Manuel Llobet, Chief Executive Officer, and Nick Wykeman, Finance Director, will host a meeting and call for analysts to provide an update on the Group, followed by a Q&A session, at 0930 BST today. Dial-in details are: +44 (0) 1452 555566. Conference ID: 86318311.

Transforming Allergy Treatment

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

Preliminary Results

28 September 2017 Allergy Therapeutics plc (AIM:AGY), the fully integrated specialty pharmaceutical group specialising in allergy vaccines, today announces preliminary results for the year ended 30 June 2017.

Financial highlights

- 72% increase in operating profit (pre-R&D) to £7.4m (2016: £4.3m)
- 32% revenue growth increase in actual terms to £64.1m (2016: £48.5m)
- 15%* revenue growth at constant currency to £55.5m (2016: £48.5m)
- 10% compound annual growth in net sales over 18 years
- Market share in the Group's main European markets increased to 13% (2016: 12%)
- Cash at 30 June £22.1m (2016: £23.4m)

Operational highlights

- Commencement of recruitment for pivotal Phase III Pollinex Quattro Birch trial
- US Grass MATA programme proceeding well; safety study successfully completed
- First patient recruited for Acarovac MPL Phase I trial in Spain
- Positive pre-clinical proof of concept trial data announced for Polyvac Peanut

Manuel Llobet, Chief Executive Officer of Allergy Therapeutics, commented: *"This has been another strong year of growth with constant currency growth of 15%* increasing our market share and, together with a favourable sterling/euro exchange rate, boosting operating profit pre R&D by £3.1m. Our continuing growth and progress on our pipeline reflects the quality of the products and the committed team that works at Allergy Therapeutics. We expect further good progress in the coming year."*

This announcement contains insider information for the purposes of Article 7 of Regulatory (EU) No596/2014.

* percentage based on figures in thousands (2017: £55.545m, 2016: £48.509m)

- ENDS -

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About Allergy Therapeutics

Allergy Therapeutics is an international specialty pharmaceutical group focussed on the treatment and diagnosis of allergic disorders, including immunotherapy vaccines, that have the potential to cure disease. The Group sells proprietary and third party products from its subsidiaries in nine major European countries and via distribution agreements in an additional ten countries. Its broad pipeline of products in clinical development include vaccines for grass, tree and house dust mite, and peanut allergy vaccine in pre-clinical development. Adjuvant systems to boost performance of vaccines outside allergy are also in development.

Formed in 1999 out of Smith Kline Beecham, Allergy Therapeutics is headquartered in Worthing, UK with more than 11,000m^2 of state-of-the-art MHRA-approved manufacturing facilities and laboratories. The Group, which has achieved double digit compound annual growth since formation, employs c.500 employees and is listed on the London Stock Exchange (AIM:AGY). For more information, please see www.allergytherapeutics.com.

CHAIRMAN'S STATEMENT

Overview

I am pleased to introduce the Group's Annual Report & Accounts for the year ended 30 June 2017. It has been another year of strong and consistent performance across all areas of the Group. The key areas for value creation remain profitable growth in European markets, pipeline advancements and paving the way to the significant US market.

Performance

In our European business, sales grew by 15%* in constant currency and we continued to achieve market share gains, with our market share in markets where we operate up to 13 % (2016: 12%). This shows an increasing adoption in the market for our convenient and patient-friendly treatments compared to other products.

In addition, there has been good progress in the R&D pipeline this year, facilitated by investment from our growing revenue stream. In March, we announced that we had recruited the first patient in our pivotal Phase III PQ Birch trial and, in May, the first patient was recruited for our Acarovac MPL (house dust mite) study. We announced exciting pre-clinical data from the Polyvac Peanut project in February and we are pleased that all of the products that the Group has submitted for the German Therapieallergen-Verordung (TAV) process are continuing to progress well.

We are also making progress with our US commercial strategy. The Grass MATA MPL product completed the safety study relating to its higher dose and the Phase II Grass trial is due to commence before the end of 2017.

Financially, the Group remains in a robust position with a strong cash balance due to strong sales growth, aided additionally by the weakening of sterling against the euro.

Board Changes

There were a number of changes to the Board during the year. In February, we welcomed US-based Jeff Barton who succeeded Jean-Yves Pavee as Abbott Laboratories' nominated director and, in June, Thomas Lander our Board member with extensive R&D experience, retired from the Board and Tunde Otulana was appointed as a new independent Non-Executive Director. I thank Jean-Yves and Thomas for their significant contributions to the Board during their tenures.

Jeff Barton, who is based at Abbott headquarters in Chicago and is VP Licensing and Acquisitions, brings extensive commercial experience, especially in the US, which will prove vital as the Group continues to execute its global strategy. Tunde is also based in the US and brings a wealth of global experience in clinical and regulatory work, particularly with the US Food and Drug Administration (FDA), with whom he worked for six years earlier in his career. I am delighted to welcome Jeff and Tunde to the Board.

Governance

The Group endeavours to adopt best practice, above normal levels for a company of its size and sector across the business and it is overseen by an effective and knowledgeable Board. We are pleased that a regular and transparent dialogue is maintained with our key stakeholders throughout the year.

* Percentage based on figures in thousands (2017: £55.545m, 2016: £48.509m)

Looking ahead

Allergy Therapeutics' strategy remains clear and focused and it is expected that the business will continue to grow and its portfolio of products expand in 2018 and beyond. The Group benefits from a committed, experienced and enthusiastic management team and the Board and I are confident that we shall continue our successful record of growth and deliver long-term value creation for shareholders.

On behalf of the Board, I would like to thank all Allergy Therapeutics' employees for their commitment and hard work during the year.

Peter Jensen
Chairman
27 September 2017

CHIEF EXECUTIVE OFFICER'S REVIEW

Delivering on our strategy – three areas for growth
Strong advances have been made this year across all three major strategic objectives. These are focused around three key pillars of growth: profitably expanding the existing European business; developing a strong product pipeline, and; preparing for product entry into the US market.

European business – milestone CAGR of 10% reached over past 18 years
The Group reached a significant milestone this year with compound annual growth over the past 18 years of 10%. This reflects continued delivery of our focused growth strategy, innovative products and a robust business model that is resilient to major economic downturns and significant regulatory changes. The business achieved net sales of £64.1m, up 15%* at constant currency on the 2016 performance and up 32% in actual terms.

Following on from the 16% underlying constant rate growth last year, this illustrates the strength of the Group's portfolio of convenient, patient-friendly, technically advanced products and the skilled sales and marketing teams in the business. Whilst operating in a highly fragmented European allergy market, Allergy Therapeutics continues to benefit from its innovative approach within this marketplace and will look to build value for shareholders via suitable corporate development opportunities. The Group has also continued to invest in its infrastructure, further strengthening its supply chain and regulatory functions in anticipation of an increasingly regulated framework for allergy treatment across the EU and the US. The changes in the regulatory environment and a drive towards evidence-based products will be to the Group's advantage.

Increasing market share
During the period, the Group continued to increase its market share in the markets in which we operate, driving this to 13% (2016: 12%) against a broadly flat market backdrop. In the product portfolio, Pollinex Quattro continues to grow well as patients and allergists increasingly seek the benefits of our ultra-short course treatment programs. Venomil, driven by raw material supply issues in the market also grew strongly. Acarovac Plus and Probiotics continued to gain market share with the former being the fastest growing component of the Spanish portfolio.

