



Preliminary Results Year Ended December 2008

John Dawson – Chief Executive Officer

Richard Wright – Finance Director

18 March 2009



**Proven
Business
Model**

**Results:
Improving
Profitability**

**Outlook:
Favourable**



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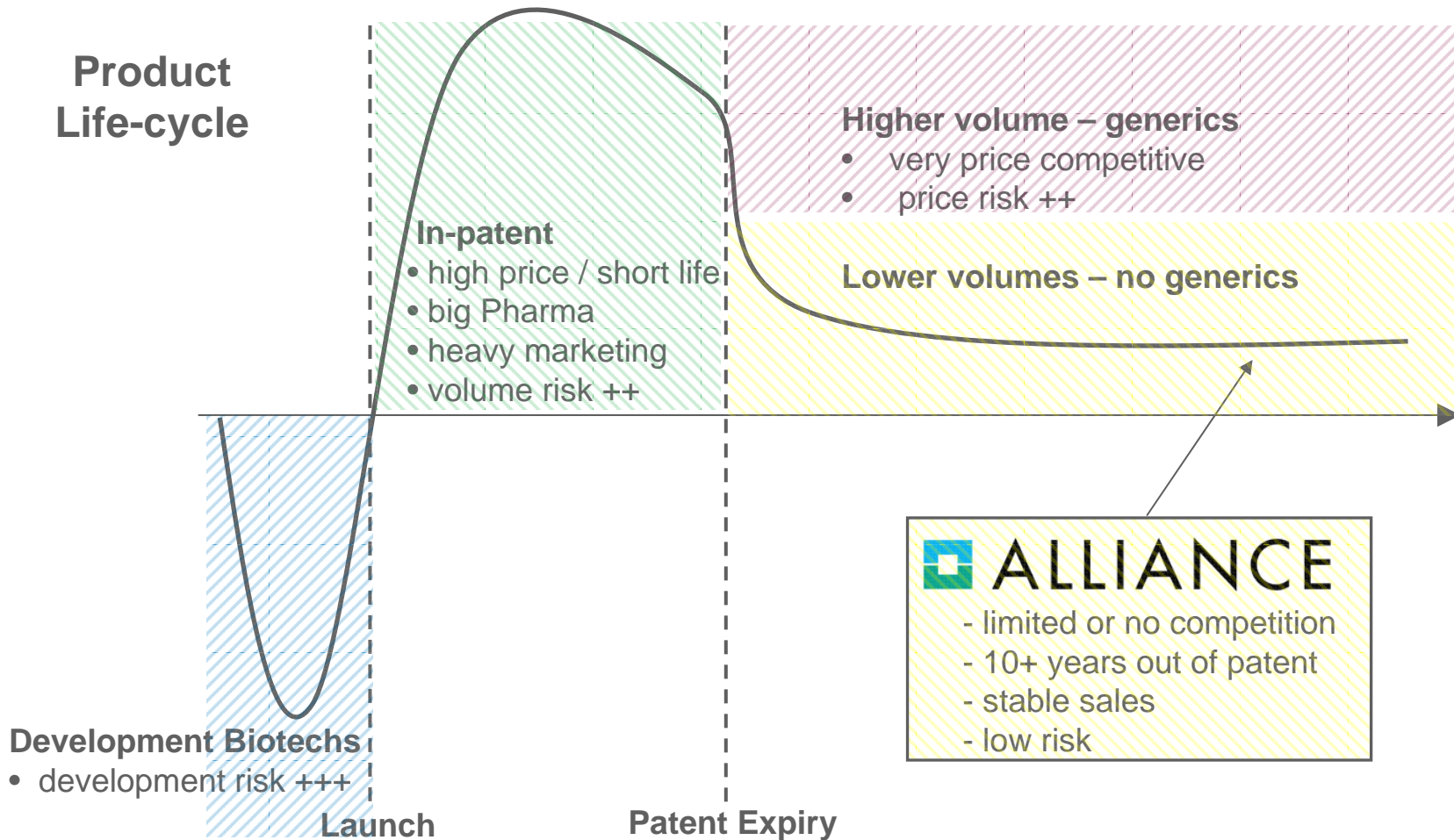
Proven business model

- ❑ Acquisition of low risk, cash generating assets
 - ❑ Prescription medicines which have stood the test of time
 - ❑ Generally niche brands with limited competition
 - ❑ Brands with history of sustainable sales
 - ❑ Demand largely unaffected by the economic cycle

- ❑ Selective promotion only
 - ❑ When economically justified
 - ❑ Sustainable sales with no promotion is the norm



