercise the Option or to seek to procure subscribers for Ordinary Shares pursuant to the Option. The maximum number of new Ordinary Shares that may be issued pursuant to the exercise of the Option is 12,195,121. The maximum number of Ordinary Shares (including Ordinary Shares issued pursuant to exercise of the Option) that may be issued pursuant to the Placing is 203,658,535. The net proceeds received by the Company pursuant to the exercise of the Option (if any) will be used for general corporate purposes.

The Vendor Consideration Shares will represent, in aggregate, approximately 42.0 per cent. of the Enlarged Issued Share Capital (assuming no Option Shares are issued). The Placing Shares will represent, in aggregate, approximately 43.5 per cent. of the Enlarged Issued Share Capital (assuming the maximum number of Option Shares are issued). The Placing Shares will be issued credited as fully paid and will, upon issue, rank *pari passu* in all respects with the Ordinary Shares then in issue, including all rights to receive all dividends and other distributions declared, made or paid following Re-admission. The Placing Shares are not being made available to the public and are not being offered or sold in any jurisdiction where it would be unlawful to do so.

10. Details of current funding and New Loans

Alliance has existing banking facilities of £55.0 million with Bank of Scotland plc and National Westminster Bank plc of which a £19 million term loan and approximately £6.8 million revolving credit facility has been drawn down as at 30 September 2015. Net bank debt was approximately £25.6 million at 30 September 2015.

Alliance has negotiated new enlarged bank facilities of up to £100.0 million on improved terms with the Lenders.

The new facilities will immediately replace the existing facilities and will be available until 25 November 2020. The new facilities comprise a £65.0 million term loan ("**Term Loan**") and a £35.0 million revolving credit facility ("**RCF**"). There will also be an additional uncommitted £5.0 million working capital facility and a £25 million uncommitted "accordion" facility. The Term Loan will be used to refinance the existing banking facilities and to finance, in part, the Acquisition (including the payment of certain fees, costs and expenses incurred in connection with the Acquisition).The RCF will in part be applied towards financing the Acquisition, and the balance will be available for general corporate and working capital purposes (including the ability to be used to fund further acquisitions).

Interest on the Term Loan will be between 1.7 per cent. and 2.75 per cent. above LIBOR depending on the Enlarged Group's gearing level. The main financial covenants specify maximum leverage (the ratio of net bank debt to EBITDA) of 3.25 times (reducing over time), minimum interest cover (the ratio of EBITDA to finance charges) of 4.0 times and operating cash flows must exceed debt service cash flows. The Directors expect the leverage on Re-admission to be in the range of 2.54 to 2.82 times EBITDA.

The Term Loan is to be repaid as to £39.5 million in quarterly instalments commencing 31 March 2016, at the rate of £6 million per annum, rising to £10 million per annum from 2019. The balance of up to £25.5 million is to be repaid at the end of the five year term.

11. Financial effects of the Acquisition and Placing

The Directors believe that, taking into account the business and prospects of the Enlarged Group, the Acquisition will be significantly accretive to earnings per share on an adjusted basis for the 12 months ending 31 December 2016. The Directors believe that the Acquisition's historic cost base is not reflective of the cost base that it will incur as part of the Enlarged Group and believe that cost-saving synergies of approximately £5.0 million will be achievable from the 12 months ending 31 December 2016. The Directors further believe that the return on invested capital associated with the Acquisition will exceed the Group's weighted average cost of capital in the 12 months ending 31 December 2017 (assuming a weighted average cost of capital of eight per cent.). These statements are not intended to be a profit forecast, have not been reviewed or reported on, and should not be interpreted to mean that the earnings per share of Alliance following Completion will necessarily be above or below the historical published earnings per share.

An unaudited pro-forma statement of net assets is set out in Part 7 of this document and discloses that, on the assumptions stated, on Completion the Enlarged Group would have pro-forma net assets of £147.4 million after paying the estimated expenses of the Proposals.

12. Information on the Directors

The Directors of the Company as at the date of this document are:

Andrew Smith, *Non-Executive Chairman*, aged 66

Andrew joined the board of Alliance in 2006. He has held various senior positions in the pharmaceutical industry in the UK and USA having been managing director and senior vice-president of SmithKline Beecham Pharmaceuticals (now GlaxoSmithKline), chief executive of Cerebus plc until its sale and president international medical marketing services with Parexel International. Andrew is the founder of Navitas BioPharma Consulting. He graduated in Natural Sciences from the University of Cambridge.

John Dawson, *Chief Executive Officer*, aged 66

John founded Alliance in 1996. John has gained multi-disciplinary experience in the pharmaceutical industry in a career spanning over 30 years. John held various senior roles at Sandoz (now Novartis AG) as director

of finance and administration and deputy managing director. John has a BSc (Pharmacy) and an MSc (Finance) from the London Business School.

Anthony Booley, *Executive Director*, aged 58

Tony joined Alliance in 1998. He has had around 30 years' experience in the pharmaceutical and healthcare industries, with positions at Leo Pharma, Glaxo Wellcome (now GlaxoSmithKline) and Getinge Industrier AB. His senior management experience includes positions in the UK and internationally. Tony graduated in Physiology, has an MBA from the University of Warwick and is a chartered marketer. On 23 November 2015 it was announced that Tony had informed the Board of his intention to leave the Company in order to persue other business interests. Tony will remain in his role until the handover of his duties is completed, which is anticipated to be by 31 March 2016 at the latest.

Peter Butterfield, *Chief Commercial Officer*, aged 40

Peter joined Alliance in February 2010 following the acquisition of Cambridge Laboratories, where he spent five years, latterly as UK commercial director. He is a board member of the Association of British Pharmaceutical Industry ("ABPI") and is the chairman of the ABPI Small Companies Forum. Prior to joining Cambridge Laboratories, Peter spent six years at GlaxoSmithKline. He holds an honours degree in Pharmacology from the University of Edinburgh. On 23 November it was announced that Peter had taken the role of Chief Commercial Officer and that he would begin to assume the responsibilities of Anthony Booley with immediate effect.

Andrew Franklin, *Chief Financial Officer*, aged 49

Andrew joined Alliance on 28 September 2015 from Panasonic Europe Ltd, where he was general manager, European tax and accounting. From 2010 to 2012 Andrew was finance director and company secretary of Genzyme Therapeutics Ltd, the UK & Ireland subsidiary of Genzyme Corporation, the biotechnology company acquired by Sanofi. Prior to that, he gained 12 years pharmaceutical experience with Wyeth in a variety of senior financial positions. Andrew qualified as a Chartered Accountant with Arthur Andersen in 1992, having graduated with an honours degree in Civil Engineering from the University of Wales, Cardiff, in 1988.

Thomas Casdagli, *Non-Executive Director*, aged 39

Thomas joined the board of Alliance as a non-executive director in March 2009. He is a partner at MVM Life Science Partners LLP, a life science venture capital fund. He has been an active investor in life sciences since joining MVM in 2002. Before joining MVM Thomas worked at PricewaterhouseCoopers LLP where he qualified as a chartered accountant. Thomas graduated in Molecular and Cellular Biochemistry from the University of Oxford in 1998.

David Cook, *Non-Executive Director*, aged 48

David joined the board of Alliance as a non-executive director on 1 April 2014. He is currently chief financial officer and chief business officer at Biotie Therapies Corp, a drug development company quoted in Helsinki in Finland on NASDAQ Global Markets LLC (in the US). He has previously held senior financial positions with Jazz Pharmaceuticals International, EUSA Pharma Inc. and Zeneus Pharma. David qualified as a chartered accountant with PricewaterhouseCoopers LLP after graduating in chemistry at the University of Oxford.

Nigel Clifford, *Non-Executive Director*, aged 56

Nigel joined the board of Alliance as a non-executive director on 26 January 2015. He is currently chief executive officer of Ordnance Survey and formerly a non-executive director of Anite plc. He has previously held senior positions at Proceserve Holdings Limited as chief executive, Micro Focus International plc, Nokia, Symbian Software Ltd, Terio Telecoms Limited, Cable and Wireless plc, Glasgow Royal Infirmary NHS Trust and BT plc. Nigel graduated in Geography from the University of Cambridge and has an MBA from Strathclyde University.

13. Senior Management

Dan Thomas – *Business Development Director*

Since joining Alliance in 2006 Dan has led Alliance's M&A and licensing activity, completing over 25 deals across acquisition, divestiture, licensing, co-promotion and distribution with many partners. Dan has

25 years' healthcare industry experience and has worked in senior management in the clinical research (CRO) sector, at Chiltern International and in the biotech research and diagnostics sector, at R&D Systems Europe (Techne Corp Inc), responsible for international regional sales operations. Dan has worked in Canada, Germany and France. He holds a first class honours degree in Applied Biochemistry from Brunel University. In 2011 Dan won the PLG/AstraZeneca BD Executive of the Year award.

Lars Boerger – *General Manager, DACH*

Lars joined the Group in June 2012 bringing a background in business development and M&A gained in venture capital, the pharmaceutical and medical device industry during a 15 year career with bmt Venture Capital, Schwarz Pharma AG (acquired by UCB), Kyphon International (acquired by Medtronic), Medtronic and Grünenthal. He holds a Diploma in Business Administration and Engineering from HTW (Hochschule für Technik und Wirtschaft Berlin).

Margaret Boulton – *Medical & Regulatory Affairs Director*

Margaret joined the Group in 2009. She has around 20 years of experience in the pharmaceutical and healthcare industries, with regulatory/scientific affairs positions at Abbott, Baxter and Élan. Margaret graduated in Animal Science at the University of Nottingham, has a PhD from the University of Edinburgh and an MBA from the University of Bath.

Stephen Kidner – *Operations Director*

Stephen joined the Group in August 2013 bringing a background in development, manufacturing and supply chain management gained in the pharmaceutical industry over a 23 year career with Wyeth and Mundipharma International. A science graduate, Stephen holds an MSc in Pharmaceutics and an MBA.

Philippe Pasdelou – *Country Manager*, France

Philippe joined the Group in March 2011 as country manager for France. He has over 25 years of experience as an executive in international pharmaceutical companies (Aventis, Pierre Fabre, Madaus) with experience in sales, marketing, business development, and finance. In 2005, he established his own company based on the acquisition of mature pharmaceutical products and subsequently acquired a dermatological company. In 2009 he acquired a small dermo-cosmetic company and developed a new concept of anti-ageing products based on apple polyphenols. Both these companies were sold before 2011. Philippe holds a PhD in Pharmacy, an MBA from ESSEC Business School and a degree in international marketing from INSEAD. He is a certified qualified pharmacist.

Sarah Robinson – *Company Secretary*

Sarah joined the Group in 2011 as the company secretary. She has worked in Asia, the UK and the USA, was company secretary for the Financial Times and has further experience in the financial services and healthcare sector. A chartered secretary, Sarah gained her MBA from Southampton University.

Janice Timberlake – *Human Resources Director*

Janice joined the Group in 2011 as HR director. She is a Fellow of the Chartered Institute of Personnel & Development and has over 20 years of experience in HR roles across a variety of industry sectors. Janice's early career was in the UK mining industry, followed by board roles in the UK division of MyTravel plc (formerly Airtours) and latterly the Natural Environment Research Council. She is currently a non-executive director and trustee of Plymouth Marine Laboratory Ltd, and holds a BSc honours degree in Geography from Hull University.

14. Working Capital

In the opinion of the Directors, having made due and careful enquiry and taking into account the New Loans and existing cash resources available to the Enlarged Group, the Enlarged Group will have sufficient working capital available to it for its present requirements, that is for at least 12 months from Re-admission.

15. Dividend Policy

The Company has historically had a progressive dividend policy and the Directors intend this to continue to be the case. The Company's interim and final dividend payments are expected to be split approximately one-third to two-thirds respectively.

The amount of future dividend payments proposed to Shareholders, if any, will depend on Alliance's operating profit, future prospects, financial condition, and capital requirements, any financing required to grow operations, overall business conditions and other factors deemed relevant by the Directors.

For the 12 months ended 31 December 2012 and 2013, Alliance paid a dividend of 0.825 pence per share (£2.0 million in total) and 0.908 pence per share (£2.4 million in total) respectively. For the 12 months ended 31 December 2014, Alliance paid an interim dividend of 0.333 pence per share (£0.9 million in total) and a final dividend of 0.667 pence per share (£1.8 million in total). Alliance has declared an interim dividend for 2015 of 0.366 pence per share (£1.7 million in total, based on the Enlarged Issued Share Capital) which is due to be paid on 14 January 2016 to Shareholders on the register as at 18 December 2015. Accordingly it is anticipated that the Placing Shares will participate in this interim dividend.

Dividends paid out by Alliance to date are not necessarily an indication of Alliance's future dividend payments. Payments of dividends are made in accordance with the CA 2006.

16. Current Trading and Outlook

The Group

For the six months ended 30 June 2015, the Group delivered unaudited revenues of £22.8 million (30 June 2014: £21.4 million). This year-on-year increase of 6.5 per cent. was driven in part by an increase in sales of the Hydromol™ Dermatology range to £3.3 million for the period. MacuShield™ contributed £1.4 million following its acquisition in February 2015 and Gelclair also performed strongly, increasing sales by 8 per cent. on only modest promotional support. Sales in the Group's French and German businesses was impacted by the weakening Euro with sales in both countries being approximately flat over the period following translation into Pounds Sterling.

Gross profit for the same period increased by 15.7 per cent. to £13.8 million. For the 12 months ended 31 December 2014, the Group was in the process of handing back a number of fostered products to Novartis and as such generated lower margins on these products. For the six months ended 30 June 2015, these products were fully handed back which helped increase gross margin to 61 per cent. (30 June 2014: 56 per cent.). Operating profit grew by 2.2 per cent. to £6.1 million (30 June 2014: £6.0 million) and pre-tax profits grew by 1.4 per cent. to £5.5 million (30 June 2014: £5.4 million) over the period.

Cash inflows from operating activities were £2.8 million over the first half of the year, after significant increases in inventory to reduce the risks of inventory shortfall. Net debt increased to £26.5 million at 30 June 2015 (£21.1 million at 31 December 2014) primarily due to the £5.5 million drawdown on the Group's revolving credit facility to fund the MacuShield™ acquisition.

On 5 November 2015 the Group announced that it had agreed compensation from Sanofi Pasteur following the suspension of manufacturing since mid-2012 of the bladder cancer treatment ImmuCyst™. Alliance will receive £6.7 million in cash, inclusive of costs, in full and final settlement of its claims. Alliance will continue to distribute ImmuCyst™ in the UK and is seeking to bring the product back into supply before the end of the year. The Group does however expect that future stocks of ImmuCyst™ will be constrained. The Group further announced that the proceeds of the settlement agreement would be used to reduce the Group's net bank debt.

Since the results for the six months ended 30 June 2015, which were announced on 9 September 2015, the Group's overall trading performance has been in line with the Directors' expectations.

Healthcare Products Business

The Healthcare Products Business achieved sales of £43.3 million in the 12 months ended 30 June 2015 with a gross profit for the period of £22.2 million. The Directors believe that sales for the period were impacted by distributors building inventory for launch campaigns between April and December 2014 and that this should normalise in the 12 months ended 31 December 2016. The key growth products performed strongly over the period with Kelo-cote™ achieving sales of £8.0 million; Flamma Franchise (including Flammacerium™) £7.1 million; Aloclair™ £4.0 million; Kelo-Stretch™ £2.7 million and Atopiclair™ £2.0 million. Sales of the Healthcare Products have remained stable since 30 June 2015.

17. Re-admission to AIM

Application will be made to the London Stock Exchange for Re-admission. It is expected that dealings in the Existing Issued Share Capital will be suspended from 4.30 p.m. on 16 December 2015 and that Re-admission will become effective and dealings in the Enlarged Issued Share Capital will commence on AIM at 8.00 a.m. on 17 December 2015.

The above dates assume that the Acquisition Agreement becomes unconditional (save for Re-admission) by 14 December 2015.

If the Resolutions are not passed or the Acquisition does not complete, the Existing Issued Share Capital will continue to be traded on AIM.

18. CREST

CREST is a computerised paperless share transfer and settlement system which allows shares and other securities to be held in electronic rather than paper form and transferred otherwise than by written instrument. The Articles permit the Ordinary Shares to be issued and transferred in uncertified form in accordance with the CREST Regulations. The Ordinary Shares are currently enabled for settlement through CREST. Accordingly settlement or transactions in the Ordinary Shares following Re-admission may take place within CREST if relevant Shareholders so wish. CREST is a voluntary system and Shareholders who wish to hold their shares in certified form will be able to do so.

19. Taxation

Information regarding taxation in the UK with regard to holdings of Ordinary Shares is set out in paragraph 21 of Part 8 of this document. These details are, however, intended only as a general guide to certain aspects of the current tax position under UK taxation law. Shareholders who are in any doubt as to their tax position or who are subject to tax in jurisdictions other than the UK are strongly advised to consult their own independent financial adviser immediately.

20. Risk Factors

Shareholders should consider carefully the risk factors set out in Part 9 of this document in addition to the other information presented.

21. Additional Information

Your attention is drawn to the further information set out in Parts 2 to 9 of this document.

22. General Meeting

The General Meeting has been convened for 10.00 a.m. on 14 December 2015 to be held at the offices of Fasken Martineau LLP, 17 Hanover Square, London W1S 1HU. You will find set out at the end of this document the Notice of General Meeting convening the General Meeting for the purposes of considering and, if thought fit, approving the following resolutions:

- Resolution 1 is an ordinary resolution to approve the Acquisition for the purposes of the AIM Rules for Companies;
- Resolution 2 is an ordinary resolution to authorise the Directors under Section 551 of the CA 2006 to allot equity securities up to an aggregate nominal value of £2,036,585.35 in connection with the Placing and Acquisition Agreement.

The attention of Shareholders is also drawn to the voting intentions of the Directors as set out in paragraph 24 below.

23. Action to be taken

Shareholders will find enclosed with this document a Form of Proxy, for use in connection with the General Meeting. Whether or not you intend to be present at the General Meeting, you are asked to complete and

return the Form of Proxy in accordance with the instructions printed thereon as soon as possible but in any event so as to arrive no later than 10.00 a.m. on 12 December 2015. Completion and posting of a Form of Proxy will not prevent you from attending and voting in person at the General Meeting if you so wish.

24. Shareholder Irrevocables

The Directors and their associated interests have each irrevocably undertaken to vote in favour of the Resolutions in respect of their beneficial holdings in the Ordinary Shares, amounting to 62,046,048 Ordinary Shares, in aggregate, representing approximately 23.5 per cent. of the Existing Issued Share Capital.

In addition, the Company has received irrevocable undertakings to vote in favour of the Resolutions from various Shareholders in respect of their beneficial holdings in Ordinary Shares, amounting to 61,438,410 Ordinary Shares, in aggregate, representing approximately 23.2 per cent. of the Existing Issued Share Capital.

As such, as at the date of this document, the Company has received irrevocable undertakings to vote in favour of the Resolutions in respect of 123,484,458 Ordinary Shares, in aggregate, representing approximately 46.7 per cent. of the Existing Issued Share Capital.

25. Recommendation

The Directors believe that the Proposals are in the best interests of the Company and the Shareholders as a whole.

Accordingly the Directors unanimously recommend that Shareholders vote in favour of the Resolutions to be proposed at the General Meeting, as they have irrevocably undertaken to do in respect of their own beneficial holdings, as noted in paragraph 24 above.

Yours faithfully

Andrew Smith
Non-Executive Chairman

PART 2

INFORMATION ON THE ALLIANCE GROUP

1. Introduction

The Alliance Group is a specialty pharmaceuticals group, the shares of which are admitted to trading on AIM (LSE: APH). The Group markets prescription and OTC medicines in 29 countries. Audited turnover for the year ended 31 December 2014 was £43.5 million and pre-tax profits were £10.8 million before exceptional items. Operating profit percentage (excluding exceptional items) was 27.1 per cent., with a gross margin of 57.5 per cent.; unaudited turnover for the six months ended 30 June 2015 was £22.8 million and unaudited pre-tax profits were £5.5 million. The Group is headquartered in the UK and as at 1 November 2015 employed 88 people in the UK, the Republic of Ireland, France, Germany and China.

The Group's principal activity is the marketing of pharmaceutical and healthcare products. Its brands are sourced via acquisition or inward licensing. The brands and products are selected for their sales stability or growth potential. Capital intensive activities such as manufacturing, warehousing and logistics are controlled by the Group but outsourced to specialist service organisations in these fields. The Group does not engage in R&D, except for minor line extensions on a product by product basis. The Group's personnel have been recruited from a wide range of multinational pharmaceutical companies and backgrounds.

The Group has acquired or in-licensed the rights to more than 60 products. The Group's product portfolio contains a mixture of 'growth' products receiving promotion as well as non-promoted, established products. Its established products business now covers a wide range of therapy areas. The growth portfolio includes brand-building businesses focused on dermatology, secondary care, ophthalmology and nutrition.

The Group distributes its products through wholesalers, retail pharmacies, hospitals and an international network of distributors. Sales are currently mainly in the UK but also through direct offices in France, Germany, the Republic of Ireland and indirect presence in China. In other countries, the Group's market presence is met through a network of over 30 distribution partners around the world.

2. Balanced Portfolio

The Group's business model is focused on having a well-diversified and growing portfolio of products and brands, in which no single brand represented more than 14 per cent. of total sales during the 12 months ended 31 December 2014.

This portfolio balances two elements. The Group has a segment of brands that are well established in their market niches and are expected by the Directors to maintain their sales for many years with little or no promotion. Separately, the Group has a segment of brands which are invested in for growth. By balancing the two, the Group's strategy is to invest in targeted marketing to grow sales while maintaining good cash generation and profitability.

Under its long-established 'Buy & Build' strategy the Group seeks to supplement organic growth with acquisitions that allow the business to accelerate expansion and adjust the balance of the portfolio. These established products have limited or no competition, stable sales and margin, continued medical need and require limited or no promotion. In 2010, promoted products producing organic growth accounted for approximately 18 per cent. of the portfolio. In 2015 that proportion has more than doubled to approximately 40 per cent., largely as a result of the Group's expansion in the consumer healthcare sector.

3. Buy & Build

The Group has followed a 'Buy & Build' strategy since its foundation in 1998; as explained above, products are sourced either by acquisition or inward licensing. The Group has completed 22 acquisitions, including the purchase of Atarax™ and Deltacortril™ from Pfizer; Syntometrine™ from Novartis; Buccastem™, Anbesol™, Ashton & Parsons Infant Powders™ and Timodine™ from Reckitt

Benckiser; and Avloclor™, Paludrine™ and Savarine™ from Astra Zeneca. The Group has also acquired five corporates in this time. 'Buy & Build' remains core to the Group's strategy and the Group has accordingly developed significant transaction and integration experience. Paragraph 8 of this Part 2 has a summary of the Group's deal history.

4. Longevity of Brands

The Group targets medical products for acquisition that are expected to continue to meet medical needs long after loss of market patent exclusivity when patents expire. In the life cycle of prescription pharmaceuticals, many established products are not out-classed by newer technology and many patients' conditions are well controlled on older, established medicines that continue to have a robust value and/or clinical benefit proposition. In these cases, the Directors believe that demand for such products will remain and prescriptions will continue to be written. In the case of OTC products, the Group similarly seeks out established consumer brands which have retained, or are expected to retain, brand value late into their life cycle and long after the early years of promotional investment when the brand names were being built. The following table shows the launch date of the Group's top 10 brands by 2014 sales. The average age of the product portfolio is around 38 years since launch.

Product	*UK launch date*
Hydromol™	1987
Opus™	2010
Forceval™	1970
MacuShield™	2006
Buccastem™	1987
NuSeals™	1978
Syntometrine™	1956
Timodine™	1972
Vitamin E	1989
Naseptin™	1959
Ashton & Parsons™	1867
Avlorclor™, Paludrine™ and Savarine™	1940s and 1950s

5. Risk Reduction

Business Model: The Group's business model is to sell pharmaceutical products via the primary and secondary care markets rather than a classic 'big pharma' model. Specialty pharma focuses on lower risk developments in niche indications, rather than the high investment, high risk R&D of big pharma.

Sales: The Group manages sales risk in its business by pursuing a balanced portfolio of growth and established products as previously described, having a diverse range of products and avoiding over-dependency on any single product's sales (see table on page 23 which shows percentage of the Group's sales by top product), and by marketing its products in many territories.

Pricing: The Group manages price risk by predominantly selecting products that fall outside government price constraints. Currently around one third of the Group's revenues are subject to price control to the NHS under PPRS. The risk of exposure under PPRS has been reduced in recent years by broadening the Group's current product portfolio to include consumer healthcare products which fall outside PPRS as they are not prescribed on the NHS and have market-led freedom of pricing.

Supply Chain: Through careful selection of proven contract manufacturing partners, the Group has taken steps to limit supply chain risk. The Group has increased the size of its supply chain team and operations department in recent years, holds larger buffer stocks of selected products and employs several productivity/delivery/quality metrics tracking systems to monitor performance.

Cost of Goods (CoGs): Increases in the cost of goods may erode gross margins. The Group has taken steps to reduce the risk of this through careful and experienced negotiation of agreements with its contract manufacturing partners. Agreements generally contain various protective clauses that limit CoGs increases to those justified through detailed proposals and to those within normal inflationary changes. The Group also works pro-actively with its suppliers, looking for opportunities to reduce

complexity, to improve processes and to seek economies of scale, all of which help control costs and limit risk.

Disaster Recovery: The Group has in place a range of measures to monitor and mitigate risks from system failure or cyber security breach. Business continuity management and disaster recovery plans are in place for critical business processes to mitigate the effects of the Group's business being unable to operate in the event of a major incident.

Foreign Currency Movements: Approximately 10 per cent. of the Group's revenues for the 12 months ended 31 December 2014 derive from overseas customers in the EU. The sales income in Euros broadly matches expenditure in Euros, creating a natural hedge. Approximately 3 per cent. of the Group's sales were invoiced in currencies other than Pounds Sterling and Euros during the 12 months ended 31 December 2014. All other sales are invoiced in Pounds Sterling. The Group seeks to manage liquidity risk by ensuring sufficient cash is available to meet identifiable needs and to invest cash safely and profitably. The Group has long term funding through its banking partners (which is being extended by way of the New Loan) and short term flexibility through use of a working capital facility. The Group purchases interest rate swaps to protect against interest rate increases. As the Enlarged Group will have increased exposure to foreign exchange, and Euros in particular, the Directors will consider implementing exchange rate hedging strategies following Completion.

Regulatory compliance: The Group has a team of regulatory and medical affairs professionals (in-house and outsourced) with considerable experience of management and maintenance of product registration, ensuring that the Group is compliant with all applicable permits to operate and to market its products. This is underpinned by a Quality Management System (QMS).

Intellectual Property: The risk of loss or diminished value of Intellectual Property Rights of an asset, or diminished licensing or product revenues, as a result of legal findings of invalidity, unenforceability, or non-infringement, or challenges to title or ownership of Intellectual Property Rights against the Group's assets is reduced by the Group conducting due diligence pre-acquisition and the maintenance of international Intellectual Property Rights registrations post acquisition.

6. Targeted Promotion

As part of its balanced portfolio strategy, the Group invests in brand building selectively, and only where the Directors consider it to be economically justified. This approach has allowed the Group to build successful promoted businesses in dermatology, secondary care and consumer healthcare.

The Group's dermatology business is promoted to key stakeholders in the NHS, from hospital dermatologists through to community nurses, GPs with special interest and relevant payer groups. The lead brand is the Hydromol™ family of cream, emollient and ointment products for treatment of dry skin and eczema. The Group achieved 15 per cent. growth in net sales in the 12 months ended 31 December 2014 (compared to the 12 months ended 31 December 2013) against a modest investment budget.

The Group's secondary care business promotes ImmuCyst™ (treatment for prevention of recurrence of bladder cancer), gelclair™ (treatment for oral mucositis – a dry mouth condition following cancer therapy) and Opus Healthcare™ (a range of stoma care accessories). ImmuCyst is in-licensed from Sanofi-Pasteur and gelclair is in-licensed from Helsinn Ag.

Both the dermatology and secondary care businesses are promoted through a sales team of UK-based key account managers that have national coverage. The Directors consider the Group's employees to be highly skilled. Most members have been with Alliance for many years and have experience of selling most of the products, so there is flexibility to change priorities with minimal impact. The direct sales team effort is supported by advertising and a range of other indirect marketing activities.

The Group has also developed brand building capability in the consumer healthcare channel where it promotes several OTC brands including Ashton and Parsons™ Infant Powders (a treatment for teething babies), MacuShield™ (a treatment for age related macular degeneration) and Lypsyl™ (a lip moisturiser). Promotion in consumer healthcare can be investment intensive. However, the Directors believe that the Group has adopted a low risk investment model which focuses on social and digital media.

In January 2015 the Group in-licensed Diclectin™ for the UK market from Duchesnay Inc of Canada. Diclectin™ is a well proven product to treat nausea and vomiting in pregnancy. Currently in the UK there is no licensed treatment for this condition that affects 70 per cent. to 80 per cent. of pregnant women, with severe symptoms occurring in 30 per cent. of them. Alliance submitted Diclectin™ for UK registration in the second quarter of 2015 with a view to launching it during 2016, depending on the timing of regulatory processing and approval. If approved, the Directors expect Diclectin™ to fill a much needed gap in the treatment of nausea and vomiting in pregnancy and represents a significant growth opportunity.

7. Competitive Strengths

The Directors believe that Alliance has demonstrated capabilities to integrate, build and reconfigure internal and external skills to ensure the products it acquires remain competitive in their markets and address the changing competitive environment.

