

THE CONTENT OF THIS DOCUMENT HAS NOT BEEN APPROVED BY AN AUTHORISED PERSON WITHIN THE MEANING OF THE FINANCIAL SERVICES AND MARKETS ACT 2000 (AS AMENDED). RELIANCE ON THIS DOCUMENT FOR THE PURPOSE OF ENGAGING IN ANY INVESTMENT ACTIVITY MAY EXPOSE AN INDIVIDUAL TO A SIGNIFICANT RISK OF LOSING ALL AMOUNTS INVESTED

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. If you are in any doubt about the contents of this document and/or the action that you should take, you should immediately seek your own financial advice from your stockbroker, bank manager, solicitor or other independent professional adviser authorised under the Financial Services and Markets Act 2000 (as amended), if you are in the United Kingdom or, if not, another appropriately authorised independent financial adviser.

If you have sold or otherwise transferred all of your registered holding of Ordinary Shares before the Record Date (6.00 p.m. on 11 June 2009), please forward this document and the enclosed 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 delivery to the purchaser or transferee.

This document does not constitute a prospectus for the purposes of the Prospectus Rules and has not been, and will not be, approved by or filed with the FSA. In issuing this document, Allergy Therapeutics plc is relying on paragraphs 43 and 60 of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, as amended. Details of this exemption are set out in Part IV of this document. Applications in respect of the Offer from persons not falling within such exemption will be rejected and the Offer contained in this document is not capable of acceptance by such person. Copies of this document will be available free of charge during normal business hours on any weekday (except Saturdays, Sundays and public holidays) at the offices of Berwin Leighton Paisner LLP, Adelaide House, London Bridge, London EC4R 9HA from the date of this document for a period of one month.

Application will be made to the London Stock Exchange for the Placing Shares, Subscription Shares and Offer Shares to be admitted to trading on the AIM market of the London Stock Exchange and dealings are expected to commence on 1 July 2009. AIM is a market designed 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 of the United Kingdom Listing Authority. A prospective investor should be aware of the risks in investing in such companies and should make the decision to invest only after careful consideration, and if appropriate, consultation with a financial adviser. The London Stock Exchange has not itself examined or approved the contents of this document.

Allergy Therapeutics plc

(incorporated and registered in England and Wales under the Companies Act 1985 with registered number 5141592)

Approval of waiver of Rule 9 of the Takeover Code

Proposed Placing and Subscription of 168,716,562 New Ordinary Shares of

0.1 pence each at 12 pence per New Ordinary Share and

Offer to Qualifying Participants of New Ordinary Shares

and

Notice of General Meeting

Nomura Code Securities Limited

Nominated Adviser and Broker

None of the Placing Shares, the Offer Shares nor the Subscription Shares have been or will be registered under the United States Securities Act of 1933 (as amended) (the "Securities Act") nor under the securities laws of any state or other jurisdiction in the United States and are being offered and sold outside the United States in compliance with Regulation S of the Securities Act and within the United States to "accredited investors" in reliance on Regulation D of the Securities Act, neither do they qualify for distribution under any of the relevant securities laws of Canada, Australia, South Africa or Japan, nor has any prospectus in relation to the Placing Shares, Subscription Shares or the Offer Shares been lodged with or registered by the Australian Securities and Investments Commission. Accordingly, subject to certain exceptions, none of the Placing Shares, Subscription Shares nor Offer Shares may be, directly or indirectly, offered, sold, taken up, delivered or transferred in or into the United States, Canada, Australia, South Africa or Japan.

The Subscription Shares have not been and will not be approved or disapproved by the US Securities and Exchange Commission, any state securities commission in the United States or any other United States regulatory authority, nor have any of the foregoing authorities passed on or endorsed the merits of the Subscription Shares or the accuracy or adequacy of this document. Any representation to the contrary is a criminal offence in the United States.

This document should be read in its entirety. Your attention is drawn to the letter from the Chairman of the Company which is set out in Part I of this document and which includes a recommendation that you vote in favour of the Resolutions to be proposed at the General Meeting referred to below.

Notice of a General Meeting of Allergy Therapeutics plc, to be held at the offices of Berwin Leighton Paisner LLP at St Magnus House, 3 Lower Thames Street, London EC3R 6HE at 11 a.m. on 30 June 2009 is set out at the end of this document. Shareholders will find enclosed a Form of Proxy for use at the General Meeting. The Form of Proxy should be completed and returned to Capita Registrars, Proxy Department, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU, in accordance with the instructions printed on it as soon as possible and, in any event, so as to be received no later than 11 a.m. on 26 June 2009. Completion and return of the Form of Proxy will not preclude Shareholders from attending and voting in person at the General Meeting should they so wish.

Nomura Code Securities Limited, which is authorised and regulated in the United Kingdom by the FSA, is acting exclusively for Allergy Therapeutics plc in relation to the transaction referred to herein. Nomura Code Securities Limited is not acting for, and will not be responsible to, any person other than Allergy Therapeutics plc for providing the protections afforded to customers of Nomura Code Securities Limited or for advising any other person on the contents of this document or any transaction or arrangement referred to herein.

Any offering of shares in the Company has not been and will not be notified to the Belgium Banking, Finance and Insurance Commission (Commissie Voor Het Bank, Financier en Assurantievezen/Commission Bancaire, Financier et des Assurances) nor has this document been nor will it be filed with the Belgium Banking, Finance and Insurance Commission. Accordingly, the Company is not and will not be authorised to conduct a public offering of shares in the Company in or from Belgium. Shares may be offered in Belgium by private placement to a restricted number of persons and/or professional investors and professional distributors and, if applicable, subject to a minimum investment amount in accordance with Belgian law.

In Germany, this document and its contents are only directed at persons who fall within the exemptions for "Qualified investors" contained in Article 3(2) of the German Securities Prospectus Act (Wertpapierprospektgesetz). No action has been or will be taken in the Federal Republic of Germany that would permit a public offering of the securities of the Company or the possession, circulation or distribution of this document or any other offering material. Accordingly, the Common Shares may not be offered or sold, directly or indirectly, in connection with a public offering of the Federal Republic of Germany.

In the Netherlands, this document is only addressed to and directed at (and the New Ordinary Shares will only be offered to) professional market parties within the meaning of Section 1a(3) of the Exemption Regulation pursuant to the Act on the Supervision of the Securities Trade 1995, as amended (Vrijstellingsregeling Wet toezicht effectenverkeer 1995).

In Switzerland, the Company has not been and will not be licensed or authorised by the Swiss Federal Banking Commission (the "SFBC") to publically offer its shares in Switzerland, and this document has not been and will not be submitted to the SFBC for approval. Accordingly, any offer of shares in the Company will be restricted to private placement, as defined in Circular Letter No. 2003/1 of the SFBC (the "Circular Letter"). As a result, shares in the Company may only be offered and materials in respect of an investment in the Company may only be distributed in or from Switzerland to (i) institutional investors (as defined in the circular Letter) and (ii) a limited number of non-institutional investors per business year. The offer of shares and the distribution or disclosure of materials which relate to the Company to persons other than those listed above is strictly forbidden and may contravene Swiss law.

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DEFINITIONS

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

“€2.5 Million Maximum”	the aggregate maximum subscription under the Offer (before expenses) of less than €2.5 million
“2006 Act”	the Companies Act 2006 (as amended)
“Act”	the Companies Act 1985 (as amended)
“Admission”	the admission of the Placing Shares, Subscription Shares and Offer Shares to trading on AIM becoming effective pursuant to paragraph 6 of the AIM Rules
“AIM”	the AIM market operated by the London Stock Exchange
“AIM Rules”	the AIM Rules for Companies published by the London Stock Exchange, as in force at the date of this document
“Alejandro Weinstein Jr.”	Alejandro Esteban Weinstein Manieu
“Alejandro Weinstein Snr.”	Alejandro Kostia Nicolás Weinstein Crenovich
“Application Form”	the application form in respect of the Offer accompanying this document
“Azure”	Azure Ventures Limited, incorporated in Malta and whose registered number is C46721 and whose registered office address 6/3 Olkten Building, Sir William Reid Street, Gzira GZR1038, Malta
“Azure Subscription Agreement”	the Conditional agreement made between the Company and Azure, further details of which are set out in Part VI of this document
“Capita Registrars”	Capita Registrars Limited, registrars and receiving agents to the Company
“Companies Act”	the company law provisions of the 2006 Act (as such term is defined in section 2(2) of the 2006 Act), Part 2 of the Companies (Audit, Investigations and Community Enterprise) Act 2004 and the provisions of the Companies Consolidation (Consequential Provisions) Act 1985 and the Act that remain in force
“Company” or “Allergy”	Allergy Therapeutics plc whose registered number is 5141592 and whose registered office address is Dominion Way, Worthing, West Sussex, BN14 8SA
“Concert Party”	Azure, Wild Indigo, Alejandro Weinstein Snr., Nicolás Weinstein, Alejandro Weinstein Jr., Manuel Llobet, Natacha Olarte, Joshua Llobet and Antua Llobet
“CREST”	the Relevant System for the paperless settlement of share transfers and the holding of shares in uncertified form in respect of which Euroclear is the Operator (as defined by the CREST Regulations)

“CREST Regulations”	the Uncertificated Securities Regulations 2001 (as amended) (SI 2001/3755)
“Directors” or the “Board”	the board of directors of the Company as at the date of this document
“Director Subscription Agreement”	the conditional agreement made between the Company and Ignace Goethals, further details of which are set out in paragraph 4.4 of Part VI of this document
“DTRs”	the Disclosure Rules and Transparency Rules published by the FSA
“EMEA”	European Medicines Evaluation Agency, the European Union’s agency responsible for the evaluation of medicines
“Enlarged Issued Share Capital”	the issued ordinary share capital of the Company as enlarged following the Fundraising (which for the avoidance of doubt assumes that: no Offer Shares are taken up; no ordinary shares are in issue as a result of the exercise of options granted under the option schemes; and there has been no exercise of the Warrants)
“Euroclear”	Euroclear UK & Ireland Limited, the operator of CREST
“EU”	the European Union
“Facility”	the RBS senior debt facility
“Financial Promotion Order”	the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, as amended
“FDA”	Food and Drug Administration, the US governmental agency responsible for the evaluation of medicines
“FSA”	the Financial Services Authority
“FSMA”	Financial Services and Markets Act 2000
“Fundraising”	the Placing, Subscription and Offer
“General Meeting”	the general meeting of Allergy convened for 11.00 a.m. on 30 June 2009 (or any adjournment thereof), notice of which is set out at the end of this document
“GMP”	Good Manufacturing Practice
“Group”	the Company and its Subsidiaries
“GSK”	GlaxoSmithKline plc
“Issue Price”	12 pence per New Ordinary Share
“London Stock Exchange”	London Stock Exchange plc
“Llobet LTIP”	an interest in 750,000 Ordinary Shares under the Company’s Long Term Share Incentive Plan intended to be granted to Manuel Llobet following Admission