Proven Business Model: Niche brands that have stood the test of time



Proven Business Model: Longevity of Niche Prescription Brands

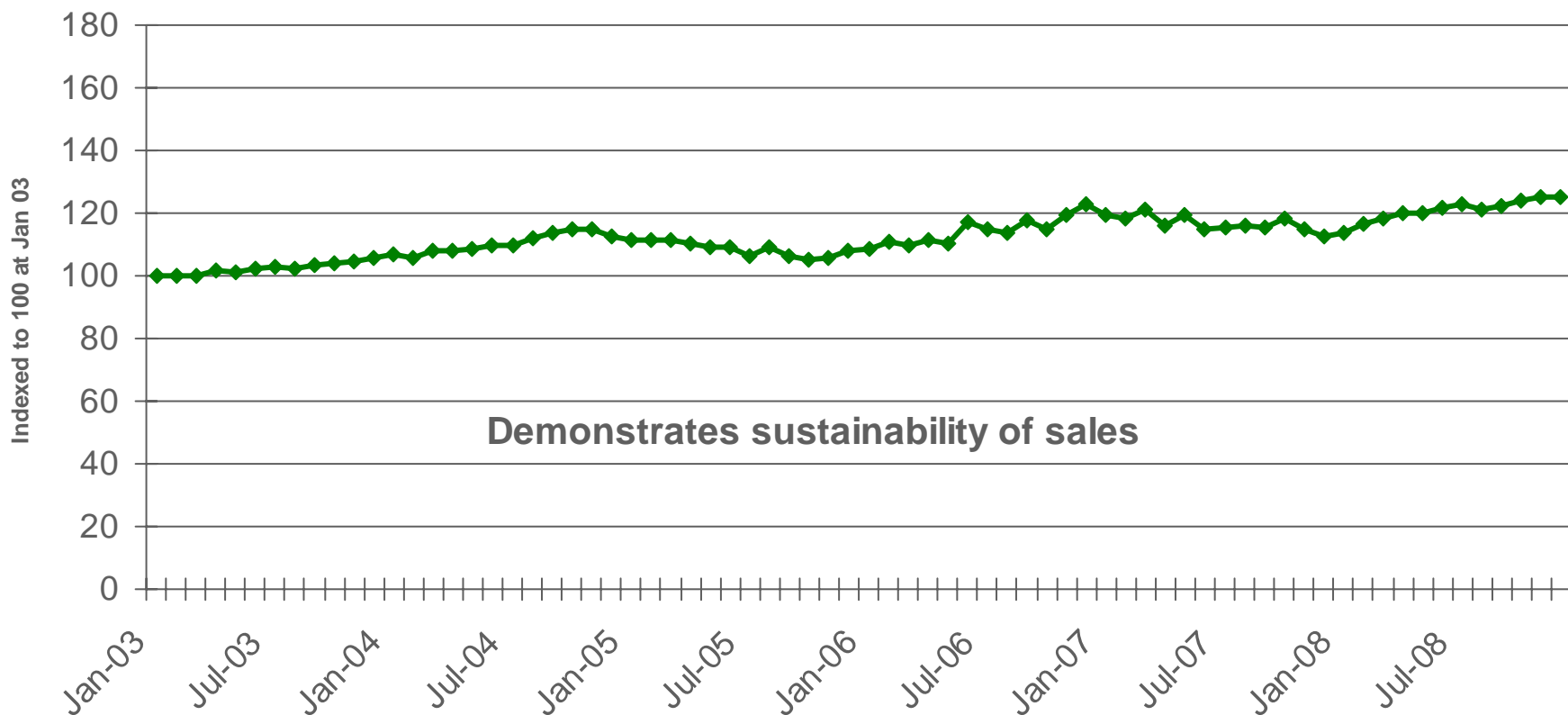
Brand	Sales £m	Launched By	Launch Date	Alliance since	Description
Nu-Seals	4.6	Lilly	1978	2002	Low dose aspirin for prevention of heart attacks and strokes
Forceval	3.4	Unigreg	1970	2004	Complete supplement of micro-nutrients
Syntocinon/ Syntometrine	2.4	Sandoz	1956	1998/ 2006	Childbirth: assist labour/prevent haemorrhage after delivery
Hydromol	2.2	Quinoderm	1987	2006	Range of products for dry skin / remission of eczema
Deltacortril	2.1	Pfizer	1957	2006	Steroid to control immune system in a variety of conditions
Symmetrel	1.7	Geigy	1970	2001	Parkinson's disease
Naseptin	0.9	ICI	1959	1999	Antibiotic cream for nasal infections / control nose bleeds
Synacthen*	0.5	Ciba	1968	1998	Test for function of adrenal glands / treat inflammatory diseases
Slow-K	0.4	Ciba	1965	2001	Potassium supplement
Uniflu	0.3	Unigreg	1998	2004	For the relief from the signs and symptoms of cold and flu