Across the Group, employees have extensive and relevant experience in their respective fields. For example, this has been demonstrated by the reinvigoration of the Ashton and Parsons™ brand, which was acquired by the Group in 2011. A cross functional team of marketing, packaging, manufacturing, technical and regulatory experts have grown sales of approximately £0.5 million in the 12 months ended 31 December 2012 to sales of approximately £1.4 million in the 12 months ended 31 December 2014.

The Group has a track record of successful product acquisitions, having purchased more than 60 products in over 22 deals. This includes repeat deals with partners such as Novartis and Reckitt Benckiser. Alliance has an experienced business development transaction team and further internal cross-functional expertise across the organisation. The Group is experienced in project managing transactions, from identifying corporate or asset based target acquisitions (across national, regional and international markets), in assessing the commercial potential of opportunities, in the negotiation and conclusion of legal agreements, and in planning for the transition, and integration, of the acquired businesses and product ranges.

The Group has established relationships with its banking partners to support the funding of acquisitions and therefore has financial backing to support its strategy of growth through acquisition of products. This has been supplemented by the Group's ability to raise funds from time to time through the placing of new Ordinary Shares on AIM.

8. Deal History of the Group

The Group has grown through a successful track record of acquisitions as set out below.

1999 acquired the rights to Naseptin™, Broflex™, Biorphen™ and Pragmatar from Bioglan

2001 acquired the rights to Distamine™ From Eli Lilly

acquired the rights to Symmetrel™ and Slow K™ from Novartis

2002 acquired two dermatological brands from Procter and Gamble

expanded into the Republic of Ireland with the acquisition of the rights to Nu-Seals™ from Eli Lilly and Company

2003 APL acquired by Alliance (then Peerless Group plc) and Alliance is admitted to trading on AIM

2004 acquired Forceval™ and associated UK assets from Unigreg Limited

acquired rights to Periostat™ in the UK, Europe and various international territories from Collagenex

acquired Dermapharm Limited

2006 acquired UK rights to Hydromol™ from Fernadale Pharmaceuticals

acquired Caraderm Limited and thus the UK marketing rights to Dermamist™

acquired UK rights to Deltacortril™, Atarax™ and Terracortril™ (with the UK rights to additional products for the dermatology range and other indications) from Pfizer

acquired UK and Irish rights to Permitabs™ from Derma UK

acquired UK rights to Syntometrine™ from Novartis

2007 entered into a joint venture with a local distributor and acquisition of rights to market Forceval™ in China and the Far East

2009 acquired worldwide rights to the brands Buccastem™ and Timodine™ from Reckitt Benckiser

2010 acquired 17 products and associate business, including three growing oncology products, from Cambridge Laboratories

2011 acquired the UK marketing rights to the brands Quinoderm™ and Ceanel™ from Ferndale Pharmaceuticals Limited

acquired UK and Irish rights to the brands Anbesol™ and Ashton & Parsons Infant Powders™ from Reckitt Benckiser

acquired the UK marketing rights to six products, including Rizuderm™ (isotretinoin), from Beacon Pharmaceuticals Limited

2012 acquired the world-wide rights to the antimalarial brands Paludrine™, Avloclor™ and Savarine™ from Astra Zeneca UK Limited

2013 acquired certain non-UK rights to Syntometrine™ from Novartis AG and Novartis Pharma AG

acquired all UK and Republic of Ireland rights to Lypsyl™ from Novartis AG

2014 acquired Irenat™ from Bayer Vital GmbH

entered into a joint venture agreement with Synthasia International Limited

2015 acquired Macuvision Europe Limited, including its MacuShield™ eye care brand

acquired 6 products from Sinopharm Nutraceuticals (Shanghai) Co. Limited

9. Strategic Rationale and Capability

As set out above, the Group has a history of expansion (both UK and internationally) by acquisition of brands with established heritage, continued clinical utility and cash generation.

The Healthcare Products Business in Europe fits Alliance's direct presence in the UK, France and Germany and allows for further expansion in this region. Alliance operates in China through its joint venture partners, and has a business across South-East Asia and MENA, which is managed through a distributor network. The Healthcare Products Business complements this, and while Alliance is not currently present in South America, it has a strategic interest in entering the region.

The Directors believe that the Acquisition represents a transformational deal for the Group, creating an Enlarged Group with revenues of £88.1 million on a pro forma basis for the 12 months ended 30 June 2015 derived from the addition of 27 Healthcare Products and providing access to many jurisdictions where the Group does not currently have a presence. On a pro-forma basis for the 12 months ended 30 June 2015, the Enlarged Group's sales in the UK and Republic of Ireland totalled £46.1 million with France contributing £9.0 million, Italy and Spain £6.7 million and Germany, Austria and Switzerland together contributing £4.1 million. The balance of the Enlarged Group's sales were made through international distribution partners and joint ventures.

Alliance has experience of complex international transactions which require the transition planning that allows the target business to transfer efficiently. Its teams collaborate with vendors across all functions

including pharmacovigilance, medical information, regulatory affairs, medical affairs, operations, quality, legal affairs and commercial.

Alliance has successfully completed at least 18 acquisitions (both corporate entities and assets) since its admission to AIM in 2003. In particular, the Group has completed several complex multi-national deals in recent years which the Directors believe have given it relevant and recent experience for this Acquisition.

Since 2012, Alliance has set up new operations, either directly or through distribution partners in over 30 jurisdictions as a result of deals with AstraZeneca, Novartis and Macuvision among others.

In 2012 the Group acquired Savarine™, Avloclor™ and Paludrine™ from AstraZeneca. The transaction had three products, 11 primary SKUs, eight MA transfers, more than 10 commercialised territories including the UK, France and The Netherlands, three new distributors and a change of manufacturing release site. The Group's direct operation in France and the appointment of several new international partners were set up following completion of this deal.

In 2013 the Group acquired Syntometrine™ from Novartis. The transaction consisted of one product, two primary SKUs, more than 20 secondary SKUs, eight MA transfers, 15 territories including Australia, New Zealand, South Africa, Namibia, Malaysia, Hong Kong, Singapore and the Republic of Ireland, six new partners and a change of manufacturing site involving a technology transfer project.

In 2015 Alliance acquired Macuvision Europe Limited, which sells MacuShield™, an eye care treatment designed to be taken by sufferers of dry age-related macular degeneration and other eye conditions. This transaction was one of five corporate acquisitions that Alliance has completed in its history and consisted of the transfer of certain employees, nine SKUs and sales across 10 international distributors, mainly in Europe.

The transition planning and integration of the above deals was successful. The Directors believe that this experience is of vital importance in ensuring success in the integration of the Healthcare Products Business and such integration is expected to be carried out within a timely fashion and with minimal disturbance to the operations of the Enlarged Group. The Directors are confident that the Healthcare Products Business, with its established supply chains and business relationships in over 87 jurisdictions, whilst representing a challenge in terms of integration and size of operations when compared with previous transactions, is within the technical and commercial capability of the Group.

PART 3

FINANCIAL INFORMATION ON ALLIANCE

Pursuant to Rule 28 of the AIM Rules for Companies, the Directors' report, audited financial statements and auditor's report of Alliance for the years ended 31 December 2012, 2013 and 2014, and the unaudited interim results for the six months ended 30 June 2015, are not reproduced in this document and are incorporated by reference into this document according to the European Commission Regulation 809/2004 Article 28.

The information incorporated by reference is available at Alliance's website www.alliancepharma.co.uk and at the registered office of Alliance located at Avonbridge House, Bath Road, Chippenham, Wiltshire, SN15 2BB, on weekdays during normal business hours. A hard copy of the information incorporated by reference will not be sent to Shareholders or other recipients of this document.

The list below sets out the information which is incorporated by reference into this document. The other parts of these documents are provided for information only and are not incorporated by reference into this document. Such non-incorporated parts are either not relevant for Shareholders or covered elsewhere in this document.

Document	*Pages*
Alliance's annual report and accounts 2012	26 to 66
Alliance's annual report and accounts 2013	21 to 60
Alliance's annual report and accounts 2014	25 to 64
Alliance's unaudited interim report for the six months ended 30 June 2015	6 to 15

PART 4

INFORMATION ON THE HEALTHCARE PRODUCTS BUSINESS

1. As set out in Part 1 of this document, and pursuant to the Acquisition, the Group will acquire the Healthcare Products Business from the Vendor by way of two distinct parts:

(a) the acquisition of SPH Group which itself owns the relevant rights to 24 Healthcare Products; and

(b) the direct acquisition of the one remaining Healthcare Product, Aloclair™.

Details relating to the products being acquired are set out below.

2. Healthcare Products

The Group will acquire 27 Healthcare Products pursuant to the Acquisition. All but one of the Healthcare Products are held by companies within the SPH Group and therefore are being acquired pursuant to that element of the Acquisition. The remaining product, Aloclair™, is being acquired directly by APL as part of the second element of the Acquisition as described above.

As part of the Acquisition the Group will also take on 13 contract manufacturing agreements and 100 distribution relationships. The Enlarged Group intends to continue with, and enhance where necessary and possible, all of these manufacturing and distribution relationships.

Set out below are all 27 of the Healthcare Products to be acquired.

Product		*Key Information*
Aloclair™	–	medical device presented as a mouth rinse, gel and spray
	–	indication: mouth ulcers
	–	manufactured in Italy
	–	distributed in 57 countries
	–	considered a growth product
Atopiclair™	–	medical device presented as cream and lotion
	–	indication: atopic dermatitis
	–	manufactured in France and India
	–	distributed in 43 countries
	–	considered a growth product
Biodermatin	–	medicine in the EU
	–	indication: devitalised hair and nails
	–	manufactured in Italy
	–	distributed in Italy, the Vatican City and San Marino
Bio-taches™	–	dermo-cosmetic presented as emulsion, peel off mask, serum and suncream
	–	indication: pigmentation disorders, chloasma, melasma, and dyschromia
	–	manufactured in France
	–	distributed in 26 countries
Decapinol™	–	medical device presented as rinse, toothpaste, gel and spray
	–	indication: gingivitis and periodontitis; patent coverage until 2027
	–	manufactured in Italy
	–	distributed in 16 countries
Dermachronic™	–	dermo-cosmetic presented as foaming gel
	–	indication: dry and sensitive skin
	–	distributed in four countries

Dermacide™	–	medicine presented as a foaming gel
	–	indication: antiseptic for wound care
	–	manufactured in France
	–	distributed in 27 countries
Effadiane™	–	dermocosmetic (in EU) presented as a cream, foaming gel and emollient
	–	indication: dry and very dry skin
	–	manufactured in France
	–	distributed in eight countries
Fazol™	–	medicine presented as a cream, emulsion and powder
	–	indication: skin fungal infections
	–	manufactured in France
	–	distributed in 22 countries
Flammacerium™	–	medicine presented as a cream
	–	indication: prevention of infection of burns and wounds
	–	manufactured in Spain
	–	distributed in 22 countries
	–	considered a growth brand as part of Flamma Franchise (Flammacerium™, Flammazine™, FlammaSpray™)
	–	granted orphan drug designation in the US by the FDA in March 2014
Flammazine™	–	medicine presented as a cream
	–	indication: prevention of infection of burns and wounds
	–	manufactured in Spain
	–	distributed in 17 countries
FlammaSpray™	–	dermo-cosmetic (in EU) presented as a spray
	–	indication: relief from pain and promotion of healing process following sunburn
	–	manufactured in Spain
	–	distributed in nine countries
Gen-Ongles™	–	dermo cosmetic (in EU) presented as a liquid
	–	indication: to strengthen weak nails
	–	manufactured in France
	–	Distributed in 9 countries
Haemopressin™/ Variquel™	–	medicine presented as powder ampoules for IV injection (with diluent) and as pre-mixed solution
	–	indication: bleeding oesophageal varices
	–	manufactured in Germany and Spain
	–	distributed in 22 countries
Herpclair™	–	medical Device (in EU) presented as a gel
	–	indication: *herpes labialis*
	–	manufactured in Italy
	–	distribution in six countries
ISIB™	–	medicine presented as generic isosorbide mononitrate tablets
	–	indication: prophylaxis of angina
	–	manufactured in the UK
	–	distributed in the UK
Jonctum™ Cica	–	dermo cosmetic (in EU) presented as a cream
	–	indication: repairing cream for irritated skin
	–	manufactured in France
	–	distributed in 13 countries

Kelo-cote™	–	medical device presented as a gel and spray
	–	indication: prevention of hypertrophic scars
	–	manufactured in USA
	–	distributed in 88 countries
	–	considered a growth brand
Kelo-stretch™	–	medical device presented as a cream
	–	indication: prevention of stretch marks
	–	manufactured in France
	–	distributed in 32 countries
	–	considered a growth brand
Optiflo™	–	medical device presented as solution
	–	indication: re-use of catheters as a flushing solution
	–	manufactured in Germany
	–	distributed in the UK, Netherlands and the Republic of Ireland
Oxyplastine™	–	medicine presented as an ointment
	–	indication: humid eczema and nappy rash
	–	manufactured in France
	–	distributed in 25 countries
Papclair™/ Pannogel™	–	medicine presented as a gel
	–	indication: *acne vulgaris*
	–	manufactured in France
	–	distribution in 21 territories
Papulex™	–	dermo-cosmetic presented as a foaming gel, cream, gel and lotion
	–	indication: *acne vulgaris*
	–	manufactured in France and India
	–	distributed in 42 countries
Sebclair™	–	medical device (in EU) and medicine (USA) presented as a cream and shampoo
	–	indication: seborrheic dermatitis
	–	manufactured in France, Italy and India
	–	distributed in 27 countries
Spiromix	–	medicine in Italy
	–	indication: bacterial infection
	–	not currently manufactured or distributed
Tridesonit™	–	medicine presented as a cream
	–	indication: atopic dermatitis and contact dermatitis
	–	distributed in 17 countries
	–	manufactured in France
Vibramycine™	–	medicine presented as capsules
	–	indication: antibiotic for inflammatory acne
	–	distributed in six countries
	–	manufactured in Switzerland

Included in the assets to be acquired pursuant to the Acquisition are 27 families of patents and patent applications that are in force or under ongoing examination respectively and which cover each of Aloclair™, Atopiclair™, Decapinol™, Effadiane™, Kelo-cote™, Optiflo™, Papulex™ and Sebclair™. These patents and applications vary in the jurisdictions they cover but most include at least the main European countries (France, Germany and the UK) as well as the USA, parts of MEA, LATAM and CEE. The patent families themselves have varying levels of longevity with the earliest date of expiry being November 2016 (relating to Effadiane™) and the latest currently being February 2033 (relating to Kelo-cote™). Whilst the acquisition of a portfolio of products which has such a level of patent protection is

a significant departure by the Group from previous acquisitions, the Directors believe that the value of the Healthcare Products Business does not rest simply with the higher level of protection but, in line with the Group's strategy, to a greater degree with the brand recognition and repeat use by patients and healthcare practitioners.

3. The SPH Group

Pursuant to the Acquisition the Group will acquire the SPH Group which is a collection of four companies namely Advanced Biotechnologies Inc. (incorporated in Florida, USA), Sinclair Pharma s.r.l (incorporated in Italy), Sinclair Pharma France SAS (incorporated in France) and Maelor Laboratories Limited (incorporated in England and Wales).

Sinclair Pharma France

SPF is a French operating company with headquarters in Paris. Upon Completion it will occupy leasehold premises, part of which will be sub-let to a member of the Vendor's Group. As at 31 October 2015 SPF employed 34 members of staff, 15 of whom we expected to be transferred to other companies in the Vendor's Group prior to Completion. It is expected to continue to employ 19 people with various operational functions including marketing, regulatory affairs, sales and *pharmacien responsable*.

SPF owns the following Healthcare Products (including certain related registered trademarks and patents) and carries on the business relating to those Healthcare Products, including Fazol™, Tridesonit™, Papulex™, Oxyplastine™ and Bio-Taches™. SPF has various direct contractual relationships with manufacturers and distributors, both for its Healthcare Products, and other Healthcare Products being acquired.

Sinclair Pharma s.r.l.

SP s.r.l. is an Italian operating company with headquarters in Milan. Upon Completion it will occupy leasehold premises where, as at 31 October 2015, it employed, and is expected to continue to employ, 12 people with various operational functions including marketing, regulatory affairs and sales.

SP s.r.l. owns CE Marks for the following Healthcare Products: Atopiclair™, Aloclair™ and Sebclair™.

Advanced Bio-Technologies

ABT is a Florida-incorporated operating company with a registered office in Georgia. ABT does not employ any persons in the US and does not occupy any premises. ABT owns Kelo-cote™ and carries on the business relating to Kelo-cote™ with the exception of the US territory, which has been licensed out. ABT has various direct contractual relationships with manufacturers and distributors, both for Kelo-cote™ and other Healthcare Products being acquired.

Maelor

Maelor is private company incorporated in England and Wales and is a wholly owned subsidiary of the Vendor. Pursuant to a framework agreement details of which appear on paragraph 15.3.1 of Part 8 of this document, Maelor will acquire, prior to Completion, a number of the Healthcare Products from other members of the Vendor's Group, including Kelo-Stretch™, Atopiclair™, the Flamma Franchise products and the European rights to Kelo-cote™. In addition a number of manufacturing and distribution agreements will be novated to Maelor from other companies in the Vendor's Group and the employment of 8 UK-based employees will be transferred to the Enlarged Group.

PART 5

INFORMATION ON THE ACQUISITION AGREEMENT

1. Overview

In connection with the Acquisition, Alliance and APL have both entered into the Acquisition Agreement and the New Loans Agreement.

The key terms of the Acquisition Agreement are summarised below.

2. Acquisition Agreement

Sinclair, Alliance and APL have entered into the Acquisition Agreement, pursuant to which APL (in relation to all companies within the SPH Group other than Sinclair Pharma France which itself is being directly acquired by Alliance Pharmaceuticals SAS) has agreed to acquire (i) the issued share capital of the SPH Group companies and the Promissory Notes and (ii) the one Healthcare Product and the distributor relationships relevant to the Healthcare Products which are not owned by SPH Group, in return for an aggregate consideration of up to £127.5 million, plus an estimated £4.7 million for inventory which is held by Sinclair at the date of Completion, to be satisfied partly in cash funded by way of the New Loan, and partly by the issue and allotment to Numis (or such person(s) as Numis shall direct in accordance with the Placing Agreement) of the Vendor Consideration Shares, credited as fully paid up at the Placing Price. The Vendor Consideration Shares are proposed to be placed by Numis on behalf of the Company pursuant to the Placing Agreement. Under the terms of the Placing Agreement, Numis has agreed to procure that the net proceeds of the Vendor Consideration Shares (after deducting all commissions) are paid to the Vendor. The Vendor Consideration Shares will, when issued, represent approximately 42.0 per cent. of the Enlarged Issued Share Capital (assuming no Option Shares are issued) and will rank *pari passu* in all respects with the Ordinary Shares then in issue, including all rights to receive all dividends and other distributions declared, made or paid following Re-admission.

The final calculation relating to inventory will be subject to a post-Completion confirmation and any discrepancies (up or down) will be settled by way of a cash payment to the relevant party.

In addition, the Vendor will be entitled to receive the Royalty which is an amount equal to 12.0 per cent. of the net sales of Flammacerium™ in the United States in the five year period commencing on the Launch Date, payable quarterly in arrears.

The Acquisition Agreement is conditional, *inter alia*, upon various conditions including the Seller providing that Maelor finalises the necessary transfer of employees (pursuant to TUPE) as well as becoming registered for VAT purposes with HMRC. This Maelor "restructuring" will take place pursuant to a framework agreement and must be concluded as a condition to completion of the Acquisition. Furthermore, the Acquisition Agreement is also conditional upon Re-admission. Pursuant to the Acquisition Agreement, APL has the right to rescind the Acquisition Agreement if (i) Maelor is not validly registered for VAT, (ii) Re-admission does not take place or (iii) the Resolutions are not passed.

In certain circumstances, Alliance may be required to pay £500,000 to the Vendor if the Acquisition does not complete.

The Acquisition Agreement also contains certain market standard provisions which relate to such matters as (i) transfer of MAs and other regulatory approvals and the (ii) transfer of patents, trademarks and other intellectual property.

Pursuant to the terms of the Acquisition Agreement the Vendor has agreed to give certain warranties and indemnities (including a tax indemnity) relating to the Healthcare Products Business including as may relate to the Healthcare Products and the contractual nature of the supply chain relating to the same. Such warranties and indemnities are subject to market standard financial and temporal limits.

The Acquisition Agreement also contains certain provisions relating to the provision of transitional assistance by Sinclair to the Enlarged Group designed to assist with the integration of the Healthcare Products Business within the Enlarged Group and covers such matters as regulatory affairs, commercial support, finance, accounting and supply chain support.

Assuming that the Resolutions are duly passed at the General Meeting, and all other conditions precedent (other than Re-admission) under the Acquisition Agreement are satisfied on a timely basis, Alliance expects that Completion and Re-admission will take place simultaneously at 8.00 a.m. on 17 December 2015, but they may occur prior to or after this date. There can be no assurance that the conditions precedent under the Acquisition Agreement or the criteria for Re-admission will be satisfied, or that Completion and Re-admission will take place, by 8.00 a.m. on 17 December 2015, or at all. Please see the paragraph headed "Acquisition may not proceed" in Part 9 (Risk Factors) for further information.

PART 6

FINANCIAL INFORMATION RELATING TO THE ACQUISITION

SECTION A

REPORT FROM PRICEWATERHOUSE COOPERS LLP

The Directors
Alliance Pharma plc
Avonbridge House
Bath Road
Chippenham
Wiltshire
SN15 2BB

Numis Securities Limited
The London Stock Exchange Building
10 Paternoster Square
London
EC4M 7LT

26 November 2015

Dear Sirs

Alliance Pharma plc

We report on the financial information set out in Section B of Part 6 below (the "**Healthcare Products Business Historical Financial Information**"). The Healthcare Products Business Historical Financial Information has been prepared for inclusion in the admission document dated 26 November 2015 (the "**Admission Document**") of Alliance Pharma plc (the "**Company**") on the basis of the accounting policies set out in note 2 to the Healthcare Products Business Historical Financial Information. This report is required by item Schedule Two of the AIM rules for Companies published by London Stock Exchange plc (the "**AIM Rules**") and is given for the purpose of complying with that Schedule and for no other purpose.

Responsibilities

The Directors of the Company are responsible for preparing the Healthcare Products Business Historical Financial Information in accordance with International Financial Reporting Standards as adopted by the European Union.

It is our responsibility to form an opinion as to whether the Healthcare Products Business Historical Financial Information gives a true and fair view, for the purposes of the Admission Document and to report our opinion to you.

PricewaterhouseCoopers LLP, 101 Barbirolli Square, Lower Mosley Street, Manchester, M2 3PW
T: +44 (0) 1612 452 000, F: +44 (0) 1612 452 910, www.pwc.co.uk

Save for any responsibility which we may have to those persons to whom this report is expressly addressed and for any responsibility arising under paragraph (a) of Schedule Two of the AIM Rules to any person as and to the extent there provided, to the fullest extent permitted by law we do not assume any responsibility and will not accept any liability to any other person for any loss suffered by any such other person as a result of, arising out of, or in connection with this report or our statement, required by and given solely for the purposes of complying with Schedule Two to the AIM Rules, consenting to its inclusion in the Admission Document.

Basis of opinion

We conducted our work in accordance with the Standards for Investment Reporting issued by the Auditing Practices Board in the United Kingdom. Our work included an assessment of evidence relevant to the amounts and disclosures in the financial information. It also included an assessment of significant estimates and judgments made by those responsible for the preparation of the financial information and whether the accounting policies are appropriate to the Company's circumstances, consistently applied and adequately disclosed.

We planned and performed our work so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial information is free from material misstatement whether caused by fraud or other irregularity or error.

Opinion

In our opinion, the Healthcare Products Business Historical Financial Information gives, for the purposes of the Admission Document dated 26 November 2015, a true and fair view of the state of affairs of the Healthcare Products Business (as defined in the Admission Document) as at the dates stated and of its profits and/or losses, cash flows and invested capital for the periods then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

Declaration

For the purposes of paragraph (a) of Schedule Two of the AIM Rules we are responsible for this report as part of the Admission Document and declare that we have taken all reasonable care to ensure that the information contained in this report is, to the best of our knowledge, in accordance with the facts and contains no omission likely to affect its import. This declaration is included in the Admission Document in compliance with item 1.2 of Annex I to the PD Regulation.

Yours faithfully

PricewaterhouseCoopers LLP
Chartered Accountants

SECTION B

COMBINED HISTORICAL FINANCIAL INFORMATION IN RELATION TO THE HEALTHCARE PRODUCTS BUSINESS

Combined Income Statement for the year ended 30 June

£'000	*Note*	*2015*	*2014*	*2013*
Revenue		43,349	46,088	46,576
Cost of sales	6	(21,089)	(23,276)	(20,149)
Gross profit		22,260	22,812	26,427
Administration and marketing expenses comprising:				
Administration and marketing expense		(12,215)	(14,152)	(19,923)
Amortisation and impairment of intangible assets		(3,705)	(3,586)	(15,644)
Share-based employee remuneration		(1,380)	(652)	(518)
Total administration and marketing expenses	6	(17,300)	(18,390)	(36,085)
Operating profit/(loss)		4,960	4,422	(9,658)
Operating profit before operating exceptional items		5,202	4,422	2,538
Exceptional items	5	(242)	–	(12,196)
Operating profit/(loss)		4,960	4,422	(9,658)
Finance expense		–	–	(67)
Profit/(loss) before taxation		4,960	4,422	(9,725)
Taxation	8	395	421	1,312
Profit/(loss) for the year		5,355	4,843	(8,413)

Combined Statement of Comprehensive Income/(expense) for the year ended 30 June

£'000	*2015*	*2014*	*2013*
Profit/(loss) for the year	5,355	4,843	(8,413)
Other comprehensive expenses (Items that may subsequently be reclassified to the income statement)			
Foreign exchange translation differences	(3,546)	(5,603)	4,073
Total comprehensive income/(expense) for the year	1,809	(760)	(4,340)

Profit/(loss) for the year presented is entirely attributable to the owners of the Healthcare Products Business (as defined in note 1).

The combined financial information may not be representative of future results, for example, the historical capital structure does not reflect the future capital structure and future interest income and expense, and certain other operating costs and tax charges may be significantly different from those that resulted from being wholly owned by Sinclair IS Pharma plc (the "**Sinclair Group**").

Combined Balance Sheet at 30 June

£'000	*Note*	*2015*	*2014*	*2013*
Non-current assets				
Intangible assets	9	95,415	101,475	110,112
Property, plant and equipment	10	197	162	43
Deferred tax assets	14	1,944	1,730	1,678
Other non-current receivables	12	36	41	44
		97,592	103,408	111,877
Current assets				
Inventories	11	4,605	4,656	3,485
Trade and other receivables	12	13,856	18,145	15,879
		18,461	22,801	19,364
Total assets		116,053	126,209	131,241
Current liabilities				
Trade and other payables	13	(9,393)	(13,333)	(11,671)
Current tax liabilities		(156)	(276)	(311)
Provisions	15	(108)	(109)	(111)
		(9,657)	(13,718)	(12,093)
Non-current liabilities				
Other non-current liabilities	16	(51)	(110)	(241)
Deferred tax liabilities	14	(6,817)	(6,513)	(7,626)
		(6,868)	(6,623)	(7,867)
Total liabilities		(16,525)	(20,341)	(19,960)
Net assets		99,528	105,868	111,281
Invested capital attributable to owners of the Sinclair Group				
Invested capital		99,528	105,868	111,281
Total invested capital		99,528	105,868	111,281

Combined Statement of Changes in Invested Funds for year ended 30 June

£'000	*Invested Capital*
At 1 July 2014	105,868
Profit for the year	5,355
Transactions with owners:	
Share based payments	1,380
Transactions with owners of the Healthcare Products Business	(9,529)
Total transactions with owners	(2,794)
Other comprehensive income:	
Foreign exchange reserves	(3,546)
At 30 June 2015	99,528
At 1 July 2013	111,281
Profit for the year	4,843
Transactions with owners:	
Share based payments	652
Transactions with owners of the Healthcare Products Business	(5,305)
Total transactions with owners	190
Other comprehensive income:	
Foreign exchange reserves	(5,603)
At 30 June 2014	105,868
At 1 July 2012	122,394
Loss for the year	(8,413)
Share based payments	518
Transactions with owners of the Healthcare Products Business	(7,291)
Total transactions with owners	(15,186)
Other comprehensive income:	
Foreign exchange reserves	4,073
At 30 June 2013	111,281

Combined Statement of Cash Flows for year ended 30 June

£'000	*2015*	*2014*	*2013*
Cash flows from operating activity			
Profit/(loss) before tax	4,960	4,422	(9,725)
Exceptional items	242	–	12,196
Profit before tax and exceptional items	5,202	4,422	2,471
Finance costs	–	–	67
Amortisation & depreciation	3,755	3,617	3,768
Reduction in provisions	–	–	(124)
Decrease/(increase) in inventories	56	(1,616)	2,388
Decrease/(increase) in trade and other receivables	4,724	(3,127)	(290)
(Decrease)/increase in trade and other payables	(4,472)	2,296	(781)
Share based payments	1,380	652	518
Tax paid	(542)	(75)	(618)
Net cash flows received from operating activities before exceptional items	10,103	6,169	7,399
Legal settlement paid	(111)	–	–
Exceptional restructuring costs paid	–	(311)	–
Net cash flows received from operating activities	9,992	5,858	7,399
Cash flows from investing activities			
Purchases of property, plant and equipment	(76)	(151)	(4)
Purchase of intangibles	(387)	(402)	(104)
Net cash used in investing activities	(463)	(553)	(108)
Cash flows from financing activities			
Transactions with owners of the Healthcare Products Business	(9,529)	(5,305)	(7,291)
Net cash used in financing activities	(9,529)	(5,305)	(7,291)
Net movement in cash and cash equivalent	–	–	–
Cash and cash equivalents at the beginning of the period	–	–	–
Cash and cash equivalents at the end of the period	–	–	–

The Sinclair Group uses a centralised approach to cash management and financing its operations. Transactions with the Sinclair Group are accounted for through invested funds. Accordingly, none of the cash, cash equivalents, debt or related interest expense at the corporate level has been assigned to the carve-out in this combined historical financial information.

