



Interim Results 2009

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H1- Operating Summary

- Flutiform™
 - NDA accepted for review by FDA
 - Meeting to determine how to address potential review issues to be held shortly
 - EU filing still expected Q1 2010 and Japan remains on track
- Lodotra™ launched in Germany for treatment of RA-related stiffness
- Restructuring of French & Swiss operations (saving approx. £2m/yr)
- Successful negotiation on Certihaler® termination resulting in H2 net cash benefit of £5m



H1 2009 Results Overview

	H1 2009	H1 2008
		<i>Restated</i>
	£m	£m
Revenue	25.5	28.4
R&D spend	10.3	16.7
Pre excep operating profit/(loss)	4.9	(1.6)
Exceptional items	0.5	(3.4)

- Revenues
 - In line with expectations
 - H1 2008 included £2.9m non-recurring manufacturing revenue
- Operating profit £4.9m
 - Reduced R&D spend on Flutiform™



12 Approved Products Worldwide

Product	Primary Indication	Licensee / Partner
INHALATION		
Pulmicort® HFA MDI	Asthma	AstraZeneca
ORAL		
Xatral® OD/ Uroxatral®	BPH (urinary symptoms)	sanofi-aventis
Requip® Once-a-day	Parkinson's disease	GlaxoSmithKline
Paxil CR™	Depression	GlaxoSmithKline
Triglide®	Lipid disorders	Sciele Pharma (Shionogi)
Sular™	Hypertension	Sciele Pharma (Shionogi)
Madopar DR®	Parkinson's disease	Roche
ZYFLO CR®	Asthma	Cornerstone Therapeutics
Coruno®	Angina	Therabel
Diclofenac-ratiopharm-uno	Pain/inflammation	Ratiopharm
Lodotra™ (EU)	RA pain & stiffness	Nitec (Merck KGaA/Mundipharma)
TOPICAL		
Solaraze®	Actinic keratosis	Nycomed / Almirall



H1 - Established Products

- Solaraze® (Nycomed/Almirall)
 - U.S. net sales c. US\$23.8m (£15.9m), up 38%
 - Sales in EU and other territories €10.7m (£9.6m), up 76%
 - Market leader in Germany, UK, Australia
- Xatral®/Uroxatral® (sanofi-aventis)
 - Total sales €153m (£136.8m), down 10.5%
 - Generic competition in EU (down 33.3%)
 - U.S. sales up 20.4% - ANDAs filed by competitors
- Paxil CR™ (GSK)
 - Sales £32.0m (down 44%)
 - Generic competition

All figures at constant exchange rates



H1 - Recently Approved Products

- Requip® Once-a-day (GSK)
 - Approved in 35 countries
 - Launched in 24 EU countries (inc. France, Germany & UK) & U.S.
 - Sales of £52.0 million in H1 2009
 - ANDA filings by competitors in U.S.
- New Sular® (Sciele/Shionogi)
 - Launched in U.S. March '08 – continues to be impacted by generic version of old Sular®
 - ANDA filings in U.S.
- Pulmicort® HFA-MDI (AstraZeneca)
 - Approved and launched to replace CFC version in 25 countries
- Lodotra™ (Nitec)
 - Approved in 10 European countries inc. UK & Germany
 - German launch (Merck KGaA) in April 2009
 - EU distribution agreement with Mundipharma (ex. Germany, Austria)



Development Pipeline

Product	Primary Indication	Pre-clin	Ph I	Ph II	Ph III	Filed	Approved	Licensee / Partner
INHALATION								
Flutiform™	Asthma	██████████	██████████	██████████	██████████			Abbott (US)
Flutiform™	Asthma	██████████	██████████	██████████	██████████			Mundipharma (EU)
Flutiform™	Asthma	██████████	██████████	██████████				Kyorin (Japan)
ORAL								
Lodotra™	RA pain & stiffness	██████████	██████████	██████████	██████████			Nitec (US)
SKP-1041	Sleep maintenance	██████████	██████████					Somnus



Flutiform™ - Significant Opportunity

- Asthma/COPD treatment market
 - US\$29.2 billion in 2008*
- ICS/LABA combinations
 - Large proportion of total market
 - US\$8.8 billion in 2008**



Source: * IMS Dataview 2009 **GSK/AZ Annual reports 2008



Inhaled Corticosteroid/Long-acting Beta Agonist Combinations (U.S.)