* fostered



Proven Business Model: Sustainability of sales from non-promoted brands

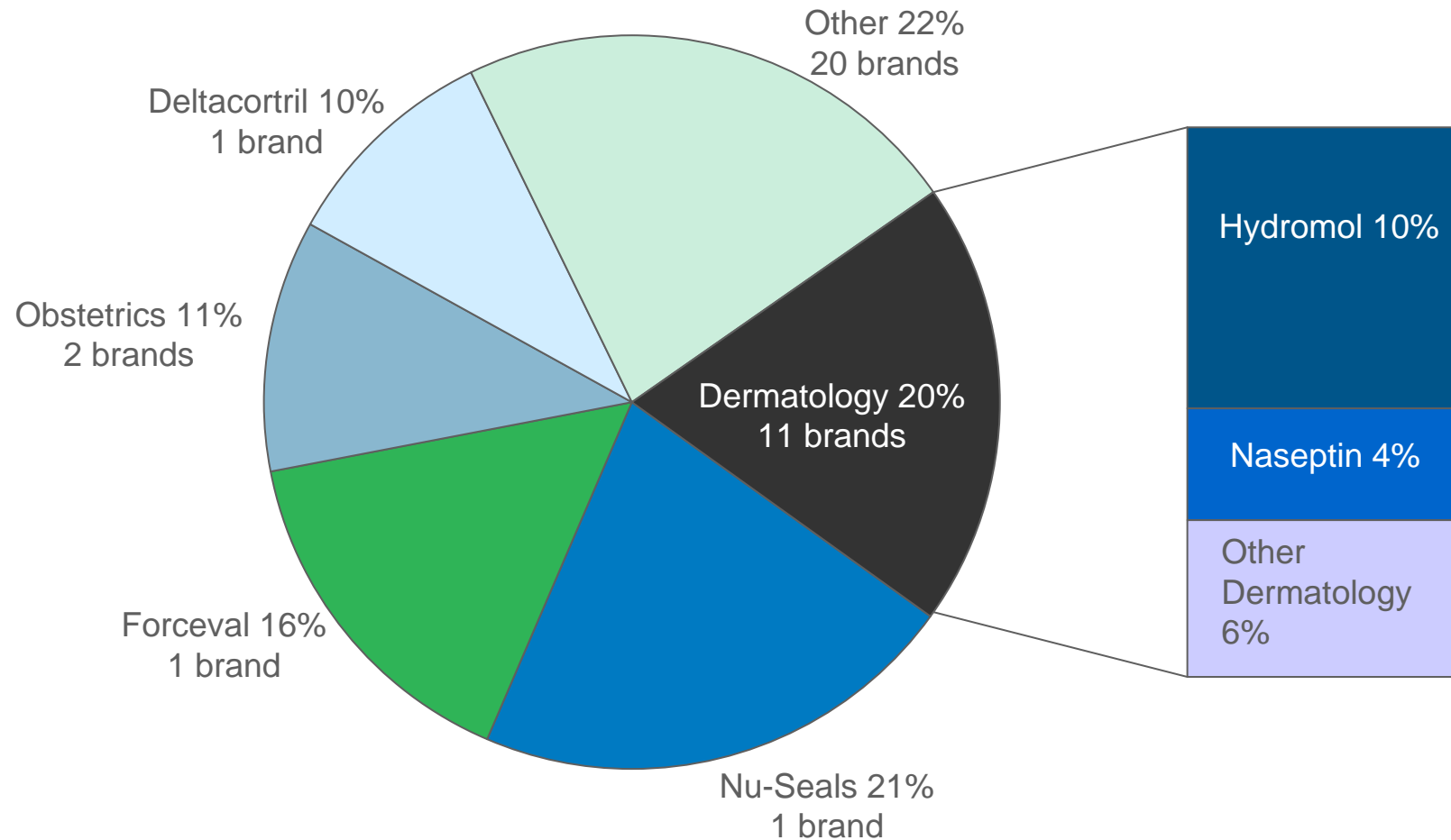
Like for like sales of non-promoted brands,
indexed to 100 at January 2003



Demonstrates sustainability of sales



Proven Business Model: Risk reduction through diversity



Proven Business Model: History of successful selective promotion

Nu-Seals (Ireland)

- Low dose aspirin for cardiovascular protection
- Acquired from Lilly in 2002
- Used bespoke contract field force covering hospital and general practice until Mar 2005
- Maintained market share at over 80% and grew brand from £2.0m to £3.5m

Hydromol (UK)

- Range of emollients for remission of eczema
- Acquired from Ferndale Labs in 2006
- Using bespoke contract field force covering hospital and general practice
- Grew from £0.9m to £2.2m and still growing

Symmetrel (UK)

- Control of dyskinesias in late stage Parkinson's disease
- Acquired from Novartis in 2001
- Used bespoke contract hospital field force until Jan 2006
- Grew from £0.6m to £1.6m



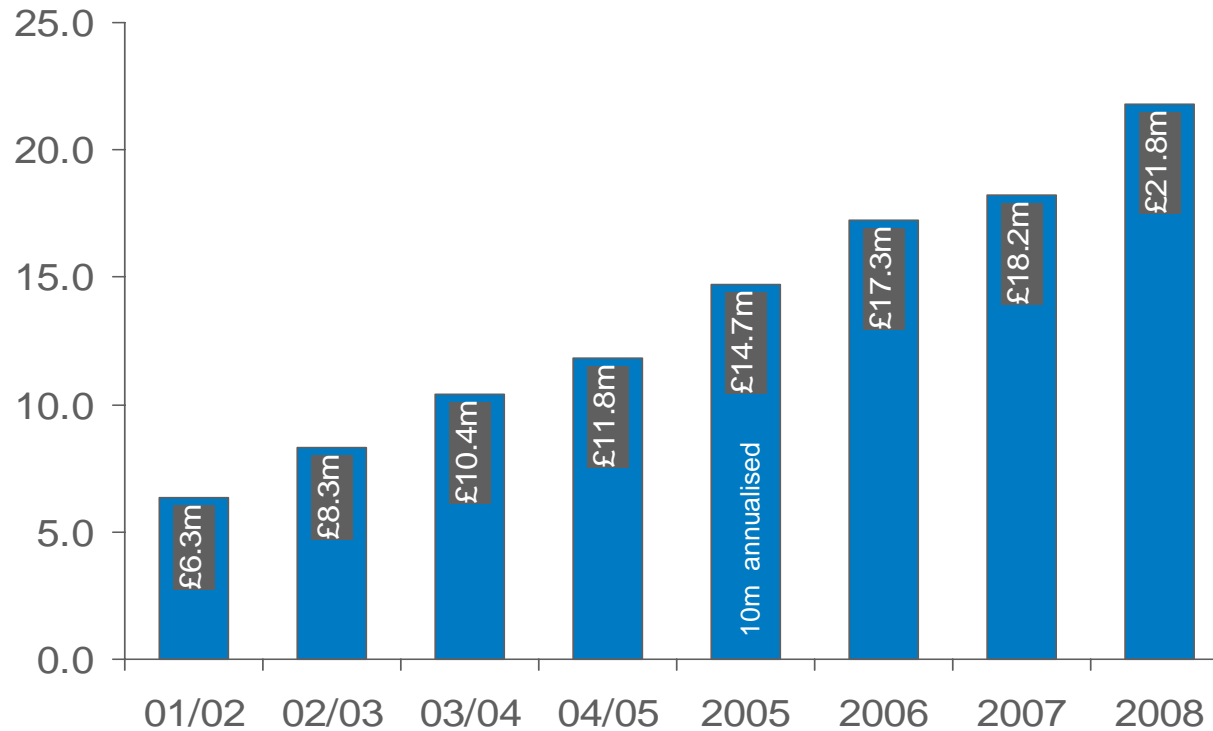
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Results: Strong record of growing sales