Scaling up the business
A key aim of the management team is to leverage its current infrastructure and this is demonstrated by the strong increases in revenue and pre-R&D operating profit this year in comparison with the prior year.

Pipeline – Phase III trial underway with broad programmes running
During the year, the scientific team has been actively managing and preparing for a number of significant clinical trials. The Pollinex Quattro Birch Phase III trial received clinical trial application (CTA) approval and recruitment is now well under way, with treatment of patients ongoing and read out expected in H2 2018. The Grass MATA MPL development is discussed in more detail below. If the Grass trials are successful, they will form part of both the German and US regulatory submissions.

*Percentage based on figures in thousands (2017: £55.545m, 2016: £48.509m)

The products in the German TAV process continue to progress well with plans for the start of trials on the oral products and the injectable house dust mite product in a staggered process starting during the 2018 financial year. The German TAV process has the potential to boost sales of these products through additional clinical data as well as reducing the number of competing products in the market.

The Acarovac MPL product for house dust mite allergy has started Phase I trials in Spain using the Pollinex Quattro platform technology. This product, if successful through the trial programme, could become a global best-in-class product with the first short course subcutaneous treatment in a global market worth an estimated $3-4bn [Datamonitor Epidemiology 2011].

The Polyvac Peanut product completed a positive pre-clinical trial showing impressive protective immunity with a single vaccination and no anaphylaxis. This product uses the virus like particle (VLP) technology that the business acquired to create a subcutaneous product that could offer long lasting protective immunity for subjects with peanut allergy, rather than just increasing tolerability in the case of accidental exposure.

Team – expanding the scientific excellence

In order to facilitate continued success in the clinical development programme, the Group is strengthening the organisation with expansion of the clinical team led by Murray Skinner, Chief Scientific Officer at the Group's UK headquarters in Worthing. The Group has underlined its commitment to clinical excellence by appointing Pieter-Jan de Kam as Clinical Director in mid-September. Pieter-Jan de Kam joined the Group from HAL Allergy in the Netherlands where he was responsible for clinical development with recent successes including European and US studies for pollen and house dust mites.

In addition to the appointment of Pieter-Jan, the Group has recruited Simon Piggott as Head of Clinical Science. Simon will be responsible for the delivery of a robust clinical strategy bridging the gap between the Groups' existing product development teams and clinical departments. Simon has significant experience in successful development programs from time spent at Novartis, GSK and most recently at Quintiles. Tim Higenbottam has been appointed to the role of Senior Pharmaceutical Physician and will focus on the US regulatory process.

The Group is continuing to invest in the R&D function to drive the key pipeline trials. The overall headcount in the research and development function within the Group has doubled in the last two years.

Publication of data – validating the Bencard Adjuvant Systems division

During the year, two papers were published in peer-reviewed journals reporting on new pre-clinical studies from the Group's Bencard Adjuvant Systems (BAS) division. The two papers report that the novel depot adjuvant behind the Pollinex platform, micro-crystalline tyrosine (MCT), both alone and in an adjuvant system, have broad applications and elicit high, sustained antibody levels demonstrating enhanced protective efficacy compared to conventional adjuvants including aluminium. MCT has now been granted manufacturing patents in the US, Europe and Japan.

US market – changing environment will drive market share towards Allergy Therapeutics

The US market for allergic rhinitis, which is estimated to be worth $2bn [internal estimate], continues to evolve. The regulatory pressures in the US that the Group acknowledged last year are becoming stronger as the FDA and the US Pharmacopeial Convention (USP) set strict guidelines for compounding and dispensing of allergy products. These guidelines, if fully implemented, will drive the market towards pharmaceutical grade, centrally manufactured products that should benefit businesses like Allergy Therapeutics with GMP, MHRA-approved facilities. Given the widespread adoption of subcutaneous immunotherapy (SCIT) treatments in the US, the oral products that are currently in the US market have so far not achieved a significant share leaving the market open for new entrants, such as Allergy Therapeutics, with the right products, manufacturing capability and commercial approach. The Group continues to prepare its portfolio of products for capturing the significant US market opportunity.

The Grass MATA MPL product, which is in development, has completed a safety study relating to a new higher dose and the Phase II trial is expected to start in the autumn. Following completion of this trial, meetings with the regulatory authorities in the US and Germany will be necessary before it progresses to a Phase III trial.

Outlook – confidence across the business

Allergy Therapeutics' management team expects 2018 to be a pivotal year with significant results due across a number of key programs. Revenue for 2018 is again set to show continued growth at constant currency, driven by further penetration of the market by the Group's convenient ultra-short course treatment. Gross margins are likely to improve slightly as volumes grow. Overheads will rise less in 2018 than they did in 2017 as investment slows, based on constant currency rates. However, as previously disclosed, we anticipate research and development expenditure is likely to almost double as the Group commences the PQ Birch Phase III and Grass MATA MPL Phase II studies and continues to invest in new product development.

The Group expects the results of both the PQ Birch Phase III trial, the first pivotal Phase III trial for a Pollinex Quattro product in Europe, and the results of the Grass Mata MPL Phase II trial in H2 2018.

The Board and the executive team remains confident about the Group's future growth potential and remains focused on generating significant value for shareholders given its continued sales momentum, the robust research pipeline progress driven by the strengthened research and development team and the potential of the US product portfolio as we prepare the ground for the future.

Manuel Llobet
CEO
27 September 2017

Financial Review

The following section should be read in conjunction with the financial statements and related notes below.

Overview

The results for the twelve months to 30 June 2017 demonstrate continuing growing profitability of the core business before R&D expense, with an operating profit excluding R&D of £7.4 million (2016: £4.3 million). Including R&D expense of £9.3 million (2016: £16.2 million), the Group reported an operating loss of £1.9 million (2016: loss £12.0 million). The operating loss includes a non-cash credit of £0.8 million (2016: charge of £2.0 million) in relation to the fair valuation of forward exchange contracts. The reduction in research and development activity was due to the timing of trials related to the US programme and the European Birch Dosing Study. The net loss after tax for the period was £2.5 million (2016: loss of £13.1 million).