Product	ICS	LABA	Inhaler	Status in US
Advair® GSK	Fluticasone	Salmeterol	DPI/MDI	Marketed
Symbicort® AZ	Budesonide	Formoterol	MDI	Marketed
Flutiform™ ABT	Fluticasone	Formoterol	MDI	NDA accepted

Flutiform™ combines the most commonly prescribed ICS with fast onset LABA



Flutiform™ - Strong Global Partnerships

Partner	Region	Status	Royalties
Abbott	US	NDA accepted	15% and escalating*
Mundipharma	RoW (ex. Japan and Americas)	Phase III	10% and escalating*
Kyorin	Japan	Phase II	High mid-single digit

*Subject to deductions for recovery of certain costs

Launch and sales milestones could exceed US\$100 million



Flutiform™ - Development Status

- NDA filed 20 March 2009; accepted May 2009
 - Over 2,300 patients in Phase III programme
 - Primary endpoints met
- Communication from FDA June 2009
 - Potential review issues identified, meeting with FDA to take place shortly for clarification of requirements
 - Update to follow clarification of next steps
 - Substantive review of NDA file underway
- 3 Phase III efficacy trials for EU completed
 - 2 adult trials and 1 paediatric
 - Pivotal study inc. high dose strength underway (recruitment completed)
 - Target EU filing Q1 2010
- Japan
 - Phase II commenced



Update on Pipeline Products

- Lodotra™ (Nitec)
 - Rheumatoid arthritis-related stiffness
 - Phase III trial underway in U.S., fully recruited
 - U.S. NDA filing planned for Q2 2010
- SKP-1041 (Somnus)
 - Potentially first-in-class for sleep maintenance
 - Successful completion of 2 Phase I studies



Medium-Term Business Focus

- Primary focus for H2 2009: Flutiform™
 - Support for U.S. registration process
 - Working with Mundipharma to complete EU development programme, prepare MAA
 - Planning potential line extensions
- Early-stage research and development activity
 - Feasibility studies in progress to provide further pipeline products
- Continue to seek new partnerships
 - Increased business development resource
 - Based on contract development