NOTES TO THE COMBINED HISTORICAL FINANCIAL INFORMATION

1 Nature of the business

Sinclair IS Pharma plc, referred to in this Part 6 as the 'Sinclair Group', is an international specialty pharmaceutical company focused on Dermatology, in particular – Aesthetics, Wound care, and Skin care.

On 26 November 2015, it was announced that the Sinclair Group and Alliance had entered into an agreement for Alliance to acquire the Healthcare businesses of the Sinclair Group.

The accompanying historical financial information reflects the assets, liabilities, revenues and expenses directly attributable to the Healthcare Products Business.

The Healthcare Products Business Combined HFI excludes the financial information of products that have been discontinued or divested, the primary products divested include Aloxi, Cryogesic, Ephydrol, Fadiamone, Mela-aura and Xclair.

2 Accounting Policies

Basis of Preparation

The Healthcare Products Business has not comprised a separate legal entity or group of entities for the years ended 30 June 2015, 2014 and 2013. The Healthcare Products Business Combined HFI, which has been prepared specifically for the purpose of this document, is therefore prepared on a basis that combines the results, assets and liabilities of the Healthcare Products Business by applying the principles underlying the consolidation procedures of IFRS 10 'Consolidated Financial Statements' (IFRS 10) for each of the three years ended 30 June 2015, 2014 and 2013 and as at these dates. On such basis, the Healthcare Products Business Combined HFI sets out the combined balance sheet as at 30 June 2015, 2014 and 2013 and the results of operations and cash flows for the three years then ended.

The Healthcare Products Business Combined HFI has been prepared in accordance with the requirement of the AIM Rules, and in accordance with this basis of preparation. The basis of preparation describes how the Healthcare Products Business Combined HFI has been prepared in accordance with International Financial Reporting Standards as adopted by the European Union and the IFRS Interpretation Committee Interpretations (together IFRS). References to the "IFRS" hereafter should be construed as references to IFRS as adopted by the EU. The principal accounting policies that have been applied to the Healthcare Products Business Combined HFI are set out below. These policies have been consistently applied to all years presented. The Healthcare Products Business Combined HFI has been prepared in accordance with IFRS consistent with that applied by Alliance Pharma PLC in its financial statements for the year ended 31 December 2014, there were no standards or interpretations issued by the International Accounting Standards Board after 31 December 2014 that would materially affect the financial information presented for 30 June 2015.

IFRS does not provide for the preparation of combined financial information and accordingly in preparing the Healthcare Products Business Combined HFI certain accounting conventions commonly used for the preparation of combined historical financial information for inclusion in investment circulars as described in the Annexure to SIR 2000 "Standards for Investment Reporting applicable to public reporting engagements on historical financial information" issued by the U.K. Auditing Partners Board have been applied.

The following summarises the accounting and other principles applied in preparing the Healthcare Products Business Combined HFI:

The Healthcare Products Business Combined HFI was prepared using the Healthcare Products Business historical records of its assets and liabilities, and includes all sales, costs, assets and liabilities directly attributable to the Healthcare Products Business. Costs directly associated with the Healthcare Products Business, for example, the costs associated with manufacturing, are separately identifiable and have been included directly within the Healthcare Products Business Combined HFI.

In addition, there are a number of other indirect central costs which have been allocated into the Healthcare Products Business Combined HFI to reflect the fact that the Healthcare Products Business operated as part of the wider Sinclair Group. These costs primarily relate to the sales force, general marketing and merchandising, and general corporate expenses related to regulatory, development, finance, legal and information technology. These expenses have been allocated to the Business on the basis of direct usages

when identifiable, or on a basis deemed appropriate by the management of the Healthcare Products Business e.g. scheme members' time spent in relation to share-based payments, headcount, and promotional spend, with the remainder allocated on the basis of the Healthcare Products Business's revenue as a proportion of the Sinclair Group's total revenue.

All such costs and expenses have been deemed to have been settled by the Healthcare Products Business to the Sinclair Group in the period in which the costs were incurred. Invested capital in the Healthcare Products Business as shown in the Combined Balance Sheet includes amounts due to / from Sinclair as well as intercompany receivables / payables with the Sinclair Group.

The Sinclair Group uses a centralised approach to cash management and financing its operations. Transactions between the Sinclair Group and the Healthcare Products Business are accounted for through invested capital. Accordingly, none of the cash, cash equivalents, debt or related interest expense at the corporate level has been assigned to the Healthcare Products Business Combined HFI.

The income taxes charged to the Combined Income Statement have been prepared using directly attributable tax credits and charges with the remainder based on an allocation of the group charge.

The Healthcare Products Business Combined HFI is presented in thousands of Sterling ("£") and is prepared on an historical cost and going concern basis.

Going concern

The Healthcare Products Business Combined HFI has been prepared on a going concern basis. The planned separation of the Healthcare Products Business has been considered and it is expected that the appropriate funding will be available for future operations after the separation occurs. It is expected that following the separation from Sinclair, the Healthcare Products Business will continue operating. The forecasts and projections of the Healthcare Products Business have been reviewed by the Directors of Alliance and the Directors have a reasonable expectation that the Healthcare Products Business has adequate resources to continue in operation for the foreseeable future.

Foreign Currency

Items included in the Healthcare Products Business Combined HFI are measured using the currency of the primary economic environment in which the Business operates (the functional currency). The Healthcare Products Business Combined HFI is presented in Sterling (£) which is also the Healthcare Products Business's functional currency. Transactions in foreign currencies are translated into the functional currency at the rate of exchange ruling at the date of transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated at the rates of exchange prevailing at that date. Gains and losses arising on translation are included in the Healthcare Products Business Combined HFI income statement. The results of operations that have a functional currency different from the presentation currency are translated at the average rate of exchange during the period and their balance sheets at the rates ruling at the date of the balance sheet.

Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the Healthcare Products Business's share of the identifiable net assets, including intangible assets, of the acquired subsidiary at the date of acquisition. Goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. Goodwill arising on the acquisition of a foreign entity is treated as an asset of the foreign entity denominated in foreign currency and translated at the balance sheet date according to the rate of exchange prevailing at that date. Exchange differences are taken directly as a separate component of equity.

Revenue Recognition

Revenue from product sales is recognised upon shipment by the Healthcare Products Business to customers. Provisions for rebates, product returns and discounts to customers are provided for as reductions to revenue in the same period as the related sales occurred. Royalties receivable under licensing agreements are recognised as they are earned and are recorded within revenue. The recognition of other payments received and receivable, such as licence fees, upfront payments and milestones, is dependent on the terms of the related arrangement, having regard to the ongoing risks and rewards of the arrangement,

and the existence of any performance or repayment obligations, if any, with the third party. Amounts received and receivable are recognised immediately as revenue where there are no substantial remaining risks, no ongoing performance obligations and amounts received are not refundable. Amounts are deferred over an appropriate period where these conditions are not met.

Taxation

The tax expense represents the sum of the tax currently payable and deferred tax. The tax currently payable is based on taxable profit for the period. Taxable profit differs from net profit as reported in the Healthcare Products Business income statement because it excludes items of income and expenses that are taxable and deductible in other periods and it further excludes items that are not taxable or deductible. The Healthcare Products Business's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or the initial recognition (other than a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences arising from investments in subsidiaries except where the Healthcare Products Business is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. The carrying amount of deferred tax assets are reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the income statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

Property, plant and equipment

All property, plant and equipment are shown at cost less accumulated depreciation and impairment. Cost includes expenditure that is directly attributable to the acquisition of the assets.

Subsequent costs are included in the assets' carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred. Depreciation is calculated using the straight-line method to write off the cost of each asset to its residual value over its estimated useful life as follows:

- Office and laboratory equipment depreciated at 15 per cent. to 50 per cent. per year.

The assets' residual values and useful lives are reviewed and adjusted if appropriate, at each balance sheet date.

Intangible Assets

Intangible assets consists of licences and product rights.

Licences and product rights including product distribution rights and technical dossiers are recognised at their fair values at acquisition date (where acquired as part of a business combination) or cost (if acquired separately) and are amortised on a straight-line basis over their estimated useful economic lives (5 to 20 years) from the time they are available for use. Amortisation is included within Administrative expenses.

Financial instruments

Non-derivative financial assets are classified as loans and receivables. Receivables are initially recognised a fair value and are subsequently stated at amortised cost using the effective interest method, subject to reduction for allowances for estimated irrecoverable amounts. A provision for impairment of receivables is established when there is objective evidence that the Healthcare Products Business will not be able to collect all amounts due according to the original terms of those receivables. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, and is recognised in the Combined Income Statement.

Non-derivative financial liabilities are recognised at fair value and are subsequently stated at amortised cost using the effective interest method.

Impairment

Goodwill is tested annually for impairment and other intangible assets are tested where there is an indication of impairment. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the Group estimate the recoverable amount by grouping the assets at the lowest level for which there are largely independent cash flows (cash-generating unit or 'CGU'). There is only one CGU within Healthcare Products Business Combined HFI.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted. If the recoverable amount of an asset (or CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (CGU) is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately.

Where an impairment loss subsequently reverses, the carrying value of the asset (CGU) is increased to the revised estimate of its recoverable amount, provided that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (CGU) in prior periods. A reversal of an impairment loss is recognised as income immediately.

Inventories

Inventories are valued at the lower of cost and net realisable value. Cost comprises materials, direct labour and a share of production overheads if appropriate at the relevant stage of production. Provision is made for obsolete, slow-moving or defective items where appropriate. Net realisable value is determined at the balance sheet date on commercially saleable products based on estimated selling price less all further costs to completion and all relevant marketing, selling and distribution costs.

Employee benefits

The Healthcare Products Business is a member of the Sinclair Group Pension Plan, the plan is a defined contribution plan. The assets of the scheme are held in independently administered funds. Contributions are charged to the income statement as they become payable in accordance with the rules of the schemes.

Share-based payments

(i) *Value Creation Plan*

The Sinclair Group operates a Value Creation Plan ('VCP') which grants VCP units to Executive Directors and certain employees of the Group. These VCP units are convertible into nil-cost options over Ordinary shares subject to the Group's share price reaching certain targets over a five year measurement period. Half the units vest after five years from grant and the remaining half vest after six years from grant. The fair value is initially measured at the date of the award of the VCP units. The fair value of the VCP units granted is then recognised as an expense over the vesting period with a corresponding increase in equity. The fair value of the VCP units is determined using a Monte Carlo valuation model taking into account the terms and conditions upon which the grants are made.

In the event that the conditions covering the VCP units are amended, the fair value is re-measured at the date of the amendment. Any incremental increase in the fair value of the amended VCP units is then recognised as an expense over the remaining vesting period with a corresponding increase in equity.

The expense is allocated to the Healthcare Products Business on the basis of direct staff employed with the remainder allocated on the basis of the scheme members' time applied to the Healthcare Products Business.

(ii) *2013 Bonus Plan*

The Sinclair Group operates a bonus plan which requires 50 per cent. of the annual bonus awarded to Executives and certain employees to be deferred into a plan account. The deferred element of the annual contribution will be in notional shares, the number of which will be calculated based on the 30 day average share price at the end of the plan year and added to the deferred balance in the participant's account.

Payments from the bonus plan are made to participants subject to them remaining in service. Participants are entitled to an annual cash payment of 50 per cent. of the balance of their plan account at the end of each financial year. This continues for three years, with the remaining balance paid out in shares in year four when the bonus plan ends in June 2016. The value held in a participant's plan account may be reduced by 50 per cent. if certain Forfeiture Thresholds are not met.

The fair value of each notional share is initially measured at the date of the award. As the timing of the allocations of notional shares into the bank and the payments to participants vary, each tranche is recognised as an expense on a straight line basis over the period during which employees provide services for the awards (i.e. from the beginning of the year in which bonus is earned to the point it is paid from the bank).The fair value of the element of the award which is settled in cash is re measured annually. The fair value of the notional shares is determined using the 30 day average share price at the end of the plan year in which the awards are banked and each year subsequently if the deferred element is to be settled in cash. Any incremental increase in the fair value is recognised immediately as an expense. As the timing of the allocations of notional shares into the bank and the payments to participants vary, each tranche is recognised as an expense on a straight line basis over the period during which employees provide services for the awards (i.e. from the beginning of the year in which bonus is earned to the point it is paid from the bank).

The expense is allocated to the Healthcare Products Business on the basis of direct staff employed with the remainder allocated on the basis of the scheme members' time applied to the Healthcare Products Business.

Leases

Rentals under operating leases are charged to the income statement on a straight-line basis over the term of the relevant lease.

Exceptional items

Exceptional items represent significant items of income and expense which due to their nature, size, or the expected infrequency of the events giving rise to them, are presented separately on the face of the income statements to give a better understanding to shareholders of the elements of the financial performance in the year, so as to facilitate comparison with prior periods and to better assess trends in financial performance.

New Accounting Standards and Interpretations

New standards or interpretations which came into effect for the current reporting period did not have a material impact of the net assets or results of the Healthcare Products Business.

Other standards and interpretations issued, but not yet effective, are not expected to have a material effect on the Healthcare Products Business's net assets or results.

3 Critical Accounting Estimates and Judgements

The Healthcare Products Business makes estimates and assumptions regarding the future. Estimates and judgements are continually evaluated based on historical experience, and other factors, including

expectations of future events that are believed to be reasonable under the circumstances. In the future, actual experience may deviate from these estimates and assumptions.

The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the current financial year are discussed below.

Allocations

The Healthcare Products Business Combined HFI includes cost allocations for certain functions provided by Sinclair including, but not limited to, the merchandising, and general corporate expenses relating to finance, legal, Research & Development, logistics and regulatory support services, and information technology. These expenses have been allocated to the Healthcare Products Business on the basis of direct usage when identifiable, or on a basis deemed appropriate by the management of the Healthcare Products Business e.g. scheme members' time spent in relation to share-based payments, headcount, and promotional spend, with the remainder allocated on the basis of the Healthcare Products Business's revenue as a proportion of the Sinclair Group's total revenue. These costs were affected by the arrangements that existed in the Sinclair Group and are not necessarily representative of the position that will prevail in the future.

Estimates Impairment of goodwill

Determining whether goodwill and other intangibles are impaired requires an estimation of the value in use of the CGU to which goodwill or other intangible assets have been allocated. There is only one CGU within Healthcare Products Business Combined HFI. The value in use calculation requires estimation of future cash flows expected to arise from the CGU and a suitable discount rate in order to calculate present value. There is a risk of a material adverse impact on the income statement should an impairment adjustment be required.

Valuation of intangibles acquired in business combinations

Determining the fair value of intangible assets acquired in business combinations requires estimation of the value of the cash flows related to the identified intangibles and a suitable discount rate in order to calculate the present value. The value of cash flows has been estimated by applying royalty rates on comparable products to forecast cash flows used at the time of the business combination. The estimates of the applicable discount rates for intangible assets are based on a capital asset pricing model-derived discount rate and the nature of the intangible asset being valued.

4 Segmental analysis

An operating segment is defined as a component of the entity:

(i) that engages in business activities from which it may earn revenues and incur expenses;

(ii) whose operating results are regularly reviewed by the entity's chief operating decision maker (CODM) to make decisions about the resources to be allocated to the segment and assess its performance; and

(iii) for which discrete financial information is available.

As set out in the basis of preparation, the Healthcare Products Business has not comprised a separate legal entity or group of entities for the years ended 30 June 2015, 2014 and 2013. Historically, operating results of the Healthcare Products Business have not been reviewed on a stand-alone basis by any person or persons. There is no CODM for the Healthcare Products Business. In addition, historically, there has been no discrete financial information prepared on a regular basis for the Healthcare Products Business, or for any sub-set of that business.

Accordingly, for the years ended 30 June 2015, 2014 and 2013, the Healthcare Products Business is deemed to form a single segment for reporting purposes. The geographical analysis of revenue of this one segment is set out below:

	France *£'000*	*Italy* *£'000*	*Germany* *£'000*	*UK* *£'000*	*Spain* *£'000*	*Country operations* *£'000*	*International operations* *£'000*	*Total* *£'000*
2015	8,882	4,296	2,584	6,283	2,356	24,401	18,948	43,349
2014	9,616	4,357	3,681	5,698	2,164	25,516	20,572	46,088
2013	9,538	4,252	3,969	5,462	3,370	26,591	19,985	46,576

5 Exceptional items

Exceptional items represent significant items of income and expense which due to their nature, size, or the expected infrequency of the events giving rise to them, are presented separately on the face of the income statement to give a better understanding to shareholders of the elements of financial performance in the year, so as to facilitate comparison with prior periods and to better assess trends in financial performance.

£'000	*2015*	*2014*	*2013*
Legal settlement costs	242	–	311
Impairment charges	–	–	11,885
Total exceptional items	242	–	12,196

Legal settlement costs of £242,000 in 2015 represent fees and a settlement payment in relation to an IP Infringement concerning the Aloclair patent. The case was fully settled and £111,000 was paid in cash in the year. This charge is deductible for tax purposes.

Legal settlement costs of £311,000 in 2013 include a settlement paid in 2014 to a distributor in order to return certain product rights and resolve contract disputes. This charge is deductible for tax purposes.

Impairment charges of £11,885,000 in 2013 are made up of £8,208,000 impairment to the Variquel ® product rights and £3,677,000 impairment to goodwill following a reappraisal of the value of the remaining assets acquired with the IS Pharma acquisition in May 2011. New entrants in the market resulted in a decline in forecast sales and volumes and a decline in forecast average prices primarily affecting the Variquel ® trademark. This does not impact cash flow or taxation.

6 Expenses by nature

Profit before taxation is stated after charging:

£'000	*2015*	*2014*	*2013*
Cost of inventory recognised as an expense	19,107	20,948	18,189
Royalties payable	37	146	218
Depreciation on property, plant and equipment (see note 10)	50	31	9
Amortisation of intangible assets (see note 9)	3,705	3,586	3,759
Employee benefit expense (see note 7)	2,423	3,315	3,921
Manufacturing and technical costs (excluding salary costs)	564	755	437
Transport and warehousing expenses	1,381	1,427	1,305
Advertising expenses (excluding salary costs)	3,701	5,269	7,474
Foreign exchange (gains)/losses	(103)	(273)	158
Exceptional items (note 5)	242	–	12,196
Allocation of general administrative expenses from the Sinclair Group (note 20)	7,282	6,462	8,568
Total cost of sales, selling, marketing and distribution and administrative expenses (including exceptional items)	38,389	41,666	56,234

Total cost of sales, selling, marketing and distribution and administrative expenses (including exceptional items) are made up of:

£'000	*2015*	*2014*	*2013*
Cost of sales	21,089	23,276	20,149
Administration and marketing expenses	17,300	18,390	36,085
	38,389	41,666	56,234

7 Employees and key management

The average monthly numbers of employees (including key management) attributed to the Healthcare Products Business during the year was:

Number	*2015*	*2014*	*2013*
Sales and distribution	17	36	83
Production	7	9	9
Administration	36	39	49
	60	84	141

The employee costs represented below include those directly attributable to the Healthcare Products Business operations:

Directly attributable £'000	*2015*	*2014*	*2013*
Wages and salaries	1, 723	2,470	3,009
Social security costs	596	668	799
Pension and postretirement costs	32	104	158
Share-based payments (note 18)	72	73	(45)
Total directly attributable (see note 6)	2,423	3,315	3,921

The employee costs represented below include the allocated expenses for the sales force, marketing and distributor teams and key management (2013: also includes manufacturing labour) from the Sinclair Group.

Allocated costs (including key management) £'000	*2015*	*2014*	*2013*
Wages and salaries	1,972	1,634	2,861
Social security costs	288	190	544
Pension and postretirement costs	191	199	214
Share-based payments (note 18)	1,308	579	563
Total allocated costs (included in allocation of general administrative expenses – note 6)	3,759	2,602	4,182

For key management, the sales force and the marketing team costs have been allocated on an estimation of time spent on the Healthcare Products Business, with the distributor teams costs allocated on the basis of the Healthcare Products Business's revenue as a proportion of the Sinclair Group's total revenue. All share based payments have been allocated on scheme members' time on the Healthcare Products Business.

Key Management compensation

Key management includes Executive Directors and members of the executive management team. The key management costs represented below include the allocated expenses for key management from the Sinclair Group allocated on time spent in employment in the Healthcare Products Business, there are no directly attributable key management.

Allocated costs £'000	*2015*	*2014*	*2013*
Wages and salaries	1,227	529	1,314
Social security costs	250	132	313
Pension and postretirement costs	37	26	29
Share-based payments (note 18)	1,125	356	547
	2,639	1,043	2,203

8 Taxation

Analysis of charge in the year

£'000	*2015*	*2014*	*2013*
Current tax			
UK corporation tax	10	38	(151)
Overseas tax	489	171	552
Total current tax	499	209	401
Utilisation of brought forward tax losses	(414)	(163)	(38)
Reversal of temporary timing differences	(480)	(467)	(1,675)
Total deferred tax	(894)	(630)	(1,713)
Total tax credited to the Combined Income Statement	(395)	(421)	(1,312)

The income taxes charged to the Combined Income Statement have been prepared using directly attributable tax credits and charges with the remainder based on an allocation of the group charge.

The tax charges in the Healthcare Products Business Combined HFI have been determined based on tax charges recorded in the Healthcare Products Business companies local statutory accounts as well as certain adjustments made by Sinclair Group for consolidation purposes. Deferred tax assets and liabilities reflect the full historical deferred tax assets and liabilities of the entities that are being transferred to the Healthcare Products Business. The tax charges recorded in the combined income statement have been affected by the taxation arrangements of the Sinclair Group, and are not necessarily representative of the tax charges that could apply in the future.

Factors affecting the tax charge for the year

The tax on the Healthcare Products Business's profit before tax differs from the theoretical amount that would arise using the standard rate of corporation tax in the UK. The differences are reconciled below:

£'000	*2015*	*2014*	*2013*
Profit/(loss) before tax	4,960	4,422	(9,725)
Profit/(loss) on ordinary activities before tax multiplied by the standard rate of corporation tax in the UK of 20.75% (2014: 22.5%, 2013: 23.75%)	1,029	995	(2,310)
Amortisation not allowable for tax purposes	–	–	960
Expenses not deductible for tax purposes	281	146	140
Relief against Sinclair Group losses	(278)	(472)	–
Utilisation of Sinclair Group brought forward tax losses	(1,256)	(932)	(413)
Utilisation of brought forward Healthcare Products Business tax losses	(414)	(163)	(38)
Unrelieved Sinclair Group tax losses	–	–	545
Unrelieved overseas tax losses	141	218	106
Tax rate difference	57	(198)	297
R&D tax credits	–	5	(125)
Adjustments in respect of prior years	45	(20)	(474)
Total tax credited to the Combined Income Statement	(395)	(421)	(1,312)

A number of changes to the UK corporation tax system were announced in the March 2013 Budget Statement. This included a change to the standard rate of corporation tax to 21 per cent. from 1 April 2014 and to 20 per cent. from 1 April 2015 which have been substantively enacted. These changes do not affect the Healthcare Products Business tax charge as current corporation tax liabilities and deferred tax assets and liabilities are recognised in overseas jurisdictions.

Current tax assets or liabilities are only recognised on the Healthcare Products Businesses balance sheet to the extent that they will transfer to Alliance as part of an equity transaction. Any current tax liabilities relating to asset deals are considered to be effectively settled for cash at the time the tax is recorded and are therefore recorded in Invested Capital.

9 Intangible Assets

	2015		
£'000	*Goodwill*	*Licences & product rights*	*Total*
Cost			
At 1 July 2014	66,724	69,388	136,112
Additions	–	318	318
Exchange adjustments	(3,431)	(158)	(3,589)
At 30 June 2015	63,293	69,548	132,841
Amortisation			
At 1 July 2014	6,556	28,081	34,637
Amortisation charge for the year	–	3,705	3,705
Exchange adjustments	–	(916)	(916)
At 30 June 2015	6,556	30,870	37,426
Net book value			
At 30 June 2015	56,737	38,678	95,415

	2014		
£'000	*Goodwill*	*Licences & product rights*	*Total*
Cost			
At 1 July 2013	70,076	71,792	141,868
Additions	–	395	395
Disposals	(95)	–	(95)
Exchange adjustments	(3,257)	(2,799)	(6,056)
At 30 June 2014	66,724	69,388	136,112
Amortisation			
At 1 July 2013	6,556	25,200	31,756
Amortisation charge for the year	–	3,586	3,586
Exchange adjustments	–	(705)	(705)
At 30 June 2014	6,556	28,081	34,637
Net book value			
At 30 June 2014	60,168	41,307	101,475

	2013		
£'000	*Goodwill*	*Licences & product rights*	*Total*
Cost			
At 1 July 2012	67,644	69,964	137,608
Additions	–	350	350
Exchange adjustments	2,432	1,478	3,910
As 30 June 2013	70,076	71,792	141,868
Amortisation			
At 1 July 2012	2,879	12,717	15,596
Amortisation charge for the year	–	3,759	3,759
Impairments	3,677	8,208	11,885
Exchange adjustments	–	516	516
At 30 June 2013	6,556	25,200	31,756
Net book value			
At 30 June 2013	63,520	46,592	110,112

Goodwill which has arisen from the acquisition of historic Healthcare Products Business legal entities is attributable to the acquired customer base and economies of scale expected from selling acquired healthcare products through Healthcare Products Business's direct sales forces in Europe and globally alongside the Healthcare Products Business's pre-existing product portfolio.

Goodwill is not amortised but tested annually for impairment or more frequently if there are any indications that it may be impaired. The expected proceeds from the sale of the Healthcare Products Business to Alliance have been utilised to calculate the recoverable amount for 2015.

In 2013 and 2014 value in use calculations were utilised to calculate the recoverable amount. Value in use is calculated as the net present value of the projected post tax cash flows of the cash generating units which made up the Healthcare Products Business, discounted at 11.5 per cent. (2013: 10.5 per cent.), Sinclair IS Pharma plc's estimated post-tax weighted cost of capital.

The cashflows which were approved by the Board of Sinclair IS Pharma plc, were projected over five years for all CGUs, representing the Director's best estimate of future product revenues and margins.

In 2013 Goodwill and Intangible assets were impaired following new entrants in the market which primarily affected the Variquel® trademarks.

Exchange adjustments arise as a result of the impact of the difference in the Sterling : Euro exchange rate and the Sterling : US Dollar exchange rate at the beginning and end of the year on balances recorded in Euros and US Dollars.

Intangible amortisation is included within administrative and other expenses in the Combined Income Statement.

Intangible additions to licences & product rights in 2013, 2014, and 2015 relate to the development of existing product licences facilitating entry into new markets and the launch of new formulations.

10 Property, plant and equipment

	Office & laboratory equipment		
£'000	*2015*	*2014*	*2013*
Cost			
At 1 July	510	378	358
Additions	76	151	4
Exchange adjustments	(25)	(19)	16
At 30 June	561	510	378
Depreciation			
At 1 July	348	335	308
Depreciation charge for the year	50	31	9
Exchange adjustments	(34)	(18)	18
At 30 June	364	348	335
Net book value			
At 30 June	197	162	43

11 Inventories

£'000	*2015*	*2014*	*2013*
Raw materials	700	346	630
Finished inventories	3,905	4,310	2,855
	4,605	4,656	3,485

The cost of inventories recognised as expense and included in the cost of goods sold amounted to £19,107,000 (2014: £20,948,000 and 2013: £18,031,000).

12 Trade and Other Receivables

Current trade and other receivables can be analysed as follows:

£'000	*2015*	*2014*	*2013*
Amounts due within one year			
Trade receivables	12,600	16,384	14,554
Other receivables	120	338	–
Prepayments	575	657	521
Accrued income	561	766	804
	13,856	18,145	15,879

The fair value of trade receivables, other receivables and accrued income is considered to be equal to their carrying value.

At 30 June 2015, trade receivables of £1,589,000 (2014: £3,427,000 and 2013: £2,999,000) were past due, but not impaired. These relate to wholesalers and marketing partners for whom there is no recent history of default. All trade receivables, whether current or past due, are reviewed for impairment on a case by case basis to identify impairment taking into account the ageing of the debt, the likelihood of recoverability and other external factors. The aging analysis of trade receivables is as follows:

£'000	*2015*	*2014*	*2013*
Not yet due	11,011	12,957	11,555
Up to three months past due	1,261	2,036	2,209
Over three months past due	328	1,391	790
Over three months past due and impaired	211	229	234
Impairment on receivables over three months past due	(211)	(229)	(234)
	12,600	16,384	14,554

There were no provisions for impairment of other receivables or accrued income in any period. Trade receivables that were written off in any year are less than £150,000.

Movements on the Group's provision for impairment of trade receivables are as follows:

£'000	*2015*	*2014*	*2013*
At 1 July	229	234	154
Provision for receivables impairment	68	93	111
Receivables written off during the year as uncollectable	–	(35)	(1)
Release of provision (included within administration and marketing expenses)	(68)	(53)	(30)
Exchange adjustment	(18)	(10)	–
	211	229	234

The carrying amounts of trade and other receivables are denominated in the following currencies:

£'000	*2015*	*2014*	*2013*
GBP	1,707	1,510	694
Euro	8,559	11,143	12,041
USD	3,448	5,329	3,081
INR	142	163	63
	13,856	18,145	15,879

Non-current trade and other receivables can be analysed as follows:

£'000	*2015*	*2014*	*2013*
Amounts due within one year:			
Other receivables	36	41	44

Non-current other receivables include non-current rent deposits paid on the property occupied in France.