Revenue

Helped by a stronger weighted average euro exchange rate against sterling during the year compared to the prior year, revenue increased by 32% to £64.1 million (2016: £48.5 million). The weighted average euro exchange rate in the year was €1.16 to £1 compared to €1.36 in the previous year; the impact of the stronger euro on revenue was £8.6 million. Although the vaccine markets in Europe did not grow significantly, revenue at constant currency* was 14.5% higher at £55.545 million (2016: £48.509 million) as shown in the table below:

	2017 Germany £m	**2017 Other £m**	**2017 Total £m**	2016 Germany £m	2016 Other £m	2016 Total £m
Revenue	**37.8**	**26.3**	**64.1**	28.5	20.0	48.5
Add rebates	**5.8**	**-**	**5.8**	3.9	-	3.9
Gross revenue	**43.6**	**26.3**	**69.9**	32.4	20.0	52.4
Adjustment to retranslate at prior year foreign exchange rate	**(6.3)**	**(3.1)**	**(9.4)**			
Gross revenue at constant currency*	**37.3**	**23.2**	**60.5**	32.4	20.0	52.4

Revenue	**37.8**	**26.3**	**64.1**	28.5	20.0	48.5

Adjustment to retranslate at prior year foreign exchange rate	**(5.5)**	**(3.1)**	**(8.6)**			
Revenue at constant currency*	**32.3**	**23.2**	**55.5**	28.5	20.0	48.5

** Constant currency uses prior year weighted average exchange rates to translate current year foreign currency denominated revenue to give a year on year comparison excluding the effects of foreign exchange movements.*

Revenue from Germany was 59% (2016: 59%) of total reported revenue although the Group continues to develop new and existing markets to reduce reliance on the German market. The key flagship product Pollinex Quattro, which accounts for 44% of total sales (2016: 45%), grew strongly in the year at a double digit constant currency growth rate. In addition to the sale of allergy vaccines, the Group has continued to look to increase its revenue from other products, including Synbiotics. Total sales from other products contributed £4.4 million for the year ended 30 June 2017 (2016: £3.6 million).

Revenue in Germany grew well in the year with revenue at constant currency increasing to £32.3 million (2016: £28.5 million); an increase of 13%.

All the main European markets (except for Italy) exhibited double digit sales growth at constant currency with Spain showing 13%; The Netherlands 29%; Austria 27% and Germany 13%.

Gross Profit

With the increased sales, cost of sales rose to £16.8 million (2016: £14.1 million). The gross margin was 74% (2016: 71%), leading to a gross profit of £47.4 million (2016: £34.4 million).

Operating Expenses

Total overheads are £3.5 million higher against the prior year at £50.0 million (2016: £46.5 million). Within this total is a reduction in R&D expenditure which fell by £6.9 million to £9.3 million (2016: £16.2 million) due to the reduced clinical study activity during the year.

Sales, marketing and distribution costs which were mainly continental European increased by £6.7 million to £26.9 million (2016: £20.2 million). About half of the increase was due to the strong euro against sterling while the Group also continued to invest in improving its marketing and sales infrastructure. Administration expenses increased by £3.7 million to £13.8 million (2016: £10.1 million) with the major driver behind this increase being foreign exchange. In the previous year the Group booked a non-cash gain of £2.4m on its US dollar cash deposits due to the weakening pound. In the current year, the Group held minimal US currency holdings. The remainder of the increase was mostly due to the weakening of sterling against the euro.

Other income in the year of £0.7 million (2016: £0.1 million) was all due to R&D tax credits in the UK.

Tax

The current year tax charge is predominately made up of provisions for tax in the Italian and German subsidiaries (as in the previous year).

Balance Sheet

Property, plant and equipment were in line with last year at £9.7 million with the depreciation charge for the period equalling new investment in new manufacturing plant and office refurbishment. Goodwill increased to £3.4 million due solely to the stronger euro exchange rate at the balance sheet date (2016: £3.3 million), whilst other intangible assets have not changed, with an increase due to foreign exchange changes offsetting the amortisation charge for the year.

Total current assets, excluding cash, have increased by £1.1 million to £15.3 million (2016: £14.2 million). Inventory deceased by £0.2 million as the Group carefully managed its production planning. Trade debtors have decreased (mainly in UK and Italy) reflecting the Group's management of debtors despite increased sales. Cash and cash at hand decreased to £22.1 million from £23.4 million in 2016.

The fair value of derivative financial instruments was a liability of £0.4m in 2017 (2016: £1.2 million).

Retirement benefit obligations, which relate solely to the German pension scheme, decreased to £9.6 million (2016: £10.2 million). The decrease in the liability was mainly driven by an increase in the discount rate.

The Group achieved a net cash surplus of £0.2 million in the year (2016: £11.8 million cash used) primarily due to the increased sales and reduction in spend in the year on the R&D programme.

Currency

The Group uses forward exchange contracts to mitigate exposure to the effects of exchange rates. The current policy of the Group is to cover, on average, about 70% of the net euro exposure for a year on a declining basis.

Financing

The Group's debt on its balance sheet relates to activities in Spain and consists of the loans acquired as a result of the Alerpharma acquisition (£1.7 million) and further loans (£1.7 million) arranged to fund development of products in the Spanish market. The overdraft facility was unused at 30 June 2017 but has been renewed for a further 12 months to cover seasonal funding requirements.

The Directors believe that the Group will have adequate facilities for the foreseeable future and accordingly they continue to adopt the going concern basis in preparing the full year results.

Legal

On 23 February 2015, the Company received notification that The Federal Office for Economics and Export ("BAFA") had made a decision to reverse their preliminary exemption to the increased manufacturers rebate in Germany for the period July to December 2012. The Company was granted a preliminary exemption to the increased rebate for this period by BAFA in 2013. The Company recognised revenue of €1.4 million (£1.1 million at that time) against this exemption in the year ended 30 June 2013. All other preliminary exemptions (granted for periods up to 30 June 2012) have previously been ratified as final by BAFA. After taking legal advice, the Company has lodged an appeal against this decision and is confident that the exemption will be re-instated. Therefore, as at 30 June 2017, no provision has been recognised for the repayment of the rebate refund of €1.4 million (£1.2 million). This position will be kept under review.

The Group is in discussion with one of its suppliers and their lawyers over potential cost overruns on one of its clinical trials which may lead to additional expense for the Group.

Nicolas Wykeman
Finance Director
27 September 2017

Consolidated Income Statement
for the year ended 30 June 2017

	Note	Year to 30 June 2017 £'000	Year to 30 June 2017 £'000	Year to 30 June 2016 £'000	Year to 30 June 2016 £'000
Revenue	3		**64,138**		48,509
Cost of sales			**(16,771)**		(14,070)
Gross profit			**47,367**		34,439
Sales, marketing and distribution costs			**(26,888)**		(20,223)
Administration expenses – other		**(13,778)**		(10,094)	
Research and development costs		**(9,296)**		(16,223)	
Administration expenses			**(23,074)**		(26,317)
Other income	5		**699**		150
Operating loss			**(1,896)**		(11,951)
Finance income	7		**151**		180
Finance expense	6		**(225)**		(293)
Loss before tax			**(1,970)**		(12,064)
Income tax			**(511)**		(1,008)
Loss for the period			**(2,481)**		(13,072)
Loss per share	8				
Basic (pence per share)			**(0.42p)**		(2.29p)
Diluted (pence per share)			**(0.42p)**		(2.29p)

Consolidated Statement of Comprehensive Income
for the year ended 30 June 2017

	Note	Year to 30 June 2017 £'000	Year to 30 June 2016 £'000
Loss for the period		**(2,481)**	(13,072)
Items that will not be reclassified subsequently to profit or loss:			
Remeasurement of net defined benefit liability		**1,500**	(1,688)
Remeasurement of investments – retirement benefit assets		**(91)**	(16)
Deferred tax– freehold land and buildings		**-**	(43)
Revaluation gains – freehold land and buildings		**-**	119
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on translation of foreign operations		**(23)**	(744)
Total comprehensive loss		**(1,095)**	(15,444)