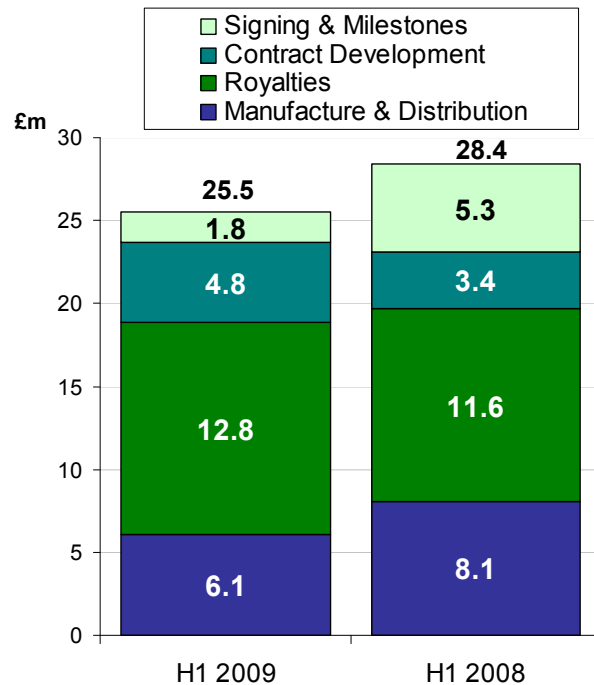


Financials

Peter Grant
Chief Financial Officer



H1 - Revenues



Growth - H1 2009
% CER%

Signing & milestones
Contract development
Royalties
Manufacture & distribution

-66% -75%
41% 14%
10% -10%
-25% -39%

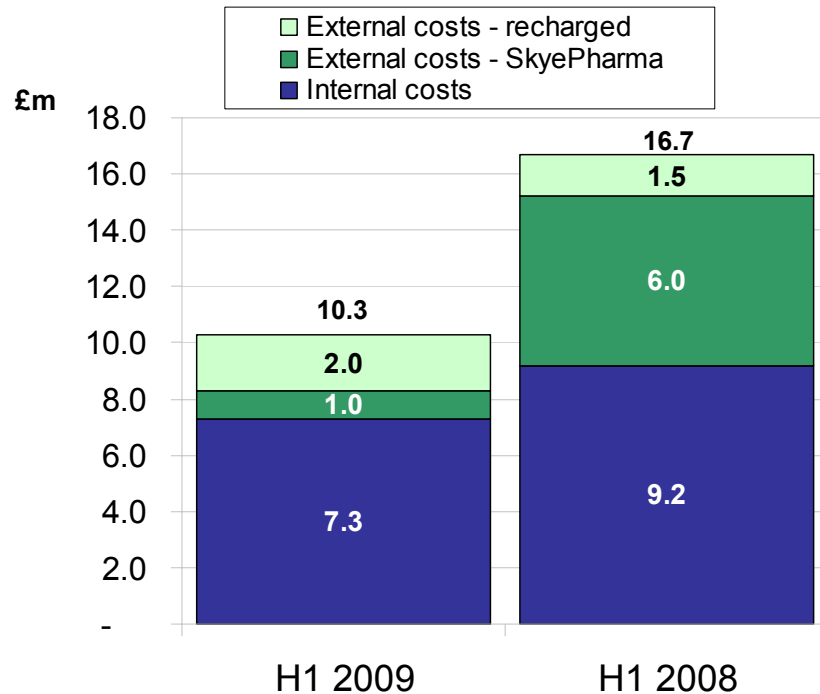
Total

-10% -28%

- Non-recurring H1 2008 revenues
 - Manufacturing - £2.9 million (Foradil® Certihaler®)
- Milestones down £3.5m
 - Flutiform™ signing fees almost fully recognised
 - 2008 – one off milestones received
- Contract development up £1.4m
 - Flutiform™ and SKP-1041 development costs
- Royalties up £0.7m
 - Growth in Solaraze® and Requip® offset by reductions in Paxil CR™ and Triglide®
- Manufacturing - negotiated price increases



H1 - R&D Expenses



	£m	£m
Contract R&D revenue	4.8	3.4
External costs	(2.0)	(1.5)
Contribution	2.8	1.9

- External spend on Flutiform™ largely complete
- Internal costs reduced – mainly in Switzerland
- Contract development contributed £2.8m towards internal cost base (H1 2008: £1.9m)
- One-third of R&D cost base covered by contract development revenues



H1 - Results

£'m	H1 2009	H1 2008 <i>Restated</i>
Revenue	25.5	28.4
Cost of sales	(7.0)	(9.6)
Gross Profit	18.5	18.8
Selling, marketing and distribution	(1.1)	(0.7)
Research and development	(10.3)	(16.7)
Corporate costs	(1.5)	(2.3)
Amortisation	(0.3)	(0.2)
Share based payment charge	(0.4)	(0.5)
Pre-exceptional operating profit/(loss)	4.9	(1.6)
Pre-exceptional EBITDA	6.7	1.0
Loss for the year	(6.1)	(6.8)
EPS (pence)	(26.7)p	(84.0)p