13 Trade and Other Payables

£'000	*2015*	*2014*	*2013*
Amounts due within one year:			
Trade payables	7,058	10,084	7,873
Other taxes, duties and social security contributions	220	225	491
Other payables	98	139	625
Accruals	1,958	2,696	2,557
Deferred income	59	189	125
	9,393	13,333	11,671

The carrying amount of trade and other payables is a reasonable approximation to their fair value.

14 Deferred Tax Assets and Liabilities

Deferred tax assets and liabilities are offset only when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred income taxes relate to the same fiscal authority. The following amounts, determined after appropriate offsetting, are shown in the Combined Balance Sheet.

£'000	*2015*	*2014*	*2013*
Deferred tax assets	1,944	1,730	1,678
Deferred tax liabilities	(6,817)	(6,513)	(7,626)
Deferred tax liability (net)	(4,873)	(4,783)	(5,948)

Deferred tax expected to be recovered within 12 months

£'000	*2015*	*2014*	*2013*
Deferred tax assets	–	–	–
Deferred tax liabilities	(480)	(483)	(479)
Deferred tax liability (net)	(480)	(483)	(479)

Deferred tax assets

£'000	*Business Combinations*
At 1 July 2012	1,543
Exchange differences	97
Amounts credited to the income statement	38
At 1 July 2013	1,678
Exchange differences	(111)
Amounts credited to the income statement	163
At 1 July 2014	1,730
Exchange differences	(200)
Amounts credited to the income statement	414
At 30 June 2015	1,944

A deferred tax asset arises as a result of the fair value adjustment to the carrying value of intangible assets at the time of the acquisition of Sinclair Pharma France SAS (formerly Groupe CS Dermatologie SAS) and the subsequent amortisation of the intangible assets.

Brought forward tax losses relating to historic Healthcare Products Business losses that will remain with the Sinclair Group have not been recognised. Unrecognised tax losses amounted to £9,373,000 (2014: £9,828,000 and 2013: £10,196,000).

Deferred tax liabilities

£'000	*Business Combinations*
At 1 July 2012	9,298
Exchange differences	3
Impairments	(1,270)
Amortisation of deferred tax liabilities	(405)
At 1 July 2013	7,626
Exchange differences	(646)
Amortisation of deferred tax liabilities	(467)
At 1 July 2014	6,513
Exchange differences	784
Amortisation of deferred tax liabilities	(480)
At 30 June 2015	6,817

The deferred tax liability arising on business combinations relates to the fair value adjustment to the carrying value of intangible assets recognised on the acquisition of Advanced Bio-Technologies, Inc. in December 2011 and IS Pharma plc in May 2011.

15 Provisions

£'000	*2015*	*2014*	*2013*
At 1 July	109	111	238
Exchange differences	(1)	(2)	(3)
Released in the year	–	–	(124)
At 30 June	108	109	111

Total provisions comprise legal provisions for managing employee relations in the Healthcare Products Business. Provisions released in 2013 relate to a commercial dispute with a distribution partner.

16 Non-current liabilities

£'000	*2015*	*2014*	*2013*
Amounts due after one year:			
Deferred income	51	110	241
	51	110	241

17 Financial instruments

The Healthcare Products Business's financial instruments comprise: various trade and other receivables and trade and other payables that arise directly from its operations. The Healthcare Products Business's policies and additional disclosures relating to the management of foreign exchange, credit, cash flow and liquidity and pricing risk are set out in note 22.

The Group had the following financial instruments at 30 June each year:

	Assets			*Liabilities*		
£'000	*2015*	*2014*	*2013*	*2015*	*2014*	*2013*
Other non-current financial assets	36	41	44	–	–	–
Trade and other receivables	13,163	17,150	15,357	–	–	–
Trade and other payables	–	–	–	9,136	13,024	10,669
Provisions	–	–	–	108	109	111
Other non-current liabilities	–	–	–	51	110	241
	13,199	17,191	15,401	9,295	13,243	11,021

18 Share based payments

The Healthcare Products Business Combined HFI includes expense allocations for share based payment expenses incurred by the Sinclair Group through its share option schemes. These expenses have been allocated to the Healthcare Products Business on the basis of direct usage when identifiable, with the remainder allocated on the basis of scheme members' time spent in relation to the Healthcare Products Business.

Value Creation Plan

The Sinclair Pharma 2011 VCP was approved by shareholders of Sinclair Group at a General Meeting held on 13 January 2011. Awards granted under the VCP by Sinclair Group have no redemption value at grant but, subject to satisfaction of the performance conditions, can convert into nil-cost options at each measurement date.

9,500 VCP units, out of a total pot of 10,000 were granted to Executive Directors and senior management on 12 May 2011 of which 500 (2014: 7,800) remained outstanding at 30 June 2015.

Of these units, 450 lapsed during the period to 30 June 2015.

On 17 July 2014 6,850 of the units granted in 2011 were modified and were replaced with amended units and a further 1,705 options were granted to Executive Directors and members of senior management. These units were amended again on 17 November 2014 and a further 690 options were granted to Executive Directors and senior management.

The VCP awards are valued using a Monte Carlo model. The fair value of amended units are re measured on the date of their modification and the incremental increase in fair value is incurred as an expense over the remaining vesting period of the units. The inputs into the model are as follows:

	12 May 2011	*17 July 2014*	*17 November 2014*
Share price on award date	32.5p	30.25p	28.3p
Base price	28.0p	37.0p	37.0p
Number of simulations	10,000	10,000	10,000
Expected life of options	5 years	5 years	5 years
Dividend yield	Nil	Nil	Nil
Risk free interest rate	1.09%	2.00%	2.00%
Sinclair IS Pharma share price volatility	35%	31%	30%
Share price hurdle per measurement period	20%	16%	16%
Pay-out over share price hurdle	15%	15%	15%
Shares in issue on award date	380,812,790	497,414,773	497,414,773

The charges for the year to the income statement in relation to these VCP awards allocated to the Healthcare Products Business are as follows:

£'000	*2015*	*2014*	*2013*
VCP charges allocated to Healthcare Products Business Combined HFI	630	148	518

2013 Bonus Plan

Certain employees of the Sinclair Group are eligible to participate in the 2013 Bonus Plan which is described in note 2.

At 30 June bonus awards with a value of £3,621,519 (2014: £2,318,999) have been deferred under the 2013 Bonus Plan. The fair value of £3,621,519 is based on the cash value at 30 June which is converted into 9,031,220 (2014: 7,408,941) notional 1.0p Ordinary shares in the Sinclair Group with a share value of 40.1p (2013: 31.3p), being the mid-market value of the Sinclair Group's shares for the 30 day period ending on the measurement date of 30 June 2015.

The fair value will be charged to the income statement over the next year as the notional shares are converted into cash payments.

The total charge for the year relating to the bonus awards which has been allocated to the Healthcare Products Business is as follows:

£'000	*2015*	*2014*	*2013*
Bonus award charges allocated to Healthcare Products Business	678	431	–
Bonus award charges relating to direct employees of Healthcare Products Business	72	73	–
Total	750	504	–

The 2013 Bonus Plan was established by Sinclair Group pursuant to a Board resolution on 10 June 2013 and as a result there was no share-based payment charges for the 2013 Bonus Plan in the year ended 30 June 2013 as the deferred balance is expensed over the full three year term of the Plan.

19 Capital commitments

The Healthcare Products Business had no capital commitments at 30 June 2015 (2014 & 2013: £nil).

20 Related parties

The ultimate controlling party of the Healthcare Products Business is the Sinclair Group.

The Healthcare Products Business Combined HFI includes expense allocations for certain functions provided by Sinclair including, but not limited to, the merchandising, and general corporate expenses related to finance, legal, Research & Development, logistic and regulatory support services, and information technology. These expenses have been allocated to the Healthcare Products Business on a basis deemed appropriate by the management of the Healthcare Products Business e.g. scheme members' time spent in relation to share-based payments, headcount, and promotional spend, with the remainder allocated on the basis of the Healthcare Products Business's revenue as a proportion of the Sinclair Group's total revenue. During the years ended 30 June 2015, 30 June 2014 and 30 June 2013, the Healthcare Products Business was allocated the following general administrative and other expenses incurred by the Sinclair Group, which are included in the Combined Income Statement as follows:

£'000	*2015*	*2014*	*2013*
General administrative expenses	7,846	7,217	9,005

The general administrative expense allocations have been determined on a basis that both the Sinclair Group and the Healthcare Products Business consider to be a reasonable reflection of the utilisation of services provided or the benefit received by the Healthcare Products Business during the periods presented. The allocations may not, however, reflect the expense the Healthcare Products Business would have incurred as an independent business for periods presented. Actual costs that might have been incurred had the Healthcare Products Business been operating on a stand-alone basis would depend on a number of factors, including the chosen organisation structure, what functions were outsourced or performed by employees and strategic decisions made in areas such as information technology and infrastructure.

Parent Investment in the Healthcare Products Business

It is not possible to show share capital or retained earnings for the Healthcare Products Business. The net assets are represented by the net investment of the Sinclair Group, which comprises shares capital and retained earnings of the Healthcare Products Business after eliminating investments, funding and transactions between the Healthcare Products Business and the Sinclair Group.

All significant intercompany transactions between the Sinclair Group and the Healthcare Products Business have been included in this Healthcare Products Business Combined HFI and are considered to be effectively settled for cash at the time the transaction is recorded. The total net effect of the settlement of these intercompany transactions is reflected in the combined statements of cash flows as a financing activity and in the combined statements of changes in equity.

21 Commitments under operating leases

At 30 June the Healthcare Products Business has total commitments in respect of non-cancellable operating leases as follows:

Land & Buildings

£'000	*2015*	*2014*	*2013*
Within one year	79	79	79
Between 2 and 5 years	66	145	224
	145	224	303

It is anticipated that the leases will be transferred to the Healthcare Products Business.

22 Financial Risk Management

In the normal course of commercial activity the Business is exposed to certain financial risks, as outlined below:

Foreign exchange risk

The Healthcare Products Business has transactional currency exposures as the majority of the business's revenues, and certain expenditures, are in currencies other than the sterling functional currency of the Group, mainly Euros and US Dollars.

The Group finances the majority of its activities in Europe and the US in the local currency, out of revenue receipts, excess currency receipts are then translated into Sterling at the spot rate.

The impact of fluctuations in the Euro and US Dollar rates on the Healthcare Products Business Combined HFI are:

	30 June 2015		*30 June 2014*		*30 June 2013*	
£'000	*Impact on profit before tax*	*Net impact on equity*	*Impact on profit before tax*	*Net impact on equity*	*Impact on profit before tax*	*Net impact on equity*
5% strengthening of Euro	50	1,799	(33)	1,997	134	2,284
5% weakening of Euro	(50)	(1,799)	33	(1,997)	(134)	(2,284)
5% strengthening of US dollar	119	993	215	1,056	130	1,084
5% weakening of US dollar	(119)	(993)	(215)	(1,056)	(130)	(1,084)

Foreign currency exposure

At 30 June 2015 the Healthcare Products Business's operating companies have financial instrument assets of £3,354,000 (2014: £5,329,000 and 2013: £3,081,000) and financial instruments liabilities of £857,000 (2014: £823,000 and 2013: £356,000) denominated in US Dollars, financial instrument assets of £8,350,000 (2014: £10,465,000 and 2013: £11,759,000) and financial instrument liabilities of £7,306,000 (2014: £11,153,000 and 2013: £8,945,000) denominated in Euros.

Liquidity risk

The Healthcare Products Business has minimal exposure to liquidity risk arising from insufficient funds to meet its financing needs because it has no cash or debt as Sinclair uses as centralised approach to cash management and financing operations.

Credit risk

The Healthcare Products Business is exposed to credit risk arising from its trade receivables due from customers, but has implemented policies to ensure that sales of products are made to customers with an appropriate credit history. There is no concentration of credit risk with respect to trade and other receivables as the Healthcare Products Business has a large number of customers which are internationally dispersed.

Price risk

The Healthcare Products Business is not exposed to significant commodity or other market price risk. However like any trading business, the Healthcare Products Business is exposed to the risk of unforeseen increases in the cost of goods purchased from suppliers. To mitigate this risk, the Healthcare Products Business manages its relationships with suppliers closely such that pricing mechanism are controlled by contract, forecast demand is scheduled up to 12 months prior to delivery, and actual demand is confirmed in advance through purchase orders in accordance with pre-agreed pricing lists.

Capital and interest risk

The Sinclair Group uses a centralised approach to cash management and financing its operations. Transactions between Sinclair Group and the Healthcare Products Business are accounted for through

invested funds. Accordingly, none of the cash, cash equivalents, debt or related interest expense at the corporate level has been assigned to the Healthcare Products Business Combined HFI.

23 Contingent liabilities

On 3 January 2014, the Sinclair Group entered into a credit facilities agreement with Hayfin Capital Management Group (Hayfin). Hayfin holds a fixed and floating charge over all Sinclair Group's assets including those within the Healthcare Products Businesses Combined HFI. Upon completion of the transaction between Sinclair Group and Alliance, the Hayfin credit facility will be repaid and the charge over the assets satisfied.

24 Post balance sheet events

On 26 November 2015, it was announced that the Sinclair Group and Alliance had entered into an agreement for Alliance to acquire the Healthcare Products Business.

PART 7

UNAUDITED PRO-FORMA STATEMENT OF NET ASSETS OF THE ENLARGED GROUP POST RE-ADMISSION

	Alliance Pharma PLC as at 30 June 2015 IFRS	*Adjustments (Note 3)*	*Proforma*
ASSETS	*£'000*	*£'000*	*£'000*
Non-current assets			
Intangible assets	100,772	127,500	228,272
Property, plant and equipment	508	–	508
Joint venture investment	1,297	–	1,297
Joint venture receivable	1,462	–	1,462
Deferred tax asset	297	–	297
	104,336	127,500	231,836
Current assets			
Inventories	7,283	4,605	11,888
Trade and other receivables	9,090	–	9,090
Cash and cash equivalents	499	–	499
	16,872	4,605	21,477
Current liabilities			
Cash and cash equivalents	(810)	–	(810)
Financial liabilities	(2,895)	–	(2,895)
Corporation tax	(914)	–	(914)
Trade and other payables	(10,285)	–	(10,285)
Provision for other liabilities	(156)	–	(156)
	(15,060)	–	(15,060)
Net current assets	1,812	4,605	6,417
Total assets less current liabilities	106,148	132,105	238,253
Non-current liabilities			
Long term financial liabilities	(23,287)	(57,730)	(81,017)
Other liabilities	(1,352)	–	(1,352)
Deferred tax liability	(8,408)	–	(8,408)
Derivative financial instruments	(49)	–	(49)
	(33,096)	(57,730)	(90,826)
Net assets	73,052	74,375	147,427

The pro forma financial information has been prepared for illustrative purposes only and, because of its nature, it addresses a hypothetical situation and therefore does not represent the Group's actual financial position or results.

Notes:

1. The Company's net assets are extracted, without adjustment, from the Company's unaudited interim report for the six months ended 30 June 2015, as incorporated by reference into Part 3 of this Document.

2. Financial information relating to the Healthcare Products Business is not included as Alliance is only acquiring the rights and intellectual property relating to the Healthcare Products, and not the related assets and liabilities, other than inventory.

3. The aggregate consideration for the Acquisition is up to £127.5 million plus the value of the inventory held at Completion. For the purposes of this pro forma financial information, the inventory value has been extracted from the Combined Historical Financial Information in relation to the Healthcare Products Business at 30 June 2015 in Part 6 of this document. The excess of consideration over the book value of inventory acquired has been reflected as intangible assets and goodwill (£127.5 million). Expenses of the Acquisition are estimated to be £5.2 million, of which £1.1 million is assumed to relate to finance issue costs and, therefore, offset the New Loans raised and £4.1 million is assumed as a reduction in net assets, to reflect an income statement expense and share issue costs. The Acquisition consideration and the expenses of the Acquisition are to be settled by a Vendor Placing, assumed by the Directors to be £78.5 million with the balance of £58.8 million settled by New Loans.

4. No adjustment has been made to reflect the net proceeds from the Placing of the Option Shares.

5. No adjustment has been made to take account of trading results since 30 June 2015.

PART 8

ADDITIONAL INFORMATION

1. Responsibility

The Company (whose registered office appears on page 7) and the Directors (whose names and functions appear on page 7) accept responsibility, both individually and collectively, for the information contained in this document. To the best of the knowledge and belief of the Company and the Directors, each of whom has taken all reasonable care to ensure that such is the case, the information contained in this document is in accordance with the facts and does not omit anything likely to affect the import of such information.

2. The Company

2.1 The Company was incorporated in England and Wales under the CA 1985 on 26 June 2001 as a public company limited by shares under the name Striking Media plc and with registered number 04241478. The Company changed its name on 13 September 2001 to Peerless Technology Group Plc and further changed its name on 22 December 2003 to Alliance Pharma plc.

2.2 On 2 November 2001, the Registrar of Companies issued the Company with a certificate to commence business and borrow pursuant to section 117 of the CA 1985.

2.3 The principal legislation under which the Company was formed was the CA 1985 and it now operates under the CA 2006. The domicile of the Company is the UK.

2.4 The liability of the Shareholders is limited.

2.5 The Company's registered office and principal place of business is at Avonbridge House, Bath Road, Chippenham Wiltshire SN15 2BB. The Company's telephone number is +44 (0)1249 466966.

2.6 The Company's website address, at which the information required by Rule 26 of the AIM Rules can be found, is http://investors.alliancepharmaceuticals.com/aim-rule-26.

3. The Subsidiaries

3.1 The Company is the holding company of the subsidiary undertakings or associated entities set out below:

Subsidiary Name	*Place of Incorporation*	*Percentage of share capital held (%)*
Alliance Pharma Limited	England and Wales	100
Dermapharm Limited	England and Wales	100
Alliance Health Limited	England and Wales	100[1]
Alliance Consumer Health Limited	England and Wales	100[1]
Alliance Generics Limited	England and Wales	100[1]
Alliance Healthcare Limited	England and Wales	100[1]
Caraderm Limited	Northern Ireland	100[1]
Unigreg Limited	British Virgin Islands	60[2]
Unigreg Worldwide Limited	England and Wales	60[3]
Opus Group Holdings Limited	England and Wales	100[1]
Opus Healthcare Limited	England and Wales	100
Opus Healthcare Limited	Republic of Ireland	100
Alliance Pharmaceuticals GmbH	Germany	100
Alliance Pharmaceuticals SAS	France	100
Synthasia International Company Ltd	Hong Kong	20
Synthasia Shanghai Co. Ltd	China	20
Alliance Pharmaceuticals (Asia) limited	Hong Kong	100
Macuvision Europe Limited	England and Wales	100

[1] APL is the registered shareholder of the following entities; Dermapharm Limited, Alliance Health Limited, Alliance Consumer Health Limited, Alliance Generics Limited, Alliance Healthcare Limited, Caraderm Limited, Unigreg Limited, Opus Group Holdings Limited.

[2] Unigreg Limited is owned as to 60 per cent. by APL and as to 40 per cent. by Pacific Glory Development Ltd.

[3] Unigreg Limited is the sole registered shareholder of Unigreg Worldwide Limited in which the Company holds a 60 per cent. indirect interest – see Note 2 above.

3.2 On Completion, APL will acquire the entire issued share capital of the following subsidiary undertakings which will become indirect subsidiaries of the Company:

Subsidiary Name	*Place of Incorporation*	*Percentage of share capital held (%)*
Advanced Bio-Technologies Inc.	Florida, USA	100
Sinclair Pharma s.r.l	Italy	100
Sinclair Pharma France SAS	Paris, France	100
Maelor Laboratories Limited	England and Wales	100

4. Share Capital

4.1 The Ordinary Shares are ordinary shares with a nominal value of £0.01 each and are issued in British pounds sterling. The ISIN of the Ordinary Shares is GB0031030819.

4.2 In the three years preceding the date of this document there have been the following changes in the share capital of the Company:

4.2.1 during the year ended 31 December 2012 the issued share capital increased from 240,067,284 to 243,035,642 Ordinary Shares by the allotment of 1,413,093 Ordinary Shares on conversion of the Company's 8 per cent. convertible unsecured loan stock and 1,555,265 Ordinary Shares on the exercise of options granted under the Company's Share Option Schemes;

4.2.2 during the year ended 31 December 2013 the issued share capital increased to 264,080,873 Ordinary Shares by the allotment of 20,053,570 Ordinary Shares on conversion of the Company's 8 per cent. convertible unsecured loan stock and 991,661 Ordinary Shares on the exercise of options granted under the Company's Share Option Schemes;

4.2.3 during the year ended 31 December 2014 the issued share capital increased to 264,148,365 Ordinary Shares by the allotment of 67,492 Ordinary Shares on the exercise of options granted under the Company's Share Option Schemes; and

4.2.4 since 31 December 2014, there have been 372,245 Ordinary Shares issued on exercise of options granted under the Share Option Schemes taking the issued share capital to 264,520,610 Ordinary Shares as at 25 November 2015 (being the last practicable date prior to the date of this document).

4.3 The Company's issued share capital, all of which is fully paid, at the date of this document is, and immediately following Re-admission is expected to be, as follows:

	Issued (fully paid) Ordinary Shares	
	Number	*Nominal value*
At the date of this document:		
Ordinary Shares	264,520,610	£2,645,206.10
On Re-admission:		
Ordinary Shares	468,179,145	£4,681,791.45

Note: Calculated on the basis that the Vendor Placing is fully subscribed, the Acquisition is completed, the Option is exercised in full and Re-admission occurs.

4.4 Not more than 10 per cent. of the Company's capital has been paid for with assets other than cash within the period covered by the historical financial information incorporated by reference into this document as set out in Part 3.

4.5 As permitted by CA 2006, the Company has no upper limit constituting an authorised share capital.

4.6 The provisions of section 561(1) of CA 2006 (which, to the extent not disapplied pursuant to sections 570 and 573 of the CA 2006, confer on Shareholders rights of pre-emption in respect of the allotment of equity securities) will, following Re-admission, apply to the allotment by the Company of equity

securities, except to the extent disapplied by the resolutions of the Company referred to in paragraph 4.7 below.

4.7 At the Company's Annual General Meeting held on 27 May 2015:

4.7.1 the Directors were generally and unconditionally authorised pursuant to and in accordance with Section 551 of the CA 2006 to exercise all the powers of the Company to allot shares in the Company and to grant rights to subscribe for, or to convert any security into, shares in the Company ("Rights") up to a maximum nominal amount of £880,542, being approximately 33 per cent. of the issued ordinary share capital of the Company at the time. This authority will expire on the date of the 2016 AGM of the Company, save that the Company is entitled to make offers or agreements before the expiry of the authority which would or might require shares to be allotted or Rights to be granted after such expiry and the Directors shall be entitled to allot shares and grant Rights pursuant to any such offers or agreements as if this authority had not expired. All unexercised authorities previously granted to the Directors to allot shares and grant Rights were revoked; and

4.7.2 the Directors were empowered pursuant to section 570 and section 573 of the CA 2006 to allot equity securities, within the meaning of section 560 of the CA 2006, for cash pursuant to the authority referred to in paragraph 4.7.1, as if section 561(1) of the CA 2006 did not apply to any such allotment. This power is limited to (i) the allotment of equity securities in connection with a rights issue; and (ii) the allotment to any person or persons (otherwise than in connection with a rights issue) of equity securities up to an aggregate nominal amount of £264,163 (being approximately 10 per cent. of the issued ordinary share capital of the Company at the time). The power given to the Directors expires upon the expiry of the authority referred to in paragraph 4.7.1, save that the Directors are entitled to make offers or agreements before the expiry of such power which would or might require equity securities to be allotted after such expiry and the Directors are entitled to allot equity securities pursuant to any such offers or agreements as if the power conferred thereby had not expired. For the purposes of this paragraph 4.7.2, "rights issue" means a rights issue, open offer or other offer of equity securities open for acceptance for a period fixed by the Directors to holders of equity securities on the register on a fixed record date where the equity securities respectively attributable to the interests of such holders are proportionate (as nearly as may be practicable) to their respective holdings of such equity securities or in accordance with the rights attached thereto (but subject to such exclusions or other arrangements as the Directors may deem necessary or expedient in relation to treasury shares, fractional entitlements or legal or practical problems under the laws of, or the requirements of any recognised body or any stock exchange in, any territory or by virtue of shares being represented by depositary receipts or any other matter).

4.8 The following Resolutions are to be proposed at the General Meeting to be held on 14 December 2015, of which the resolutions set out at paragraph 4.8.2 relate to the issue of the Vendor Consideration Shares and the Option Shares (if any):

4.8.1 an ordinary resolution to approve the Acquisition for the purposes of Rule 14 of the AIM Rules and to give authority to the Board to finalise all matters set out in the Acquisition Agreement and authority to do all other matters provided therein or related to the Acquisition including, at their sole discretion, to amend, waive, vary and/or extend any of the conditions and terms of the Acquisition Agreement and/or any other document referred to therein and/or connected with the Acquisition, provided that there is no material change to the substance of the terms and conditions of the Acquisition or the Acquisition Agreement; and

4.8.2 conditionally upon the resolution set out at paragraph 4.8.1 above being duly passed, an ordinary resolution to authorise the Directors, in addition to all previous powers granted to them to exercise all the powers of the Company to allot Ordinary Shares up to an aggregate nominal amount of £2,036,585.35 in connection with the Placing Agreement and the Acquisition Agreement provided such authority shall expire at the conclusion of the next annual general meeting of the Company after the passing of the resolutions or if earlier on the date which is 15 months after the date of the General Meeting.

4.9 The Ordinary Shares are in registered form and may be held either in certificated form or in uncertificated form through CREST. The CREST system is a paperless settlement procedure enabling securities to be evidenced and transferred otherwise than by written instrument in accordance with the CREST Regulations. The Company's registrars, Capita Registrars, are responsible for keeping the Company's register of members.

4.10 The Ordinary Shares are freely transferable provided that such shares are fully paid, the Company has no lien over such shares, the instrument of transfer is duly stamped, is in favour of not more than four joint transferees, and is in respect of only one class of share. Save as described in this paragraph there are no provisions in the Articles which would have the effect of delaying, deferring or preventing a change of control of the Company.

4.11 The Ordinary Shares have no redemption or conversion provisions.

4.12 No Ordinary Shares are currently held in treasury by the Company or by any other person on its behalf.

4.13 Save as set out in paragraph 14 of this Part 8 below, there are no outstanding convertible, exchangeable or redeemable securities or securities with warrants in issue in the capital of the Company and the Company does not have in issue any securities not representing share capital.

4.14 Other than as set out in paragraph 14 of this Part 8 below, no person has any rights to purchase the authorised but unissued capital of the Company and no person has been given an undertaking by the Company to increase its capital.

4.15 No person has any acquisition rights over the capital of any member of the Group and no member of the Group has agreed conditionally or unconditionally to grant any option over its capital.

4.16 On completion of the Placing and Acquisition, and assuming the Option is exercised in full, the issued share capital of the Company will be increased by 77 per cent. resulting in an immediate dilution to existing Shareholders (assuming they do not participate in the Placing) of 0.77 Ordinary Shares for every one Ordinary Share they currently own, which is equivalent to a dilution of approximately 43.5 per cent.

5. Memorandum and Articles of Association Memorandum of Association Articles of Association

5.1 ***Memorandum***

The Company's principal object, stated in Clause 4 of its Memorandum of Association, is to carry on the business of a general commercial company and, *inter alia*, to act and perform all the functions of a holding company for companies.

5.2 ***Articles***

The Articles, in the form adopted by special resolution of the Shareholders passed 27 May 2010, contain provisions, *inter alia*, to the following effect. In this paragraph 5.2, references to the Directors are references to the directors of the Company from time to time and references to the Board shall be similarly construed.

5.2.1 *Voting rights*

Subject to the provisions of the CA 2006, to any special terms as to voting on which any shares may have been issued or may for the time being be held and to any suspension or abrogation of voting rights pursuant to the Articles, at any general meeting every member who is present in person shall on a show of hands have one vote and every member present in person or by proxy shall on a poll have one vote for each share of which he is the holder.

5.2.2 *Variation of rights and changes of capital*

(a) If at any time the capital of the Company is divided into shares of different classes, any of the rights for the time being attached to any share or class of shares in the Company (and notwithstanding that the Company may be or be about to be in

liquidation) may be varied or abrogated in such manner (if any) as may be provided by such rights or, in the absence of any such provision, either with the consent in writing of the holders of not less than three-quarters in nominal value of the issued shares of the class or with the sanction of a special resolution passed at a separate general meeting of the holders of shares of the class duly convened and held as hereinafter provided (but not otherwise).

(b) The share capital of the Company is divided into an unlimited number of ordinary shares of 1 penny each. A share may be issued with preferred, deferred or other special rights or restrictions as the Company by ordinary resolution may determine.

(c) The Company may by ordinary resolution consolidate and divide all or any of its share capital into shares of larger amounts than its existing shares, cancel any shares which at the date of the passing of the resolution have not been taken or agreed to be taken by any person and diminish the amount of its share capital by the nominal amount of the shares so cancelled and sub-divide its shares, or any of them, into shares of smaller amounts.

(d) The Company may by special resolution reduce its share capital, any capital redemption reserve and any share premium account. The Company may, subject to the provisions of the CA 2006 and to any rights for the time being attached to any shares, purchase any of its own shares (including redeemable shares).