Consolidated Balance Sheet		**30 June 2017**	30 June 2016
	Note	**£'000**	£'000
Assets			
Non-current assets			
Property, plant and equipment		**9,673**	9,667
Intangible assets – goodwill		**3,390**	3,271
Intangible assets – other		**2,069**	2,084
Investments – retirement benefit asset		**4,592**	4,045
Total non-current assets		**19,724**	19,067
Current assets			
Inventories	9	**7,484**	7,692
Trade and other receivables		**7,853**	6,514
Cash and cash equivalents		**22,122**	23,406
Total current assets		**37,459**	37,612
Total assets		**57,183**	56,679
Liabilities			
Current liabilities			
Trade and other payables		**(13,225)**	(11,045)
Current borrowings	10	**(391)**	(295)
Derivative financial instruments		**(404)**	(1,180)
Total current liabilities		**(14,020)**	(12,520)
Net current assets		**23,439**	25,092
Non-current liabilities			
Retirement benefit obligations		**(9,619)**	(10,174)
Deferred taxation liability		**(352)**	(334)
Non-current provisions		**(291)**	(257)
Long term borrowings	10	**(2,936)**	(3,070)
Total non-current liabilities		**(13,198)**	(13,835)
Total liabilities		**(27,218)**	(26,355)
Net assets		**29,965**	30,324
Equity			
Capital and reserves			
Issued share capital	11	**604**	599
Share premium		**102,420**	102,392
Merger reserve – shares issued by subsidiary		**40,128**	40,128
Reserve – share based payments		**900**	741
Revaluation reserve		**1,254**	1,254
Foreign exchange reserve		**(907)**	(884)
Retained earnings		**(114,434)**	(113,906)
Total equity		**29,965**	30,324

These financial statements were approved by the Board of Directors and authorised for issue on 27 September 2017 and signed on its behalf by

Manuel Llobet
Chief Executive Officer

Nicolas Wykeman
Finance Director

Registered number: 05141592

Consolidated Statement of Changes in Equity

	Issued Capital	Share premium	Merger reserve – shares issued by subsidiary	Reserve - shares held in EBT	Reserve - share based payment	Revaluation reserve	Foreign exchange reserve	Retained earnings	Total equity
	£'000	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**
At 30 June 2015	**556**	**91,463**	**40,128**	**67**	**591**	**1,178**	**(140)**	**(99,374)**	**34,469**
Exchange differences on translation of foreign operations	-	-	-	-	-	-	(744)	-	(744)
Remeasurement of net defined benefit liability	-	-	-	-	-	-	-	(1,688)	(1,688)
Deferred tax (Land and buildings)	-	-	-	-	-	(43)	-	-	(43)
Valuation gain taken to equity (Land and Buildings)	-	-	-	-	-	119	-	-	119
Remeasurement of investments – retirement benefit assets	-	-	-	-	-	-	-	(16)	(16)
Total other comprehensive income	-	-	-	-	-	76	(744)	(1,704)	(2,372)
Loss for the period after tax	-	-	-	-	-	-	-	(13,072)	(13,072)
Total comprehensive income	-	-	-	-	-	76	(744)	(14,776)	(15,444)
Share based payments	-	-	-	-	327	-	-	-	327
Shares issued	43	11,441	-	-	-	-	-	-	11,484
Share issue costs	-	(512)	-	-	-	-	-		(512)
Transfer of lapsed options to retained earnings	-	-	-	-	(177)	-	-	177	-
Transfer of EBT reserve to retained earnings	-	-	-	(67)	-	-	-	67	-
At 30 June 2016	599	102,392	40,128	-	741	1,254	(884)	(113,906)	30,324
Exchange differences on translation of foreign operations	-	-	-	-	-	-	(23)	-	(23)
Remeasurement of net defined benefit liability	-	-	-	-	-	-	-	1,500	1,500
Remeasurement of investments- Retirement benefit assets	-	-	-	-	-	-	-	(91)	(91)
Total other comprehensive loss	-	-	-	-	-	-	(23)	1,409	1,386
Loss for the period after tax	-	-	-	-	-	-	-	(2,481)	(2,481)
Total comprehensive loss	-	-	-	-	-	-	(23)	(1,072)	(1,095)
Share based payments	-	-	-	-	703	-	-	-	703
Shares issued	5	28	-	-	-	-	-	-	33
Transfer of lapsed options to retained earnings	-	-	-	-	(544)	-	-	544	-
At 30 June 2017	**604**	**102,420**	**40,128**	**-**	**900**	**1,254**	**(907)**	**(114,434)**	**29,965**

Consolidated Cash Flow Statement

	Note	**Year to 30 June 2017**	Year to 30 June 2016
		£'000	£'000
Cash flows from operating activities			
Loss before tax		**(1,970)**	(12,064)
Adjustments for:			
Finance income	7	**(151)**	(180)
Finance expense	6	**225**	293
Non cash movements on defined benefit pension plan		**322**	295
Depreciation and amortisation		**1,936**	1,666
Impairment of intangible assets		**69**	-
Loss on disposal of fixed assets		**42**	-
Net monetary value of above the line R&D tax credit	5	**(699)**	(85)
Charge for share based payments		**703**	327
Movement in fair valuation of derivative financial instruments		**(776)**	1,963
Foreign exchange revaluation on US dollar cash deposits		**(361)**	(2,394)
Increase/(decrease) in trade and other receivables		**1,004**	(368)
Decrease/(increase) in inventories		**334**	(585)
Increase/(decrease) in trade and other payables		**823**	(412)
Net cash generated/(used) by operations		**1,501**	(11,544)
Bank loan fees and interest paid		**(222)**	(388)
Income tax		**(1,101)**	93
Net cash generated/(used) by operating activities		**178**	(11,839)
Cash flows from investing activities			
Interest received		**41**	-
Payments for retirement benefit investments		**(258)**	(260)
Payments for intangible assets		**(226)**	-
Payments for property plant and equipment		**(1,500)**	(1,232)
Net cash used in investing activities		**(1,943)**	(1,492)
Cash flows from financing activities			
Share issue (options exercised)/proceeds from issue of equity shares (net of issue costs)		**33**	10,972
Repayment of borrowings		**(297)**	(86)
Proceeds from borrowings		**76**	1,653
Net cash (used)/ generated by financing activities		**(188)**	12,539
Net decrease in cash and cash equivalents		**(1,953)**	(792)
Effects of exchange rates on cash and cash equivalents		**669**	2,999
Cash and cash equivalents at the start of the period		**23,406**	21,199
Cash and cash equivalents at the end of the period		**22,122**	23,406
Cash at bank and in hand		**22,122**	23,406
Bank overdraft		**-**	-
Cash and cash equivalents at the end of the period		**22,122**	23,406

NOTES TO THE FINANCIAL STATEMENTS

1. BASIS OF PREPARATION

The financial information set out in this preliminary announcement does not constitute statutory accounts as defined in Section 435 of the Companies Act 2006.

Whist the financial information included in this announcement has been prepared in accordance with EU adopted IFRS, this announcement itself does not contain sufficient information to comply with EU adopted IFRS. Statutory accounts for the year ended 30 June 2016 have been delivered to the Registrar of Companies and those for the year to 30 June 2017 will be delivered following the Company's annual general meeting. The auditors have reported on those accounts. Their reports were unqualified and did not draw attention to any matters by way of emphasis without qualifying their report and did not contain statements under section 498(2) or (2) Companies Act 2006 or equivalent preceding legislation.