- Selling and marketing costs higher
 - Increased focus on business development
- R&D expenditure reduced
 - Completion of Flutiform™ clinical trials
- Corporate costs reduced
 - Lower staff costs
- EBITDA of £6.7m compares with net interest costs of £6.7m



H1 - Net Finance Costs

£'m	H1 2009	H1 2008
Bank borrowings	(0.2)	(0.2)
Paul Capital	(1.5)	(1.2)
Convertible bonds	(3.1)	(3.2)
CRC Finance	(2.1)	(2.1)
Interest income	0.2	0.6
Net interest costs	(6.7)	(6.1)
Revaluation of PCP	(2.0)	-
Exchange Translation	(2.5)	4.7
Net finance costs	(11.2)	(1.4)

- Interest rates payable:
 - Convertible bonds: £63.0m (6%), £20m (8%)
 - CRC: Libor + 5.85% and Euribor + 5.85% / 10.85%
- 2009: revaluation charge due to revised estimates of contributions by Pacira
- Exchange translation loss £2.5m – mainly due to lower CHF vs USD



H1 - Exceptional Items

£'m	H1 2009	H1 2008
Exceptional items		
Foradil® Certihaler® termination	5.0	-
Restructuring charges	(1.5)	-
Goodwill impairment	(3.0)	(1.0)
Aborted transaction costs	-	(1.4)
Total exceptional gain/(loss)	0.5	(2.4)

- Exceptional Items
 - £5.0m net gain associated with the termination for Foradil® Certihaler®
 - £1.5m restructuring charge – France and Switzerland
 - Goodwill impairment charge of £3.0 million (non-cash)



H1 - Cash Flow

£'m	H1 2009	H1 2008
Cash Flows		
Operating cash flow	(0.4)	(1.5)
Capex	(3.9)	(2.5)
Net interest	(6.2)	(5.9)
Debt repaid	(3.5)	(1.2)
Exchange	0.6	0.7
Total cash flow	(13.4)	(10.4)
Cash at 30 June	22.1	21.6

- Capex
 - Flutiform™ supply chain:
 - Spent €6.5m (£5.5m) cumulatively
 - €3.2m (£2.7m) outstanding commitments
 - Plan to outsource and sell Flutiform™ capex to third party
 - High capacity line acquired from Sciele for nominal sum
- Debt repayment (£3.5m)
 - Swiss mortgage, Paul Capital and CRC debt



Debt and Cash

£'m	H1 2009	FY 2008
Convertible bonds	58.2	62.7
Paul Capital liabilities	25.4	28.6
CRC liability	42.1	49.5
Property mortgage	7.4	9.0
Other	1.3	1.7
Total debt*	134.4	151.5
Less cash & cash equivalents	(22.1)	(35.7)
Net debt*	112.3	115.8
* Valued in accordance with IFRS		
Liquidity		
Cash and cash equivalents plus undrawn facilities	23.8	22.8

- Convertible bonds:
 - £6.6 million bonds converted into ordinary shares during H1 2009
 - £83.0 million bonds remain outstanding
- Paul Capital and CRC debt repayable through to 2015 / 2016 respectively
- £17.1m decrease in debt due to exchange effects, bond conversions and debt repayments
- Total liquidity of £23.8m (cash £22.1m)
- Enough cash for the foreseeable future



Outlook & Summary

Ken Cunningham
Chief Executive Officer



Outlook

- Trading for H2 2009 expected to be in line with the Board's expectations, similar to H1
- Benefit in H2 2009 from price increases and cost reductions implemented in H1
- Completion of Ph III programme for EU Flutiform™ filing
- Clarification of FDA requirements



Summary

- Significant prospects for growth from Flutiform™
- Proven track record
 - 12 approved products
 - Multiple licensing deals with Pharma partners
- Driving to sustainable profitability
 - Flutiform™ R&D spend reducing
 - Costs under tight control
 - The Board believes that existing liquidity is sufficient to meet the needs of the business for foreseeable future



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