“MPL”	3-deacylated monophosphoryl liquid A, a vaccine adjuvant made from a fragment of a cell wall
“New Ordinary Shares”	the new Ordinary Shares in the capital of the Company to be issued pursuant to the Fundraising
“Nicolás Weinstein”	Nicolás Francisco Weinstein Manieu
“Nomura Code”	Nomura Code Securities Limited
“Notice of Meeting”	notice of General Meeting
“Offer”	the offer of the Offer Shares at the Issue Price on the terms and conditions set out in this document and the Application Form accompanying this document
“Offer Shares”	up to 17,835,233 New Ordinary Shares to be issued to Qualifying Participants under the Offer
“Option Schemes”	the Allergy Therapeutics (Holdings) Limited Share Option Scheme 1998, the Allergy Therapeutics (Holdings) Limited 2001 Share Option Plan (including EMI), the Allergy Therapeutics plc 2005 Executive Share Option Plan, the Allergy Therapeutics plc Long Term Share Incentive Plan and the Allergy Therapeutics plc 2005 Savings Related Share Option Plan
“Ordinary Shares”	ordinary shares of 0.1 pence per share each in the capital of the Company
“Panel” or “Takeover Panel”	the Panel on Takeovers and Mergers
“Panel Waiver”	the waiver to be granted by the Panel of any obligation which would otherwise be imposed on Azure under Rule 9 of the Takeover Code to make a general offer to Shareholders of the Company as a result of the Subscription and the exercise of the Warrants
“PEI”	Paul Ehrlich Institut
“Placees”	subscribers for Placing Shares pursuant to the Placing Agreement
“Placing”	the placing of the Placing Shares at the Issue Price pursuant to the Placing Agreement
“Placing Agreement”	the conditional agreement dated 11 June 2009 and made between Nomura Code and the Company in relation to the Placing, further details of which are set out in Part IV of this document
“Placing Shares”	the 59,424,896 New Ordinary Shares to be issued to the Placees pursuant to the Placing
“£” and “p”	respectively pounds and pence sterling, the lawful currency of the United Kingdom
“Proposals”	the Fundraising, the approval by Shareholders of the Panel Waiver and the issue of Warrants and the Llobet LTIP

“Proposed Directors”	Alejandro Weinstein Jr. (Non-Executive Director) and Manuel Llobet (Executive Director)
“Prospectus Rules”	the Prospectus Rules published by the FSA
“Qualifying Employees”	persons employed by any member of the Group on the Record Date who are in any jurisdiction in which an offer to sell or invitation to subscribe for the Offer Shares is not unlawful and does not require the Offer or the Offer Shares to be approved by, or registered with, any regulatory body
“Qualifying Participants”	Qualifying Employees and Qualifying Shareholders
“Qualifying Shareholders”	Shareholders on the register of members of the Company on the Record Date who are in any jurisdiction in which an offer to sell or invitation to subscribe for the Offer Shares is not unlawful and does not require the Offer or the Offer Shares to be approved by, or registered with, any regulatory body
“RBS”	The Royal Bank of Scotland plc
“Recalcine Group”	a group of pharmaceutical companies wholly or partially owned by the Weinstein family of Chile
“Record Date”	the record date in relation to the Offer, being 6.00 p.m. on 11 June 2009
“Relevant System”	has the meaning given in the CREST Regulations
“Resolutions”	the resolutions set out in the Notice of Meeting at the end of this document
“Revised Facility”	the Facility as revised by the amendment and restatement agreement described in paragraph 4.5 of Part VI of this document
“Rule 9 Subscription Threshold”	<p>the maximum number of Offer Shares which, when aggregated with the relevant Qualifying Participant’s existing holding of, or interest in, Ordinary Shares, taken together with the interests in Ordinary Shares held by persons acting in concert with such Qualifying Participant, would result in:</p> <ul style="list-style-type: none"> (i) the concert parties continuing to hold, or be interested in, Ordinary Shares carrying less than 30 per cent. of the voting rights of the Company; or (ii) where the concert parties currently hold, or are interested in, Ordinary Shares carrying 30 per cent. or more but not more than 50 per cent. of the voting rights in the Company) the concert parties not increasing their existing percentage holding of, or interest in, Ordinary Shares carrying voting rights in the Company.
“Shareholders”	holders of Ordinary Shares
“Subscribers”	subscribers for the Subscription Shares pursuant to the Subscription Agreements being Azure, Wild Indigo and Ignace Goethals
“Subscription”	the subscription for the Subscription Shares at the Issue Price pursuant to the Subscription Agreements

“Subscription Agreements”	the conditional agreements made between the Company and the Subscribers, further details of which are set out in Part VI of this document
“Subscription Shares”	the 109,291,666 New Ordinary Shares to be issued to the Subscribers pursuant to the Subscription
“Subsidiaries”	the subsidiaries of the Company
“Takeover Code”	the City Code on Takeovers and Mergers
“United Kingdom”	the United Kingdom of Great Britain and Northern Ireland
“US” or “USA” or “United States of America”	the United States of America, each state thereof, its territories and possessions, and all areas subject to its jurisdiction
“Warrants”	the warrants to be issued to Azure pursuant to the Azure Subscription Agreement, details of which are set out in paragraph 4 of Part VI of this document
“Wild Indigo”	Wild Indigo S.A., incorporated in the Republic of Panama, recorded at Microjacket 660977, Document 1572561 and whose registered office is Aleman, Cordero, Galindo & Lee, East 53rd Street, Marbella, MMG Building, 2nd Floor, Panama, Republic of Panama

EXPECTED TIMETABLE OF PRINCIPAL EVENTS

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

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

If you have any questions on how to complete the Form of Proxy, please contact the Capita Registrars on telephone number 0871 664 0321 (calls cost 10p per minute plus network extras) (+44 208 639 3399 from outside the UK). This helpline is open from 9.00 a.m. to 5.00 p.m. on business days (i.e. Monday to Friday and excluding public holidays). Calls to the helpline from outside of the UK will be charged at applicable international rates. Different charges may apply to calls from mobile telephones. Please note that calls to the helpline may be monitored or recorded and that the helpline is not able to advise on the merits of the matters set out in this document or provide any personal legal, financial or taxation advice.

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

PLACING, SUBSCRIPTION AND OFFER STATISTICS

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

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

2 Assuming no take up under the Offer.

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

DIRECTORS, SECRETARY AND ADVISERS

Directors	Ignace Goethals (<i>Non-Executive Chairman</i>) Keith Carter (<i>Chief Executive Officer</i>) Ian Postlethwaite (<i>Finance Director</i>) Thomas Holdich (<i>R&D Director</i>) Christian Grätz (<i>Director, Market Operations</i>) Stephen Smith (<i>Non-Executive Director</i>) Virinder Nohria (<i>Non-Executive Director</i>)
Proposed Directors	Alejandro Weinstein Jr. (<i>Non-Executive Director</i>) Manuel Lobet (<i>Executive Director</i>)
Company secretary and registered office	Ian Postlethwaite Dominion Way Worthing West Sussex BN14 8SA
Nominated adviser and broker	Nomura Code Securities Limited 1 Carey Lane London EC2V 8AE
Legal advisers to the Company	Berwin Leighton Paisner LLP Adelaide House London Bridge London EC4R 9HA
Legal advisers to the Placing	Eversheds LLP One Wood Street London EC2V 7WS
Auditors	Grant Thornton (UK) Limited The Explorer Building Fleming Way Manor Royal Gatwick RH10 9GT
Registrars	Capita Registrars Limited Northern House Woodsome Park Fenay Bridge Huddersfield HD8 0GA
Receiving agents	Capita Registrars Limited Corporate Actions The Registry 34 Beckenham Road Beckenham Kent BR3 4TU

PART I

Letter from the Chairman

Allergy Therapeutics plc

(Incorporated and registered in England and Wales under the Companies Act 1985 with registered number 5141592)

Directors:

Ignace Goethals (*Non-Executive Chairman*)
Keith Carter (*Chief Executive Officer*)
Ian Postlethwaite (*Finance Director*)
Thomas Holdich (*R&D Director*)
Christian Grätz (*Director, Market Operations*)
Stephen Smith (*Non-Executive Director*)
Virinder Nohria (*Non-Executive Director*)

Registered Office:

Dominion Way
Worthing
BN14 8SA

Proposed Directors:

Alejandro Weinstein Jr. (*Non-Executive Director*)
Manuel Llobet (*Executive Director*)

12 June 2009

To Shareholders, Qualifying Participants and, for information purposes only, to the holders of options under the Option Schemes

Dear Shareholders and Qualifying Participants,

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

Introduction

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

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

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

11 June 2009, the last business day prior to the date of this document. In addition, Azure will receive Warrants to subscribe for up to 33,333,333 Ordinary Shares to the value of £4 million (at the exercise price) payable in cash. The Ordinary Shares to be issued on the exercise of the Warrants will be issued at a discount of 25 per cent. to the 30 day volume-weighted average share price, with a minimum exercise price of 12 pence per Warrant. Each of the Warrants may be exercised at Azure's option at any time and separately in no more than two tranches within the period of 18 months from Admission. A condition of the Warrants is that at no time shall the Concert Party's interest in Allergy exceed 49.9 per cent. of the Company's issued share capital. The Warrants are not transferable.

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

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

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

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

Subject to certain exceptions, the Concert Party has also agreed not to dispose of any of its holding of the Company's shares for 12 months and is restricted to dealing only through the Company's nominated adviser for a further 12 months thereafter. Further details of these restrictions are set out in paragraph 4.2 of Part VI.

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

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

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

Background to and Reasons for the Fundraising

Business update

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

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

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

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

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

Financing

The Fundraising will permit the repayment of £10 million of the Facility. This has enabled the Company to renegotiate the terms of its borrowing from RBS. Under the new terms the Company will have access to a €11 million term loan, a €15 million revolving credit facility and a £2 million overdraft facility. Repayment is nil for 18 months, then payments are quarterly. Total repayment is €17.8 million. There is a bullet repayment of the balance in year 5. There is a cash sweep of 50 per cent. of surplus cash flow above £2.5 million per annum. The margin is 400 - 275 basis points (ratchet on leverage). The term remains 5 years (to June 2014) and the covenants have been revised to reflect the Proposals. As a consequence, the Directors are of the opinion the Company's cash requirements for the foreseeable future will be fulfilled by the Fundraising and the Company will have sufficient funds to accelerate the growth of commercial operations. The Revised Facility to reflect these new terms, *inter alia*, is conditional on shareholders' approval of the Resolutions at the General Meeting.

Sales

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

Pollinex Quattro

On the existing named patient basis, Pollinex Quattro remains the Company's best-selling and fastest growing product. The registration of Pollinex Quattro in Europe remains a key priority and is continuing according to schedule; the Company anticipates approval in Germany in 2010.

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

Financial position of the Company

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

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

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

Strategy, Use of Funds and Rationale for Investment

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

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

Allergy fits Recalcine Group's strategy and skill set as it enables expansion into a new region and operates in a specialised sector. Allergy is a niche, standalone business, has established products with revenues, a major new product in registration and a high quality GMP compliant manufacturing facility. Allergy is protected from multinationals and benefits from a lack of generic alternatives that may destroy pricing and value.