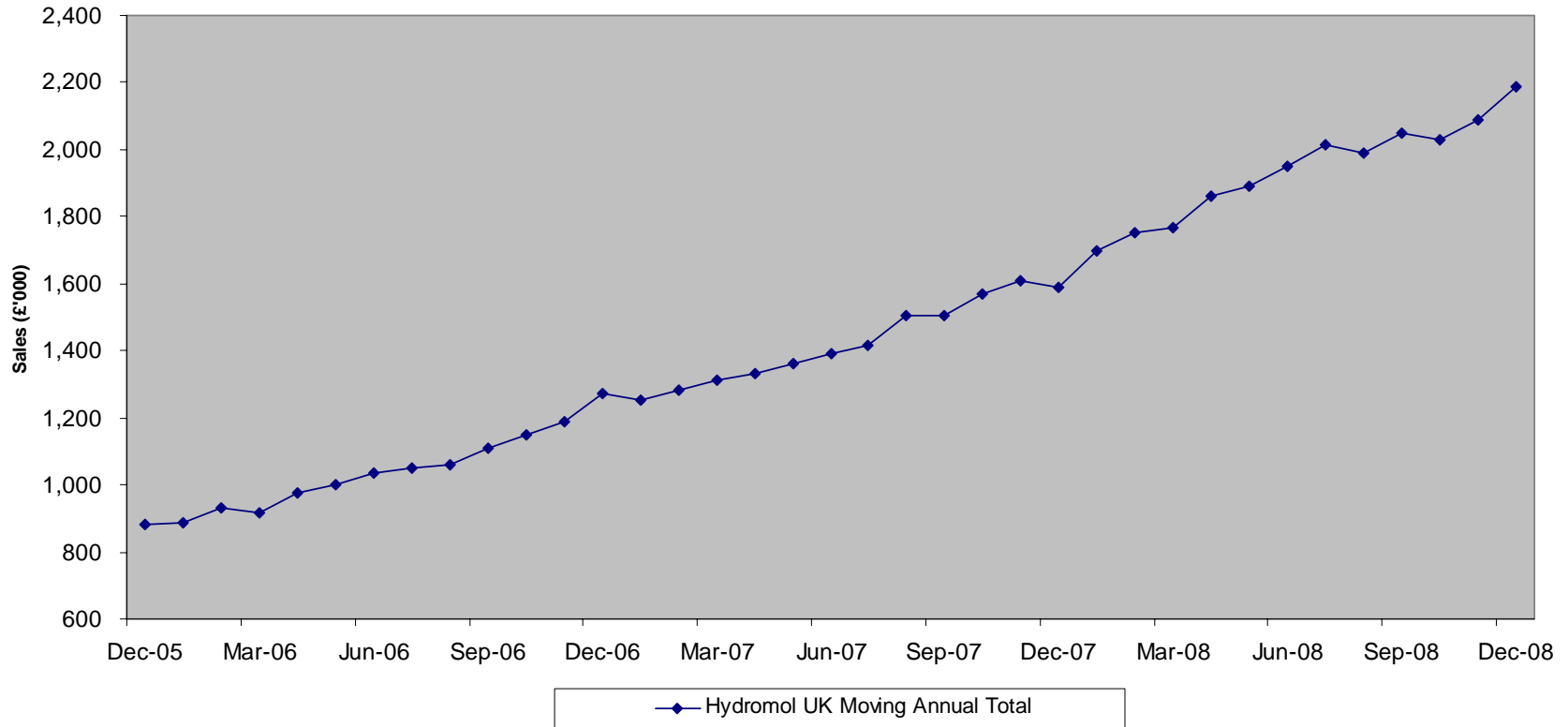
Results: 2008 Sales growth

		2007	2008	Growth
		£m	£m	£m
Hydromol	38% growth from promotional activity	1.6	2.2	+0.6
Deltacortril	More than doubled as a result of improved production volumes	0.9	2.1	+1.2
Nu-Seals Ireland	£0.5m exchange rate gain	3.2	4.2	+1.0
Forceval China	11% underlying growth and full year effect	1.0	1.4	+0.4
Pavacol-D	First four months of contribution following acquisition in August 2008	-	0.3	+0.3
Other	Very stable sales from core non-promoted brands	11.5	11.6	+0.1
Total	20% growth overall	18.2	21.8	+3.6