Allergy Therapeutics is a specialty pharmaceutical Group focused on allergy vaccination.

The Group's financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) in issue as adopted by the European Union ('EU') and with those parts of the Companies Act 2006 that are relevant to the Group preparing its accounts in accordance with EU adopted IFRS.

Allergy Therapeutics plc is the Group's parent company. The Company is a limited liability company incorporated and domiciled in England. The address of Allergy Therapeutics plc's registered office and its principal place of business is Dominion Way, Worthing, West Sussex and its shares are listed on the Alternative Investment Market (AIM).

The consolidated financial statements for the year ended 30 June 2017 (including comparatives) have been prepared under the historical cost convention except for land and buildings and derivative financial instruments which have been measured at fair value. They were approved and authorised for issue by the Board of Directors on 27 September 2017.

New standards adopted

There are no IFRS or IAS interpretations that are effective for the first time in this financial period that have had a material impact on the Group.

Standards, amendments and interpretations to existing standards that are not yet effective and have not been early adopted by the Group in the 30 June 2017 financial statements

At the date of authorisation of these financial statements, certain new standards, amendments and interpretations to existing standards have been published but are not yet effective. Not all of these have yet been adopted by the EU. The Group has not adopted any of these pronouncements early. The new standards, amendments and interpretations that are expected to be relevant to the Group's financial statements are as follows:

IFRS 9 Financial Instruments (effective 1 January 2018)

This IFRS replaces IAS 39 and addresses the usefulness for users of financial statements by simplifying the classification and measurement requirements for financial instruments. Management are currently assessing the detailed impact on the Group's financial statements.

IFRS 15 Revenue from Contracts with Customers (issued in May 2014 and effective 1 January 2018)

IFRS 15 supersedes current revenue recognition guidance including IAS 18, Revenue, and specifies how and when entities recognise revenue as well as requiring such entities to provide users of financial statements with more informative, relevant disclosures. The standard provides a single, principles based five-step model to be applied to all contracts with customers. Management are currently assessing the detailed impact on the Group's financial statements.

IFRS 16 Leases (effective 1 January 2019)

IFRS 16 removes the current distinction between an operating and finance lease, introducing consistent requirements for all leases similar to the current finance lease accounting.

Management anticipate that the above pronouncements will be adopted in the Group's financial statements in line with the effective dates stated above. Management are currently assessing their detailed impact on the Group's financial statements.
Other new standards and interpretations have been issued but are not expected to have a material impact on the Group's financial statements.

Going concern
Operating loss in the period was £1.9m (2016:£12.0 million loss); net cash inflow from operations was £1.5 million (2016: £11.5 million net cash outflow). The inflow was due to the strong trading offset by further R&D expenditure. Excluding the R&D expenditure, the Group would have reported an operating profit of £7.4 million (2016:£4.3 million). The Directors do not consider the current operating loss to be a cause for concern.

Detailed budgets have been prepared, including cash flow projections for the periods ending 30 June 2018 and 30 June 2019. These projections include assumptions on the trading performance of the operating business and the continued availability of the existing bank facilities. The Group had a cash balance of £22.1m at 30 June 2017 and the overdraft facility was renewed in April 2017. After making appropriate enquiries, which included a review of the annual budget and latest forecast, by considering the cash flow requirements for the foreseeable future and the effects of sales and other sensitivities on the Group's funding plans, the Directors continue to believe that the Group will have adequate resources to continue in operational existence for the foreseeable future and accordingly have applied the going concern principle in preparing these financial statements.

2. ACCOUNTING POLICIES (extract)

The principal accounting policies adopted in the preparation of these financial statements are set out below. These policies have been consistently applied to all years presented unless otherwise stated.

Consolidation

The Group's financial statements consolidate those of the parent company and all of its subsidiaries drawn up to 30 June 2017. The parent controls a subsidiary if it is exposed, or has rights, to variable returns from its involvement with the subsidiary and has the ability to affect those returns through its power over the subsidiary.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated on the date control ceases.

Inter-company transactions, balances and unrealised gains and losses on transactions between Group companies are eliminated except for unrealised losses if they show evidence of impairment.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring accounting policies used into line with those used in the Group.

The Group applies the acquisition method in accounting for business combinations. The consideration transferred by the Group to obtain control of a subsidiary is calculated as the sum of the acquisition-date fair values of assets transferred, liabilities incurred and the equity interests issued by the Group, which includes the fair value of any liability arising from a contingent consideration arrangement. Acquisition costs are expensed as incurred.

The Group recognises identifiable assets acquired and liabilities assumed in a business combination regardless of whether they have been previously recognised in the acquiree's financial statements prior to the acquisition. Assets acquired and liabilities assumed are measured at their acquisition-date fair values.

Goodwill is stated after separate recognition of identifiable intangible assets. It is calculated as the excess of the sum of a) fair value of consideration transferred, b) the recognised amount of any non-controlling interest in the acquiree and c) acquisition-date fair value of any existing equity interest in the acquiree, over the acquisition-date fair values of identifiable net assets. If the fair values of identifiable net assets exceed the sum calculated above, the excess amount (i.e. gain on a bargain purchase) is recognised in profit or loss immediately.

Goodwill

Goodwill arising from business combinations is the difference between the fair value of the consideration paid and the fair value of the assets and liabilities and contingent liabilities acquired. It is initially recognised as an intangible asset at cost and is subject to impairment testing on an annual basis or more frequently if circumstances indicate that the asset may have been impaired. Details of impairment testing are described in the accounting policies.

Intangible assets acquired as part of a business combination

Intangible assets acquired in a business combination are identified and recognised separately from goodwill where they satisfy the definition of an asset and be identifiable. The cost of such intangible assets is their fair value at the acquisition date.

Subsequent to initial recognition, intangible assets acquired in a business combination are reported at cost less accumulated amortisation and accumulated impairment losses. Intangible assets are amortised over their useful economic life as follows

Trade names	15 years
Customer relationships	5 years
Know-how and patents	10 years
Distribution agreements	15 years/ period of contract

Externally acquired intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses.

Intangible assets are amortised over their useful economic life as below and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for intangible assets is reviewed at least at each financial year end.

Computer software	7 years
Other intangibles	15 years

Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets is recognised in the consolidated income statement in the expense category consistent with the function of the intangible asset in either administration costs or marketing and distribution costs.

Internally generated intangible assets

An internally generated intangible asset arising from development (or the development phase) of an internal project is recognised if, and only if, all of the following have been demonstrated:

- the technical feasibility of completing the intangible asset so that it will be available for use or sale
- the intention to complete the intangible asset and use or sell it
- the ability to use or sell the intangible asset
- how the intangible asset will generate probable future economic benefits
- the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset
- the ability to measure reliably the expenditure attributable to the intangible asset during its development

The amount initially recognised for internally generated intangible assets is the sum of the expenditure incurred from the date when the intangible asset first meets the recognition criteria listed above. Where no internally generated intangible asset can be recognised, research and development expenditure is charged to the consolidated income statement in the period in which it is incurred.