The Fundraising will place the Company on a sounder financial footing, strengthen the Board with pharmaceutical marketing expertise and enable investment in sales and marketing in European territories to accelerate growth.

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

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

Information on Azure

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

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

Azure Ventures Limited

Registration number: C46721
Registered address: 6/3 O'Hea Building, Sir William Reid Street, Gzirea GZR1038, Malta
Incorporated: 28 April 2009
Director: Mr. Jason Tabone

Financing of Azure's Subscription

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

Intentions of the Concert Party

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

As part of the Company's strategy, supported by the Concert Party, the Board and Proposed Directors will review the Company's cost base and implement a rationalisation programme.

In addition, the Concert Party has confirmed its intention that the locations of the Company's places of business and the continued employment of its employees and management (and those of its subsidiaries) would not be altered, save for the position of Chief Executive Officer and any change to the Board resulting from the Company's move towards compliance with corporate governance rules as described in paragraph 4.2 of Part VI, nor would there be any material changes in the conditions of employment, nor any redeployment of the fixed assets of the Company.

Board and Senior Management Appointments

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

Keith Carter will be stepping down as CEO on 1 September 2009 under the terms of a compromise agreement as set out in paragraph 6 of Part VI. Keith Carter will stay on to provide consultancy services to the Company for a minimum of 3 months and take up a position as a Non-Executive Director, conditional on the Resolutions being passed. Keith Carter's resignation as CEO is conditional on completion of the Fundraising.

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

Alejandro Weinstein Jr.

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

Manuel Llobet

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

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

Placing and Subscription

It was announced today that the Company has placed New Ordinary Shares with institutional investors to raise £7.1 million before expenses. This Placing has been underwritten by Nomura Code.

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

Offer to Qualifying Shareholders and Qualifying Employees

The Company considers it important that Qualifying Shareholders and Qualifying Employees have an opportunity to participate in the Fundraising on equivalent terms and conditions to the Placing and Subscription. The Company has been advised that Qualifying Participants can subscribe, in aggregate, for up to the €2.5 Million Maximum without the Company having to produce a prospectus which would be time-consuming and costly. At current exchange rates, €2.5 million equates to approximately £2.1 million. In the event that Qualifying Participants apply for an aggregate amount that is greater in aggregate than the €2.5 Million Maximum and/or greater than the Rule 9 Subscription Threshold, the Directors will use their discretion to scale back such applications such that this maximum and/or threshold is not exceeded. For further information on the Offer see Part IV of this document and Qualifying Participants' attention is drawn to the risk factors detailed in Part V of this document.

In order to apply for Offer Shares, Qualifying Participants should complete the Application Form in accordance with the instructions set out on the Application Form and return it and the appropriate remittance, by post, to Capita Registrars, Corporate Actions, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU or by hand (during normal business hours only) to Capita Registrars at that address together, in each case, with payment in full, so as to be received no later than 11.00 a.m. on 26 June 2009.

The Offer is not being underwritten.

Participation in the Subscription by a Director

As part of the Subscription, Ignace Goethals has agreed to subscribe for 2,000,000 New Ordinary Shares at the Issue Price.

Ignace Goethals is not a Qualifying Participant under the Offer. In order for him to participate in the Fundraising the Company has entered into the Director Subscription Agreement described in paragraph 4.4 of Part VI. The Director Subscription Agreement has been entered into on the basis that he is an “accredited investor” under Regulation D of the United States Securities Act 1933.

The participation in the Fundraising by Mr Goethals constitutes a related party transaction under the AIM Rules. Keith Carter, Ian Postlethwaite, Thomas Holdich, Christian Grätz, Virinder Nohria and Steven Smith, being the Directors not participating in the Fundraising, consider, having consulted the Company’s nominated adviser, Nomura Code, that the terms on which Mr Goethals is participating in the Subscription are fair and reasonable insofar as the Company’s Shareholders are concerned.

Financial Information

The financial information in this document in Part II relates to the Company.

The financial information on the Company is comprised of the annual report and accounts for the years ended June 2008, 2007 and 2006 and the interim results for the six months ended 31 December 2008.

Azure was incorporated on 28 April 2009 and as such financial information on Azure has not been prepared. Further information on the nature and beneficiaries of Azure may be found in Part III.

The Takeover Code

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

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

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

Rule 9 of the Takeover Code further provides that, amongst other things, where any person, together with persons acting in concert with him, is interested in shares which in aggregate carry not less than 30 per cent. of the voting rights of a company but does not hold shares carrying more than 50 per cent. of such voting rights and such person, or any such person acting in concert with him, acquires an interest in any other shares which increases the percentage of shares carrying voting rights in which he is interested, such person or persons acting in concert with him is normally required by the Panel to make a general offer in cash to all shareholders of

the company for the shares not already owned by him or any other person acting in concert with him at not less than the highest price paid by him or any person acting in concert with him within the 12 months preceding the date of the announcement of such offer.

Under the Takeover Code, a concert party arises, *inter alia*, when persons who, pursuant to an agreement or understanding (whether formal or informal), co-operate, to obtain or consolidate control of that company. Under the Takeover Code, control means an interest, or interests, in shares carrying in aggregate 30 per cent. or more of the voting rights of a company, irrespective of whether such interest or interests give de facto control. In this context, voting rights means all the voting rights attributable to the capital of a company which are currently exercisable at a general meeting.

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

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

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

Allotment of Placing and Subscription Shares

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

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

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

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

No member of the Concert Party nor any director of any company within the Concert Party nor anyone acting in concert with the Concert Party is interested in or has dealt in any of the Company's securities in the 12 months prior to the date of this document. The waiver to which the Panel has agreed will be invalidated if any acquisitions of interests in the Company's shares are made by the Concert Party in the period between the date of this document and the General Meeting.

Under the provisions of the Takeover Code and the Subscription Agreements, Shareholders' approval of the waiver of the obligation arising under Rule 9 of the Takeover Code will be required at the General Meeting in order to permit the proposed investment by Azure and Wild Indigo.

No inducement fee is payable in respect of the proposed Fundraising.

General Meeting

The Placing, the Subscription, the Offer and the waiver of Rule 9 of the Takeover Code are subject, *inter alia*, to the passing of the Resolutions at the General Meeting.

Set out at the end of this document is the notice convening a General Meeting to be held on 30 June 2009 at the offices of Berwin Leighton Paisner LLP, St Magnus House, 3 Lower Thames Street, London, EC3R 6HE at 11.00 a.m. at which the Resolutions will be proposed.

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

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

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

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

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

Action to be taken

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

Qualifying Participants who wish to take up the Offer should duly complete and return the Application Form and appropriate remittance.

Importance of vote

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

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

Recommendation

The Directors, who have been so advised by Nomura Code, consider the terms of the Fundraising and the waiver of the obligations under Rule 9 of the Takeover Code to be fair and reasonable and in the best interest of the Company and its existing Shareholders as a whole. In providing advice to the Directors, Nomura Code has taken into account the Board's commercial assessments.

The Directors recommend that you vote in favour of the Resolutions to be proposed at the General Meeting. Directors who are also Shareholders have given irrevocable undertakings to vote in favour of the Resolutions in respect of their own beneficial holdings of Ordinary Shares which amount, in aggregate, to 5,592,963 Ordinary Shares, representing approximately 6.82 per cent. of the existing Ordinary Shares. Certain other Shareholders have provided signed letters to the Company confirming their intentions to vote in favour of the Resolutions in respect of the beneficial holdings of Ordinary Shares which amount in aggregate to 8,274,195 Ordinary Shares, representing approximately 10.07 per cent. of the existing Ordinary Shares.

This letter should not be viewed as, and is not, financial advice and the Directors are not making any recommendations to Qualifying Participants in relation to taking up Offer Shares under the Offer. Any Qualifying Participant considering investing in Offer Shares under the Offer is recommended immediately to seek independent financial advice from their stockbroker, bank manager, solicitor or other independent professional adviser authorised under the Financial Services and Markets Act 2000 (as amended), if you are in the United Kingdom or, if not, another appropriately authorised independent financial adviser.

Yours faithfully,

Ignace Goethals
Non-Executive Chairman

PART II

Financial Information on Allergy Therapeutics plc

Please refer to pages 25 to 60 (inclusive) of the Company's Report and Accounts for the year ended 30 June 2008. This document can be found on the Company's website at:

<http://www.allergytherapeutics.com/uploads/reportaccounts2008web.pdf>

Please also refer to pages 10 to 15 (inclusive) of the Company's Interim Report for the six months ended 31 December 2008. This document can be found on the Company's website at:

<http://allergytherapeutics.com/uploads/interims2009.pdf>

Please refer to pages 22 to 48 (inclusive) of the Company's Report and Accounts for the year ended 30 June 2007. This document can be found on the Company's website at:

<http://allergytherapeutics.com/uploads/interims/RA.pdf>

Please refer to pages 21 to 40 (inclusive) of the Company's Report and Accounts for the year ended 30 June 2006. This document can be found on the Company's website at:

<http://allergytherapeutics.com/uploads/ar2006.pdf>

A Shareholder, person with information rights or other person to whom this document is sent may request a copy of any such information in hard copy form. A hard copy may be obtained by contacting the Company at Dominion Way, Worthing, West Sussex, BN14 8SA or by telephoning +44 (0)1903 844 700.

PART III

Information on the Concert Party

Information on Azure

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

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

Registration number: C46721

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

Incorporated: 28 April 2009

Director: Mr. Jason Tabone

Information on the beneficiaries of the Karjiang Pharma Trust

Alejandro Weinstein Snr.

Alejandro Weinstein Snr. is currently the chairman of Laboratorios Recalcine S.A. and has been a director of this company for more than 50 years. He was formerly CEO of Laboratorios Recalcine S.A. until 2000, when his son, Alejandro Weinstein Jr. took over from him as CEO. Alejandro Weinstein Snr. is a beneficiary under The Karjiang Pharma Trust and has interests in a number of pharmaceutical companies, primarily in South America, as further described in the paragraph below on the Weinstein family.

Nicolás Weinstein

Nicolás Weinstein has been the Chief Financial Officer of Laboratorios Recalcine S.A. since 2000. Nicolás Weinstein is a beneficiary under The Karjiang Pharma Trust and has interests in a number of pharmaceutical companies, primarily in South America, as further described in the paragraph below on the Weinstein family.

Alejandro Weinstein Jr.

A biography of Alejandro Weinstein Jr. appears in Part I. Note that Alejandro Weinstein Jr. is being proposed as a director of the Company pursuant to a right of Azure to nominate a non-executive director of the Company under the Azure Subscription Agreement, for further details of these rights see paragraph four of Part VI.

Weinstein Family

The Weinstein family have long established interests in the pharmaceutical sector, primarily in South America. The Weinstein family indirectly own significant pharmaceutical sector assets in 20 countries including:

The Recalcine Group

Laboratorios Recalcine S.A. was incorporated in 1922 in Chile and is one of the top 5 independent South American pharmaceutical companies (excluding Brazil) and a leader in branded generic pharmaceuticals in its home markets. The Recalcine Group has a presence in 20 countries and employs over 3,500 people and 4 production facilities. It has a strong sales and marketing culture with 1,300 medical representatives in different specialised pharmaceutical companies who sell over 400 product brands in the region. The Recalcine Group is experienced in developing marketing infrastructures and building specialised networks on a international scale, demonstrated by its Gynopharm business which grew from a Chilean start-up into a global business with approximately US\$70 million in revenues in 2008.