5.2.3 *Transfer of shares*

(a) All transfers of shares shall be effected in writing in any usual or common form or in any other form acceptable to the Directors. The instrument of transfer shall be executed by or on behalf of the transferor. The transferor shall be deemed to remain the holder of the share until the name of the transferee is entered on the register of members. The Directors may decline to recognise any instrument of transfer unless:

(i) it is in respect of a share which is fully paid up;

(ii) it is in respect of a share upon which the Company has no lien;

(iii) it is in respect of only one class of share;

(iv) it is in favour of a single transferee or not more than four joint transferees;

(v) it is duly stamped; and

(vi) it is delivered for registration to the directors accompanied by the certificate for the shares and such other evidence as the directors may require to prove the title of the transferor.

5.2.4 *Redemption*

Any share of the Company may be issued which is, or at the option of the Company or of the holder of such share is liable, to be redeemed, subject to and in accordance with the provisions of the CA 2006 and the Directors may determine the terms, conditions, and manner of redemption of any such shares.

5.2.5 *Dividends and distribution of assets on liquidation*

The Company may by ordinary resolution declare dividends to be paid to members according to their respective rights and interests in the profits of the Company. No dividend shall exceed the amount recommended by the directors. If the Company is wound up the liquidator may, with the sanction of a special resolution and any other sanction required by law, divide among the members in specie the whole or any part of the assets and determine how the division shall be carried out between the members or different classes of members.

5.2.6 *Unclaimed dividends*

All dividends, interest or other sums payable and unclaimed for 12 months after having become payable may be invested or otherwise made use of by the directors for the benefit of the Company until claimed. All dividends unclaimed for a period of 12 years after having

been declared or become due for payment shall be forfeited and shall cease to remain owing by the Company.

5.2.7 *General Meetings:*

(a) Annual general meetings shall be held at such time and place as the Board may determine. All general meetings, other than annual general meetings are general meetings. General meetings may be called by the Board whenever it thinks fit or by a requisition of members in accordance with the CA 2006.

(b) An annual general meeting shall be convened by at least 21 clear days' notice in writing and all other general meetings shall be convened by not less than 14 clear days' notice in writing.

(c) All business transacted at a general meeting shall be deemed special, except the declaration of dividends, the consideration of the annual accounts and reports of the Directors and auditors, the election or re-election of Directors and the re-appointment of the auditors retiring and the fixing of the auditor's remuneration, all of which shall transacted as ordinary resolutions at an annual general meeting.

(d) The quorum required for a valid general meeting shall be two persons entitled to attend and vote on the business to be transacted. At any general meeting a resolution shall be decided by a show of hands of the meeting, unless a poll is demanded. Every member who is present in person at the general meeting shall on a show of hands have one vote and on a poll every member present in person or proxy shall have one vote for each share of which he is the holder.

(e) Any person may be appointed to act as a proxy, provided the instrument appointing the proxy is in writing, in common form or in a form approved by the Board and is deposited in the place specified in the notice convening the general meeting not less than 48 hours before the time of the meeting.

(f) Unless the Board determines no member shall be entitled to vote at a general meeting unless all sums payable by him in respect of the share he owns have been paid to the Company.

(g) A member whose registered address is not within the United Kingdom shall not be entitled to receive any notice, document or information from the Company unless he gives to the Company an address (not being an electronic address) within the United Kingdom at which notices, documents or information may be given to him.

5.2.8 *Borrowing powers*

(a) The Board may exercise all the powers of the Company to borrow money and to mortgage or charge all or any part of its undertaking, property and assets (present and future) and uncalled capital and, subject to the provisions of the CA 2006, to create and issue debenture and other loan stock and debentures and other securities, whether outright or as collateral security for any debt, liability or obligation of the Company or of any third party.

(b) The Articles provide that the Board shall restrict the borrowings of the Company, and shall exercise all voting and other rights and powers of control exercisable by the Company in relation of its subsidiary undertakings, so as to procure (as regards its subsidiary undertakings in so far as it can procure such exercise) that the aggregate principal amount outstanding in respect of moneys borrowed by the Group (exclusive of moneys borrowed by one Group company from another and after deducting cash deposited) shall not at any time, without the previous sanction of an ordinary resolution of the Company, exceed a sum equal to four times the adjusted total of capital and reserves. For these purposes, the adjusted total of capital and reserves shall be as shown in the Company's then latest published audited consolidated balance sheet but taking into account:

(i) any variation in the paid up share capital and amount standing to the credit of any reserves since the balance sheet date, including any proposed allotment of shares for cash which has been underwritten; and

(ii) variations since the balance sheet.

Amounts attributable to the proportion of the issued equity share capital of any subsidiary undertaking not attributable to the Company and any sum set aside for taxation are excluded. Any amortisation which is deducted from the Group's balance sheet is added back to the adjusted capital and reserves.

5.2.9 *Powers and Duties of the Board*

The business of the Company shall be managed by the Board. The Board may from time to time delegate or entrust to and confer on any Director holding executive office such of its powers, authorities and discretions for such time and term and on such conditions as it thinks fit and may revoke, withdraw, alter or vary all or any of such powers. The Board may delegate any of its powers, authorities or discretions to any committee consisting of one or more Directors, provided that a majority of the members of a committee shall be Directors. No resolution of such committee shall be effective unless a majority of those present when the resolution was passed are Directors.

5.2.10 *Directors*

(a) Unless and until otherwise determined by the Company by ordinary resolution, the number of Directors (other than any alternate directors) shall be not less than two but there shall be no maximum.

(b) Save as mentioned below, a Director shall not vote on, or be counted in the quorum in relation to, any board resolution concerning any contract, arrangement, transaction, or any other proposal whatsoever to which the Company is or is to be a party and in which to his knowledge he has a material interest otherwise than by virtue of his interests in shares or debentures or other securities or rights of, or otherwise in or through the Company unless the resolution concerns any of the following matters:

(i) the giving of any security, guarantee or indemnity in respect of money lent or obligations incurred by him or any other person at the request of or for the benefit of the Company or any of its subsidiary undertakings;

(ii) the giving of any security, guarantee or indemnity in respect of a debt or obligation of the Company or any of its subsidiary undertakings for which he himself has assumed responsibility in whole or in part under a guarantee or indemnity or by the giving of security;

(iii) any proposal concerning an offer of shares or debentures or other securities of or by the Company or any of its subsidiary undertakings in which he is or may be entitled to participate as a holder of securities or in the underwriting or sub-underwriting in which he is to participate;

(iv) any proposal relating to any other company in which he (together with persons connected with him within the meaning of section 252 of the CA 2006) does not to his knowledge hold an interest (as the term is used in Part 10 of the Companies Act 2006) in shares (as that expression is defined for the purposes of Part 10 of the CA 2006) in one per cent. or more of any class of the equity share capital of such company or the voting rights in such company;

(v) any proposal relating to an arrangement for the benefit of the employees of the Company or any of its subsidiary undertakings which does not award to him any privilege or benefit not generally awarded to the employees to whom the arrangement relates; or

(vi) any proposal concerning insurance which the Company proposes to maintain or purchase for the benefit of Directors or for the benefit of persons including the Directors.

(c) A Director shall not vote or be counted in the quorum on any resolution of the Board concerning his own appointment as the holder of any office or place of profit with the Company or any company in which the Company is interested. Where proposals are under consideration concerning the appointment (including determining or varying the terms of appointment) of two or more Directors to offices or employment with the Company or any company in which the Company is interested, such proposals may be divided and considered in relation to each Director separately. In such case, each of the Directors concerned shall (if not debarred from voting under the Articles) be entitled to vote (and be counted in the quorum) in respect of each resolution except that concerning his own appointment.

(d) If any question shall arise at a meeting as to the right of a Director to vote or to the materiality of a Director's interest, and such question is not resolved by his voluntary agreement to abstain from voting, the question may be referred to the chairman of the meeting and his ruling in relation to the Director concerned shall be final and conclusive.

(e) The Directors shall be entitled to receive by way of fees for their services such sum as the Board may from time to time determine. Such sum shall be divided among the Directors in such proportions and in such manner as the Board may determine. These fees shall be distinct from any salary, remuneration or other amounts payable to a Director pursuant to any other provision in the Articles and shall accrue from day to day.

(f) The Directors shall also be entitled to be paid all reasonable travelling, hotel, and other expenses properly incurred by them in or about the performance of their duties as directors or in attending meetings of the Directors or any committee of the Directors or general meetings or separate meetings of the holders of any class of shares or debentures of the Company.

(g) Extra remuneration may be paid out of the funds of the Company by way of salary, commission, participation in profits or otherwise as the Directors may determine to any Director who, by arrangement with the Board, shall perform or render any special duties or services outside the scope of the ordinary duties of a Director and not in his capacity as a holder of employment or executive office.

(h) The Board may exercise all the powers of the Company to provide pensions or other retirement or superannuation benefits and to provide death or disability benefits or other allowances or gratuities (whether by insurance or otherwise) for, or to institute and maintain any institution, association, society, club, trust, other establishment or profit-sharing, share incentive, share purchase or employees' share scheme calculated to advance the interests of the Company or to benefit any person who is or has at any time been a Director or employee of the Company or any company which is a holding company or a subsidiary undertaking of or allied to or associated with the Company or any such holding company or subsidiary undertaking or any predecessor in business of the Company or of any such holding company or subsidiary undertaking, and for any member of his family (including a spouse or former spouse) and any person who is or was dependent on him. For such purpose the Board may establish, maintain, subscribe and contribute to any scheme, institution, association, club, trust or fund and pay premiums and, subject to the provisions of the CA 2006, lend money or make payments to, guarantee or give an indemnity in respect of, or give any financial or other assistance in connection with any of the aforesaid matters. The Board may procure any of such matters to be done by the Company either alone or in conjunction with any other person. Any Director or former Director shall be entitled to receive and retain for his own benefit any pension or other benefit provided under the Articles and shall not be obliged to account for it to the Company.

(i) No person shall be, or shall become, incapable of being appointed a Director by reason of his having attained the age of 70 or any other age.

5.2.11 *Directors' Conflicts of Interest*

For the purpose of section 175 of CA 2006, the Board may authorise any matter proposed to it in accordance with the Articles which would, if not so authorised, involve a breach of duty by a director under that section, including, without limitation, any matter which relates to a situation in which a director has, or can have, an interest which conflicts, or possibly may conflict, with the interests of the Company.

(a) Any such authorisation will be effective only if:

(i) any requirement as to quorum at the meeting at which the matter is considered is met without counting the director in question or any other interested director; and

(ii) the matter was agreed to without their voting or would have been agreed to if their vote had not been counted.

(b) The Board may (whether at the time of the giving of the authorisation or subsequently) make any such authorisation subject to any limits or conditions it expressly imposes but such authorisation it otherwise given to the fullest extent permitted.

(c) The Board may vary or terminate any such authorisation at any time.

(d) For the purpose of the Articles, a conflict of interest includes a conflict of interest and duty and a conflict of duties, and interest includes both direct and indirect interests.

Subject to section 177(5) and section 177(6) of CA 2006, provided that he has disclosed to the Board the nature and extent of his interest, a director notwithstanding his office:

(a) may be a party to, or otherwise interested in, any transaction or arrangement with the Company or in which the Company is otherwise (directly or indirectly) interested;

(b) may act by himself of his firm in a professional capacity for the Company (otherwise than as auditor) and he or his firm shall be entitled to remuneration for professional services as if her were not a director;

(c) may be a director or other officer of, or employed by, or a party to a transaction or arrangement with, or otherwise interested in, any body corporate in which the Company is otherwise (directly or indirectly) interested.

A director shall not, by reason of his office, be accountable to the Company for any remuneration or other benefit which he derives from any office or employment or from any transaction or arrangement or from any interest in any body corporate:

(a) the acceptance, entry into or existence of which has been approved by the Board in accordance with the Articles (subject, in any such case, to any limited or conditions to which such approval was subject); or

(b) which he is permitted to hold or enter into in accordance with the Articles.

5.2.12 *Appointment, Retirement and Removal of Directors*

(a) Unless and until otherwise determined by the Company by ordinary resolution, the number of Directors (other than any alternate directors) shall be not less than two but there shall be no maximum.

(b) The Company may by ordinary resolution appoint a person who is willing to act as a Director. The Board shall also have the power at any time to appoint any person who is willing to act as a Director of the Company. Any Director so appointed shall retire at the next annual general meeting of the Company following such appointment and shall not be taken into account in determining the number of Directors who are to retire by rotation at such meeting.

(c) The Board may from time to time appoint any Director to hold employment or executive office for as long as they think fit. The Board may revoke or terminate such appointment as it thinks fit.

(d) No person other than a Director retiring, shall be appointed or re-appointed as a Director at any general meeting unless he is recommended by the Board or by notice given by any member of the Company entitled to vote at the general meeting.

(e) At each annual general meeting of the Company one-third of the Directors who are subject to retirement by rotation shall retire from office. Any Director who at an annual general meeting of the Company shall have then been a Director at each of the preceding two annual general meetings and who was not required to retire by rotation at either such annual general meeting and who has not otherwise ceased to be a Director shall be required to retire by rotation. A Director who retires at an annual general meeting may, if willing to act be re-appointed. No person shall be or become incapable of being appointed a Director and no Director shall vacate his office at any time by reason of the fact that he has attained the age of 70 or any other age.

(f) The Company may by ordinary resolution remove any Director before the expiration of his period of office. A Director shall vacate office if he:

(i) resigns by notice in writing delivered to the company secretary or at a board meeting;

(ii) ceases to be a Director by virtue of any provision of the CA 2006, is removed from office pursuant to the Articles or the CA 2006, or becomes prohibited by law from acting as a director;

(iii) becomes bankrupt or has an interim order made against him;

(iv) an order is made by any court of competent jurisdiction on the ground of mental disorder; or

(v) is absent without permission for six consecutive months and the Board resolves that his office be vacated.

5.2.13 *Pre-emption*

The Articles provide that subject to the provisions of the CA 2006 and to any relevant authority of the Company in general meeting required by the CA 2006, unissued shares are at the disposal of the Board, which may allot (with or without conferring rights of renunciation), grant options over, offer or otherwise deal with or dispose of them or rights to subscribe for or convert any security into shares to such persons (including the Directors themselves), at such times and generally on such terms and conditions as the Board may decide, provided that no share shall be issued at a discount.

5.2.14 *Failure to disclose interest in shares*

If a member has been issued with a notice in accordance with the CA 2006 and has failed in relation to any shares to give the Company the information required within fourteen days of the from the service of the notice, the member shall not be entitled in respect of the default shares to be present or to vote at any general meeting. Where the defaulting shares represent at least 0.25 per cent. in nominal value of the issued shares of their class the Company may withhold any dividend payable in respect of the shares and the Company shall not register a transfer of the shares.

5.2.15 *Lien and Forfeiture*

(a) The Company shall have a first and paramount lien on each of its shares which is not fully paid, for all amounts payable to the Company in respect of that share. The Board may sell the shares subject to any lien, but not until the moneys become payable and until a demand and notice in writing has been made to the holder. Such sale shall not occur until 14 clear days after the service of the notice.

(b) If any member fails to pay the whole of any call or any instalment of any call on or before the appointed for payment, the Board may at any time serve a notice in writing on such member or any person entitled to the shares by transmission, requiring payment, on a date not less than fourteen clear days from the date of the notice. If such notice is not complied with, any share in respect of which it was given may, at any time before the payment required has been made, be forfeited by a resolution of the Board. Where any such forfeiture has been made notice shall be served on the person who was before the forfeiture the holder of the share. The Board may annul such forfeiture before the forfeited share has been cancelled, sold, re-allocated or otherwise disposed of.

5.2.16 *Directors' Indemnity and Insurance*

(a) Directors shall be entitled to be indemnified out of the assets of the Company against all costs, damages and liabilities incurred by him as a result of discharging his duties, unless these have been incurred by his own negligence or default.

(b) The Board may purchase and maintain insurance at the expense of the Company for the benefit of any person who is a Director of the Company or any of its subsidiaries.

6. Mandatory Bids, Squeeze-Out and Sell-Out Rules Relating to the Ordinary Shares

6.1 *Mandatory bid*

6.1.1 The City Code applies to the Company. Under the City Code, if an acquisition of Ordinary Shares were to increase the aggregate holding of the acquirer and its concert parties to shares carrying 30 per cent. or more of the voting rights in the Company, the acquirer and, depending on the circumstances, its concert parties, would be required (except with the consent of the Panel on Takeovers and Mergers) to make a cash offer for all of the remaining Ordinary Shares at a price not less than the highest price paid for the Ordinary Shares by the acquirer or its concert parties during the previous 12 months.

6.1.2 This requirement would also be triggered by any acquisition of Ordinary Shares by a person holding (together with its concert parties) shares carrying between 30 and 50 per cent. of the voting rights in the Company if the effect of such acquisition were to increase that person's percentage of the total voting rights of the Company.

6.2 *Squeeze-out*

6.2.1 Under the CA 2006, if an offeror were to acquire 90 per cent. or more of the Ordinary Shares within the period specified by the CA 2006, it could then compulsorily acquire the remaining Ordinary Shares. It would do so by sending a notice to the relevant Shareholders telling them that it will compulsorily acquire their shares and then, six weeks later, it would execute a transfer of the outstanding shares in its favour and pay the consideration to the Company, which would hold such consideration on trust for such Shareholders.

6.2.2 The consideration offered to Shareholders whose Ordinary Shares are compulsorily acquired under the CA 2006 must, in general, be the same as the consideration that was available under the relevant takeover offer, unless such Shareholders can show that the offer value is unfair.

6.3 *Sell-out*

The CA 2006 also gives minority Shareholders a right to be bought out in certain circumstances by an offeror who has made a takeover offer. If a takeover offer relates to all the Ordinary Shares and at any time before the end of the period within which the offer could be accepted the offeror holds or has agreed to acquire not less than 90 per cent. of the Ordinary Shares, any holder of Ordinary Shares to which such offer relates who has not accepted the offer can by written communication to the offeror require it to acquire those Ordinary Shares. The offeror would be required to give any Shareholder notice of his right to be bought out within one month of that right arising. If a Shareholder exercises its right to be bought out, the offeror is bound to acquire the relevant Ordinary Shares on the terms of the offer or on such other terms as may be agreed.

7. Disclosure Requirements and Notification of Interests in Shares

7.1 The AIM Rules require a company admitted to AIM to issue a notification without delay of any relevant changes, being changes to the legal or beneficial interest, whether direct or indirect, to the holding of a significant shareholder, such a shareholder being three per cent. or more of any class of an AIM security, which increases or decreases such holding through any single percentage.

7.2 As a company incorporated in England and Wales the Company is subject to provisions of the Disclosure and Transparency Rules and, consequently, pursuant to Rule 5 of the Disclosure and Transparency Rules Shareholders are required to disclose to the Company when they acquire or dispose of a major proportion of their voting rights in the Company (either as Shareholder or through their direct or indirect holding or certain financial instruments, or a combination of such holdings) equal to or in excess of 3 per cent. of the nominal value of that share capital (and every 1 per cent. thereafter).

8. Directors' and Other Interests

8.1 The interests of the Directors and persons connected (within the meaning of section 252 of the CA 2006) with the Directors (all of which are, unless otherwise stated, beneficial) in the issued share capital of the Company as at the date of this document) and following Re-admission were and will be as set out in the table below, such interests being those which could, with reasonable diligence, be ascertained by that Director:

Name	*Number of Ordinary Shares at the date of this document*	*% of Existing Issued Share Capital*	*Number of Ordinary Shares in the Enlarged Issued Share Capital*[1]	*% of the Enlarged Issued Share Capital*[1]	*Number of options held*	*Number of Ordinary Shares held in the Fully Diluted Share Capital*[1]	*% of Fully Diluted Share Capital*[1]
Anthony Booley	2,155,723	0.81	2,155,723	0.46	1,334,553	3,490,276	0.71
Peter Butterfield	–	–	–	–	3,240,025	3,240,025	0.66
Thomas Casdagli	–	–	–	–	–	–	–
Nigel Clifford	113,923	0.04	113,923	0.02	–	113,923	0.02
David Cook	–	–	–	–	–	–	–
John Dawson[2]	59,576,402	22.52	59,576,402	12.73	–	59,576,402	12.09
Andrew Smith	200,000	0.08	200,000	0.04	–	200,000	0.04
Andrew Franklin	–	–	–	–	–	–	–

Note 1: Calculated on the basis that the Vendor Placing is fully subscribed, the Acquisition is completed, the Option is exercised in full and Re-admission occurs.

Note 2: 24,000,079 Ordinary Shares are held by John Dawson legally and beneficially. 20,000,000 Ordinary Shares are held by John Dawson legally with the beneficial interest being held by John Dawson and Stella Dawson as trustees, on trust, for certain members of the Dawson family The remaining 15,576,323 Ordinary Shares in which John Dawson has an interest are held legally and beneficially by his spouse, Stella Dawson.

8.2 Save as set out in paragraph 8.1 above, none of the Directors holds any options to subscribe for, nor warrants exercisable into, Ordinary Shares.

8.3 None of the Directors, nor members of their families has a related financial product (as defined in the AIM Rules) referenced to the Ordinary Shares.

9. Substantial Shareholders

9.1 The Company is aware that, in addition to the holdings referred to in paragraph 8.1 above, the following persons have at the date of this document an interest in, or will immediately following Re-admission be interested in, three per cent. or more of the issued share capital of the Company:

Name	*Number of issued Ordinary Shares held at the date of this document*	*% of Existing Issued Share Capital*	*Number of Ordinary Shares held in the Fully Diluted Share Capital*[1]	*Percentage of the Fully Diluted Share Capital*[1]
Nigel Wray	37,376,510	14.13	37,376,510	7.59
MVM Life Science Partners	24,061,900	9.10	54,561,900	11.08
Aviva Investors Global Services	22,705,055	8.58	45,205,055	9.18
Artemis Investment	16,205,304	6.13	38,155,304	7.75
Stella Dawson[2]	15,576,323	5.89	15,576,323	3.16
Brown Shipley Asset Mgmt	10,000,855	3.78	11,600,855	2.35
LGT Capital Management	10,171,071	3.85	10,171,071	2.06
Slater Investments	9,112,299	3.44	33,112,299	6.72
River & Mercantile Asset Mgmt	–	–	24,000,000	4.87
FMR Investment Management (UK) Ltd	–	–	15,000,000	3.04

Note 1: Calculated on the basis that the Vendor Placing is fully subscribed, the Acquisition is completed, the Option is exercised in full and Re-admission occurs.

Note 2: These Ordinary Shares are also included within John Dawson's interest in Ordinary Shares set out at paragraph 8.1 above.

9.2 The Company's shareholders listed in paragraphs 8.1 and 9.2 do not have different voting rights to other holders of Ordinary Shares.

9.3 Save as disclosed in paragraphs 8.1 and 9.1, the Company is not aware of any person or persons who either alone or, if connected, jointly who currently or, following the completion of the Placing, will (directly or indirectly) exercise or could exercise control over the Company.

9.4 The Directors are not aware of any arrangements in place or under negotiation which may, at a subsequent date, result in a change of control of the Company.

10. Additional Information on the Directors

10.1 Details of the length of time in which the Directors have been in office are set out below:

Name	*Commencement of period of office*	*Expiry of period of office* [(Note)]
Anthony Booley	23 December 2003	2017 AGM
Peter Butterfield	22 February 2010	2016 AGM
Thomas Casdagli	3 March 2009	2018 AGM
Nigel Clifford	26 January 2015	2018 AGM
David Cook	1 April 2014	2017 AGM
John Dawson	23 December 2003	2017 AGM
Andrew Smith	1 June 2006	2018 AGM
Andrew Franklin	28 September 2015	2016 AGM

Note: This column contains the year of the Company's Annual General Meeting at which the Director concerned will next fall due for retirement by rotation under the Company's articles of association.

10.2 The Directors (in addition to their directorships of the Company) hold or have held the following directorships or are or have been partners in the following partnerships within the five years prior to the date of this document:

Director	*Current directorships/partnerships*	*Past directorships/partnerships*
Anthony Booley	Alliance Pharmaceuticals Limited Alliance Health Limited Alliance Healthcare Limited Alliance Consumer Health Limited Alliance Generics Limited Caraderm Limited Unigreg Worldwide Limited Opus Group Holdings Limited Opus Healthcare Ltd.	None
Peter Butterfield	ABPI (UK) Limited Alliance Pharmaceuticals Limited Opus Group Holdings Limited Opus Healthcare Ltd. Macuvision Europe Limited The Association of the British Pharmaceutical Industry	None
Thomas Casdagli	MVM Life Science Partners Limited Liability Partnership Patient Connect Limited Onbone UK Branch Onbone OY MVM General Partner (No 3) Scottish L.P. MVM GP (No 4) Scottish LP	Xention Limited Xention Pharma Limited Lombard Medical Technologies Ltd Lombard Medical Plc
Nigel Clifford	Ordnance Survey Limited Ordnance Survey Leisure Limited	Anite Limited (formerly Anite Plc) Micro Focus International Plc Basware Holdings Limited Basware Shared Services Limited Basware Solutions Limited Procserve Services Limited Procserve Supplier Solutions Limited
David Cook	Biotie Therapies Inc Biotie Therapies GmbH	EUSA Pharma SAS EUSA Pharma Holding SAS EUSA Pharma (Europe) Limited EUSA Pharma (Europe) UK Limited EUSA Pharma (UK) Limited EUSA Pharma Limited Orphan Pharma International Limited EUSA Pharma BV EUSA Pharma GmbH EUSA Pharma (Gibraltar) Limited EUSA Pharma (Luxembourg) SA Jazz Financing UK Limited
John Dawson	ABPI (UK) Limited Alliance Pharmaceuticals Limited Alliance Health Limited Alliance Consumer Health Limited Alliance Generics Limited Alliance Healthcare Limited Dermapharm Limited Caraderm Limited	

Director	*Current directorships/partnerships*	*Past directorships/partnerships*
John Dawson (continued)	Unigreg Worldwide Limited The Association of the British Pharmaceutical Industry Opus Group Holdings Limited Opus Healthcare Ltd. Macuvision Europe Limited	
Andrew Smith	None	None
Andrew Franklin	Alliance Pharmaceuticals Limited Alliance Health Limited Alliance Healthcare Limited Alliance Consumer Health Limited Alliance Generics Limited Alliance Healthcare Limited Dermapharm Limited Unigreg Worldwide Limited Opus Group Holdings Limited Opus Healthcare Ltd Macuvision Europe Limited	Genzyme Therapeutics Limited Bioenvision Limited

10.3 None of the Directors has:

10.3.1 had any previous names;

10.3.2 any unspent convictions in relation to indictable offences;

10.3.3 had any bankruptcy order made against him or entered into any voluntary arrangements;

10.3.4 been a director of a company which has been placed in receivership, compulsory liquidation, creditors' voluntary liquidation, administration, been subject to a voluntary arrangement or any composition or arrangement with its creditors generally or any class of its creditors, whilst he was a director of that company or within the 12 months after he had ceased to be a director of that company;

10.3.5 been a partner in any partnership which has been placed in compulsory liquidation, administration or been the subject of a partnership voluntary arrangement, whilst he was a partner in that partnership or within the 12 months after he ceased to be a partner in that partnership;

10.3.6 been the owner of any asset which has been placed in receivership or a partner in any partnership which has been placed in receivership whilst he was a partner in that partnership or within the 12 months after he ceased to be a partner in that partnership;

10.3.7 been publicly criticised by any statutory or regulatory authority (including recognised professional bodies); or

10.3.8 been disqualified by a court from acting as a director of any company or from acting in the management or conduct of the affairs of a company.

11. Directors' Service Agreements and Letters of Appointment

11.1 ***Andrew Smith***

Andrew Smith (aged 66 years) has a letter of appointment with the Company which provides for him to act as a non-executive director of the Company at a salary of £71,750 per annum, which may be terminated by either party giving not less than 12 months' notice at any time. He is required to devote such time as is necessary for the proper performance of his duties as a non-executive director. His letter of appointment was for an initial term of five years commencing on 1 June 2006 and will now continue unless terminated. Andrew's salary is subject to annual reviews on or around from 1 May each year. He is not entitled to participate in any company bonus scheme or pension. In addition to his role as chairman, Andrew is currently chair of the Nomination Committee.

11.2 ***Anthony Booley***

Anthony Booley (aged 58 years) has a service contract with the Company which provides for him to act as a Sales and Marketing Director at a salary of £149,653 per annum, which may be terminated by either party giving not less than 12 months' notice at any time. He has a car allowance of £10,200 per annum. He is required to work on a full time basis and for such hours that are required to enable the proper performance of his duties. His continuous employment with the Company commenced on 18 November 1998. Anthony is provided with a car and is eligible for certain company benefits. His salary is subject to annual reviews, effective from 1 May each year.

11.3 ***John Dawson***

John Dawson (aged 66 years) has a service contract with the Company which provides for him to act as a Managing Director at a salary of £207,161 per annum, which may be terminated by either party giving not less than 12 months' written notice at any time. He has a car allowance of £11,400 per annum. He is required for work on a full time basis and for such hours that are required to enable the proper performance of his duties. His continuous employment with the Company commenced on 1 April 1997. He is provided with a car and is eligible for certain company benefits. His salary is subject to annual review on or around 1 May each year. John now serves as Chief Executive Officer.

11.4 ***Peter Butterfield***

Peter Butterfield (aged 40 years) has a service contract with the Company which provides for him to act as a Director at a salary of £166,625 per annum, which may be terminated by either party giving not less than 12 months' written notice at any time. He has a car allowance of £10,200. He is required to work on a full time basis and for such hours that are required for the proper and efficient performance of his duties. His continuous employment with the Company commenced on 15 November 2004. He is eligible for certain company benefits, including the pension scheme, bonus scheme and share option scheme. His salary is subject to annual reviews on or around 1 May each year.