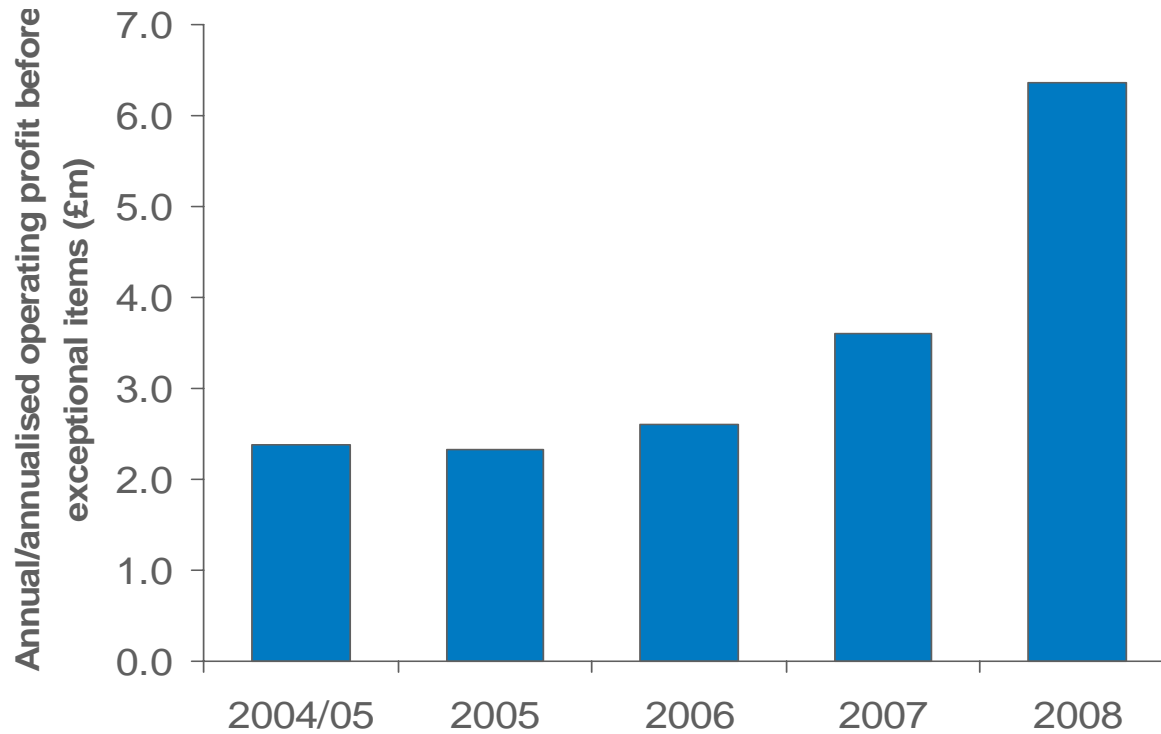


Results: Hydromol growth campaign

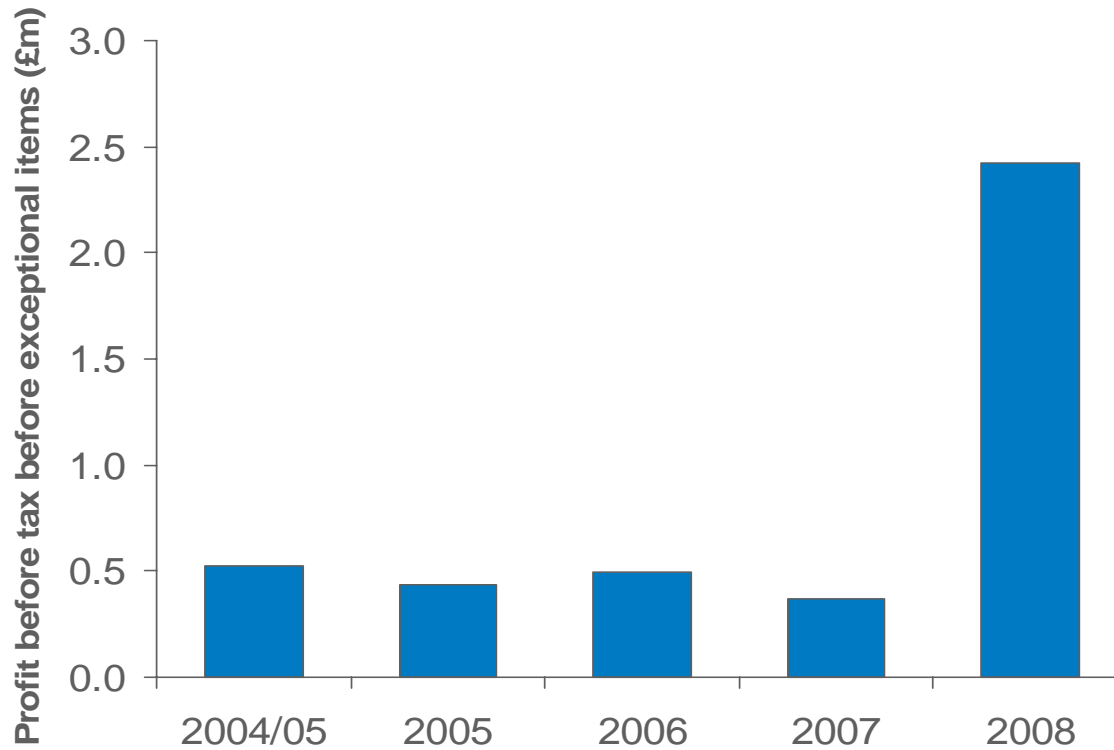
Hydromol UK Sales



Results: Improving Operating Profit



Results: Improving Profit Before Tax



Results: Improving Profits

£'m	Growth	2008	2007
Sales	20%	21.8	18.2
Gross profit	25%	11.1	8.9
<i>Gross margin %</i>		51.2%	49.0%
Operating costs	(10%)	(4.8)	(5.3)
Operating profit (pre-exceptionals)	76%	6.4	3.6
<i>Operating profit %</i>		29.3%	19.8%
Financing costs		(3.9)	(3.2)
Adjusted PBT (pre-exceptionals)	562%	2.4	0.4
Exceptional items		-	(3.6)
Reported PBT		2.4	(3.2)
Tax		0.1	-
Profit After Tax		2.5	(3.2)
Basic EPS		1.55p	(1.98p)
Adjusted EPS	409%	1.17p	0.23p