The Recalcine Group also has a number of business relationships with multinational companies, including Boehringer-Ingelheim, Eli Lilly, Ferring and Sanofi-Aventis, as well as extensive early stage R&D capabilities through joint-ventures with major South American universities.

Information on Wild Indigo S.A. and Manuel Llobet

Wild Indigo

Wild Indigo S.A. is associated with Manuel Llobet and is a special purpose vehicle incorporated on 6 May 2009 in the Republic of Panama. Wild Indigo is a wholly owned by The Zeus Trust, a family trust incorporated under the laws of New Zealand on 3 June 2009. The trustee of The Zeus Trust is FI&PA Corporate Trustee New Zealand Limited of 60 Tinakori Road, Thorndon, Wellington, New Zealand. The beneficiaries of the trust are Natacha Olarte, Joshua Llobet and Autua Llobet who are the wife and two minor children of Manuel Llobet, respectively.

Registration Number: Microjacket 660977, Document 1572561

Registered address: Aleman, Cordero, Galindo & Lee, East 53rd Street, Marbella, MMG Building, 2nd Floor, Panama, Republic of Panama

Incorporated: 6 May 2009

Directors: Edgardo Eloy Diaz, Moira Itzel Guevara and Myrna de Navarro

Manuel Llobet

A biography of Manuel Llobet appears in Part I. Note that Manuel Llobet is being proposed as the Chief Executive Officer of the Company pursuant to a right of Azure to nominate an executive director of the Company under the Azure Subscription Agreement, for further details of these rights see paragraph four of Part VI.

Prior directorships of the Proposed Directors, Alejandro Weinstein Snr. and Nicolás Weinstein

The Proposed Directors, Alejandro Weinstein Snr. and Nicolás Weinstein are, or have been in the five years immediately preceding the date of this document, directors of the following companies or partners in the following partnerships:

Current directorships and partnerships

Alejandro Weinstein Jr.

Genomika Foundation
Laboratorios Recalcine S.A.
Biomedical Research Consortium

Nicolás Weinstein

Laboratorios Recalcine S.A.

Alejandro Weinstein Snr.

Laboratorios Recalcine S.A.

Past directorships and partnerships within the last five years

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Current directorships and partnerships

Manuel Lobet

Gynopharm S.A. (Costa Rica)
Gynopharm S.A. (Colombia)
Laboratorios Elea México S.A. de C.V.
Servicios Elche S.A. de C.V.
Laboratorios Atlas
Gynopharm de Venezuela C.A.
Farminindustria S.A.

Past directorships and partnerships within the last five years

Drokasa Peru S.A.

Further Disclosure

No Proposed Director, nor Alejandro Weinstein Snr., or Nicolás Weinstein has, in the previous five years:

1. any convictions in relation to fraudulent offences;
2. been declared bankrupt or entered into an individual voluntary arrangement;
3. been a director of any company at the time of or within 12 months preceding any receivership, compulsory liquidation, creditors voluntary liquidation, administration, company voluntary arrangement or any composition or arrangement with that company's creditors generally or with any class of its creditors;
4. been a partner in a partnership at the time of, or within twelve months preceding, any compulsory liquidation, administration or partnership voluntary arrangement of any such partnership;
5. had his assets the subject of any receivership or has been a partner of a partnership at the time of or within the 12 months preceding, any assets thereof being the subject of a receivership; or
6. been subject to any public incrimination and/or sanction by any regulatory authority (including any recognised professional body) or has ever been disqualified by a court from acting as a director or member of administrative management or supervisory bodies of a company or from acting in the management or conduct of the affairs of any company.

PART IV

Details of the Placing, Subscription and Offer

The Placing

Nomura Code, as agent for the Company, has agreed to place, subject to certain conditions, the Placing Shares at the Issue Price with new and existing institutional investors. The Placing will raise approximately £7.1 million (before expenses) for the Company.

Under the terms of the Placing Agreement, to the extent that Nomura Code fails to procure such subscribers for the Placing Shares, it will subscribe for the Placing Shares as principal upon the terms and subject to the conditions of the Placing Agreement. The Placing Agreement is conditional, *inter alia*, upon the Resolutions being passed by Shareholders at the General Meeting, the Subscription Agreements having become unconditional in all respects (save for any condition as to the Placing Agreement having become unconditional) and the Revised Facility having been entered into and having become unconditional in all respects (save for Admission). The Placing Agreement contains certain warranties given to Nomura Code as to the accuracy of the information contained in this document and other matters relating to the Company and its business which are customary in this type of agreement. Further details of the Placing Agreement are set out in paragraph 4 of Part VI of this document.

The Subscription

Azure, has agreed, subject to, *inter alia*, Shareholders' approval of the Resolutions, to subscribe for Subscription Shares at the Issue Price which will raise £12.5 million (before expenses) for the Company. In addition, Wild Indigo has agreed, subject to, *inter alia*, Shareholders' approval of the Resolutions, to subscribe for Subscription Shares at the Issue Price which will raise £375,000 for the Company.

The Subscription Agreements between Azure and the Company and Wild Indigo and the Company contain certain warranties given by the Company to Azure and Wild Indigo. Further details of the Subscription Agreements are set out in paragraph 4 of Part VI of this document. The Subscription Agreements will be conditional on the Placing Agreement becoming unconditional (save for Admission and any other conditions as to the Subscription Agreements having become unconditional). The Subscription Agreements are conditional on the passing of the Resolutions and the Revised Facility becoming unconditional in all respects (save for Admission).

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

The Company and Ignace Goethals entered into the Director Subscription Agreement under which Ignace Goethals has agreed, subject to the same conditions as the Azure Subscription Agreement, to subscribe for 2,000,000 New Ordinary Shares at the Issue Price. Ignace Goethals has no rights in relation to the appointment of Directors and will receive no Warrants.

The Offer

The Offer comprises an offer to subscribe at the Issue Price of up to approximately £2.1 million nominal of Offer Shares with the aggregate consideration to be received by the Company limited to the €2.5 Million Maximum. The Directors reserve the right to exercise their discretion in the allocation of successful applications, including, without limitation, to ensure no Offer Shares are issued so as to exceed the €2.5 Million Maximum or the Rule 9 Subscription Threshold. The Offer is not being underwritten and is not being made to Shareholders on a pre-emptive basis.

The Offer is only open to Qualifying Participants and there is no minimum subscription per applicant. No Qualifying Participant may subscribe for Offer Shares in excess of the €2.5 Million Maximum or the Rule 9 Subscription Threshold. Multiple applications may be submitted. Qualifying Shareholders who are joint Shareholders may only apply for Offer Shares as joint applicants.

The Offer is conditional on Shareholders' approval of the Resolutions and the Placing Agreement and Subscription Agreements becoming unconditional in all respects and not having being terminated in accordance with their respective terms and conditions.

The Offer will close at 11.00 a.m. on 26 June 2009 unless previously closed or extended.

Applications must be made on the terms and conditions set out in Part VII of this document and in the Application Form and by duly completing and returning the Application Form and appropriate remittance.

Ignace Goethals is subscribing for Subscription Shares and will hold approximately 1.56 per cent. of the Enlarged Issued Share Capital.

Dealing and Settlement

The New Ordinary Shares to be allotted and issued pursuant to the Placing, Subscription and Offer will be allotted and issued fully paid and will, on issue, rank *pari passu* with the existing Ordinary Shares, including the right to receive, in full, all dividends and other distributions thereafter declared, made or paid after the date of issue together with all rights attaching to them and free from all liens, charges and encumbrances of any kind. Application will be made to the London Stock Exchange for the New Ordinary Shares to be admitted to trading on AIM.

No temporary documents of title will be issued. Pending the despatch of definitive share, instruments of transfer will be certified against the register of members of the Company.

Prospectus Rules and Financial Promotion Order

Since the Offer is limited to less than the €2.5 Million Maximum by virtue of Schedule 11A of FSMA, the Offer does not constitute an offer within the meaning of the Prospectus Rules, and as such this document does not constitute a prospectus.

Furthermore, this document is exempt from the general restriction contained in section 21 of the Financial Services and Markets Act 2000 relating to the communication of invitations or inducements to engage in investment activity on the grounds that it is being made available by the Company only to Qualifying Participants. Accordingly, the Offer is only capable of being accepted by Qualifying Participants. As this document relies on the exemption set out in paragraph 43 of the Financial Promotion Order (non-real time communications by or on behalf of a body corporate to members of that body corporate) and paragraph 60 of the Financial Promotion Order (participation in employee share schemes), it has not been drawn up in accordance with the FSA's Handbook or its Conduct of Business Sourcebook.

PART V

Risk Factors

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

Prospective investors should carefully review and evaluate the risks and the other information contained in this document before making a decision to invest in the Company. If in any doubt, prospective investors should immediately seek their own personal financial advice from their independent professional adviser authorised under FSMA who specialises in advising on the acquisition of shares and other securities or other advisers such as legal advisers and accountants. If any of the following risks actually occur, the Company's business, financial condition, capital resources, results and/or future operations could be materially and adversely affected. In such circumstances, the trading price of Ordinary Shares could decline and investors may lose all or part of their investment. Additional risks and uncertainties not currently known to the Board may also have an adverse effect on the Company's business and the information set out below does not purport to be an exhaustive summary of the risks affecting the Company or the Group. There can also be no guarantee that the Company's investment objectives will be achieved.

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

Product liability risk

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

Dependence on retention and recruitment of key personnel

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

Changes in the regulatory environment

The pharmaceuticals field in which the Company operates is very highly regulated. Marketing Authorisations ("MAs") granted by regulatory bodies such as the EMEA and national equivalents such as Germany's PEI and the Medicines and Healthcare products Regulatory Agency ("MHRA") in the UK are required before any product can be commercialised. Achieving and maintaining such MAs is therefore necessary to the continued success of the Company.

In some markets specific immunotherapy (“SIT”) products such as many of the Company’s marketed vaccines were treated as a special case owing to their allergen-specific nature. Under the terms of EU Directive 2001/83/EG all manufactured human pharmaceutical products require MAs and steps are being taken to bring SIT products into line with this EU Directive. In particular, Germany has passed into law an Ordinance, prepared by the PEI. This Ordinance allows for an extended transition period to compliance with the EU Directive, and the Company has a detailed plan to adhere to the requirements of the Ordinance. Were the Company to fail to meet the needs of the Ordinance it could result in a reduction in the number of the Company’s products able to be commercialised in Germany, resulting in a reduction in revenues. In Spain and Italy, two of the Group’s other key markets, the authorities have yet to determine how to implement the EU Directive; the Group’s sales in these markets could therefore be impacted by new regulation.