11.5 ***Thomas Casdagli***

Thomas Casdagli (aged 39 years) has a letter of appointment with the Company which provides for him to act as a non-executive director of the Company. Subject to the termination provisions listed in the letter of appointment, Thomas's appointment will continue on the terms of the letter of appointment for so long as MVM Life Science Partners LLP of 6 Henrietta Street, London, WC2E 8PU ("MVM") holds such number of shares in the Company as is equal to or more than 9 per cent. of the then issued share capital of the Company. Thomas may give notice to terminate his appointment with the Company immediately and the Company may terminate his appointment without any entitlement to compensation if Thomas ceases to be a nominee of MVM, if MVM's shareholding in the Company falls below 9 per cent. or if Thomas fails to be reappointed as a Director at any annual general meeting of the Company. As a non-executive director, Thomas's overall role is to contribute an objective and independent view to the Board's discussions. A separate confidentiality agreement between the Company and MVM was signed on 3 March 2009. The confidentiality agreement relates to the appointment by MVM from time to time of a non-executive director of the Company and requires MVM to hold all confidential information in relation to the Company in strict and absolute confidence.

11.6 ***David Cook***

David Cook (aged 48 years) has a letter of appointment with the Company which provides for him to act as a non-executive director of the Company at a salary of £35,410 per annum which may be terminated by either party giving not less than 12 months' notice at any time. He is required to devote such time as is necessary for the proper performance of his duties as a non-executive director. His letter of appointment is for an initial term of five years commencing on 1 April 2014 and may be renewed at the end of the first term subject to board approval and re-election at the Company's annual general meeting. David is currently chairman of the Audit committee.

11.7 ***Nigel Clifford***

Nigel Clifford (aged 56 years) has a letter of appointment with the Company which provides for him to act as a non-executive director of the Company at a salary of £35,410 per annum which may be terminated by either party giving not less than 12 months' notice at any time. He will be required to

devote such time as is necessary for the proper performance of his duties as a non-executive director. His letter of appointment is for an initial term of five years commencing on 26 January 2015 and may be renewed at the end of the first term subject to board approval and re-election at the Company's annual general meeting.

11.8 ***Andrew Franklin***

Andrew Franklin (aged 49 years) has a service contract with the Company which provides for him to act as a Director and as Finance Director at a salary of £140,000 per annum which may be terminated by either party giving to the other not less than three months' written notice during the first 12 months of employment and thereafter may be terminated by either party giving the other not less than 12 months' notice. He is required to work on a full time basis and for such hours that are required for the proper and efficient performance of his duties. His continuous employment with the Company commenced on 28 September 2015. He is eligible for certain company benefits, including the pension scheme, bonus scheme and share option scheme. His salary is subject to annual reviews on or around 1 May each year.

11.9 Save as disclosed in the foregoing subparagraph of this paragraph 11, there are no service contracts or letters of appointment, existing or proposed, between any Director or member of senior management and the Company or any member of the Group and there are no existing or proposed service agreements or letters of appointment between any Director or member of senior management and any member of the Group providing for benefits upon termination of employment.

12. Corporate Governance

As a company listed on AIM, Alliance is not obliged to meet the requirements of the Corporate Governance Code. However the Board seeks to follow best practice in corporate governance appropriate to the Company's size and in accordance with the regulatory framework that applies to AIM companies. The Board reviews and applies the principles and provisions of the Corporate Governance Code where it is appropriate to do so to support its governance framework. The main features of the Enlarged Group's corporate governance arrangements will be:

- setting the Enlarged Group's strategy;
- maintaining the policy and decision making process around which the strategy is implemented;
- ensuring that necessary financial and human resources are in place to meet strategic aims;
- monitoring the performance against key financial and non-financial indicators;
- providing leadership whilst maintaining the controls for managing risk;
- overseeing the system of risk management; and
- setting values and standards in corporate governance matters.

There is a list of matters reserved for the Board which may be updated by the Board and approved by the Board only. The Chairman is responsible for leading the Board, facilitating the effective contribution of all members and ensuring that it operates effectively in the interests of Shareholders. The Chief Executive Officer is responsible for the leadership of the business and implementation of the strategy. The Company Secretary is responsible, on behalf of the Chairman, for ensuring that all Board and committee meetings are conducted properly, that the Directors receive the appropriate information prior to the meeting, for ensuring that governance requirements are considered and implemented and for accurately recording each meeting. The Directors may have access to independent professional advice, where needed, at the Enlarged Group's expense.

Board Committees

As envisaged by the Corporate Governance Code, the Board has established three committees: Remuneration, Nominations and Audit.

Remuneration Committee

The members of the Remuneration Committee are: Andrew Smith (Chairman of the Remuneration Committee), Thomas Casdagli, Nigel Clifford and David Cook. The Company Secretary attends the meetings of the Remuneration Committee as secretary to the Remuneration Committee. The Chief

Executive Officer and the Human Resources Director are also invited to attend certain meetings of the Remuneration Committee.

The terms of reference of the Remuneration Committee are available on the Company's website, at http://investors.alliancepharmaceuticals.com/governance/remuneration-committee-terms-of-reference

Role of the Remuneration Committee

The Remuneration Committee reviews and determines on behalf of the Board and Shareholders the pay, benefits and other terms of service of the executive Directors from time to time and the broad pay strategy with respect to senior employees of the Enlarged Group.

Remuneration Policy

The objective of the Company's remuneration policy is to attract and retain the directors and senior executives needed to run the Company in a cost-effective manner.

The remuneration policy of the Company has four principal components:

12.1 Basic Salaries and Benefits in Kind – Basic salaries are determined by the Remuneration Committee bearing in mind the salaries paid in AIM-listed and other small market capitalisation healthcare companies. Within that frame of reference, it is intended that pay should be at or near the median level. Benefits in kind include the provision of company cars (or a salary alternative).

12.2 Bonuses – Bonuses are payable to staff according to the achievement by the Enlarged Group of certain pre-determined earnings targets. The level of bonuses payable on achievement of the targets is set at the level perceived appropriate to provide the necessary incentives for executive directors and senior managers. There are appropriate adjustments to the bonus payable in the event of over- or under-achievement of the Enlarged Group against those targets. In addition, bonuses are adjusted for personal performance and the amount of bonus paid will reflect any substantial periods of absence or unavailability of the employee.

12.3 Share Option Schemes – The Company has in place two share option schemes covering all employees, under which share options are normally granted once a year. The exercise price of the options granted under the scheme is set equal to the market value of the Company's shares at the time of grant. The share option scheme is overseen by the Remuneration Committee which shall determine the terms under which eligible individuals may be invited to participate. The scheme is normally an HMRC approved scheme but may be unapproved in relation to certain individuals.

12.4 Pensions – There is a defined contribution scheme for all executive Directors and employees of the Enlarged Group. Only basic salaries are pensionable, except in the case of Tony Booley, Sales and Marketing Director, whose bonus is also pensionable.

Nominations Committee

The members of the Nominations Committee are Andrew Smith, John Dawson, Thomas Casdagli, Nigel Clifford and David Cook and the chairman is Andrew Smith. The Nomination Committee meets at least once in any financial year.

The Nomination Committee is responsible for considering and making recommendations to the Board in respect of appointments to the Board, the Board committees and the chairmanship of the Board committees. It is also responsible for keeping the structure, size and composition of the Board under regular review, and for making recommendations to the Board with regard to any changes necessary, taking into account the skills and expertise that will be needed on the Board in the future.

The terms of reference of the Nomination Committee are available on the Company's website, at http://investors.alliancepharmaceuticals.com/governance/nominations-committee-terms-of-reference

Audit Committee

The members of the Audit Committee are David Cook, Nigel Clifford and Andrew Smith and the chairman is David Cook. The Audit Committee meets at least once in any financial year.

The Audit Committee operates within specific terms of reference which include: (i) considering the appointment of external auditors, (ii) reviewing the relationship with external auditors (iii) reviewing the Enlarged Group's financial reporting and internal control procedures, (iv) reviewing the management of financial matters and focusing upon the independence and objectivity of the external auditors and (v) reviewing the consistency of accounting policies both on a year to year basis and across the Enlarged Group.

The external auditors attend the Audit Committee meetings to discuss the planning and conclusions of their audits and reviews. The Audit Committee is able to call for information from management and consults with the external auditors directly if required.

The terms of reference of the Audit Committee are available on the Company's website, at http://investors.alliancepharmaceuticals.com/governance/audit-committee-terms-of-reference

Anti-Bribery Policy

The Group maintains an Ethics and Business Integrity Policy, which details the corporate policies on fraud, bribery and corruption, gifts and hospitality, insider trading, conflicts of interest, ethical procurement, compliance with competition law, money laundering, respect for human rights, compliance with laws and regulations and reporting, disclosure and whistleblowing.

The Group takes seriously the effective prevention and detection of fraud, bribery and corruption and any other fraudulent or corrupt activity. The Directors are fully committed to promoting a zero tolerance approach across the Group. The Company prohibits employees, subsidiaries, business partners, suppliers, agents and anyone else acting for or on behalf of the Company from offering, giving or receiving bribes or improper inducements for any purpose. The Group endeavours to adopt best practice and uphold the provisions of the Bribery Act 2010.

The Group expects all staff to act honestly and with integrity and the Directors encourage anyone with a reasonable suspicion of fraud or corruption to report these suspicions. All cases of attempted, suspected or proven fraud or corruption will be thoroughly investigated and dealt with. The Company will not penalise any employee for refusing to accept a bribe or engage in any fraudulent or corrupt activity, even if the refusal results in a loss of business to the Group.

The Enlarged Group will adopt this policy after completion of the Acquisition.

13. Employees

13.1 Details of the average number of the Group's permanent employees (including executive Directors but excluding non-executive Directors) during each of the three financial periods covered by the historical financial information, the last of which ended on 31 December 2014 is as follows:

Financial period ended	*Activity*	*Number of Employees*
2012	Management and administration	63
2013	Management and administration	72
2014	Management and administration	74

13.2 The Enlarged Group is expected, on Re-admission, to have 161 employees (including executive Directors but excluding non-executive Directors).

Group Company	*Jurisdiction*	*Function*	*Number of Employees*
Alliance Pharmaceuticals Limited	United Kingdom	Management and administration	82
Alliance Pharmaceuticals GmbH	Germany	Management	1
Alliance Pharmaceuticals SAS	France	Management	1

In addition to the employees of the Group set out above, Synthasia International Company and its wholly owned subsidiary, Shanghai Co. Ltd (in which the Group has a 20 per cent. holding), employ 40 and two employees (respectively) of which a number are dedicated to the operations of those companies which the Group has an interest in.

Pursuant to the Acquisition, 19 employees will transfer to the Group with SPF, 12 employees will transfer with SPI and 8 employees will transfer with Maelor.

14. Share Option Plans

14.1 The Group has two existing share option plans under which options are granted and are currently outstanding over Ordinary Shares, in order to allow selected employees and Directors to share in the success of the Group and to incentivise and retain key staff members. The Group also has two old share option plans under which options can no longer be granted but under which options are currently outstanding over Ordinary Shares.

14.2 As at the date of this document share options to subscribe for 24,442,894 new Ordinary Shares (representing 5.22 per cent. of the Enlarged Issued Share Capital) have been granted under the share option plans. These include share options to subscribe for 4,574,578 new Ordinary Shares (representing 0.98 per cent. of the Enlarged Issued Share Capital) which have been issued to Directors. The employees transfering as part of the Acquisition will become eligible to participate in the Group's share option plans.

The following is a summary of the main features of the Company's existing Share Option Plan ("New CSOP") and Unapproved Share Option Plan ("New USOP").

New CSOP

14.3 ***Grant of Options***

Options may only be granted to employees (including executive Directors (i.e. those who are required to work at least 25 hours per week) of any member of the Group ("Eligible Employees") at specified times during the period of ten years commencing on the date of adoption of the New CSOP. Save in limited circumstances, the Directors have discretion as to the selection of Eligible Employees to whom an option is granted by the Company. In addition, any grant made to a Director is required to first be approved by the Company's remuneration committee.

14.4 ***Exercise price***

The exercise price shall be determined by the Directors but shall not be manifestly less than the greater of the market value of the Ordinary Share on the date of grant or, in the case where the option entitles the recipient to subscribe for Ordinary Shares, the exercise price shall not be less than the nominal value of an Ordinary Share.

14.5 ***Performance targets***

14.5.1 The exercise of an option may be conditional upon the performance of the Company or the performance of one of its subsidiaries or the performance of the optionholder over a certain period. Performance conditions shall be measured against such fair and objective criterion as shall be determined by the remuneration committee and notified to the optionholder when the option is granted.

14.5.2 After an option has been granted the remuneration committee may amend any performance-related condition of exercise of an option where an event has occurred or events have occurred in consequence of which the remuneration committee reasonably considers, having due regard to the interests of the Shareholders, that the terms of the existing performance-related condition(s) of exercise of the option should be so varied for the purpose of ensuring that either the objective criteria against which the performance criteria will then be measured will be a fairer measure of such performance or that any amended performance condition will afford a more effective incentive to the optionholder and will be no more difficult to satisfy than were the original condition(s) when first set.

14.6 ***Relationship with Contract of Employment***

The grant of an option does not form part of the optionholder's entitlement to remuneration or benefits pursuant to his contract of employment nor does the existence of a contract of employment between any person and the Company or any present or former member of the Group or other company which is or was under the control of the Company give such a person any right or entitlement to have an option granted to him in respect of any number of Ordinary Shares or any expectation that an option might be granted to him whether subject to conditions or at all.

14.7 ***Non-Transferability of Options***

Only the person to whom an option has been granted may exercise the option during his lifetime. An option shall immediately cease to be exercisable and shall lapse if it is purported to be transferred, assigned (other than to personal representatives of a deceased optionholder), mortgaged, charged or otherwise disposed of or the optionholder is adjudicated bankrupt or a bankruptcy order is made against him or the optionholder is deprived (otherwise than on death) of the legal or beneficial ownership of the option by operation of law or by his own act or omission.

14.8 ***Exercise and Lapse of Options***

14.8.1 Options may not be exercised more than ten years after the date of grant, at the end of which period it will lapse to the extent unexercised. Save as set out below an option may not be exercised earlier than the third anniversary of the date of grant or such later time as is specified by the Company at the time of grant.

14.8.2 If an optionholder dies in service after an option granted to him has become vested (in whole or in part) then such option may be exercise by his personal representatives in respect of the vested portion of the option within the period of 12 months beginning with the date of his death and shall thereafter lapse and cease to be exercisable.

14.8.3 If an optionholder dies in service before an option granted to him has become vested (in whole or in part) such option may, within the period of 12 months beginning with the date of death, be exercised by his personal representatives in respect of such proportion of the Ordinary Shares in respect of which it subsists as corresponds to such proportion of the period of 3 years beginning with the date of grant as had elapsed on the date of death and if not then exercised shall lapse and cease to be exercisable at the end of that period of 12 months.

14.8.4 If an optionholder dies after ceasing to hold office or employment within the Group an option granted to him may, within the period of 12 months beginning with the date of death, be exercised by his personal representatives in respect of such of the Ordinary Shares as were vested and in respect of which the option could have been exercised at the time of death and if not then exercised shall lapse and cease to be exercisable at the end of that period of 12 months.

14.8.5 If an optionholder ceases to hold office or employment within the Group by reason of: (a) injury, ill-health or disability (evidenced to the satisfaction of the Directors); or (b) dismissal by reason of redundancy (within the meaning of the Employment Rights Act 1996); or (c) retirement; or (d) the company with which he holds office or employment by virtue of which he is eligible to participate in the New CSOP ceasing to be a related company or a member of the Group; or (e) the fact that the office or employment by virtue of which he is eligible to participate in the New CSOP relates to a business or part of a business which is transferred to a company which is neither a related company nor a member of the Group then, subject to 14.8.4 above, an option granted to him may only be exercised: (i) within the period of six months beginning with the date on which the optionholder so ceases; and (ii) in respect of either such number of Ordinary Shares in respect of which it had become vested at that date or, if less, such proportion of the Ordinary Shares in respect of which it subsists as corresponds to such proportion of the period of three years beginning with the date of grant as had elapsed at the date on which the optionholder so ceases to hold office or employment; and if not then exercised in respect of any Ordinary Shares shall lapse and cease to be exercisable at the end of that period of six months.

14.8.6 If an optionholder ceases to hold office or employment for any reason other than those set out above then, subject to 14.8.4 above, an option granted to him may only be exercised (if at all) in relation to such proportion of the Ordinary Shares over which the option subsists, and within such period, not exceeding six months, as the Company, acting fairly and reasonably shall determine and notify to the optionholder and shall otherwise lapse and cease to be exercisable. If no such determinations are made by the Company within the period of three months beginning with the date on which the optionholder so ceases then such option shall lapse and cease to be exercisable at the end of that period of three months.

14.8.7 An option may not in any event be exercised at any time if the optionholder then has, or has within the preceding 12 months had, a material interest in a close company which is either the Company or a company which has control of the Company or is a member of a consortium which owns such Company.

14.9 ***Overall limit on grant of options***

The number of Ordinary Shares over which options may be granted under the New CSOP on any date shall be limited so that the number of Ordinary Shares in respect of which options under the New CSOP and any other share incentive of the Company have been granted shall not exceed 10 per cent. of the issued Ordinary Shares on that day.

14.10 ***Individual limit on grant of options***

The number of Ordinary Shares in respect of which an option is granted to an Eligible Employee shall be limited such that the aggregate market value of Ordinary Shares acquired upon the exercise of that option when added to the aggregate market value of Ordinary Shares in respect of which options have previously been granted (and not been exercised or ceased to be exercisable) and the aggregate market value of Ordinary Shares in respect of which rights to acquire such Ordinary Shares have been obtained by the employee under the New CSOP or any equivalent option plan (and not been exercised or ceased to be exercisable) shall not exceed or further exceed £30,000 or such other limit prescribed by the relevant legislation.

14.11 ***Other***

The New CSOP contains provisions relating to exercise in the event of a demerger, reconstruction or winding-up and in the event a takeover. The New CSOP also contains provisions for the adjustment of any option granted in consequence of a variation of capital by way of capitalisation, rights issue, or sub-division, consolidation or reduction in the share capital of the Company.

New USOP

14.12 ***Rules***

The rules of the New USOP are similar to those of the New CSOP save for, *inter alia*, the following modifications:

14.12.1 an Eligible Employee for the purposes of the New USOP is any individual who is an employee or executive director of the Group;

14.12.2 provisions limiting the grant of an option to, or the exercise of an option by, a person having a material interest in a close company which is either the Company or a company that has control of the Company or is a member of a consortium which owns such a company do not apply; and

14.12.3 provisions setting an individual upper limit on the number of Ordinary Shares over which a person may be granted do not apply.

14.13 The following is a summary of the main features of the Company's old share option plan ("Old CSOP") and unapproved share option plan ("Old USOP") under which options are currently outstanding over Ordinary Shares.

Old CSOP

14.14 ***Rules***

The rules of the Old CSOP are similar to those of the New CSOP.

Old USOP

14.15 ***Grant of Options***

Options were permitted to be granted to eligible employees as selected by resolution of the Board. Options could only be granted in the six week period following the announcement of the interim or final results of the Company for any financial year or part thereof. An option was permitted to be granted outside this period if the Board, in its absolute discretion, considered the circumstances sufficiently exceptional to grant such option or if the Company was not listed at the time of grant. No options were permitted to be granted to any director or applicable employee (within the meaning of the AIM Rules) during a close period. The grant of options was limited to such number as was equivalent to 10 per cent. of the issued share capital of the Company at the date of grant. No option shall be granted to a director of the Company unless such grant has been approved by the Committee.

14.16 ***Status of the Option***

Options granted under the plan were permitted to be made may as an Enterprise Management Incentive option subject to meeting certain specified requirements.

14.17 ***Relationship with Contract of Employment***

The grant of an option does not form part of the optionholder's entitlement to remuneration or benefits pursuant to his contract of employment.

14.18 ***Non-Transferability of Options***

Only the person to whom an option has been granted may exercise the option during his lifetime. An optionholder may not transfer any of his rights under the option.

14.19 ***Exercise and Lapse of Options***

14.19.1 Options may not be exercised more than ten years after the date of grant. Options may not be exercised after the optionholder no longer holds employment with any member of the Group. In the event of a takeover or sale of the Company, an option may not be exercised before the occurrence of that event.

14.19.2 After an option has been granted the Directors may amend any condition of exercise of an option, provided that, no such amendment shall be made unless an event has occurred in consequence of which the Directors reasonably consider that the terms of the existing conditions of exercise of the option should be so varied for the purpose of ensuring that either the objective criteria against which the performance of that condition will be measured will be a fairer measure or that such amendment would afford a more effective incentive to that optionholder and will be no more difficult to satisfy than were the original conditions.

14.19.3 No option can be exercised in breach of the Company's share dealing code or by a Director or applicable employee (within the meaning of the AIM Rules) during a close period.

14.19.4 If an optionholder gives or receives notice of termination of his employment with any member of the Group, or ceases to hold employment within the Group for any reason other than death, disability, injury, ill-health, redundancy, retirement or dismissal otherwise than for a good cause (as determined by the Directors) then any unvested options shall lapse and any vested options may be retained unless the Directors give notice otherwise requiring exercise within three months of cessation of employment after which the options shall lapse.

14.19.5 If after a takeover or sale the optionholder gives or receives notice of termination of employment all unvested options held by him shall lapse but he shall be entitled to retain any vested options.

14.19.6 If an optionholder dies in service after an option granted to him has become vested then such option may be exercised by his personal representatives in respect of the vested portion of the option, or in the event of a takeover or sale all of the options, within the

period of one year beginning with the date of his death and shall thereafter lapse and cease to be exercisable.

14.19.7 If an optionholder dies after ceasing to hold office or employment within the Group but before an option has lapsed, the option may be exercised by his personal representatives within the period of one year beginning with the date of death in respect of all of the options in respect of which it was capable of being exercised immediately before the optionholder died and shall lapse and cease to be exercisable at the end of that period.

14.20 ***Overall limit on grant of options***

The number of shares over which options may be granted under the Old USOP on any date shall be limited so that the number of shares in respect of which options under the Old USOP and any other share incentive of the Company have been granted shall not exceed 10 per cent. of the Company's Ordinary Share capital on that day.

14.21 ***Other***

The Old USOP contains provisions relating to the release and exchange of options in the event of a share for share reorganisation, exercise in the event of an acquisition of at least 50 per cent. of the capital of the Company and the exercise in the event of a takeover or sale of the whole of the business and the assets of the Company. The Old USOP also contains provisions relating to exercise in the event of a demerger, reconstruction, winding-up voluntary arrangement, and administration. In addition the Old USOP contains provisions for the adjustment of any option granted in consequence of a variation of capital by way of capitalisation, rights issue, or sub-division, consolidation or reduction in the share capital of the Company.

The above summary of the principal terms of the Share Option Schemes do not form part of the rules of the new or old CSOPs or USOPs and should not be taken as affecting the interpretation of the detailed terms and conditions. The Board reserves the right to make amendments and any additions to the rules of the New and/or Old CSOPs and/or USOPs that they consider necessary or appropriate, provided that any amendment may not conflict in any material respect with the above summary.

15. Material Contracts

The following contracts, not being contracts entered into in the ordinary course of business, have been entered into by the Enlarged Group within the two years immediately preceding the date of this document and are, or may be, material or which contain any provision under which the Enlarged Group has an obligation or entitlement which is material to the Enlarged Group as at the date of this document:

15.1 ***The Company***

15.1.1 The Acquisition Agreement as described in Part 5 of this document.

15.1.2 Placing Agreement

The Company and Numis have entered into the Placing Agreement pursuant to which, on the terms and subject to certain conditions contained in the Placing Agreement, Numis has agreed, subject to the fulfilment of certain conditions, to procure subscribers for (or, failing which, to subscribe itself) the Vendor Consideration Shares to be issued to Numis at the Placing Price.

In addition, the Company has also granted the Option to Numis in order to enable Numis to deal with additional demand under the Placing in the event that requests to participate in the Placing from institutional investors and certain other investors are received during the period from the date of this document to 5.00 p.m. on 2 December 2015.

The Option is exercisable on more than one occasion at any time prior to 5.00 p.m. on 2 December 2015. Any Ordinary Shares issued pursuant to the exercise of the Option will be issued on the same terms and conditions as the Vendor Consideration Shares. The

Option may be exercised by Numis, following consultation with the Company, but there is no obligation on Numis to exercise the Option or to seek to procure subscribers for Ordinary Shares pursuant to the Option. The maximum number of new Ordinary Shares that may be issued pursuant to the exercise of the Option is 12,195,121. The maximum number of Ordinary Shares (including Ordinary Shares issued pursuant to exercise of the Option) that may be issued pursuant to the Placing is 203,658,535.

The obligations of Numis are subject to certain conditions that are typical for an agreement of this nature. These conditions include, amongst others:

- the Acquisition Agreement having become unconditional in all respects, save for Re-admission;
- the New Loans Agreement having become unconditional in all respects, save for Re-admission and the Vendor Placing;
- the Resolutions having been duly passed without any amendment (save as agreed by Numis);
- Re-admission having become effective not later than 8.00 a.m. on 17 December 2015 (or such later time and/or date as the Company and Numis may determine, being not later than 8.30 a.m. on 28 December 2015);
- none of the warranties given under the Placing Agreement becoming untrue or misleading; and
- there having occurred no material adverse change in relation to the Company or the Group prior to Re-admission.

Numis may terminate the Placing Agreement in certain customary circumstances prior to Re-admission, including the occurrence of certain material changes in the condition (financial or otherwise) of the Company or the Group and certain changes in market and economic conditions.

The Placing Agreement will become unconditional, and Numis' right to terminate the Placing Agreement will cease, from Re-admission.

Under the Placing Agreement:

- the Company has agreed to pay to Numis a commission of 2.75 per cent. of the aggregate value of the Vendor Consideration Shares at the Placing Price and a commission of 2.75 per cent. of the aggregate value of the Option Shares (if any) at the Placing Price;
- the Company has agreed to pay to Numis a corporate finance fee of £250,000;
- Numis has agreed to procure that the net proceeds of the Vendor Placing (after deducting all commissions payable on the Vendor Considerations Shares by the Company) are paid to the Vendor;
- certain customary warranties and indemnities have been given to Numis by the Company as to the accuracy of the information in this document and as to other matters in relation to the Group and its business. The Company's liability under the warranties and indemnities is unlimited as to time and amount; and
- the Company has agreed to pay or cause to be paid (together with, in each case, any related VAT) certain costs, charges, fees and expenses of, or in connection with, or incidental to, amongst other things, the Placing and/or Admission.

15.1.3 A facility agreement dated 26 November 2015 between the Company and certain other members of the Alliance Group and the Lenders setting out the terms of the New Loans, as summarised in paragraph 10 of Part 1 of this document.

15.1.4 A settlement agreement dated 26 October 2015 made between Sanofi Pasteur Limited ("SPL") (1) and APL (2) in which SPL and APL agreed to settle a dispute that had arisen between them in relation to a disruption in the supply of ImmuCyst pursuant to a

distribution agreement that had been entered by SPL and APL in 2011 in relation to the distribution of ImmuCyst in the UK by APL. The settlement agreement had two principal elements. First, SPL agreed to pay APL £6.7 million. Secondly, SPL and APL agreed to terminate the distribution agreement entered into in 2011 and enter into a new distribution agreement in an agreed form.

The agreed form of distribution agreement was entered into by SPL and APL on 26 October 2015. It provides that APL shall distribute ImmuCyst™ in the United Kingdom on behalf of SPL until 31 December 2018. The distribution agreement may be terminated before 31 December 2018 in certain circumstances, including: by SPL (on specified periods of notice to APL) following a change of control of APL or unethical or illegal practices by APL or SPL deciding to cease marketing ImmuCyst™ for technical or commercial reasons; by APL (on six months' notice) if it decides to cease the importation and distribution of ImmuCyst™ in the UK for technical or commercial reasons; following the insolvency of either party; or by a party following the breach or failure to observe by the other party of any of that other party's material covenants, agreements or obligations. The distribution agreement specifies a price to be paid by APL to SPL for ImmuCyst™, and provides that in certain circumstances the benefit of price increases are to be shared between SPL and APL.

15.2 ***APL***

15.2.1 A sale and purchase agreement dated 2 February 2015 made between Anne Prendergast (1), Trevor McCormack (2) (together the "Sellers"), and APL (3). This agreement relates to the purchase of the entire share capital of Macuvision Europe Limited ("Macuvision") by APL from the Sellers, for an initial consideration of £5,500,000. Additional payments of £547,500 became due from APL to the Sellers, based upon the net asset value of Macuvision and its subsidiary at completion, and deferred contingent consideration of up to £6 million may become due determined by reference to the turnover and sales of Macuvision over a two year period following completion of the purchase. The Sellers have given various warranties to APL and APL has entered into the agreement in reliance on these warranties. The Sellers have agreed to indemnify APL in the event of certain losses or liabilities occurring.

15.2.2 An asset purchase agreement between Bayer Pharma AG (1), Bayer Intellectual Property GmbH (2) (together "Bayer") and APL (3) dated 18 December 2013. This agreement relates to the purchase of Bayer's product Irenat by APL. Under the terms of the agreement, APL has purchased all rights, title and interest in the trademark and all other intellectual property rights, all marketing authorisation, all data, books, records and know-how, all finished goods stored at the premises of the seller and all rights and claims relating to Irenat Tropfen for a consideration of EUR3.3 million plus such sum as is equal to finished stock multiplied by a pre-agreed price and limited in quantity as specified in the relevant asset acquisition agreement. Both parties to the agreement have given various warranties and made certain representations to each other. If either party breaches a representation or warranty, it shall be liable to the other party for the loss caused by such breach.