Subsequent to initial recognition, internally generated intangible assets are reported at cost less accumulated amortisation and accumulated impairment losses. Amortisation shall begin when the asset is available for use,

i.e. when it is in the location and condition necessary for it to be capable of operating in the manner intended by management.

Amortisation of all intangible assets is calculated on a straight line basis over the useful economic life using the following annual rates:

Manufacturing know-how	15 years
Non-competing know-how	4 years
Other intangibles	15 years

These periods were selected to reflect the assets' useful economic lives to the Group.

The cost of amortising intangible assets is included within administration expenses in the consolidated income statement.

Segmental reporting

The Group's operating segments are market based and are reported in a manner consistent with the internal reporting provided to the Group's Chief Operating Decision Maker (CODM) who has been identified as the Executive Directors. The CODM is responsible for allocating resources and assessing the performance of the operating segments.

In identifying its operating segments, management follow the Group's revenue lines which represent the main geographical markets within which the Group operates. These operating segments are managed separately as each requires different local expertise, regulatory knowledge and a specialised marketing approach. Each market based operating segment is engaged in production, marketing and selling within a particular economic environment that is different from that in segments operating in other economic environments. All inter-segment transfers are carried out at arm's length prices.

Revenue recognition

Revenue is measured by reference to the fair value of consideration received or receivable by the Group for goods supplied and services provided, net of statutory rebates paid in Germany and excluding value added tax. Revenue is recognised upon the performance of services or transfer of risk to the customer.

Sale of goods

Revenue from the sale of goods is recognised when all the following conditions have been satisfied:

- the Group has transferred to the buyer the significant risks and rewards of ownership of the goods, which is generally when the customer has physically received the goods.
- the Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold which is again when the customer has physically received the goods.
- the amount of revenue can be measured reliably.
- it is probable that the economic benefits associated with the transaction will flow to the Group, and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Where the Group provides services to new distributors, which mainly include marketing and customer information, in exchange for an up-front lump sum fee, revenue is recognised in line with these services being delivered. Services are fair valued and pro-rated to agree to the total fee receivable. Where there is an on-going responsibility to provide services, the balance relating to those services is recognised in future periods as the service is performed.

Part of the Group's overseas sales are made through distributors and agents.

Arrangements for sales through distributors

For all distributor arrangements, the distributor is invoiced at the time of delivery and title to the product passes upon full and final settlement of the invoice to which the delivery relates. The distributor has full discretion over the setting of the final selling price to the end customer and is responsible for all customer returns of product.

It is considered that the significant risks and rewards of ownership of the product are transferred to the distributor at the point of delivery and therefore revenue is recognised at this point in accordance with IAS 18.

Where the Group sells to distributors at an initially low margin and there is further consideration receivable by the Group, this deferred consideration forms part of the fair valuation of consideration receivable by the Group for goods supplied. In these instances, the deferred consideration is accrued at a discounted value at the point of delivery.

Arrangements for sales through agents
For all agreements with agents, the agent places orders with the Group and goods are then shipped to them. The Group however, holds title to these products until they are sold on to a third party. The selling price to the end user is set by the relevant Government body and the agent receives a fixed percentage of this selling price. The agent notifies the Group monthly on stock levels and this is reconciled to a statement which generates an invoice for payment by the agent. The Group is responsible for any customer returns of product.

It is considered that the significant risks and rewards of ownership of the product are not transferred from the Group until the agent has sold the product to a third party and therefore revenue on these sales is recognised only at this point by the Group in accordance with IAS 18.16.

Statutory Rebates

In Germany, pharmaceutical companies are required to pay a manufacturer's rebate to the government as a contribution to the cost of medicines paid for by the State and private health funds. This is similar to a sales tax and the rebate is therefore treated as a deduction from revenue in accordance with IAS18.8.

Rebates have been in the region of 6% (inclusive of VAT). However, in 2010 the German government increased the rate to 16%. In certain circumstances, companies could apply for an exemption from the rebate increase, for limited periods at a time. If the application for the exemption is successful, a preliminary exemption is normally granted to be converted to a final exemption at a later date when audited financial statements are available.

Allergy Therapeutics plc has been successful in obtaining preliminary exemptions up to 30 June 2012, which have been subsequently confirmed as final.

Revenue is recognised initially net of the full rebate, as at that stage it is not considered probable that any refund of the rebate will be received. When the preliminary exemption is granted, it is considered probable, based on our past experience, that the rebate refund will be received. Therefore, as it is probable that the economic benefits will flow to Allergy Therapeutics Plc, in accordance with IAS 18.14(d), revenue is adjusted at that time.

As of April 2014, the current rebate in force has been set at 7%. The rebate is subject to a price moratorium and this applies to certain products in Germany.

Inventories

Inventory is carried at the lower of cost or net realisable value. The costs of raw materials, consumables, work in progress and finished goods are measured by means of weighted average cost using standard costing techniques. The cost of finished goods and work in progress comprises direct production costs such as raw materials, consumables, utilities and labour, and production overheads such as employee costs, depreciation, maintenance and indirect factory costs. Standard costs are reviewed regularly in order to ensure relevant measures of utilisation, production lead time and appropriate levels of manufacturing expense are reflected in the standards.

Net realisable value is calculated based on the selling price in the normal course of business less any costs to sell.

Research & Development Investment Credits

Investment credits are directly related to the Group's qualifying research and development expenditure and have a monetary value that is independent of the Group's tax liability. Such investment credits are dealt with in other income in the consolidated income statement.

Use of accounting estimates and judgements

Many of the amounts included in the financial statements involve the use of judgement and/or estimation. These judgements and estimates are based on management's best knowledge of the relevant facts and circumstances, having regard to prior experience, but actual results may differ from the amounts included in the financial statements. Information about such judgements and estimation is contained in the accounting policies and/or the Notes to the financial statements and the key areas are summarised below:

Judgements in applying accounting policies

a) Capitalisation of development costs requires analysis of the technical feasibility and commercial viability of the project concerned. Capitalisation of the costs will be made only where there is evidence that an economic benefit will accrue to the Group. To date no development costs have been capitalised and all costs have been expensed in the income statement as research and development costs. Costs expensed in the year amounted to £9.3 million (2016: £16.2 million).
b) Where the Group sells to distributors at initially low margin and there is further consideration receivable by the Group, this deferred consideration forms part of the fair valuation of consideration receivable by the Group for goods supplied. In these instances, the deferred consideration is accrued at a discounted value at the point of delivery.

   The Directors considered the following points in applying this accounting treatment:
   Although a significant portion of the sales price is received upon a further sale to an end customer, substantially all the risks and rewards of ownership are passed to the distributor when the goods are shipped, and the distributor is acting as principal (not merely as agent) when arranging to resell the goods. The Directors have reached this conclusion because;

   i. The Group does not have any continued managerial involvement in the distributor's onward sale of goods;
   ii. The distributor does not have the right to return any goods.