Competition and technical advances

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

Intellectual property and proprietary technology

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

prevent a competitor from independently developing products that perform the same functions. No assurance can be given that others will not independently develop or otherwise acquire substantial equivalent techniques or otherwise gain access to the Group's un-patented proprietary technology or disclose such technology or that the Group can ultimately protect meaningful rights to such un-patented proprietary technology.

Dependence on collaborative arrangements

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

Exchange rate fluctuations

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

Overseas activities

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

Volatility in share price and liquidity

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

Regulatory Approval

As part of the regulatory approval process the Group must conduct pre-clinical studies and clinical trials for each of its unapproved products to demonstrate safety and efficacy. The number

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

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

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

Clinical hold on the MATAMPL programmes

The clinical hold imposed by the FDA on all the MATAMPL programmes in July 2007 remains as part of a wider ongoing investigation into adjuvant technologies. A key risk facing the Group with respect to new development in the US and potentially elsewhere is whether the clinical hold is lifted and if so, on what terms. There can be no guarantee as to when, or if, the clinical hold is lifted and the Directors cannot accurately predict when any clinical trials required will be completed, if at all.

Substantial shareholding in the Company by Azure

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

PART VI

Additional Information

1. Principal activities of the Company

The Company is an AIM quoted company and its principle activities are the manufacture, sale, marketing and product development of pharmaceuticals focused on the treatment and prevention of allergies.

2. Responsibility

- 2.1 The Directors accept responsibility for the information contained in this document except for information relating to Azure or the Concert Party. To the best of the knowledge and belief of the Directors, who have taken reasonable care to ensure that such is the case, the information contained in this document is in accordance with the facts and does not knowingly omit anything likely to affect the import of such information.
- 2.2 The Director of Azure accepts responsibility for the information contained in this document which relates to Azure and the Directors of Wild Indigo accept responsibility for the information contained in this document which relates to Wild Indigo. To the best of the knowledge and belief of the Director of Azure and the Directors of Wild Indigo, who have taken reasonable care to ensure that such is the case, the information contained in this document for which it is responsible is in accordance with the facts and does not knowingly omit anything likely to affect the import of such information.
- 2.3 Each member of the Concert Party accepts responsibility for the information contained in this document which relates to itself and its intentions following Admission. Manuel Llobet accepts responsibility for the information contained in this document which relates to himself, Natacha Olarte, Joshua Llobet and Antua Llobet and their intentions following Admission. To the best of the knowledge and belief of each member of the Concert Party, who has taken reasonable care to ensure that such is the case, the information contained in this document for which it is responsible is in accordance with the facts and does not knowingly omit anything likely to affect the import of such information.

3. Azure's material contracts

Save for the Subscription Agreements, as described in paragraph 4.2 of this Part VI and the service agreements described in paragraph 7 of this Part VI, no member of the Concert Party has entered into any contracts (not being contracts entered into in the ordinary course of business) within the period of two years preceding the date of this document which are or may be material.

4. Company's material contracts

The following contracts (not being contracts entered into in the ordinary course of business) have been entered into by the Company within the period of two years preceding the date of this document and are or may be material:

- 4.1 On 11 June 2009, the Company and Nomura Code entered into the Placing Agreement under which Nomura Code has agreed, subject to the conditions referred to below, as agent for the Company, to use its reasonable endeavours to procure persons to subscribe for the Placing Shares at the Issue Price failing which it will subscribe for the Placing Shares as principal upon the terms and subject to the conditions of the Placing Agreement.

The Company has agreed to pay Nomura Code (i) a commission equal to 5 per cent. of the aggregate proceeds of the Fundraising (which for this purpose will also be deemed to include the proceeds of any New Ordinary Shares which are actually subscribed for by

Azure pursuant to any future exercise of the Warrants) up to the first £15 million of such proceeds; and (ii) a commission equal to 3.5 per cent. of the amount by which such aggregate proceeds of the Fundraising exceed £15 million. The Company will also bear all other costs and expenses arising out of or incidental to the Placing.

The Company has given certain warranties to Nomura Code as to the accuracy of the information contained in this document and other matters relating to the Company and its business and has agreed to indemnify Nomura Code against certain losses, claims, liabilities, costs, charges, expenses, actions or demands which Nomura Code may suffer or incur in relation to the Placing subject to certain exceptions.

The obligations of Nomura Code are conditional on certain matters and events including, *inter alia* (a) the Resolutions being passed by the Shareholders at the General Meeting, (b) the Subscription Agreements remaining in full force and effect having become unconditional in all respects (save for any condition as to the Placing Agreement having become unconditional and Admission); (c) the Revised Facility being entered into and remaining in full force and effect and having become unconditional in all respects (save only for Admission) in accordance with its terms; (d) the Company having complied in all material respects with its obligations under the Placing Agreement; (e) none of the warranties given by the Company under the Placing Agreement being untrue or inaccurate in any respect which is material to the Placing; and (f) (other than in respect of Nomura Code's obligation to, conditionally upon Admission, underwrite the Placing), Admission having occurred by not later than 8.00 a.m. on 8 July 2009. Nomura Code has the right to waive (other than the passing of Resolutions 1, 2 and 3), or extend the time for the fulfilment of any of the conditions to the Placing Agreement, save that the time for fulfilment of any condition may not be extended past 5.00 p.m. on 8 July 2009.

Nomura Code has the right to terminate the Placing Agreement prior to Admission on the occurrence of certain events including, *inter alia*, in the event of: (a) there having been a material adverse change, or a development involving a prospective material adverse change, in or affecting the business, management, financial or trading position or prospects, shareholders' funds or results of the Company or any member of its Group which would be likely to prejudice materially the success of the Placing or which would make it impracticable or inadvisable to proceed with the Placing or with Admission; or (b) the Company fails to comply in any material respect with any of its obligations under the Placing Agreement or with the requirements of applicable laws; (c) there having been a breach of any of the warranties contained in the Placing Agreement which is material in the context of the Placing; or (d) certain force majeure events.

- 4.2 On 11 June 2009, the Company, Azure and Nomura Code entered into the Azure Subscription Agreement under which Azure has agreed, subject to the conditions referred to below, to subscribe for 104,166,666 of the Subscription Shares at the Issue Price.

The Company has given certain warranties to Azure as to the accuracy of the information contained in this document and other matters relating to the Company and its business.

The obligations of Azure are conditional on certain matters and events including, *inter alia* (a) the Resolutions being passed by the Shareholders at the General Meeting, (b) the Revised Facility being entered into and having become unconditional in all respects (save for Admission) and (c) the Placing Agreement having become unconditional in all respects (save for any condition as to the Subscription Agreements having become unconditional). Azure shall have the ability but not the obligation to waive (other than the passing of Resolutions 1, 2 and 3) or extend the time for the passing of the Resolutions in the event that, and only to the extent that (but not unless) Nomura Code waives or extends the time for fulfilment of such condition under the Placing Agreement.

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

Under the terms of the Subscription Agreement Azure has the right (for so long as it holds not less than 25 per cent. of the issued share capital of the Company) to nominate the chief executive officer (provided such appointment is subject also to the approval of the Company's nominations committee and the Board) and one non-executive director (for so long as it holds not less than 15 per cent. of the issued share capital of the Company) of the Board.

In the Azure Subscription Agreement, Azure has undertaken to the Company and Nomura Code not to dispose of any Ordinary Shares held by it (save for in limited circumstances including the provision of irrevocables or the acceptance of an offer) during the period of 12 months from the date of Admission (the "Expiry Date") and until the Expiry Date and for a further 12 month period it will notify the Company and the Company's broker from time to time of any proposed disposal by it of any of its shareholding in the Company to a third party and (save for in limited circumstances) effect any proposed disposal through such broker (provided that the price and settlement terms offered by such broker are not less favourable than the price and settlement terms offered by any other stockbroker or dealer in securities in respect of the same disposal). Nothing in the Subscription Agreement precludes Azure from giving an irrevocable undertaking to vote for or accept an offer for the Company.

The Azure Subscription Agreement contains restrictions on the Concert Party acquiring any Ordinary Shares (other than as a result of the exercise of the Warrants) without the prior written consent of the Company for a period of 12 months after Admission.

The Azure Subscription Agreement also contains provisions intended to regulate transactions involving the relationship between (i) the Company and the other members of the Group and (ii) the Concert Party. Azure has undertaken that it shall, at all times exercise their voting rights on the board or as shareholders of the Company so as to procure that:

- (i) the Company is capable at all times of carrying on its business independently of members of the Concert Party;
- (ii) all transactions, agreements or arrangements entered into between a member of the Group and the Concert Party will be made at arm's length and on a normal commercial basis;
- (iii) no variations are made to the Company's articles of association which would be contrary to the maintenance of the Company's ability to carry on its business independently of the Concert Party;
- (iv) at all times the Independent Directors (those not appointed by the Concert Party) constitute a majority of the board of directors of the Company so as to enable decisions as to the enforcement of this Agreement to be taken independently of the Investor and its Connected Persons;
- (v) any dealings or disputes between the Azure or its connected persons and any member of the Group shall be passed to and dealt with on behalf of the Group by a committee comprising only the Independent Directors; and

(vi) the Ordinary Shares remain admitted to trading on AIM.

Under the Azure Subscription Agreement, the Company and Azure have agreed to move the Company during the period from 12 to 18 months after Admission towards compliance with applicable corporate governance rules and in particular as to the size and composition of the Board. The Company has also undertaken not to adopt any new option, incentive or any other type of equity grant plan without the prior approval of the Shareholders of the Company.

- 4.3 On 11 June 2009, the Company, Wild Indigo and Nomura Code entered into a Subscription Agreement under which Wild Indigo has agreed, subject to the same conditions as the Azure Subscription Agreement, to subscribe for 3,125,000 of the Subscription Shares at the Issue Price. The terms of the subscription Agreement with Wild Indigo are similar to those of the Subscription Agreement with Azure save that Wild Indigo has no rights in relation to the appointment of Directors and will receive no Warrants.
- 4.4 On 11 June 2009, the Company and Ignace Goethals entered into the Director Subscription Agreement under which Ignace Goethals has agreed, subject to the same conditions as the Azure Subscription Agreement, to subscribe for 2,000,000 New Ordinary Shares at the Issue Price. Ignace Goethals has no rights in relation to the appointment of Directors and will receive no Warrants.
- 4.5 An amendment and restatement agreement dated 11 June 2009, conditional upon completion of the Fundraising, amending the terms of facility agreement dated 25 May 2007 and between, amongst others, the Company as borrower and guarantor, Allergy Therapeutics plc, Allergy Therapeutics (Holdings) Limited, Bencard Allergie GmbH, Allergy Therapeutics Italia s.r.l. and Allergy Therapeutics Iberica S.L. as guarantors and The Royal Bank of Scotland plc as lender, arranger, agent, security agent and hedging counterparty. Under the terms of the agreement the Company has agreed to reduce its utilisation of the Facility by £10,000,000 and has renegotiated covenants under the Facility. Further details are set out in Part 1 of this document.