Results: Improving Cash Flow

£'m	2008	2007
Operating profit (pre-exceptionals)	6.4	3.6
Restructuring cost	-	(0.2)
Depreciation	0.1	0.1
Working capital	(1.3)	0.5
Cash flow from trading	5.2	4.0
Financing	(3.0)	(2.6)
Development costs	(0.1)	(0.8)
Tax receipt	0.4	-
Cash generation	2.5	0.6
Acquisitions	(1.0)	(2.4)
New loans to fund acquisitions	0.4	2.0
Repayments of loans and overdraft	1.9	0.2



Results: Balance Sheet

£'m	Dec 08	Dec 07	Change
Product licences and fixed assets	37.2	36.6	0.6
Isprelor clinical development	2.7	2.6	0.1
Other net assets	1.6	0.9	0.7
Overdraft	(2.4)	(2.4)	-
Term loans	(22.8)	(23.5)	0.7
- loan repayments			1.9
- Pavacol-D			(0.4)
- retranslation of euro loan			(0.7)
- amortisation of debt issuance fees			(0.1)
Convertible loan stock	(7.5)	(7.5)	-
Equity	8.8	6.7	2.1



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Results:
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Outlook Favourable: Increasing investment behind dermatology brands

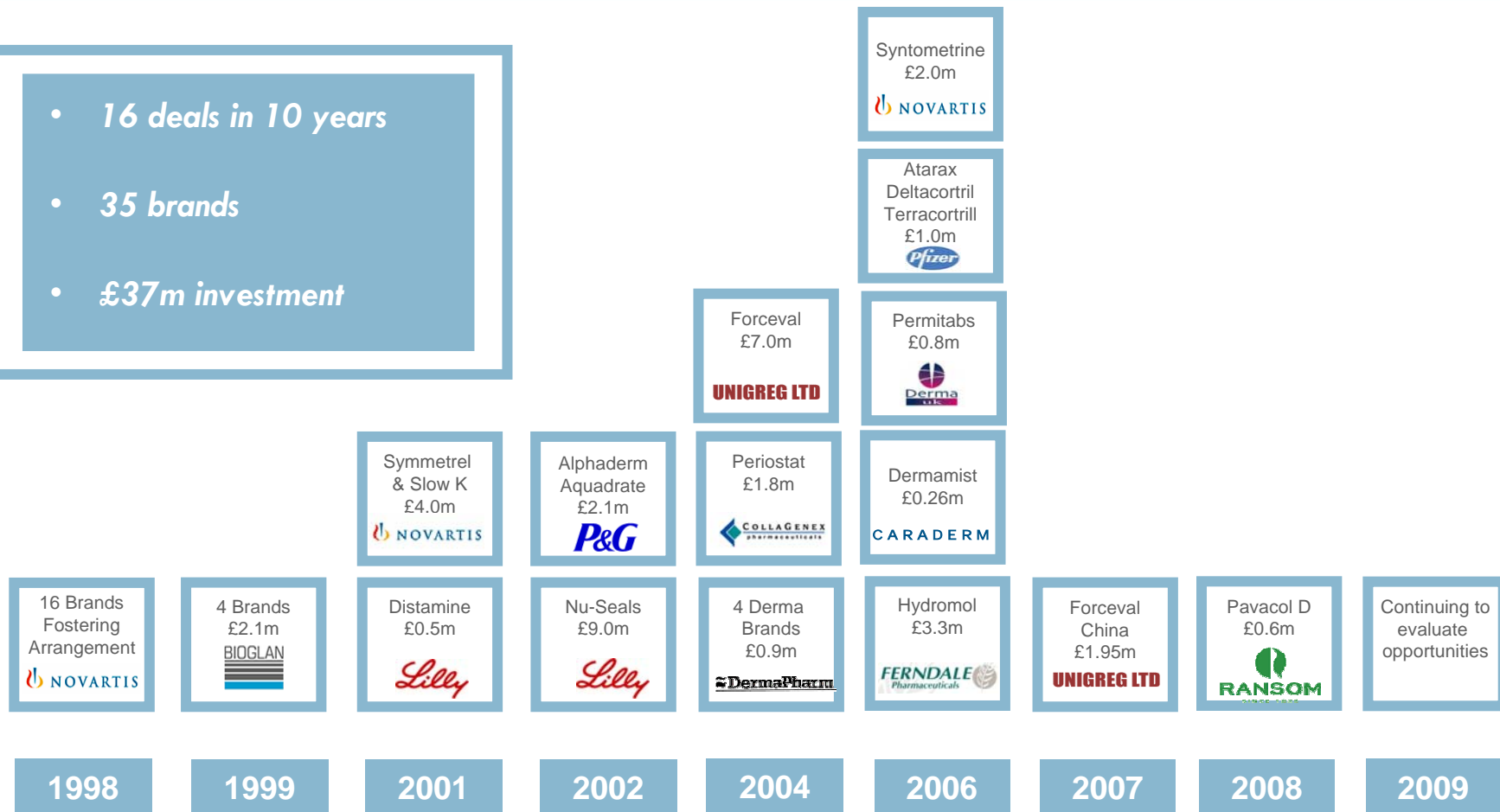
- ❑ Annual dermatology sales now £4.3m, of which Hydromol is £2.2m
- ❑ Hydromol growing at 30-40%
 - ❑ Background
 - ❑ Extensive emollient range
 - ❑ Acquired in February 2006 for £3.2m
 - ❑ Highly rated by users and clinicians
 - ❑ PCTs recommending on cost grounds
 - ❑ Increasing field effort in 2009
 - ❑ In-pharmacy project ongoing via commercial partner
 - ❑ Developments under way to extend range further