15.2.3 An asset purchase agreement between Novartis AG (1) and APL (2) dated 17 December 2013 for the sale of Lypsyl™ products. Under this agreement APL has acquired various marketing rights, intellectual property rights, third party agreements, goodwill, product information, advertising and promotional rights and any claims relating to the Lypsyl™ product for a purchase price of US $3 million. Both parties to the agreement have given various warranties and made certain representations to each other. If either party breaches a representation or warranty, it shall be liable for to the other party for the loss caused by such breach subject to certain limitations.

16. Principal Investments

16.1 The Enlarged Group's principal investments made during the period covered by the historical financial information incorporated by reference into this document as set out at Part 3 and ending on the date

of this document, all of which have been made by the Group and financed out of the Group's existing cash resources and the Group's existing bank facilities, include:

16.1.1 by the agreement dated 2 February 2015 referred to in paragraph 16 of this Part 8 APL, acquired the entire issued share capital of Macuvision Europe Limited ("Macuvision") for an initial consideration of £5.5 million plus a further payment of £547,500 based on the net asset value of Macuvision at completion and deferred contingent consideration of up to £6.5 million. Macuvision sells MacuShield, an eye care treatment designed to be taken by sufferers of dry age-related macular degeneration and other eye conditions;

16.1.2 by an agreement dated 18 December 2013 APL acquired the rights to the thyroid product Irenat™ for a consideration of EUR3.3 million plus such sum as is equal to finished stock multiplied by a pre-agreed price and limited in quantity as specified in the relevant asset acquisition agreement. Irenat™, a sodium perchlorate monohydrate, is marketed in Germany and is mainly used for diagnosing and treating hyperthyroidism. For further information see paragraph 15 of this Part 8;

16.1.3 by an agreement dated 17 December 2013 APL, acquired all United Kingdom and Republic of Ireland rights to Lypsyl™ for a consideration of US$3 million. Lypsyl™ is a personal care brand used to moisturise lips. For further information see paragraph 15 of this Part 8;

16.1.4 by an agreement dated 5 June 2013, APL acquired all existing rights to Syntometrine™ from Novartis AG and Novartis Pharma AG for a consideration of US$11.5 million. Syntometrine™ is an obstetric drug used in the final stage of labour; and

16.1.5 by an agreement dated 1 August 2012 APL acquired the antimalarial brands Paludrine™, Avloclor™ and Savarine™ from AstraZeneca UK Limited for an initial consideration payment of £4.2 million (plus further possible payments of around £1 million).

17. Dependence on Intellectual Property

Save as set out in Parts 4 and 5 of this document, there are no patents or licences, industrial, commercial or financial contracts or new manufacturing processes which are of material importance to the Enlarged Group's business or profitability.

18. Related Party Transactions

Save for the relevant transactions described:

18.1 at note 32 of the Company's Annual Report for the period ended 31 December 2012;

18.2 at note 32 of the Company's Annual Report for the period ended 31 December 2013;

18.3 at note 32 of the Company's Annual Report for the period ended 31 December 2014; and

18.4 at paragraph 11 of this Part 8 and 18.5 below,

during the three year period to the financial year ended 31 December 2014 and until the date of this document, the Company has not entered into any related party transactions.

18.5 Thomas Casdagli is a full time employee of MVM Life Science Partners Limited Liability Partnership which is a shareholder in Alliance.

19. Litigation

19.1 As set out in the Group's annual report for the year ended 31 December 2014, Unigreg Limited (a company in which APL has a 60 per cent. interest) has applied to China's State Food and Drug Administration to vary the licence for importing Forceval into China. There is uncertainty about whether or when this variation will be approved. There is a risk that for a period of time Unigreg will be unable to import further product into China. There are a number of measures of mitigation that can be taken to offset this risk. The Board's view is that these mitigation measures are likely to be sufficient to ensure the continuation of the business in the long term, and that the intangible asset relating to Forceval in China is unlikely to be impaired. The carrying value of the related intangible asset is £1.95 million.

As part of these mitigation measures, Unigreg Limited has been engaged in legal proceedings (which has involved various parties, including both the administrator and the ultimate shareholder of the corporate vendor of the Forceval China business) in England seeking time, by way of postponement of the winding up of such seller, for completion of the formal registration of the Group's legal title to the import licence acquired by the Group in 2007 when the Forceval China business was acquired. The Group presently anticipates that such formal registration will be finalised during the second quarter of 2016.

19.2 Save as set out in paragraph 19.1 above, and save for the dispute with Sanofi Pasteur Limited settled by the agreement referred to in paragraph 15.1.4 above, neither the Company nor any member of the Enlarged Group is involved nor has it been involved in any governmental, legal or arbitration proceedings which may have, or have had in the recent past, during the 12 months preceding the date of this document, a significant effect on the Company and/or the Group's financial position or profitability or that of the Healthcare Products Business and, so far as the Directors are aware, there are no such proceedings pending or threatened against any member of the Enlarged Group.

20. No Significant Change

20.1 Save as set out in this document, there has been no significant change in the trading or financial position of the Group since 30 June 2015, being the end of the period to which the last unaudited interim financial information for the Group relates.

20.2 Save as set out in this document, there has been no significant change in the financial or trading position of the Healthcare Products Business since 30 June 2015, being the date to which the historical financial information on the Healthcare Products Business published in Part 6 of this document has been prepared.

21. Taxation

The following is a general summary of certain United Kingdom tax considerations relating to the ownership and disposal of Ordinary Shares and does not address all possible tax consequences relating to an investment in an Ordinary Share. It is based on United Kingdom tax law and HMRC's generally published practice as of the date of this document, both of which are subject to change, possibly with retrospective effect.

Save as expressly provided otherwise, this summary applies only to a person who is the absolute beneficial owner of an Ordinary Share and who is resident (and, in the case of an individual, domiciled) in the United Kingdom for tax purposes and who is not resident for tax purposes in any other jurisdiction and does not have a permanent establishment or fixed base in any other jurisdiction with which the holding of an Ordinary Share is connected ("UK Shareholders").

A person (a) who is not resident (or, if resident, is not domiciled) in the United Kingdom for tax purposes, including an individual or a company who trades in the United Kingdom through a branch, agency or permanent establishment in the United Kingdom to which an Ordinary Share is attributable, or (b) who is resident or otherwise subject to tax in a jurisdiction outside the United Kingdom, is recommended to seek the advice of professional advisors in relation to their taxation obligations.

This summary is for general information only and is not intended to be, nor should it be considered to be, legal or tax advice to any particular investor. It does not address all of the tax considerations that may be relevant to specific investors in light of their particular circumstances or to investors subject to special treatment under United Kingdom tax law. In particular:

- **this summary only applies to an absolute beneficial owner of an Ordinary Share and any dividend paid in respect of an Ordinary Share where that dividend is regarded for United Kingdom tax purposes as that person's own income (and not the income of some other person);**
- **this summary: (a) only addresses the principal United Kingdom tax consequences for an investor who holds an Ordinary Share as a capital asset, (b) does not address the tax consequences that may be relevant to certain special classes of investor such as a dealer,**

broker or trader in shares or securities and any other person who holds an Ordinary Share otherwise than as an investment, (c) does not address the tax consequences for a Shareholder that is a financial institution, insurance company, collective investment scheme, pension scheme, charity or tax-exempt organisation, (d) assumes that a Shareholder is not an officer or employee of the Company (nor of any related company) and has not (and is not deemed to have) acquired an Ordinary Share by virtue of an office or employment, (e) assumes that a Shareholder does not control or hold (and is not deemed to control or hold), either alone or together with one or more associated or connected persons, directly or indirectly, an interest of 10 per cent. or more in the issued share capital (or in any class thereof), voting power, rights to profits or capital of the Company, and is not otherwise connected with the company, and (f) does not address the position where depositary receipts (or similar securities) are issued in respect of Ordinary Shares.

21.1 ***Dividends***

Withholding tax

The United Kingdom does not require tax to be withheld or deducted from dividends.

Income tax and corporation tax

A UK Shareholder who is an individual and is within the charge to United Kingdom income tax with respect to Ordinary Shares is chargeable to tax, currently, on an amount equal to the aggregate of that dividend and a related tax credit which are, together, regarded as forming part of the top slice of that individual's income. The tax credit is equal to one-ninth of the dividend paid (or 10 per cent. of the aggregate of the dividend and the tax credit) and a UK Shareholder will not be entitled to receive any cash payment in respect of that tax credit. An individual who is subject to income tax at the basic rate (currently 20 per cent.) will have, by virtue of the tax credit, no further tax liability with respect to a dividend. An individual who pays income tax at the higher rate (currently 40 per cent.) will be liable to tax on a dividend at the rate of 32.5 per cent. which equates to 25 per cent. of the amount actually received by that individual in respect of that dividend. An individual who pays income tax at the additional rate (currently 45 per cent.) will be liable to tax on a dividend at the rate of 37.5 per cent. which equates to 30.6 per cent. of the amount actually received by that individual in respect of the dividend.

On 8 July 2015 the Chancellor of the Exchequer announced that the Government intends that where a dividend is paid on or after 6 April 2016 no tax credit will be attached to that dividend. Draft legislation providing for this change in the law is not expected to be published until towards the end of 2015 and, until draft provisions have been published and finalised, there is and will continue to be some uncertainty as to precisely how the charge to income tax will apply to a dividend paid on or after 6 April 2016. However, it is expected that an individual will be entitled to receive dividend income, in each tax year, of up to £5,000 (excluding any dividend income paid within an individual savings account) free of income tax by virtue of an allowance which the Chancellor also announced would be introduced with effect in relation to dividends paid on or after 6 April 2016. Dividend income which benefits from that allowance is, however, expected to contribute to an individual's total income for income tax purposes and, therefore, will be taken into account for the purpose of (i) the utilisation (or the withdrawal of) an individual's personal allowance and (ii) determining the rate of income tax to which an individual is subject. Furthermore, dividend income in excess of the £5,000 allowance is expected to be subject to income tax in the hands of an individual at the rate of (i) 7.5 per cent. if that individual is a basic rate taxpayer, (ii) 32.5 per cent. if that individual is a higher rate tax payer, and (iii) 38.1 per cent. if that individual is an additional rate tax payer.

An individual who owns an Ordinary Share, who is not a UK Shareholder, should not be chargeable to United Kingdom income tax on a dividend paid by the Company, unless that Shareholder carries on (whether solely or in partnership) a trade, profession or vocation in the United Kingdom through a branch or agency in the United Kingdom to which that Ordinary Share is attributable. In those circumstances, such an individual may, depending on his or her individual circumstances, be chargeable to income tax on a dividend received from the Company.

A company which is within the charge to United Kingdom corporation tax with respect to Ordinary Shares may be entitled to exemption from United Kingdom corporation tax in respect of a dividend paid by the Company. If the conditions for exemption are not satisfied, or a company which owns

Ordinary Shares elects for an otherwise exempt dividend to be taxable, corporation tax will be chargeable on the gross amount of a dividend.

A Shareholder that is a company and is not a UK Shareholder should not be subject to United Kingdom tax on a dividend received from the Company, unless that Shareholder carries on a trade in the United Kingdom through a permanent establishment to which an Ordinary Share is attributable. In those circumstances, a Shareholder may, depending on its particular circumstances, and if the exemption from United Kingdom corporation tax discussed above does not apply, be chargeable to United Kingdom corporation tax on a dividend received from the Company.

21.2 ***Disposal of Ordinary Shares***

UK Shareholders

A disposal or deemed disposal of an Ordinary Share by a UK Shareholder who is an individual may, depending on his or her individual circumstances, give rise to a chargeable gain or to an allowable loss for the purpose of United Kingdom capital gains tax. The principal factors that will determine the capital gains tax position on a disposal of an Ordinary Share are the extent to which the individual realises any other capital gains in the tax year in which the disposal is made, the extent to which the individual has incurred capital losses in that or any earlier tax year and the level of the annual exemption for tax-free gains in that tax year (the "annual exemption"). The annual exemption for the 2015/2016 tax year is £11,100. If, after all allowable deductions, an individual's total taxable income for the year exceeds the basic rate income tax limit, a taxable capital gain accruing on a disposal of an ordinary share is taxed at the rate of 28 per cent. In other cases, a taxable capital gain accruing on a disposal of an ordinary share may be taxed at the rate of 18 per cent. or the rate of 28 per cent. or at a combination of both rates.

An individual UK Shareholder who ceases to be resident in the United Kingdom (or who fails to be regarded as resident in a territory outside the United Kingdom for the purposes of double taxation relief) for a period of five tax years or less than five years and who disposes of an Ordinary Share during that period of temporary non-residence may be liable to United Kingdom capital gains tax on a chargeable gain accruing on such disposal on his or her return to the United Kingdom (or upon ceasing to be regarded as resident outside the United Kingdom for the purposes of double taxation relief) (subject to available exemptions or reliefs).

A disposal (or deemed disposal) of an Ordinary Share by a company which is a UK Shareholder may give rise to a chargeable gain or an allowable loss for the purpose of United Kingdom corporation tax. Such a Shareholder should be entitled to an indexation allowance, which applies to reduce a capital gain to the extent that such a gain arises due to inflation. The allowance may reduce a chargeable gain but will not create or increase an allowable loss.

Shareholders who are not UK Shareholders

An Shareholder who is an individual and is not a UK Shareholder should not be liable to United Kingdom capital gains tax on a capital gain realised on the disposal of an Ordinary Share unless that Shareholder carries on (whether solely or in partnership) a trade, profession or vocation in the United Kingdom through a branch or agency in the United Kingdom to which the ordinary share is attributable. In those circumstances, that Shareholder may, depending on his or her individual circumstances, be chargeable to United Kingdom capital gains tax on chargeable gains arising from a disposal of his or her Ordinary Shares.

A Shareholder that is a company and is not a UK Shareholder should not be liable for United Kingdom corporation tax on a chargeable gain realised on the disposal of an Ordinary Share unless that Shareholder carries on a trade in the United Kingdom through a permanent establishment to which the Ordinary Share is attributable. In those circumstances, a disposal (or deemed disposal) of an Ordinary Share by that Shareholder may give rise to a chargeable gain or an allowable loss for the purposes of United Kingdom corporation tax.

21.3 ***Inheritance tax***

Other than where the business carried on by a company consists wholly or mainly of one or more of dealing in securities, stocks, shares, land and buildings or making or holding investments, shares in a company which are "unquoted" shares can attract business property relief from United Kingdom

inheritance tax where those shares are held throughout the two years immediately prior to a transfer of those shares. Shares are "unquoted" if they are not listed on a "recognised stock exchange"; AIM is not a "recognised stock exchange" for these purposes and, consequently, the admission of shares to trading on AIM does not prevent shares being "unquoted". The Ordinary Shares are therefore considered, potentially, to qualify for business property relief (providing relief at 100 per cent.) from United Kingdom inheritance tax.

21.4 ***Stamp Duty and Stamp Duty Reserve Tax ("SDRT")***

No charge to SDRT or to stamp duty should arise on the re-admission of Ordinary Shares to AIM or on the admission of the Placing Shares to AIM.

Although a charge to SDRT can arise on an agreement to transfer "chargeable securities", "shares" which are admitted to trading on a "recognised growth market" but not listed on that or any other market do not constitute "chargeable securities". The Ordinary Shares constitute "shares" and AIM is a "recognised growth market". Consequently, an agreement to transfer Ordinary Shares should not give rise to a charge to SDRT.

An instrument transferring shares, or acting as an agreement to transfer a beneficial interest in shares (or as a memorandum of such an agreement) is chargeable to stamp duty, subject to any relief or exemption which may be available. However, where a transfer of Ordinary Shares is settled within CREST in the usual way, and as a result no document effecting a transfer or acting as a memorandum of agreement to transfer shares is created, no liability to stamp duty should arise.

22. General

22.1 Other than contractual arrangements with distributors and payments in the ordinary course of business, and save as disclosed in this document, no person (other than professional advisers named in this document and trade suppliers) has:

22.1.1 received, directly or indirectly, from the Company within the 12 months preceding the application for Re-admission: or

22.1.2 entered into any contractual arrangements (not otherwise disclosed in this document) to receive, directly or indirectly, from the Company on or after Re-admission

any of the following:

(a) fees totalling £10,000 or more;

(b) securities in the Company where these have a value of £10,000 or more calculated by reference to the Placing Price; or

(c) any other benefit with the value of £10,000 or more at the date of Re-admission.

22.2 The estimated amount of the expenses of the Acquisition, Placing and Re-admission which are all payable by the Company are £5.2 million (excluding VAT). The net proceeds of the Vendor Placing are estimated at £76.3 million, and will be paid to the Vendor pursuant to the Vendor Placing Agreement. The net proceeds of the Option (if exercised) are estimated at £4.9 million (assuming the Option is exercised in full), and will be paid to the Company pursuant to the Placing Agreement.

22.3 Numis has been appointed as nominated adviser and broker to the Company. Numis is registered in England and Wales with number 02285918 and its registered office is at The London Stock Exchange Building, 10 Paternoster Square, London EC4M 7LT and it is authorised and regulated by the FCA in the conduct of investment business and is a member of the London Stock Exchange.

22.4 PricewaterhouseCoopers LLP, Chartered Accountants and registered auditors of 101 Barbirolli Square, Lower Mosley Street, Manchester M2 3PW has given, and has not withdrawn, its consent to the inclusion of its Accountants' Report on the Combined Historical Financial Information in relation to the Healthcare Products Business which is set out in Section A of Part 6 of this document in the form and context in which it appears, and has authorised its report for the purposes of Schedule Two of the AIM Rules for Companies.

22.5 Numis has given and has not withdrawn its consent to the issue of this document with the inclusion of its name in the form and context in which it appears.

22.6 Save as set out in this document, the Directors are not aware of any exceptional factors which have influenced the activities of the Enlarged Group.

22.7 Where information contained in this document has been sourced from a third party such information has been accurately reproduced and, so far as the Company and the Directors are aware and are able to ascertain from information published by that third party, no facts have been omitted which would render the reproduced information inaccurate or misleading.

22.8 Save for the Acquisition, the Enlarged Group has no principal future investments on which its management bodies have already made firm commitments and there are no investments in progress by the Enlarged Group.

22.9 Save as disclosed in this document, the Directors are not aware of any environmental issues or risks affecting the Enlarged Group or utilisation of its fixed assets.

22.10 The Company is not aware of the existence of any mandatory takeover bid pursuant to the rules of the City Code, or any circumstances which may give rise to any takeover bid, and the Company is not aware of any public takeover bid during the last financial year or the current financial year by third parties for the Ordinary Shares, or of any mandatory offer pursuant to the City Code or, of any squeeze-out or sell-out rules in relation to the Ordinary Shares pursuant to the CA 2006.

22.11 Save as disclosed in this document, the Directors are unaware of any trend, uncertainties, demands, commitments or events that are reasonably likely to have a material effect on the Enlarged Group's prospects for the current financial year.

23. Availability of this Document

Copies of this document will be available free of charge from the Company's registered office during normal business hours on any weekday (Saturdays, Sundays and public holidays excepted) and shall remain available for at least one month after Re-admission. A copy of this document is also available on the Company's website, http://www.alliancepharmaceuticals.com/en-gb/home.

PART 9

RISK FACTORS

An investment in Ordinary Shares may be subject to a number of risks. Accordingly, prospective investors should consider carefully all of the information set out in this document and the risks attaching to such an investment, including in particular the risks described below (which are not set out in any order of priority), before making any investment decision in relation to Ordinary Shares.

The information below does not purport to be an exhaustive list of relevant risks, since the Company's performance might be affected by other factors including, in particular, changes in market and/or economic conditions or in legal, regulatory or tax requirements. Prospective investors should consider carefully whether an investment in Ordinary Shares is suitable for them in the light of information in this document and their individual circumstances. An investment in Ordinary Shares should only be made by those with the necessary expertise to fully evaluate that investment. Prospective investors are advised to consult an independent adviser authorised under FSMA.

If any of the following risks relating to the Enlarged Group were to materialise, the Enlarged Group's business, financial condition and results of future operations could be materially and adversely affected. In such cases, the market price of the Ordinary Shares could decline and an investor may lose part or all of his, her or its investment.

Additional risks and uncertainties not presently known to the Directors, or which the Directors currently deem immaterial, may also have an adverse effect upon the Company or the Enlarged Group. In addition to the usual risks associated with an investment in a company, the Directors consider the following risk factors to be significant to potential investors:

RISKS ASSOCIATED WITH THE ACQUISITION

Acquisition may not proceed

There can be no assurance that the proposed Acquisition by the Company will be consummated.

The Acquisition Agreement is conditional, inter alia, upon Re-admission and Sinclair novating (or procuring the novating of) such number of transferring contracts (with third party consent) so that the revenue of Healthcare Products to be transferred to Alliance reflects a material proportion of the revenue of the Healthcare Products Business. If any of the conditions to the Acquisition Agreement is not fulfilled or waived on or before the 28 December 2015, the parties will be entitled to treat the Acquisition Agreement as terminated.

The Company cannot give any assurances that the conditions to the Acquisition Agreement will be fulfilled or waived by the specified long stop dates or that the Acquisition will complete.

Furthermore, the Company cannot predict whether the Resolutions or third party consents will be obtained on satisfactory terms or the timing of such approvals and consents. If the Acquisition is not completed, the market price of the Company's Ordinary Shares may decline to the extent that the current market price of the Ordinary Shares reflects an assumption as to the completion of the Acquisition.

In addition, costs related to the Acquisition, such as legal and accounting fees, must be paid even if the Acquisition is not completed. In certain circumstances, Alliance may be required to pay £500,000 to the Vendor if the Acquisition does not complete.

The protections for the Company in the Acquisition Agreement may be inadequate

Whilst due diligence has been conducted on the SPH Group, the Healthcare Products and the Healthcare Products Business there can be no guarantee that the Acquisition does not involve or include any hidden liabilities, issues or defects and that the warranties and indemnities obtained under the Acquisition Agreement

will provide an adequate remedy for the Company to seek compensation for any loss or liability arising therefrom.

Alliance may experience difficulties in integrating the Healthcare Products Business

The Company may be unable to successfully integrate the Healthcare Products Business or realise any of the anticipated benefits of the Acquisition. Integration of the Healthcare Products Business with the Company's existing business will be a complex, time-consuming and costly process. Failure to successfully integrate the acquired businesses and operations in a timely manner may have a material adverse effect on the Company's business, financial condition, results of operations and cash flows. The difficulties of combining the acquired operations include, among other things:

- operating a significantly larger combined organisation;
- coordinating geographically disparate organisations, systems and facilities;
- consolidating corporate technological and administrative functions;
- integrating internal controls and other corporate governance matters;
- the diversion of management's attention from other business concerns;
- customer or key employee loss from the acquired businesses;
- a significant increase in the Company's indebtedness; and
- potential environmental or regulatory liabilities and title problems.

The Enlarged Group may not realise the anticipated benefits of the Acquisition

The Enlarged Group may not realise all of the anticipated benefits from the Acquisition and other future acquisitions, such as increased earnings, cost savings and revenue enhancements, for various reasons, including difficulties integrating operations and personnel, higher and unexpected acquisition and operating costs, unknown liabilities, inaccurate reserve estimates and fluctuations in markets. If the Acquisition's benefits do not meet the expectations of financial or industry analysts, the market price of the Ordinary Shares may decline.

RISKS RELATING TO THE ENLARGED GROUP AND THE MARKETS IN WHICH THE ENLARGED GROUP OPERATES

Competition

The Enlarged Group's competitors and potential competitors include companies which may have substantially greater resources than those of the Enlarged Group. Competitors and potential competitors may develop or acquire drugs which are less costly and/or more effective and/or otherwise more attractive to clinicians than those of Enlarged Group or which may otherwise make the products of the Enlarged Group uncompetitive.

Current products

None of the Group's current products enjoys the benefit of patent protection, in light of the Group's acquisition strategy being focussed on "end of lifecycle" drugs. Accordingly all of the Group's current products face a risk of competition from generic alternatives which may be developed. The successful development and marketing of a generic alternative to, any of the Group's current products (or, in due course, to any future-acquired product) could have a significant adverse effect upon sales of the Enlarged Group and/or upon the prices and margins which can be achieved by the Enlarged Group and, therefore, upon the Enlarged Group's sales, profits and general financial performance.

Protection of intellectual property in relation to the Healthcare Products being acquired

The Enlarged Group's success and ability to compete effectively in relation to the Healthcare Products Business will in large part be dependent upon exploitation of proprietary technologies and products that the Vendor and the Sinclair Group have developed internally or have in-licensed, the Enlarged Group's ability to protect and enforce its intellectual property rights so as to preserve its exclusive rights in respect of those technologies and products and those of its licensees, and its ability to preserve the confidentiality of its

know-how. The Enlarged Group will rely primarily on patent law and contractual duties of confidence to protect its core intellectual property rights relating to its dermatology products.

There can be no assurance that:

- the scope of the patents to be acquired as part of the Acquisition (the "Patents") will provide the Enlarged Group with a monopoly covering its products and technologies, as well as technologies and/or products that solve the same problem as the Enlarged Group's technologies and products by a different means;
- pending or future patent applications will be issued;
- the Patents, and those Patents which the Enlarged Group will be licensed to exploit, are and will remain valid and subsisting and will not be subject to invalidity or revocation proceedings;
- the Enlarged Group's entitlement to exploit patents from time to time (including patents registered solely in an Enlarged Group member's name or in the joint names of an Enlarged Group member and a third party or patents which are licensed to the Enlarged Group) is and will be sufficient to protect the Enlarged Group's core intellectual property rights against third parties, its commercial activities from competition or to support comprehensively its ability to develop and market its proposed products either now or in the future;
- the lack of any particular patents or rights to exploit any particular patents, and the scope of the Patents, will not have a material adverse effect on the Enlarged Group's ability to develop and market its proposed products, either now or in the future;
- the Enlarged Group has or will have the resources to pursue any infringer of: (1) patents registered in its name (whether solely or jointly with a third party) from time to time; or (2) patents licensed to the Enlarged Group where the Enlarged Group or a member of it has the financial responsibility to bring such infringement actions pursuant to the relevant license agreement;
- the Enlarged Group will develop technologies or products which are patentable, either alone or in conjunction with third parties;
- the ownership, scope or validity of any patents registered in the Enlarged Group's name (either solely or jointly) from time to time will not be challenged by third parties, including parties with whom the Enlarged Group, or any member of it, has entered into collaboration projects or co-ownership arrangements;
- any patent applications in the Enlarged Group's sole or joint name from time to time will not be opposed by any third party, including parties to collaboration, co-existence and any other contractual relationship with the Enlarged Group or any of its members;
- the licence agreements between the Enlarged Group and third parties are and will be valid and subsisting in the future or until their expiry dates, and that the Enlarged Group has complied with its contractual obligations under the licence agreements;
- all intellectual property capable of being commercialised which is or has been generated pursuant to collaboration agreements between the Enlarged Group and third parties will be or has been identified;
- all intellectual property generated pursuant to collaboration agreements and to which the Enlarged Group has a contractual entitlement has been assigned into the Enlarged Group's sole name;
- all intellectual property generated by employees of the Enlarged Group has been or will be properly assigned into the Enlarged Group's name;
- in respect of all intellectual property generated pursuant to a collaboration agreement between the Enlarged Group and a third party to which the Enlarged Group and that third party have a joint contractual entitlement has been properly assigned into joint names and the rights between the Enlarged Group and that third party are properly regulated by a co-ownership agreement; and
- beyond contractual warranties, the licensors of intellectual property to the Enlarged Group or any member of it own the relevant patents and that those patents have not and will not be the subject of, or subject to, infringement, invalidity or revocation actions.

To date, the Enlarged Group has also relied on copyright, trademark and trade secret laws, as well as confidentiality procedures, non-compete and/or work for hire invention assignment agreements and licensing arrangements with its employees, consultants, contractors, customers and vendors, to establish and protect

its rights to its technology and, to the best extent possible, control the access to and distribution of its technology, software, documentation and other proprietary information. Despite these precautions, it may be possible for a third party to copy, replicate or otherwise obtain and use for the benefit of third parties its technology or confidential information without authorisation. Once granted, a patent can be challenged both in the relevant patent office and in the courts by third parties. Third parties can produce material and arguments which the patent office granting the patent may not have seen. Therefore, issued patents may be found by a court of law or by the patent office to be invalid or unenforceable or in need of further restriction.

Intellectual property protection in relation to the Enlarged Group generally

The Enlarged Group's business relies on a combination of trademarks, copyrights, and know-how to protect its brands and trade secrets. The protection provided by these intellectual property rights, confidentiality laws and contractual restrictions is limited and varies between the UK and other countries. Further, there can be no guarantee that current or future applications for registered intellectual property rights will be granted or that the Enlarged Group's intellectual property rights and contractual provisions will be adequate to prevent the misappropriation, infringement or other unauthorised use of the Enlarged Group's intellectual property by third parties.

Despite steps taken by the Enlarged Group to protect its proprietary rights, third parties may attempt to copy aspects of the Enlarged Group's products and seek to use information that the Enlarged Group regards as proprietary. Competitors may also independently develop similar intellectual property or seek to recruit the Enlarged Group's employees who have had access to proprietary intellectual property, processes or operations of the Enlarged Group. There is a risk that the Enlarged Group's means of protecting its intellectual property rights may not be adequate and weaknesses or failures in this area could adversely affect the Enlarged Group's business.

Litigation may be necessary to protect its proprietary rights, which could result in substantial costs to the Enlarged Group, and the diversion of efforts from, the Enlarged Group's business with no guarantee of success, and the Enlarged Group could have the validity of its ownership of rights challenged and it may lose some or all of them. All of these issues could materially adversely affect the Enlarged Group's business or its reputation, financial condition and/or operating results.