5. Interests and dealings

- 5.1 As at 10 June 2009, the last practicable date prior to the date of this document, the total issued share capital of the Company was £91,798 divided into 81,950,632 Ordinary Shares and 9,848,333 deferred shares of 0.1 pence each.
- 5.2 The beneficial shareholding interests of the Directors and the percentage of the Company's issued share capital which they represent before and after the Subscription and Placing are as follows:

	<i>Before Subscription and Placing</i>		<i>After Subscription and Placing</i>	
	<i>Number of Ordinary Shares</i>	<i>Percentage of current issued share capital</i>	<i>Number of Ordinary Shares</i>	<i>Percentage of Enlarged Issued Share Capital</i>
Keith I Carter	3,172,669	3.87%	3,192,669	1.27%
Ignace R Goethals	1,897,912	2.32%	3,897,912	1.56%
Ian Postlethwaite	–	–	–	–
Tom Holdich	–	–	–	–
Christian Grätz	510,658	0.62%	510,658	0.20%
Stephen R Smith	6,513	0.01%	6,513	0.00%
Virinder Nohria	5,211	0.01%	5,211	0.00%
	<u>5,592,963</u>	<u>6.82%</u>	<u>7,592,963</u>	<u>3.03%</u>

5.3 In addition to the above, the Directors hold the following options:

	<i>Number of options held at 30 June 2008</i>	<i>Subscription price (pence)</i>	<i>Exercise date from</i>	<i>Expiry date</i>
Executive directors				
Keith I Carter	350,000	120.0	31/07/2002	31/07/2011
	175,000	5.0	18/12/2002	18/12/2012
	450,000	45.0	26/02/2005	26/02/2014
	199,998	100.4	08/03/2008	08/03/2015
	14,609 (SAYE Plan)	0.64	01/03/2009	01/09/2009
	487,656 (Long Term Incentive Plan)	—	—	—
Ian Postlethwaite	400,000	30.0	03/06/2002	03/06/2012
	1,000,000	0.1	02/10/2002	02/10/2012
	1,500,000	5.0	17/12/2002	17/12/2012
	450,000	45.0	26/02/2005	26/02/2014
	99,999	100.4	03/03/2008	08/03/2015
	14,609 (SAYE Plan)	0.64	01/03/2009	01/09/2009
264,691 (Long Term Incentive Plan)	—	—	—	
Christian Grätz	200,000	120.0	31/07/2002	31/07/2011
	1,400,000	5.0	18/12/2002	18/12/2012
	450,000	45.0	26/02/2005	26/02/2014
	66,666	100.4	08/03/2008	08/03/2015
	293,320 (Long Term Incentive Plan)	—	—	—
Tom Holdich	222,222	45.0	02/08/2005	02/08/2014
	7,778	45.0	02/08/2005	02/08/2014
	66,666	100.4	08/03/2008	08/03/2015
	271,805 (Long Term Incentive Plan)	—	—	—
Non-executive directors				
Ignace R Goethals	1,000,000	5.0	18/12/2002	18/12/2012
	150,000	45.0	26/02/2005	26/02/2014
Stephen R Smith	750,000	5.0	18/12/2002	18/12/2012
	150,000	45.0	26/02/2005	26/02/2014
Virinder Nohria	100,000	45.0	15/12/2003	15/12/2013
Totals	11,125,019			

5.4 The options granted to Directors comprise grants made in prior years under previous approved and unapproved option schemes (known as The Founders Plan, the 2001 Plan (including EMI) and the 2005 Executive Share Option Plan) and grants made under the Company's existing share option schemes (known as the SAYE Plan and the Long Term Incentive Plan). Share options previously granted by Allergy Therapeutics (Holdings) Ltd were surrendered on 5 October 2004 for equivalent options over Ordinary Shares in the Company, on substantially the same terms. A summary of the Options Schemes is set out below:

Summary of SAYE Plan

The 2005 SAYE Plan is open to all employees and full-time executive directors who had completed 12 months continuous service at the offer date. Share options were granted at a discount to the share price at the date of grant. Options granted in 2007/8 are exercisable at a 10 per cent. discount to the average market share price on the date of grant (The 2006 and 2007 schemes carried a 15 per cent. discount). The vesting period is three years. The options are settled in equity once exercised. No invitations have been made for the year 2008/09.

If the options remain unexercised after a period of six months from the end of the vesting period, the options expire. Options are forfeited if the employee leaves the Group before the options vest.

The 2006 Scheme matured on 1 March 2009 and will lapse on 1 September 2009.

The number of options granted to each participant is related to the amount which the participant has contracted to save over the three year term of the plan.

The number of share options granted to executive directors under the plan is shown in the Directors' share options table above.

Summary of Long Term Incentive Plan

During the years ended 30 June 2007 and 30 June 2008, provisional shares were awarded to Directors and senior management under the Allergy Therapeutics plc 2005 Long Term Incentive Plan.

Distribution of shares under the plan is conditional on the Group's performance over the three year plan cycle in terms of total shareholder return ("TSR") compared to the TSR performance of the companies in the plan's peer group. If the Group's position in the peer group at the end of the Plan cycle is at or above the 75th percentile, 100 per cent. of the shares provisionally awarded may vest; between the 75th and 50th percentile the percentage of shares that may vest will be calculated on a straight-line basis between 100 per cent. and 33.33 per cent.; below the 50th percentile no shares will vest.

Awards are forfeited if the employee leaves the Group before the shares vest.

The number of provisional shares awarded to executive directors under the plan is shown in Directors' share option table above.

Summary of earlier schemes

Share options were granted to employees and Directors under earlier schemes known as The Founders Plan, the 2001 Plan (including EMI) and the 2005 Executive Share Option Plan. The vesting periods are usually from one to three years. The vesting of some options is dependent on the Group's TSR performance as for the Long Term Incentive Plan detailed above. The options are settled in equity once exercised. If the options remain unexercised after a period of ten years from the date of the grant, the options expire. Options are forfeited if the employee leaves the Group before the options vest.

- 5.5 During the twelve months preceding the date of this document there have been no dealings in relevant securities by the Concert Party.
- 5.6 Neither Nomura Code nor any of its subsidiary companies nor any discretionary clients of Nomura Code has any interests in the share capital of the Company save in the capacity as an exempt principal trader.
- 5.7 Save as disclosed in this document:
 - 5.7.1 no member of the Concert Party nor any of their respective associates, including the directors of Azure and Wild Indigo, are interested in any relevant securities, have a right to subscribe for relevant securities, have borrowed or lent relevant securities or have dealt in relevant securities during the period of 12 months preceding the date of this document; and
 - 5.7.2 none of the following has an interest in any relevant securities or has a right to subscribe for relevant securities:

- 5.7.2.1 any Director or any Proposed Director;
 - 5.7.2.2 any Associated Company;
 - 5.7.2.3 any pension fund of the Company or of any Associated Company;
 - 5.7.2.4 any employee benefit trust of the Company or of any Associated Company;
 - 5.7.2.5 any Connected Adviser to the Company or to Azure or to any Associated Company or to any person acting in concert with the Company; and
 - 5.7.2.6 any persons controlling, controlled by or under the same control as any such Connected Adviser (except for an exempt principal trader or an exempt fund manager);
- 5.7.3 no person referred to in paragraphs 5.7.1 and 5.7.2 above has any short position in relation to Ordinary Shares (whether conditional or absolute and whether in the money or otherwise and including any short position under a derivative, any agreement to sell or any delivery obligation or right to require another person to purchase or take delivery);
- 5.7.4 neither the Company nor any person acting in concert with the Company nor the Concert Party has borrowed or lent relevant securities; and
- 5.7.5 neither the Company nor the Directors have any interest or right to subscribe for any relevant securities of Azure or Wild Indigo, nor has any such person dealt in any such securities during the 12 months preceding the date of this document nor has any such person any short position in relation to relevant securities of Azure (whether conditional or absolute and whether in the money or otherwise and including any short position under a derivative, any agreement to sell or any delivery obligation or right to require another person to purchase or take delivery).
- 5.8 In paragraph 5.7, references to:
- 5.8.1 “associate” has the meaning given to it in the Takeover Code
 - 5.8.2 “Associated Company” mean the parent, subsidiaries and fellow subsidiaries of the Company, and any associated companies of any of them and companies of which such companies are associates (and for this purpose ownership or control of 20 per cent. or more of the equity share capital of a company is regarded as the test of “associate” status);
 - 5.8.3 “pension fund” excludes a pension fund which is managed under an agreement or arrangement with an independent third party which gives such third party absolute discretion regarding dealing, voting and offer acceptance decisions relating to the fund;
 - 5.8.4 “Connected Adviser” means an organisation advising the Company in relation to the Panel Waiver or a corporate broker to the Company;
 - 5.8.5 “control” means an interest, or interests, in shares carrying in aggregate 30 per cent. or more of the voting rights of a company, irrespective of whether such interest or interests give *de facto* control;
 - 5.8.6 “relevant securities” means Ordinary Shares and securities convertible into, rights to subscribe for, derivatives referenced to and options (including traded options) in respect of, Ordinary Shares.

6. Directors' service agreements

6.1 The Directors' service contracts and appointment letters are as follows:

6.1.1 Ian Postlewaite has a service agreement with the Company dated 7 May 2002 and varied on 5 October 2004, under which he is entitled to a salary of £142,000 per annum (subject to annual review). The agreement is terminable by either party on twelve months' notice. He is also entitled to other benefits commensurate with his position including pension contributions of 10 per cent. of annual salary, private medical insurance, long-term disability insurance, life assurance and a company car allowance of £10,200 per annum (subject to annual review). Ian Postlewaite is also entitled to receive an annual performance bonus up to a maximum of 30 per cent. of annual salary.

6.1.2 Keith I Carter has a service agreement with the Company dated 1 November 2003 and varied on 5 October 2004, under which he is entitled to a salary of £184,000 per annum (subject to annual review). The agreement is terminable by either party on six months' notice. He is also entitled to other benefits commensurate with his position including pension contributions of 15 per cent. of annual salary, private medical insurance, long-term disability insurance, life assurance and a company car allowance of £10,200 per annum (subject to annual review). Keith I Carter is also entitled to receive an annual performance bonus up to a maximum of 40 per cent. of annual salary.

On 11 June 2009, Keith Carter entered into a compromise agreement in connection with his service contract with the Company under which his executive employment with the Company will be terminated with effect from 31 August 2009. Under the compromise agreement Keith Carter will be entitled to a payment of £500,000. The compromise agreement is conditional upon Admission.

On 11 June 2009, Keith Carter entered into a letter of appointment to become a non-executive director of the Company with effect from 31 August 2009. The appointment, which is conditional upon the compromise agreement coming into effect is terminable by either party at any time on 3 months notice. Keith Carter will receive an annual fee of £36,000 under the letter of appointment. On 11 June 2009, the Company and Keith Carter also entered into a consultancy agreement conditional upon the compromise agreement coming into effect under which Keith Carter will supply management services to the Company at a daily rate. The consultancy agreement is terminable at one month's notice on either side with a 3 month minimum term.