Outlook Favourable: Acquisition Opportunities

MVM Life Sciences as potential lead investor

- 16 deals in 10 years
- 35 brands
- £37m investment



Outlook Favourable: Senior Teams Strengthened

❑ New Non-Executive Director

- ❑ Thomas Casdagli, MVM Life Sciences Partners LLP
 - ❑ Biochemist, Chartered Accountant
 - ❑ Significant financing and life sciences experience

❑ New Management Team Members

- ❑ Dr David Yau, Production and Technical Director
 - ❑ 25 years' experience; ex GSK, Reckitt Benckiser, Seven Seas, Brunel Labs
- ❑ Dr Margaret Boulton, Director: Regulatory Affairs and Quality Compliance
 - ❑ 20 years' experience; ex Abbott, Baxter, Elan, Ezem



Outlook Favourable: Extensive tax relief

❑ Cash

- ❑ £10m of prior year tax losses still to be utilised
- ❑ Only cash tax in the short term is likely to be on China income (which cannot be relieved against prior year trading losses)

❑ P&L

- ❑ Effective tax rate is likely to be close to 28% because of non-cash deferred tax



Outlook Favourable: Financing secured until 2012

- ❑ Fixed schedule of repayments of approx £2.5m pa. and balance at end of 2012
- ❑ 70% of interest is fixed
- ❑ Margins are 3-4% over Libor, or over fixed rate
- ❑ Secured by fixed and floating charge over Group assets
- ❑ Approx 10% of loans denominated in euros as hedge against trade in Ireland; remainder in sterling
- ❑ Covenants in place measuring:
 - ❑ Interest cover
 - ❑ Cash generation : debt servicing cash
 - ❑ Net debt : EBITDA
- ❑ Covenant ratios improving substantially



Outlook Favourable: Dividends to commence

- ❑ Profitable, cash generative, trading business
- ❑ Demand resilient to economic downturn
- ❑ Debt being paid down steadily
- ❑ No significant day to day capital requirements
- ❑ Aim to start dividend within a year
- ❑ As debt reduces further, good scope to increase dividend ahead of earnings



Appendices



Top 14 Investors – 3 March 2009

Holder / Fund Manager	No. of Shares	% Holding
Director & Related	69,860,893	43.11%
Aviva Investors Global Services	18,175,755	11.22%
MVM Life Science Partners	15,000,000	9.30%
Nigel Wray	12,169,995	7.51%
Henderson Global	5,266,000	3.25%
LGT Bank In Liechtenstein	4,471,071	2.76%
Cavendish	4,340,000	2.68%
Barclays Wealth	3,438,874	2.12%
Walker Crips Weddle Beck	2,840,000	1.75%
Seymour Pierce Ellis (excl Nigel Wray)	1,888,500	1.17%
Halifax Share Dealing	1,863,065	1.15%
Redmayne Bentley	1,690,100	1.04%
JM Finn & Co	1,529,000	0.94%
NCL Smith & Williamson	1,402,500	0.87%
ODL Securities	1,001,000	0.62%
Total No of Share Owners - 822		No of Shares in Issue - 162,061,773



Convertible Unsecured Loan Stock

- ❑ £7.5m of CULS paying 8% cash interest
- ❑ Unsecured
- ❑ Convertible at the option of the holders at any time up to 30 November 2013 at 21 pence per share
- ❑ Otherwise redeemed at par
- ❑ Publicly traded with a current price close to par
- ❑ Held by a small number of mainly fixed-income institutions



Organisational Structure – Board



John Dawson, CEO
Pharmacist, MSc Finance; > 35yrs sector experience, founder of Alliance



Richard Wright, Finance Director & Company Secretary: MA, Chartered Accountant, 15 years experience across various industries, joined 2007



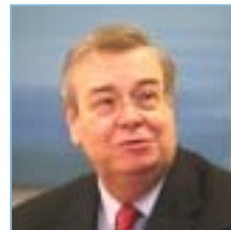
Tony Booley, Sales & Marketing Director
BSc Physiology, MBA, Chartered Marketer; > 25yrs sector experience, with Alliance since 1998



Dr Mark Tomlinson, Medical Director
MFPM, 13 Years experience in Pharmaceutical Medicine, joined 2007



Michael Gatenby, Non Executive Chairman
MA. FCA ex-director of Hill Samuel and Co, ex-Vice Chairman of Charterhouse Bank. Holds a number of non executive directorships



Andrew Smith, Non Executive Director
Senior positions held at SmithKline Beecham Pharmaceuticals, Diversified Health Systems Europe, Cerebrus plc and Parexel International



Paul Ranson, Non Executive Director
LL.B Barrister Solicitor. 20 years sector experience



Thomas Casdagli, Non Executive Director
Partner in MVM Life Science Partners, Chartered Accountant, graduated from Oxford in Molecular and Cellular Biochemistry, joined March 2009