There is a risk that the Enlarged Group may in the future infringe the proprietary rights of third parties.

Generally, if third parties are successful in their claims, the Enlarged Group might have to pay substantial damages, account for profits derived from the alleged infringing acts, cease to use certain technologies or take other actions that could be detrimental to its business. As a result of intellectual property infringement claims, or to avoid claims, the Enlarged Group might be prohibited from selling or licensing to others any product that it may develop unless the relevant third party grants a licence of the relevant intellectual property to the Enlarged Group, which the relevant third party is not obliged to do.

Dependence on key personnel

The Enlarged Group's success depends to a significant degree upon the continued contributions of key personnel. The Enlarged Group's future performance will be substantially dependent on its ability to retain and motivate such individuals. The transition to the Enlarged Group involves the transfer of several personnel from the Sinclair Group and the hire of new personnel. The effectiveness of this transition is a critical factor. The loss of the services of key personnel could prevent the Enlarged Group from executing its business strategy. Moreover, the Enlarged Group's future success depends in part on its ability to hire, train and retain key technical, scientific, regulatory, sales, marketing, finance and executive personnel. The Enlarged Group will compete with a number of other organisations for suitable personnel. If the Enlarged Group fails to retain and hire a sufficient number and type of personnel, it will not be able to maintain and expand its business. The Enlarged Group may be required to increase spending to retain personnel. The Enlarged Group has instructed remuneration advisors and has considered their recommendations.

The Directors cannot give assurances that the Enlarged Group's senior management team and the Executive Directors will remain with the Enlarged Group. The loss of the services of the Executive Directors, members of senior management and other key personnel could damage the value of an investment in Ordinary Shares.

Keyman insurance for the benefit of the Group has been effected in relation to each of the Executive Directors.

Change in governmental policy or other healthcare reform and drug pricing

The Enlarged Group's profitability may decrease if government policies on limiting drug costs (for example, by reason of spending cuts) or other healthcare reform measures (such as changes to policy surrounding access to unlicensed drugs) within public health provision resulted in the Enlarged Group's customers reducing their expenditure.

Building a portfolio of products

In line with its business model, as described in Parts 1 and 2 of this document and in addition to its brand-building activities, the Group continually evaluates and explores opportunities for product acquisition. However, the Enlarged Group may be unable to find suitable acquisition opportunities that are available on attractive terms, or at all. Even if the Enlarged Group does identify suitable acquisition or licensing opportunities, it may be unable to consummate acquisitions by reason of an inability to negotiate commercially acceptable terms or as a result of competition from other prospective acquirers (who may be able to offer a more generous price or who may otherwise be more attractive to the selling entities) or due to its potential inability to finance such acquisitions.

There can be no assurance that the benefits which the Enlarged Group expects from acquisitions of additional products will be realised to the extent or in the time frame which the Enlarged Group may initially anticipate. In addition, product acquisitions may involve a number of risks and difficulties, including the diversion of management's attention to unforeseen difficulties in relation to an acquired product, unanticipated costs and liabilities, the implementation of new operating procedures and disruption of the Enlarged Group's ongoing business.

These challenges can be magnified as the size of the acquisition, or number of acquisitions, increases. Any delays or unexpected costs incurred in connection with product acquisitions could have an adverse effect on the Enlarged Group's business, results of operations, financial condition and future prospects.

Product acquisitions may require large one-time capital expenditures and can result in dilutive issues of equity securities, increased debt or other contingent liabilities, adverse tax consequences, deferred compensation charges and the recording and later amortisation of amounts related to deferred compensation and certain purchased intangible assets, any of which items could have an adverse effect on the Enlarged Group's business, results of operations, financial condition and future prospects.

New product launch

At Re-admission, the Enlarged Group will have limited development projects. There can be no assurances that the Enlarged Group's development projects will be successfully developed into any commercially viable product or products, meet applicable regulatory standards and/or be manufactured in commercial quantities at an acceptable expense or be marketed successfully and profitably.

There can be no guarantee that the Enlarged Group's new or existing products will succeed or continue to succeed as an alternative to other new or existing products. The development and/or maintenance of markets for such products is affected by many factors, some of which are beyond the Enlarged Group's control, including the emergence of newer, more successful technologies and products and the cost of the Enlarged Group's products themselves. There can be no guarantee that the Enlarged Group's targeted and/or existing customer base for its products will purchase or continue to purchase such products. The Directors cannot guarantee that the Enlarged Group will continue to develop, manufacture or market its products if market conditions do not support the continuation of such product.

Changes in clinical practice

Sales of a product may be impacted significantly in the event that relevant treatment processes evolve so as to remove, or significantly diminish, the need for a drug of that nature as part of the treatment process or if an effective vaccine against the relevant medical condition becomes available or if a cheaper alternative is successfully developed. Any such impact may have a significant adverse effect on the Enlarged Group's business, results of operation, financial condition and future prospects.

Legislation and regulation of the pharmaceutical and biotechnology industries

An element of the Enlarged Group's competitive advantage stems from its ability to navigate the strictly regulated medicinal products and clinical trial services approval processes, which are expensive, complex and demanding. If there were to be substantial relaxation of such processes, cross-jurisdictional harmonisation or simplification of the legislative or regulatory framework, this could reduce the barriers to entry which prospective competitors face, thereby eroding part of the Enlarged Group's competitive advantage. If such a change were to occur, this may have a negative impact on the Enlarged Group's business, results of operation, financial condition and future prospects.

Conversely, any change to, or increase in the complexity of, legislative or regulatory requirements having the effect of preventing the Enlarged Group operating in a particular country, or compliance with which would require significant expenditure on the part of the Enlarged Group, could have a material adverse effect on the Group's business, results of operation, financial condition and future prospects, profitability and financial performance.

There can be no assurance that the Enlarged Group's products will receive and maintain regulatory approvals

The international pharmaceutical industries are highly regulated by governmental authorities in the UK, the US and Europe and by regulatory agencies in other countries where the Enlarged Group intends to market products or and where its customers operate. No assurance can be given that any of the Enlarged Group's products will successfully obtain regulatory approvals to market these products for clinical use.

The time taken to obtain regulatory approval varies between territories and no assurance can be given that any of the Enlarged Group's products will be approved in any territory within the timescale envisaged, or at all or that the regulations may not change during the period of development. This may result in a delay to, or make impossible, the use of the Group's products for its intended purposes, and may have an adverse effect on the Group's business, results of operation, financial condition and future prospects.

Even if the Enlarged Group's products are approved, they may still face subsequent regulatory difficulties, including being required to conduct, or procure the conduct of, post-marketing trials. In addition, regulators will undertake periodic reviews and inspections of the Enlarged Group's products. If they discover previously unknown problems with a product or its manufacturing process or if the Enlarged Group fails to comply with regulatory requirements, regulators could:

- impose fines against the Enlarged Group;
- impose restrictions on the product, its manufacturer or the Enlarged Group;
- require the Enlarged Group to recall or remove a product from clinical use;
- suspend or withdraw its regulatory approvals;
- require the Enlarged Group to change its product labelling; or
- require the Enlarged Group to withdraw and amend its marketing and promotional materials for a product.

If any of these events occur, the Enlarged Group's ability to license its products will be impaired and it may incur substantial additional expense to comply with the regulatory requirements which could have an adverse effect on the Enlarged Group's business, results of operation, financial condition and future prospects.

Flamma Franchise

The Directors have identified the Flamma Franchise, including Flammacerium™, as a growth brand. There can be no assurances that line extensions to the Flamma Franchise will be successfully developed into any commercially viable product or products, meet applicable regulatory standards and/or be manufactured in commercial quantities at an acceptable expense or be marketed successfully and profitably.

There can be no guarantee as to the timing of the launch of Flammacerium™ in the UK, if at all, or of it specifically obtaining regulatory approval to enable it to do so. Similarly, there can be no assurances of Alliance's ability or the timing of its ability to pursue growth of the Flamma Franchise through new negotiations and a new OD indication launch in the US.

Falsified medicines infiltrating supply chain

The Group operates its supply-chain to high standards and the supply of products is carefully monitored to minimise the risk of a falsified medicine being delivered to a customer. Wherever possible the Group sources and acquires products direct from the manufacturer so that the derivation of the product is certain. However, the risk of a falsified medicine being delivered to a customer may arise. To the extent that such a risk materialises, this may have a negative impact on the Enlarged Group's reputation and/or financial position.

Dependence on other parties

The Group is, and the Enlarged Group may continue to be, reliant on other parties for the successful development and commercialisation of many of its products. The Group relies upon contract manufacturers (CMs) for the supply of raw materials, and manufacture of its products. The Enlarged Group is therefore, and the Enlarged Group may continue to be, at risk of under-performance by third parties, exploitation by third parties of the Enlarged Group's commercial dependence and by unforeseen interruptions to third parties' businesses. Although the existence of several alternative suppliers for each function mitigates the risks associated with this dependence, as does the availability of commercial insurance in respect of the impact of accidental events, the failure of a third party properly to carry out their contractual duties or regulatory obligations would be disruptive to the Enlarged Group's business.

Further, any action taken by a third party that is detrimental to the Enlarged Group's reputation could have a negative impact on the Enlarged Group's ability to register its trademarks and/or market and sell its products.

Customers, pricing and payment terms

Some of the Enlarged Group's customers may have substantial purchasing power and negotiating leverage. While the Group has historically been able to secure good contractual terms, there can be no assurance that the Enlarged Group will continue to be able to do so in the future. In certain cases the Enlarged Group may accept payment terms which impact adversely upon the revenue received by, the margins achieved by, and the cash flow of, the Enlarged Group in any given period.

Handling risks

The Group receives, ships, stores and handles consignments of drugs which must be stored for periods of time within precise temperature ranges, and the Enlarged Group will continue to do so. Although the Enlarged Group has contingency plans in place (such as back-up generators), the failure of cooling systems could lead to spoilage of stock and this could have a detrimental impact on the Enlarged Group's ability to supply its customers. Any such failures could therefore have a negative impact on the Enlarged Group's business, results of operations, financial condition and future prospects.

More generally, since the stock which is carried by the Enlarged Group comprises high value items, any accidental damage to stock at the Enlarged Group's warehouse or in transit could have a material adverse impact on the Enlarged Group's results of operations.

The Group seeks, and the Enlarged Group will continue to seek, to carry appropriate insurances with a view to mitigating these risks. However, there can be no assurance that in any given circumstance the relevant insurance will respond or that the level of coverage will be adequate.

The Enlarged Group's insurance may not provide sufficient coverage

The Group maintains, and the Enlarged Group will continue to maintain, insurance to cover certain liability risks, such as the risk of multiple adverse drug reactions resulting in a withdrawal of the relevant drug. However, this insurance is subject to coverage limits and may not be adequate to cover fully all potential claims. Maintaining insurance cover at reasonable costs and on reasonable terms sufficient to cover all potential claims cannot be guaranteed and any significant claim may increase the insurance premiums to an unaffordable level.

The occurrence of an insured or uninsured risk such as a product recall – liability for which could not be attributed to another party – may result in damage to the Enlarged Group's reputation and financial standing.

Risks to the supply of products

The Group does not carry out any manufacturing activities. Accordingly, the Group relies upon being able to source products from a very limited number of contract manufacturers. These contract manufacturers will be subject to a range of operating risks to which all manufacturers are exposed, including, *inter alia*, industrial accidents, technical failures, labour disputes, supply issues and fire, explosion and other plant issues. These risks, all of which may include aspects that may be beyond the control of the relevant manufacturer, could lead to a material disruption in the supply of product to the Enlarged Group and, accordingly, in the ability of the Group to supply its customers. While, the Group tries, and the Enlarged Group will continue to try, to build up buffer stocks with a view to mitigating this risk, there can be no guarantee that these stocks would be sufficient for the entirety of the period before supplies from the relevant manufacturer could be resumed or an alternative supplier brought into production.

This risk will be exacerbated in circumstances where a product is sourced from a single supplier and no, or insufficient, buffer stocks have been accumulated.

The Enlarged Group may face product liability claims

In carrying out its activities, the Enlarged Group may potentially face contractual and statutory claims, or other types of claim from customers, suppliers and/or investors. In addition, the Enlarged Group is exposed to potential product liability risks that are inherent in the research, development, production and supply of its products.

Consumers, healthcare producers or persons selling products based on the Enlarged Group's and its collaborators' technology may be able to bring claims against the Enlarged Group based on the use of such products in clinical trials and the sale of products based on the Enlarged Group's technology.

If successful, the Enlarged Group may have to pay substantial damages, which could have a material adverse effect on the Enlarged Group's business, results of operation, financial condition and future prospects.

Side effects from products could arise

It might transpire in the future that the products of the Enlarged Group have side effects that are not known at present. This can result in approvals being restricted or withdrawn in the case of products liable for registration, or the sales and distribution being restricted or prohibited in the case of products for which registration is not required. Side effects of individual products might result in other products sold by the Enlarged Group being refused due to weak consumer confidence or reduced confidence on the part of medical practitioners. As a result of this, revenues of the Enlarged Group may be adversely affected and/or the Enlarged Group might be faced with group claims for damages.

Product recalls might be necessary

The Enlarged Group may be faced with the necessity of recalling one or more products or batches of products from the market. This necessity may also occur if no de facto product property exists that makes a recall obligatory, in particular a side effect or defect, but rather if such a property is merely suspected of being present. A recall may result in loss of revenue, damage to reputation and consequential fall in cashflow, among other things. Affected products could not be sold any longer, moreover trust among, in particular, doctors and patients could be affected, which again could lead to reductions in sales or profits. Further, options for refinancing on the capital market could be negatively affected or even excluded.

Foreign currency risk

A significant proportion of the Group's business is carried out, and it is intended that the Enlarged Group's business will be carried out in the future, outside the UK and in the relevant local currency. To the extent that there are fluctuations in exchange rates outside hedged positions, this may have a material impact on the Enlarged Group's financial position or results of operations, as shown in the Enlarged Group's accounts. It may also not always be possible to provide adequate hedging on possible positions to provide comfort for the Enlarged Group.

Debt will be incurred to fund the Acquisition

The Enlarged Group will incur debt by way of the New Loan in order to help fund the consideration pursuant to the Acquisition Agreement and will be required to comply with all covenants pertaining to the New Loan.

If the Enlarged Group cannot service such debt (or any other borrowings pursuant to its existing debts) from the Enlarged Group's cash flow then the Enlarged Group will be in breach of the New Loan and the lenders will have the market standard suite of remedies available to them to enforce their rights and recover the sums owed.

The New Loan will be subject to certain restrictions which will continue for the life of the lending. In particular, if the Enlarged Group fails to maintain specified debt service coverage ratios then the Enlarged Group will be in breach of the terms of its lending with the full suite of market standard rights available to the lenders for such breaches.

There is no guarantee that the Enlarged Group will be able to re-finance any of the New Loans at more advantageous rates in the future in order to mitigate the potential of any inability which arises if the Enlarged Group cannot meet the covenants imposed on it by the New Loan. Should the Enlarged Group's gearing exceed agreed levels then interest rates may change adversely.

Failure to comply with restrictive covenants governing indebtedness could result in an extent of default

The Enlarged Group's funding agreements contain restrictive covenants the breach of which may trigger default provisions and acceleration of the Enlarged Group's obligations and execution of the guarantees and security it grants. For example, covenants may be breached due to higher debt servicing costs caused by an increase in interest rates. Covenants may also restrict the Enlarged Group's business and funding decisions. In the event there is any such breach, or the Enlarged Group is required to inject additional capital to cure a possible breach, it could have a material adverse effect on the Enlarged Group's business, financial condition, results of operation and future prospects.

Failure of the Enlarged Group's information technology systems

The Enlarged Group's operations and business could be impaired by a failure of its or third party contractors or suppliers information technology systems, which require upgrading and upon which the Enlarged Group's business is dependent for its regulatory and commercial standing. A failure of information technology systems, the inability to access data, a privacy breach or loss or corruption of data may each have a negative impact on the Enlarged Group's businesses, cash flows, continued regulatory compliance and reputation and may in some circumstances lead to a claim for damages. The Group has commenced the upgrade of certain of its existing information technology systems. There can be no assurance that this upgrade will be completed within the scheduled timescale or within budget or that the new systems, once installed will conform to specification or have the functionality which the Enlarged Group is anticipating. Also, such upgrade may result in the loss of important data or in interruptions, delays or cessations in the availability of the Enlarged Group's systems, any of which could have a material adverse effect upon the Enlarged Group's business, financial condition, results of operations and future prospects.

The Enlarged Group may require further funding

The Enlarged Group is likely to require access to further funding in the future for a variety of reasons, including, expansion of the business, new developments relating to existing operations or new acquisitions. General market conditions may make it difficult to secure funding. There is no assurance that the Enlarged Group will be successful in obtaining required funding as and when needed on commercially acceptable terms.

If additional funds are raised by issuing equity, this may result in the dilution of existing Shareholders' shareholdings at that time. The price of future share issues will depend upon, among other factors, the results of the Enlarged Group's activities, market factors and investor demand.

A global economic downturn could inhibit the Enlarged Group's ability to refinance its existing borrowings to the extent that the Enlarged Group becomes, in the long-term, unable to comply with applicable financial covenants or to meet its financial obligations when they fall due. Such a downturn or fluctuations in financial

markets could also affect the Enlarged Group's long-term ability to refinance its obligations or obtain new financing.

The Enlarged Group will use such leverage from time to time as it deems appropriate for the purpose of funding its activities. The extent of, and any terms of, any debt financing will depend on factors such as the financial market conditions and the lenders' estimate of the stability of the borrower's cash flow and of the value of the Enlarged Group's underlying property assets. The Enlarged Group can provide no assurance that it will be able to obtain debt financing on commercially acceptable terms or at all. Any delay in obtaining or failure to obtain debt financing may impair the Enlarged Group's ability to invest and/or develop its assets and/or make future investments.

GENERAL RISKS

Risks relating to the Ordinary Shares

AIM is a market designed primarily for emerging or smaller growing companies which carry a higher than normal financial risk and tend to experience lower levels of liquidity than larger companies. Accordingly, AIM may not provide the liquidity normally associated with the Official List or some other leading stock exchanges. The Ordinary Shares may, therefore, be difficult to sell compared to the shares of companies listed on the Official List and the share price may be subject to greater fluctuations than might be the case for a similar company listed on the Official List. An investment in shares traded on AIM carries a higher risk than those listed on the Official List.

Re-admission to AIM should not be taken as implying that there will be a liquid market for the Ordinary Shares particularly as, on Re-admission, the Company will have a limited number of shareholders. The market for shares in smaller public companies, such as the Company, is less liquid than for larger public companies. Lack of liquidity of the Ordinary Shares may have an adverse effect on the market price of the Ordinary Shares. Any substantial disposals of Ordinary Shares, or the perception that these sales could occur, may make it more difficult for the Company to raise funds by issuing equity securities for cash.

The Ordinary Shares may not be suitable as an investment for all recipients of this document. The Enlarged Group is principally aiming to achieve long term profitability and may not generate profits in the short or medium term; accordingly, the Ordinary Shares may not be suitable as a short-term investment. The Company's share price may be subject to large fluctuations on small volumes of shares traded and the Ordinary Shares may be difficult to sell at the quoted market price. Prospective investors should be aware that the value of an investment in the Company may go down as well as up and that the market price of the Ordinary Shares may not reflect the underlying value of the Enlarged Group. The price at which the Ordinary Shares are traded on Re-admission may not be indicative of prices that will continue to prevail in the trading market. Prospective investors may not be able to resell their Ordinary Shares at a price that is attractive to them or at all.

An investment in the Company is highly speculative, involves a considerable degree of risk and is suitable only for persons or entities who have substantial financial means and who can afford to hold their ownership interests for an indefinite amount of time and are able to suffer the complete loss of their investment.

The market price of the Ordinary Shares may fluctuate widely

The share prices of publicly quoted companies can be highly volatile. The price at which the Ordinary Shares are quoted and the price which investors may realise for their Ordinary Shares may be influenced by a large number of factors, some of which are general or market related, others which are sector related and others which are specific to the Group and its operations.

These factors include, without limitation, the performance of the Company and the overall stock market, large purchases or sales of Ordinary Shares by other investors, changes in legislation or regulations and changes in general economic, political or regulatory conditions and other factors which are outside of the control of the Enlarged Group. The market price of the Ordinary Shares could be subject to fluctuations in response to variations in the Enlarged Group's results of operations, changes in general economic conditions, changes in accounting principles or other developments affecting the Enlarged Group, its customers or its competitors, changes in financial estimates by securities analysts, the operating and share price performance

of other companies, press and other speculation and other events or factors, many of which are beyond the Enlarged Group's control. Volatility in the price of the Ordinary Shares may be unrelated or disproportionate to the Enlarged Group's operating results.

Economic conditions and current economic weakness

Any economic downturn either globally or locally in any area in which the Enlarged Group operates may have an adverse effect on the demand for the Enlarged Group's products and services. A more prolonged economic downturn may lead to an overall decline in the volume of the Enlarged Group's sales, restricting the Enlarged Group's ability to realise a profit.

The markets in which the Enlarged Group offers its products and services are directly affected by many national and international factors that are beyond the Enlarged Group's control.

Taxation

Any change in the Enlarged Group's tax status or in taxation legislation could affect the Enlarged Group's ability to provide returns to Shareholders or alter post tax returns to Shareholders. Statements in this document concerning the taxation of holders of Ordinary Shares are based on current UK tax law and HMRC generally published practice, which is subject to change. The taxation of an investment in the Enlarged Group depends on the individual circumstances of investors.

The Company may be unable to pay dividends

The Company intends to continue a progressive dividend policy as set out in paragraph 15 of Part 1 of this document, however prospective investors should not rely on receiving dividend income from the Ordinary Shares and any return on a prospective investor's investment in the Ordinary Shares may depend entirely on their appreciation in value, which cannot be assured.

The declaration, timing and payment of dividends in future periods, if any, will be completely within the discretion of the Board. Any future dividends will also depend on the Company's future financial performance, which, in turn, depends on its commercial performance, on the implementation of its growth strategy, on general economic conditions and on competitive, regulatory, technical and other factors, many of which are beyond the Company's control.

Shareholders may be unable to participate in future equity issues by the Company, which could lead to an automatic dilution of their ownership stake in the Company

In common with many AIM companies, the Company may choose to raise future funds through placing shares to investors who are not Shareholders. Any such placing could dilute the interests of existing investors. If the Company offers to Shareholders rights to subscribe for additional Ordinary Shares or any right of any other nature, the Company will have discretion as to the procedure to be followed in making the rights available to Shareholders or in disposing of the rights for the benefit of Shareholders and making the net proceeds available to Shareholders. The Company may choose not to offer the rights to Shareholders in certain jurisdictions, in particular where it is illegal to do so. The Company may also not extend any future rights offerings or equity issues to jurisdictions where it would be difficult or unduly onerous to comply with the applicable securities laws.

Moreover, the further issue of Ordinary Shares could have a negative impact on and/or increase the volatility of the market price of the Ordinary Shares. The Company may also issue further Ordinary Shares, or create further options over Ordinary Shares, as part of its employee remuneration policy, which could in aggregate result in dilution of the proportion of the Company's share capital in which investors are interested.

Date: 26 November 2015

Alliance Pharma PLC

(Incorporated and registered in England and Wales under the Companies Act 1985 with Registered Number 04241478)

NOTICE OF GENERAL MEETING

NOTICE IS HEREBY given that a general meeting of Alliance Pharma PLC (the "**Company**") will be held at the offices of Fasken Martineau LLP at 17 Hanover Square, London W1S 1HU on 14 December 2015 at 10.00 a.m. for the purpose of considering and, if thought fit, passing the following resolutions both of which will be proposed as Ordinary Resolutions:

ORDINARY RESOLUTIONS

1. **THAT**, the Acquisition (as defined in the Admission Document published by the Company and sent to the Company's Shareholders dated 26 November 2015 (the "**Admission Document**") be and it is hereby approved for the purposes of Rule 14 of the AIM Rules for Companies and the board of directors of the Company (the "**Directors**") (or a duly constituted committee of the board) be and are hereby authorised, for and on behalf of the Company, to finalise all matters set out in the Acquisition Agreement (as defined in the Admission Document) and to do all other matters provided therein or related to the Acquisition and, at their sole discretion, to amend, waive, vary and/or extend any of the conditions and terms of the Acquisition Agreement and/or any other document referred to therein and/or connected with the Acquisition in whatever way they may consider to be necessary and/or desirable or do all such acts and/or things as they may consider necessary and/or desirable in connection with the Acquisition, provided that there is no material change to the substance of the terms and conditions of the Acquisition or the Acquisition Agreement, as set out and defined in the Admission Document.

2. **THAT**, conditionally upon resolution 1 above being duly passed by the Shareholders as an ordinary resolution, the Directors be and they are hereby generally and unconditionally authorised, in addition to all previous powers granted to them and still subsisting to exercise all the powers of the Company to allot ordinary shares up to an aggregate nominal amount of £2,036,585.35 in connection with the Placing Agreement and Acquisition Agreement (each as defined in the Admission Document) provided such authority shall expire at the conclusion of the next annual general meeting of the Company after the passing of this resolution or if earlier on the date which is 15 months after the date of this general meeting, save that the Company may before such expiry make an offer or enter into an agreement which would or might require relevant securities to be allotted after such expiry and the Directors may allot relevant securities in pursuance of such offer or agreement as if the authority conferred hereby had not expired.

By order of the Board

Sarah Robinson
Secretary

Registered office:
Avonbridge House
Bath Road
Chippenham
Wiltshire
SN15 2BB

26 November 2015

Notes to the Notice of General Meeting ("GM"):

1. Shareholders

Holders of Ordinary Shares, or their duly appointed representatives, are entitled to attend and vote at the GM. Shareholders are entitled to appoint a proxy to exercise all or any of their rights to attend and speak and vote on their behalf at the meeting. A shareholder can appoint the Chairman of the meeting or anyone else to be his/her proxy at the meeting. A proxy need not be a shareholder. More than one proxy can be appointed in relation to the GM provided that each proxy is appointed to exercise the rights attached to a different ordinary share or shares held by that shareholder. To appoint more than one proxy, the Proxy Form should be photocopied and completed for each proxy holder. The proxy holder's name should be written on the Proxy Form together with the number of shares in relation to which the proxy is authorised to act. The box on the Proxy Form must also be ticked to indicate that the proxy instruction is one of multiple instructions being given. All Proxy Forms must be signed and, to be effective, must be lodged with the Company's Registrar so as to arrive not later than 48 hours before the time of the meeting, or in the case of an adjournment 48 hours before the adjourned time. A failure to specify the number of shares each proxy appointment relates to or specifying a number in excess of those held by you may result in the appointment being invalid. In order to be valid, an appointment of proxy must be returned by post, by courier or by hand to the Company's Registrars, Capita Asset Services, PXS1, 34 Beckenham Road, Beckenham, Kent, BR3 4ZF or via the CREST system and must be received by the Company no later than 10.00 a.m. on 12 December 2015.

Only those shareholders registered in the Register of Members of the Company as at 6.00 p.m. on 11 December 2015 (or, if the meeting is adjourned, on the date which is two days before the time of the adjourned meeting) shall be entitled to attend and vote at the meeting or adjourned meeting in respect of the number of shares registered in their respective names at that time. Changes to the Register of Members after that time will be disregarded in determining the rights of any person to attend or vote at the meeting or adjourned meeting.

In the case of joint registered holders, the signature of one holder on a form of proxy will be accepted and the vote of the senior holder who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holders. For this purpose, seniority shall be determined by the order in which names stand on the register of shareholders of the Company in respect of the relevant joint holding.

2. Forms of Proxy

A form of proxy is enclosed for use by shareholders. The appointment of a proxy does not preclude a shareholder from attending the GM and voting in person.

3. CREST electronic proxy appointment

CREST members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so by using the procedures described in the CREST Manual. CREST Personal Members or other CREST sponsored members, and those CREST members who have appointed a service provider(s), should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf.

4. CREST Proxy Appointments and Instructions

In order for a proxy appointment or instruction made using the CREST service to be valid, the appropriate CREST message (a "CREST Proxy Instruction") must be properly authenticated in accordance with Euroclear UK & Ireland Limited's specifications, and must contain the information required for such instruction, as described in the CREST Manual (available via www.euroclear.com/CREST). The message, regardless of whether it constitutes the appointment of a proxy or is an amendment to the instruction given to a previously appointed proxy must, in order to be valid, be transmitted so as to be received by the issuer's agent ID RA10 by 10.00 a.m. on 12 December 2015. For this purpose, the time of receipt will be taken to be the time (as determined by the time stamp applied to the message by the CREST Application Host) from which the issuer's agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. After this time any change of instructions to proxies appointed through CREST should be communicated to the appointee through other means.

5. Timings and Limitations

CREST members and, where applicable, their CREST sponsors, or voting service providers should note that Euroclear UK & Ireland Limited does not make available special procedures in CREST for any particular message. Normal system timings and limitations will, therefore, apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member, or sponsored member, or has appointed a voting service provider, to procure that his CREST sponsor or voting service provider(s) take(s)) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST sponsors or voting system providers are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.

6. Invalid CREST Proxy Instructions

The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001.

7. Issued Share Capital and Total Voting Rights

As at 25 November 2015 (being the last practicable date prior to the publication of this Notice) the Company's issued share capital consisted of 264,520,610 Ordinary shares, carrying one vote each. The Company does not hold any shares in treasury, therefore, the total voting rights in the Company as at 25 November 2015 are 264,520,610.

8. Corporate Representatives

Any corporation which is a member of the Company can appoint one or more corporate representatives who may exercise on its behalf all of its powers provided that they do not do exercise their powers in relation to the same shares.