6.1.3 Tom Holdich has a service agreement with the Company dated 12 July 2004 and varied on 5 October 2004, under which he is entitled to a salary of £147,000 per annum (subject to annual review). The agreement is terminable by either party on six months' notice. He is also entitled to other benefits commensurate with his position including pension contributions of 10 per cent. of annual salary, private medical insurance, long-term disability insurance, life assurance and a company car allowance of £10,200 per annum (subject to annual review). Tom Holdich is also entitled to receive an annual performance bonus up to a maximum of 30 per cent. of annual salary.

6.1.4 Dr Christian Grätz has a service agreement with the Company dated 1 April 2001, under which he is entitled to a salary of €209,000 per annum (subject to annual review). The agreement is terminable by either party on twelve months' notice. He is also entitled to other benefits commensurate with his position. Dr Christian Grätz is also entitled to receive a variable annual performance bonus.

- 6.1.5 Dr Virinder Nohria was appointed as a non-executive director of the Company with effect from 1 November 2005 under the terms of a letter of appointment dated 1 November 2005. His appointment is terminable by either party on three months' notice and he is entitled to a fee of £38,000 per annum.
- 6.1.6 Ignace R Goethals was appointed as a non-executive director and chairman of the Company with effect from 8 September 2004 under the terms of a letter of appointment dated 5 October 2004. His appointment is terminable by either party on three months' notice and he is entitled to a fee of £40,000 per annum.
- 6.1.7 Stephen R Smith was appointed as a non-executive director of the Company with effect from 8 September 2004 under the terms of a letter of appointment dated 5 October 2004. His appointment is terminable by either party on three months' notice and he is entitled to a fee of £36,000 per annum.
- 6.2 In addition to the above, directors' service contracts and appointment letters for the Subsidiaries are as follows:
- 6.2.1 Mr Nunzio Di Grazia was appointed to the board as managing director of Allergy Therapeutics Italia Srl. with effect from 1 September 2008 pursuant to a resolution of the board of directors of Allergy Therapeutics Italia Srl. passed on 22 July 2008. He is entitled to a salary of €120,000 per annum. His appointment may be terminated on three months' notice;
- 6.2.2 Mr Francisco Pellegrino was appointed to the board as president of Allergy Therapeutics Italia Srl. with effect from 27 June 2001. He is entitled to a fee of €500 per month. His appointment may be terminated with no notice; and
- 6.2.3 Mrs Immaculada Abella Díez was appointed to the board as general manager of Allergy Therapeutics Iberica, S.L. with effect from 4 September 2008 pursuant to a resolution of the board of directors of Allergy Therapeutics Iberica, S.L. She is entitled to a salary of €132,600. Her appointment may be terminated on three months' notice.
- 6.3 Bencard Allergie GmbH and Bencard Allergie (Austria) GmbH do not have any directors, merely general managers, in accordance with local laws and regulations.
- 6.4 Save as disclosed in this paragraph 6 there are no service contracts of any Director with the Company or any of the Subsidiaries where such contracts have more than 12 months to run.
- 6.5 There has been no waiver of emoluments during the financial year immediately preceding the date of this document.
- 6.6 Save as disclosed in this paragraph 6, no contracts of employment have been entered into with any Director or amended within six months prior to the date of this document.

7. Proposed Directors' service agreements

- 7.1 The Proposed Directors have entered into the following service contracts with the Company, conditional upon the Resolutions being passed at the General Meeting and completion of the Subscription.
- 7.1.1 Alejandro Weinstein Jr. is to be appointed as a non-executive director of the Company with effect from and conditional upon Admission under the terms of a letter of appointment dated 11 June 2009. His appointment is terminable by either party on three months' notice and he is entitled to a fee of £36,000 per annum.

7.1.2 Manuel Llobet is to be appointed as an executive director of the Company with effect from and conditional upon Admission under the terms of a letter of appointment dated 11 June 2009. Following a transition period, Manuel Llobet will become Chief Executive Officer of the Company on 1 September 2009. His appointment is terminable by either party on six months' notice and he is entitled to a salary of £184,000 per annum (subject to annual review). He is also entitled to other benefits commensurate with his position including pension contributions of 15 per cent. of annual salary, private medical insurance, long-term disability insurance, life assurance and a company car allowance of £10,200 per annum (subject to annual review). Manuel Llobet is also entitled to receive an annual performance bonus up to a maximum of 40 per cent. of annual salary.

8. Middle market quotations

The following table sets out the closing middle market quotations for an Ordinary Share for the first business day in each of the six months immediately preceding the date of this document and for 11 June 2009 (being the latest practicable date prior to the date of this document):

8.1	2 January 2009	10.50p
8.2	2 February 2009	6.75p
8.3	2 March 2009	8.00p
8.4	1 April 2009	12.25p
8.5	1 May 2009	12.75p
8.6	1 June 2009	17.50p
8.7	11 June 2009	17.25p

9. General

- 9.1 Other than as disclosed in this document no agreement, arrangement or understanding (including any compensation arrangements) exists between any member of the Concert Party and any of the directors, recent directors, shareholders or recent shareholders of the Company, having any connection with or dependence upon the Proposals set out in this document.
- 9.2 Save as disclosed in this document, there has been no material change in the financial or trading position of the Company since 31 December 2008, the date to which the latest Interim Report of the Company was prepared, as set out in Part II of this document.
- 9.3 There is no agreement, arrangement or understanding whereby the legal or beneficial interest in any Ordinary Share held by Azure will be transferred to another person.
- 9.4 Nomura Code has given and not withdrawn its written consent to the issue of this document with the inclusion herein of the references to its name in the form and context in which they appear.

10. Documents available for inspection

Copies of the following documents will be available for inspection during normal business hours on any weekday (Saturdays, Sundays and public holidays excepted) at the offices of Berwin Leighton Paisner LLP, Adelaide House, London Bridge, London EC4R 9HA until immediately prior to the General Meeting:

- 10.1 the memorandum and articles of association of the Company;

10.2 the published audited consolidated report and accounts of the Company for the two years ended 30 June 2007 and 2008;

10.4 the material contracts referred to in paragraph 4 above;

10.5 the service contracts summarised in paragraphs 6 and 7 above; and

10.6 the consent letter referred to in paragraph 9.4 above.

PART VII

Terms and Conditions of the Offer

- (a) The contract created by the acceptance by the Company (at the discretion of the Directors) of applications from Qualifying Participant(s) under the Offer is conditional upon Shareholders' approval of the Resolutions at the General Meeting and the Placing Agreement and Subscription Agreements becoming unconditional in all respects and not being terminated in accordance with their respective terms and conditions.
- (b) The right is reserved by the Company to present all cheques and bankers' drafts for payment on receipt on which no interest will be payable to the applicant and to retain surplus application monies pending clearance of successful applicants' cheques. The Company also reserves the right to reject, in whole or in part, any application. If any application is not accepted in full or if any contract created by acceptance does not become unconditional, the application monies or as the case may be the balance thereof, will be returned by crossed cheque in favour of the applicant, through the post at the sole risk of the person entitled thereto on which no interest will be payable, within seven days of the closing of the Offer.
- (c) By completing and delivering an Application Form each Qualifying Participant who applies for Offer Shares:
 - (i) offers to subscribe for the number of Offer Shares specified in such applicant's Application Form (or such fewer number for which such applicant's application is accepted) on the terms of, and subject to, this document, including (without limitation) these terms and conditions, and the Memorandum and Articles of Association of the Company and the terms and conditions set out in the Application Form;
 - (ii) represents and agrees that, in consideration of the Company agreeing that it will not prior to the closing date of the Offer issue any Offer Shares to any person other than by means of the procedures referred to in this document, such applicant's application shall not be revoked and this paragraph shall constitute a collateral contract between such applicant and the Company which will become binding upon despatch by post to, or (in the case of delivery by hand) on receipt by, Capita Registrars of such applicant's Application Form;
 - (iii) represents and warrants that such applicant's remittance will be honoured on first presentation and agrees that, if it is not so honoured, such applicant will not be entitled to receive a share certificate for the Offer Shares applied for unless and until such applicant makes payment in cleared funds for such Offer Shares and such payment is accepted by the Company in its absolute discretion (which acceptance may be on the basis that such applicant indemnifies the Company against all costs, damages, losses, expenses and liabilities arising out of, or in connection, with the failure of such applicant's remittance to be honoured on first presentation) and such applicant agrees that, at any time prior to the unconditional acceptances by the Company, the Company may (without prejudice to any other rights(s)) avoid the agreement to issue such Offer Shares and may issue such Offer Shares to some other person, in which case such applicant will not be entitled to any payment in respect of such Offer Shares;
 - (iv) agrees that, in respect of those Offer Shares for which such applicant's application has been received and is not rejected, acceptance of such applicant's application shall be constituted, at the election of the Company by notification of acceptance thereof to Capita Registrars;

- (v) agrees that any monies returnable to such applicant may be retained by Capita Registrars pending clearance of such applicant's remittance and the completion of any verification of identity required by the Money Laundering Regulations 2007 and/or any amendment, modification, and/or re enactment of the same (the "Regulations") and that such monies will not bear interest;
- (vi) authorises Capita Registrars to send a share certificate in respect of the number of Offer Shares for which such applicant's application is accepted and/or to send a crossed cheque for any monies returnable, by post, at the sole risk of the person entitled thereto, to the address of the person named as the applicant in the Application Form;
- (vii) represents and warrants that, if such applicant signs an Application Form on behalf of somebody else, such applicant has due authority to do so on behalf of that other person and such person will also be bound accordingly and will be deemed also to have given the confirmations, warranties and undertakings contained herein and undertake to enclose such applicant's power of attorney or a copy thereof duly certified by a solicitor with the Application Form;
- (viii) agrees that all applications, acceptances of applications and contracts resulting therefrom under the Offer shall be governed by and construed in accordance with English law, and that such applicant submits to the jurisdiction of the English Courts and agrees that nothing shall limit the right of the Company to bring any action, suit or proceedings arising out of or in connection with any such applications, acceptances of applications and contracts in any other manner permitted by law or in any court of competent jurisdiction;
- (ix) confirms that in making such application such applicant is not relying on any information, representation and/or warranty in relation to the Company other than the information contained in this document and accordingly such applicant agrees that no person responsible solely or jointly for this document or any part thereof or involved in the preparation thereof shall have any liability for any such other information, representation and/or warranty;
- (x) agrees that, having had the opportunity to read this document, such applicant shall be deemed to have had notice of all information and representations concerning the Company contained herein;
- (xi) in the case of any Qualifying Shareholder who is a joint Shareholder, agrees that such joint Shareholder applicants may only apply for Offer Shares as joint applicants;
- (xii) confirms, represents and warrants that such applicant has read and complied with paragraph (d) below;
- (xiii) represents and warrants that such applicant is not a person who, by virtue of being resident in, or a citizen of, any country outside the United Kingdom, is prevented by the law of any relevant jurisdiction from lawfully applying for Offer Shares;
- (xiv) represents and warrants that such applicant is a Qualifying Participant and that such applicant is not (and is not applying as a nominee or agent of) a person liable to pay higher rate stamp duty under section 93 or section 96 of the Finance Act 1986 and/or tax under the Stamp Duty Reserve Tax Regulations 1986;
- (xv) confirms, represents and warrants that such applicant has read the restrictions contained in paragraph (e) below and represents and warrants as provided therein;
- (xvi) represents and warrants that such applicant is not under the age of 18;