Brand Portfolio

BRAND	NON-PROPRIETARY NAME	USES
Dermatology Products		
Acnival	2% salicylic acid	A medicated cleanser for the treatment and prevention of acne.
Alphaderm	hydrocortisone and urea	An anti-inflammatory and hydrating cream used in the treatment of inflammatory dermatoses such as eczema and psoriasis.
Aquadrate	urea	A hydrating cream used in the treatment of dry, scaling and itchy skin disorders. Including: ichthyosis and hyperkeratotic skin conditions associated with atopic eczema, xeroderma, iasteatosis and other chronic dry skin conditions
Atarax	hydroxyzine hydrochloride	For pruritus (itching) associated with acute and chronic urticaria in children and adults. Also for anxiety in adults
Dermamist	White Soft Paraffin	Treatment of dry skin conditions including eczema, ichthyosis and pruritus of the elderly
Hydromol Cream	sodium pyrrolidone carboxylate 2.5%.	Cream for the treatment of dry skin conditions including dermatitis, eczema, ichthyosis and senile pruritus
Hydromol Emollient	light liquid paraffin (37.8%) and isopropyl myristate (13%)	Bath emollient additive for the treatment of dry skin conditions such as eczema, ichthyosis and senile pruritus
Hydromol Ointment	yellow soft paraffin (30%) and emulsifying wax (30%)	Ointment for moisturising and softening dry skin. May be used as a soap substitute
Naseptin	chlorhexidine and neomycin	An antimicrobial cream for inside the nose. It is used for eradicating staphylococcus infections in the nose.
Meted	3% salicylic acid and 5% sulphur	A medicated shampoo for the treatment of seborrhoeic dermatitis, scalp dermatitis and dandruff. Relieves the itching, irritation, erythema and flaking.
Occlusal	26% salicylic acid	A topical solution for the treatment and prevention of common and planar warts.
Permitabs	Potassium Permanganate	A topical solution for cleansing and deodorising suppurating eczematous reactions and wounds
Pentrax	Fractar 5 coal tar extract	A shampoo for the treatment of seborrhoeic dermatitis, scalp dermatitis and dandruff. Relieves the itching, irritation, erythema, flaking and scaling

Other Products

BRAND	NON-PROPRIETARY NAME	USES
Biorphen	orphenadrine hydrochloride	A liquid for Parkinson's disease (a degenerative process characterized by muscular rigidity and tremor), including Parkinson – like symptoms caused by other psychiatric drugs.
Broflex	trihexyphenidyl hydrochloride	A liquid for Parkinson's disease.
Cafergot	ergotamine tartrate and caffeine	For the management of acute attacks of migraine headache in patients who have not responded to alternative therapies.
Calcium Sandoz	calcium glubionate and calcium lactobionate	A calcium supplement used to maintain calcium levels. It is given in neonatal hypocalcaemia. It may help to replace lost calcium and reduce the risk of broken bones in elderly patients with osteoporosis



Brand Portfolio

BRAND	NON-PROPRIETARY NAME	USES
Deltacortril	prednisolone	Enteric coated tablets. Used for a wide range of disorders in which systemic corticosteroids are indicated, including allergies, arteritis, rheumatic fever, rheumatic disorders, autoimmune disorders etc
Deseril	methysergide	Used for the prevention of migraine in patients who have not responded to alternative therapies. It is also used in the management of diarrhoea associated with carcinoid disease.
Distamine	penicillamine	A disease modifying antirheumatic drug (DMARD) used for the treatment of rheumatoid arthritis (not osteoarthritis), Wilson's disease (toxic accumulation of copper), lead poisoning and cystinuria (formation of cystine stones in the kidneys).
Forceval	multivitamin and mineral preparation	Capsules containing 24 essential vitamins and minerals (22 in the Junior capsules). Available on prescription unlike other preparations for use in patients with nutritional deficits due to disease e.g. AIDS, cancer, inflammatory bowel disease, or on restricted diets e.g. food intolerances, galactosaemia. A powder formulation also exists which includes a protein supplement
Hygroton	chlortalidone	A diuretic to treat mild to moderate hypertension and oedema. Also used for diabetes insipidus (excessive urination).
Lysovir	amantadine	Used for the prevention and treatment of influenza A.
Metopirone	metyrapone	Used in the diagnosis of certain problems of the adrenal glands. It is also used for the management of Cushing's syndrome (a rare disorder, mainly of females, characterized by a moonface, obesity and excessive growth of hair) and for oedema.
Nu-Seals	aspirin, enteric coated	Low and standard dose aspirin with a protective coat to protect against GI side effects of aspirin. Low dose is used to prevent heart attacks and ischaemic strokes in patients with risk factors. Standard dose used for all aspirin indications except acute pain relief
Pavacol D	pholcodine	A sugar free liquid for the symptomatic treatment of dry troublesome coughs
Periostat	doxycycline	Subantimicrobial dose doxycycline used for the treatment of periodontitis. By suppressing tissue destructive MMP enzymes, it has an anti-inflammatory rather than an antimicrobial action. Licensed in Europe through MRP
Rogitine	phentolamine	Used in the diagnosis of phaeochromocytoma, a tumour of the adrenal gland and in the management of hypertensive episodes associated with phaeochromocytoma.
Sinthrome	acenocoumarol	An oral anticoagulant used in the treatment or prevention of thromboembolic disorders.
Slow-K	potassium chloride	A potassium supplement used to correct low potassium levels associated with disease, poor diet or other drug therapy.
Symmetrel	amantadine	Used in the treatment of Parkinson's disease and herpes zoster but only in those patients who you could expect to get a severe and painful rash. The syrup is also useful in the treatment and prevention of influenza type A.
Synacthen	tetracosactide	Used in the diagnosis of adrenocortical insufficiency. Stimulates the formation of adrenal steroids (cortisol).
Synacthen Depot	tetracosactide – slow release	A long acting formulation of Synacthen. In addition, it is used to treat various inflammatory diseases including ulcerative colitis, rheumatoid arthritis, and osteoarthritis in short term use only.
Syntocinon	oxytocin	A synthetic form of the hormone oxytocin, used in the induction of labour, the management of missed and incomplete abortion and to stop excessive bleeding following delivery.
Syntometrine	ergometrine maleate and oxytocin	A combination of oxytocin and ergometrine used during the last stage of childbirth or following delivery of the placenta to prevent excessive bleeding.