   More information on the reasoning behind the treatment of sales to distributors can be found in the 'Sale of goods' accounting policy description.
c) Land and buildings are carried at valuation and are re-valued with sufficient regularity so that the carrying amount and the fair value are not materially different. The Italian freehold property was revalued in June 2016 by independent valuers. The Italian freehold property was revalued to fair value at that reporting date based on this valuation. The freehold property in Spain was revalued in June 2015. The Directors do not consider an impairment provision to be required in respect of the freehold property in Spain.
d) The Group had been awarded a provisional exemption to the increased statutory rebate charge in Germany for the period July to December 2012 by BAFA. Revenue of £1.1 million (equivalent of €1.4 million) was recognised in the year ended 30 June 2013 in relation to this exemption and the refund from the German authorities was subsequently collected. In February 2015, the provisional exemption was withdrawn by BAFA. The Group has lodged an appeal and, following legal advice, believe that the exemption will be re-instated. While the Group is confident that the exemption will be confirmed, there is a possibility that this will not happen. If the exemption is not confirmed, then the Group will ultimately have to repay €1.4 million (£1.2 million) with a corresponding impact on net income and net assets.

Sources of estimation uncertainty

a) Depreciation rates are based on estimates of the useful lives and residual values of the assets involved. There is inherent uncertainty in the useful lives of assets, which means that they are constantly reviewed by management.
b) Estimates of future profitability are required for the decision whether or not to carry forward a deferred tax asset.
c) Determining whether goodwill is impaired requires an estimation of the value in use of the cash generating unit to which the goodwill has been allocated. This value in use calculation requires an estimation of the future cash flows expected to arise from the cash generating unit and a suitable discount rate in order to calculate the present value.
d) Inventory standard costs are reviewed regularly in order to ensure relevant measures of utilisation, production lead time and appropriate levels of manufacturing expense are reflected in the standards.
e) In relation to the accrued additional revenue due from distributors referred to in the Judgements section (point (b) above); there is some uncertainty that the additional revenue will crystallise as it is dependent on a further sale by the distributor. The Directors consider that the additional consideration can be measured reliably because it is based on a fixed list price and our past experience indicates that the distributor will sell the vaccines.

The Directors have assessed that the accrued consideration of £0.1 million is recoverable and will crystallise in future periods and has been carried forward in prepayments and accrued income (2016: £0.1m).

f) The Group operates equity-settled share based compensation plans for remuneration of its employees comprising Long Term Incentive Plan (LTIP) schemes. Employee services received in exchange for the grant of any share based compensation are measured at their fair values and expensed over the vesting period. The fair value of this compensation is dependent on whether the provisional share awards will ultimately vest, which in turn is dependent on future events which are uncertain. The Directors use their judgment and experience of previous awards to estimate the probability that the awards will vest, which impacts the fair valuation of the compensation.

g) Where the Group is in negotiation with third party contractors around final account payments in relation to contracts, there is always an element of uncertainty as to the exact amount that will become payable. The Group accounts for its liabilities based on best estimates of the most likely outcome and gives extra disclosure where the range of likely outcomes could be materially different from the estimate accounted for.

3. REVENUE

An analysis of revenue by category is set out in the table below:

	2017	2016
	£'000	£'000
Sale of goods	**64,113**	48,468
Rendering of services	**25**	41
	64,138	48,509

Rendering of services relates to the supply of services to a new distributor to assist them in setting up operations in their territory.

4. SEGMENTAL REPORTING

The Group's operating segments are reported based on the financial information provided to the Executive Directors, who are defined as the Chief Operating Decision-Maker (CODM), to enable them to allocate resources and make strategic decisions.

The CODM reviews information based on geographical market sectors and assesses performance at an EBITDA (operating profit before interest, tax, depreciation and amortisation) and operating profit level. Management have identified that the reportable segments are Central Europe (which includes the following operating segments; Germany, Austria, Switzerland and the Netherlands), Southern Europe (Italy, Spain and Portugal), the UK and Rest of World.

For all material regions that have been aggregated, management consider that they share similar economic characteristics. They are also similar in respect of the products sold, types of customer, distribution channels and regulatory environments.

Revenue by segment

	Revenue from External Customers	**Inter Segment Revenue**	**Total Segment Revenue**	Revenue from External Customers	Inter Segment Revenue	Total Segment Revenue
	2017	**2017**	**2017**	2016	2016	2016
	£'000	**£'000**	**£'000**	£'000	£'000	£'000
Central Europe						
Germany	**38,200**		**38,200**	28,484		28,484
Other	**9,386**		**9,386**	6,688		6,688
	47,586		**47,586**	35,172		35,172
Southern Europe						
Italy	**5,535**		**5,535**	4,741		4,741
Spain	**6,075**		**6,075**	4,590		4,590
Other	**498**		**498**	229		229
	12,108		**12,108**	9,560		9,560
UK	**1,868**	**25,787**	**27,655**	1,856	17,862	19,718

Rest of World	**2,576**		**2,576**	1,921		1,921
	64,138	**25,787**	**89,925**	48,509	17,862	66,371

Revenues from external customers in all segments are derived principally from the sale of a range of pharmaceutical products designed for the immunological treatment of the allergic condition.

Rest of World revenues include sales through distributors and agents in several markets including Czech and Slovak Republics, Canada and South Korea. These include rendering of services revenues (Note 3). Inter-segment revenues represent sales of product from the UK to the operating subsidiaries. The price is set on an arms-length basis which is eliminated on consolidation.

The CODM also reviews revenue by segment on a budgeted constant currency basis, to provide relevant year on year comparisons.

The following revenue table is based on a budget currency rate of € 1.28: £1.00 which was the rate used in the 2017 budget.

	Revenue from External Customers 2017 £'000	Revenue from External Customers 2016 £'000
Central Europe		
Germany	**34,754**	27,699
Other	**8,220**	6,439
	42,974	34,138
Southern Europe	**11,062**	9,302
UK	**1,869**	1,851
Other	**2,589**	1,921
	58,494	47,212

The Group has no customers which individually account for 10% or more of the Group's revenue.

Depreciation and amortisation by segment

	2017 £'000	2016 £'000
Central Europe	**230**	167
Southern Europe	**488**	404
UK	**1,218**	1,095
	1,936	1,666

EBITDA by segment

	2017	2016
Allocated EBITDA	**£'000**	£'000
Central Europe	**380**	407
Southern Europe	**89**	(325)
UK	**(429)**	(10,367)
Allocated EBITDA	**40**	(10,285)
Depreciation and amortisation	**(1,936)**	(1,666)
Operating loss	**(1,896)**	(11,951)
Finance income	**151**	180
Finance expense	**(225)**	(293)
Loss before tax	**(1,970)**	(12,064)

Total assets by segment

	2017	2016
	£'000	£'000
Central Europe	**14,577**	12,119
Southern Europe	**7,154**	7,627
UK	**61,666**	59,585
	83,397	79,331
Inter-segment assets	**(4,586)**	(2,432)

Inter-segment investments	**(21,628)**	(20,220)
Total assets per Balance Sheet	**57,183**	56,679

Included within Central Europe are non-current assets to the value of £2,594,000 (2016: £2,523,000) relating to Goodwill and within Southern Europe assets to the value of £2,840,000 (2016: £2,942,000) relating to freehold land and buildings. There were no material additions (excluding foreign exchange differences) to non-current assets in any country except the UK where non-current asset additions totalled £1,485,000 (2016:£1,433,000).