- (xvii) represents and warrants that such applicant is a person of the kind described in Article 43 or Article 60 of the Financial Promotion Order, being a Shareholder or employee of the Group at the Record Date; and
- (xviii) agrees that all documents and cheques sent by post, by or on behalf of the Company or Capita Registrars, will be sent at the risk of the person(s) entitled thereto.
- (d) No person receiving a copy of this document and/or any Application Form in any territory other than the United Kingdom may treat the same as constituting an invitation or offer to him, nor should he in any event use such Application Form unless, in the relevant territory, such an invitation or offer could lawfully be made to him or such Application Form could lawfully be used without contravention of any registration or other legal requirements. It is the responsibility of any person outside the United Kingdom wishing to make an application hereunder to satisfy himself as to full observance of the laws of any relevant territory in connection therewith, including (without limitation) obtaining any requisite governmental or other consents, observing any other formalities requiring to be observed in such territory and paying any issue, transfer or other taxes required to be paid in such territory.
- (e) The Offer Shares have not been and will not be approved or disapproved by the U.S. Securities and Exchange Commission, any state securities commission in the United States or any other United States regulatory authority, nor have any of the foregoing authorised passed upon or endorsed the merit of the Offer or the accuracy or adequacy of this document. Any representation to the contrary is a criminal offence in the United States. The Offer Shares have not been and will not be registered under the United States Securities Act of 1993 (as amended) (the "Securities Act") or under the securities laws of any state or other jurisdiction in the United States and are being offered and sold outside the United States in compliance with Regulation S of the Securities Act and within the United States to "accredited investors" in reliance on Regulation D of the Securities Act, neither do they qualify for distribution under any of the relevant securities laws of Canada, Australia, South Africa or Japan, nor has any prospectus in relation to the Offer Shares been lodged with or registered by the Australian Securities and Investments Commission. Persons subscribing for Offer Shares shall be deemed, and (unless the Company is satisfied that Offer Shares can be issued without breach of security laws, including (without limitation) those of the United States, Canada, Australia, South Africa and/or Japan) shall be required, to represent and warrant to the Company that they are not a person in the United States and that they are not subscribing for such Offer Shares for the account of any such person and will not offer, sell, renounce, take up, transfer or deliver, directly or indirectly, such Offer Shares in the United States or to any such person or in into Canada, Australia, South Africa and/or Japan.
- (f) Applicants are encouraged to submit their Application Forms early. In the event that applications are received for an amount in excess of the €2.5 Million Maximum and/or the Rule 9 Subscription Threshold, the Directors reserve the right to exercise their discretion in the allocation of successful applications. The right is also reserved to reject in whole or in part any application or any part thereof for any reason whatsoever, including (without limitation) a breach of any of the terms, conditions, representations and/or warranties set out in this document and/or the Application Form and to treat as valid any application not in all respects completed in accordance with the instructions relating to the Application Form.
- (g) Save where the context otherwise requires, words and expressions defined in this document have the same meaning when used in the Application Form and any explanatory notes in relation thereto.

Dated 12 June 2009.

NOTICE OF GENERAL MEETING

Allergy Therapeutics plc

(Incorporated and registered in England and Wales under the Companies Act 1985 with registered number 5141592)

NOTICE IS HEREBY GIVEN that a General Meeting of Allergy Therapeutics plc will be held at the offices of Berwin Leighton Paisner LLP, St Magnus House, 3 Lower Thames Street, London EC3R 6HE on 30 June 2009 at 11.00 a.m. for the purpose of considering and, if thought fit, passing the following resolutions of which Resolutions numbered one, two, four and five will be proposed as Ordinary Resolutions, (Resolution numbered one will be taken on a poll), and Resolution numbered three will be proposed as a Special Resolution.

Ordinary Resolution (taken on a poll)

1. THAT the waiver by the Panel on Takeovers and Mergers referred to in the circular dispatched by the Company to its shareholders on 12 June 2009 to which this notice is attached (the "Circular") of any requirement under Rule 9 of the City Code on Takeovers and Mergers for Azure to make a general offer to the shareholders of the Company arising as a result of its shareholding in the Company following the Subscription (as defined in the Circular) and the exercise of the Warrants (as defined in the Circular), be and is hereby approved.

Ordinary Resolution

2. THAT, subject to and conditional on the passing of resolution number 1 in substitution for the authority granted by resolution 1 passed at the Annual General Meeting of the Company on 20 November 2008, the Directors be and they are hereby generally and unconditionally authorised pursuant to Section 80 of the Companies Act 1985 (the "Act") to allot relevant securities within the meaning of that Section up to an aggregate nominal amount of £49,305.39 provided that this authority shall expire on the conclusion of the Annual General Meeting of the Company to be held in 2009, except that the Company may before the expiry of such authority make an offer or arrangement which would or might require relevant securities to be allotted after the expiry of such authority and the Directors may allot relevant securities in pursuance of any such offer or agreement as if such authority had not expired.

Special Resolution

3. THAT, subject to and conditional on the passing of resolutions number 1 and 2 in substitution for all existing authorities for the purpose of section 95 of the Act including the authority granted by resolution 2 passed at the Annual General Meeting of the Company on 20 November 2008, the directors be empowered, pursuant to section 95 of the Act, to allot equity securities (within the meaning of section 94(2) to section 94(3A) of the Act) for cash pursuant to the authority conferred by resolution number 3 as if section 89(1) of the Act did not apply to any such allotment, provided that this power shall be limited to the allotment of equity securities:
 - (a) up to 219,885,128 ordinary shares of 0.1 pence each in the Company in connection with the Fundraising and the Warrants (as both are defined in the Circular);
 - (b) the issue of equity securities upon exercise of the Warrants (as defined in the Circular);
 - (c) in connection with an offer of such securities by way of a rights issue; and
 - (d) otherwise than pursuant to sub-paragraph 3(a) above up to an aggregate nominal amount of £8,195.06 being 8,195,063 ordinary shares of 0.1 pence each;

and shall expire at the conclusion of the next annual general meeting of the Company, save that the Company may, before such expiry, make an offer or agreement which would or might require equity securities to be allotted after such expiry and the directors may allot equity securities in pursuance of any such offer or agreement as if this power had not expired.

In this resolution, "rights issue" means an offer of equity securities open for acceptance for a period fixed by the Directors to the holders of ordinary shares in the capital of the Company on the register on a record date fixed by the directors in proportion as nearly as may be to the respective numbers of ordinary shares held by them, but subject to such exclusions or other arrangements as the directors may deem necessary or expedient to deal with any treasury shares, fractional entitlements or legal or practical issues arising under the laws of, or the requirements of any recognised regulatory body or any stock exchange in, any territory or any other matter.

This power applies in relation to a sale of treasury shares as if all references in this resolution to an allotment included any such sale and in the first paragraph of the resolution the words "pursuant to the authority conferred by resolution number 3" were omitted in relation to such a sale.

Ordinary Resolution

4. THAT conditional upon Admission (as defined in the Circular) Alejandro Esteban Weinstein Manieu be appointed as a director of the Company.

Ordinary Resolution

5. THAT conditional upon Admission (as defined in the Circular) Manuel Llobet be appointed as a director of the Company.

By order of the Board

I. D. Postlethwaite
Company Secretary

Dated: 12 June 2009

Registered Office: Dominion Way, Worthing, West Sussex BN14 8SA

Registered in England and Wales with number 5141592

Notes:

1. Attendance and Voting

The Company, pursuant to Regulation 41 of the Uncertificated Securities Regulations 2001, specifies that only those shareholders registered in the register of members of the Company as at 6.00 p.m. on 29 June 2009 (or, if the meeting is adjourned, shareholders on the register of members not later than 48 hours before the time fixed for the adjourned meeting) shall be entitled to attend or vote at the above meeting in respect of the number of shares registered in their name at that time. Changes to entries on the register after 6.00 p.m. on 29 June 2009 shall be disregarded in determining the rights of any person to attend and vote at the General Meeting.

2. Proxies

- (a) A member entitled to attend and vote at the General Meeting is entitled to appoint a proxy or proxies to attend and, on a poll, vote on his/her behalf. A proxy need not be a shareholder of the Company.
- (b) A form of proxy is enclosed together with a reply-paid envelope for lodging the same. To be valid proxies must be completed and lodged with the Company's registrars, Capita Registrars, Proxy Department, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU, not less than 48 hours before the time appointed for holding the General Meeting.
- (c) Completion and return of the Form of Proxy does not preclude a member from attending and voting at the General Meeting should he or she subsequently decide to do so.
- (d) The right to appoint a proxy does not apply to persons whose shares are held on their behalf by another person and who have been nominated to receive communications from the Company in accordance with section 146 Companies Act 2006 ("nominated persons"). Nominated persons may have a right under an agreement with the registered shareholder who hold shares on their behalf to be appointed (or to have someone else appointed) as a proxy. Alternatively, if nominated persons do not have such a right, or do not wish to exercise it, they may have a right under such an agreement to give instructions to the person holding the shares as to the exercise of voting rights.
- (e) CREST members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so for the General Meeting and any adjournment(s) of the General Meeting 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 voting 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.

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 and Ireland Limited's specifications and must contain the information required for such instructions, as described in the CREST manual. The message, regardless of whether it constitutes the appointment of a proxy or 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 Company's agent (ID RA10) by the latest time(s) for receipt of proxy appointments specified in the notice of meeting. For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST Applications Host) from which the Company'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.

CREST members and, where applicable, their CREST sponsors or voting service provider(s) should note that Euroclear UK and Ireland Limited does not make available special procedures in CREST for any particular messages. Normal system timing 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 personal CREST member or sponsored member or has appointed a voting service provider(s), 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 sections of the CREST manual concerning practical limitations of the CREST system and timings

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.

- (f) In order to facilitate voting by corporate representatives at the General Meeting, arrangements will be put in place at the General Meeting so that (i) if a corporate shareholder has appointed the chairman of the meeting as its corporate representative to vote on a poll in accordance with the directions of all of the other corporate representatives for that shareholder at the meeting, then on a poll those corporate representatives will give voting directions to the chairman and the chairman will vote (or withhold a vote) as corporate representative in accordance with those directions; and (ii) if more than one corporate representative for the same corporate shareholder attends the meeting but the corporate shareholder has not appointed the chairman of the meeting as its corporate representative, a designated corporate representative will be nominated, from those corporate representatives who attend, who will vote on a poll and the other corporate representatives will give voting directions to that designated corporate representative. Corporate shareholders are referred to the guidance issued by the Institute of Chartered Secretaries and Administrators on proxies and corporate representatives (www.icsa.org.uk) for further details of this procedure. The guidance includes a sample form of appointment letter if the chairman is being appointed as described in (i) above.

3. Defined Terms

Terms defined in the Circular shall have the same meaning in this Notice of General Meeting unless the context otherwise requires.