Total liabilities by segment

	2017	2016
	£'000	£'000
Central Europe	**(14,964)**	(14,956)
Southern Europe	**(6,163)**	(6,658)
UK	**(10,677)**	(7,119)
	(31,804)	(28,733)
Inter-segment liabilities	**4,586**	2,378
Total liabilities per Balance Sheet	**(27,218)**	(26,355)

5. OTHER INCOME

	2017	2016
	£'000	£'000
Net monetary value of above the line R&D tax credit	**699**	150

6. FINANCE EXPENSE

	2017	2016
	£'000	£'000
Interest on borrowing facility	**(**	
Net interest expenses on defined benefit liability	**(4**	(1
Other interest and charges		
	(5	(1

7. FINANCE INCOME

	2017	
	£'000	£
Bank interest	**45**	
Interest on investment assets	**89**	
Other finance income	**17**	
	151	

Other finance income relates to the unwinding of the discount on accrued revenue.

8. EARNINGS PER SHARE

	2017	2016
	£'000	£'000
Loss after tax attributable to equity shareholders	**(2,481)**	(13,072)
	Shares	Shares

	'000	'000
Issued ordinary shares at start of the period	**589,159**	545,848
Ordinary shares issued in the period	**4,959**	43,311
Issued ordinary shares at end of the period	**594,118**	589,159
Weighted average number of ordinary shares for the period	**592,192**	570,344
Potentially dilutive share options	**-**	-
Weighted average number of ordinary shares for diluted earnings per share	**592,192**	570,344
Basic earnings per ordinary share/(loss) (pence)	**(0.42p)**	(2.29p)
Diluted earnings per ordinary share/(loss) (pence)	**(0.42p)**	(2.29p)

The diluted loss per share does not differ from the basic loss per share as the exercise of share options would have the effect of reducing the loss per share and is therefore not dilutive under the terms of IAS 33.

	2017 Number Of Shares '000	2016 Number Of Shares '000
Weighted average number of ordinary shares in issue	**592,192**	570,344
Potentially dilutive share options	**22,893**	18,885
Weighted average number of diluted ordinary shares	**615,085**	589,229

9. INVENTORIES

	2017 £'000	2016 £'000
Raw materials and consumables	**1,648**	1,604
Work in progress	**2,774**	3,142
Finished goods	**3,062**	2,946
	7,484	7,692

The value of inventories measured at fair value less cost to sell was £305,000 (2016: £425,000).
The movement in the value of inventories measured at fair value less cost to sell during the year gave rise to a credit of £120,000 which was dealt with in the consolidated income statement.

10. BORROWINGS

	2017 £'000	2016 £'000
Due within one year		
Bank Loans	**391**	295
	391	295

	2017 £'000	2016 £'000
Due in more than one year		
Bank Loans	**2,936**	3,070
	2,936	3,070

There is an overdraft facility provided by The Royal Bank of Scotland Plc which has a variable limit during the year up to a maximum of £5 million. Interest on the overdraft is at the bank's base rate plus a fixed margin of 2.50%. The facility is secured in favour of The Royal Bank of Scotland Plc by means of debentures granted by the Company and its principal subsidiaries and share pledge agreements relating to Bencard Allergie GmbH, Allergy Therapeutics Italia SRL and Allergy Therapeutics Iberica SL. The overdraft facility is due for renewal in May 2018. The overdraft was unused at 30 June 2017 (2016: Nil).

As part of the acquisition of Alerpharma SA, the Group acquired loans totalling €2,386,000 (£1,684,000). The loans are secured by way of a charge on land and buildings owned by Alerpharma Group SA.

		Capital Repayments Due		
	Interest rate	**<1Year £'000**	**1-5 Years £'000**	**>5 Years £'000**
Bank Inter (1)	3 month Euribor + 0.55%	125	347	-
Bank Inter (2)	1 month Euribor + 5.0%	33	133	199
Santander (1)	12 month Euribor + 2.5%	124	377	-
Tecnoalcala	Interest Free	26	102	26
Santander (2)	Fixed rate of 2.5%	83	1,034	640
CDTI	Interest Free	-	10	68
		391	2,003	933

During the year, Allergy Therapeutics Iberica SL took out a new loan with The Centre for the Development of Industrial Technology (CDTI) for €0.4m to fund research and development specifically for Acarovac MPL. The initial drawdown during the year was 25% of the loan amount. Further drawdowns are based on achieving milestones. The loan is provided on an interest free basis for a term of 10 years with a 4-year capital repayment delay. No warranty with regard to this new loan was provided by Allergy Therapeutics plc.

11. ISSUED SHARE CAPITAL

	2017 Shares	**2017 £'000**	2016 Shares	2016 £'000
Authorised share capital				
Ordinary shares of 0.10p each				
1 July and 30 June	**790,151,667**	**790**	790,151,667	790
Deferred shares of 0.10p each				
1 July and 30 June	**9,848,333**	**10**	9,848,333	10
Issued and fully paid				
Ordinary shares of 0.10p				
At 1 July	**589,158,508**	**589**	545,847,919	546
Issued during the year:				
Share options exercised	**4,959,260**	**5**	2,305,089	2
Share placing	**-**	**-**	41,005,500	41
At 30 June	**594,117,768**	**594**	589,158,508	589
Issued and fully paid				
Deferred shares of 0.10p				
At 1 July	**9,848,333**	**10**	9,848,333	10
Issued during the year	**-**	**-**	-	-
At 30 June	**9,848,333**	**10**	9,848,333	10
Issued share capital	**603,966,101**	**604**	599,006,841	599

The deferred shares have no voting rights, dividend rights or value attached to them.

Share options were exercised in the year with proceeds of £33,000 (2016: £2,000).

On 17 November 2015, 41,005,500 new ordinary shares of 0.1 pence each were placed with institutional and other investors at a fixed price of 28p per share, raising £11 million net for the purpose of investing in new product development.

12. CONTINGENT LIABILITIES

Allergy Therapeutics (UK) Ltd, a subsidiary of Allergy Therapeutics plc, has given a guarantee in lieu of deposits for leases on cars and rented office space of Bencard Allergie GmbH. The amount as at 30 June 2017 was €107,426; £94,391 (2016: €107,426; £89,099).

A cross-guarantee exists between Allergy Therapeutics (Holdings) Ltd, Allergy Therapeutics (UK) Ltd, Bencard Allergie GmbH, Allergy Therapeutics Italia srl. and Allergy Therapeutics Iberica SL. in which the liabilities of each entity to the Royal Bank of Scotland Plc are guaranteed by all the others.

On 23 February 2015, the Company received notification that The Federal Office for Economics and Export ("BAFA") had made a decision to reverse their preliminary exemption to the increased manufacturers rebate in Germany for the period July to December 2012. The Company was granted a preliminary exemption to the increased rebate for this period by BAFA in 2013. The Company recognised revenue of €1.4m (£1.1m at that time, now £1.2m) against this exemption in the year ended 30 June 2013. All other preliminary exemptions (granted for periods up to 30 June 2012) have previously been ratified as final by BAFA. After taking legal advice, the Company has lodged an appeal against this decision and is confident that the exemption will be re-instated. Therefore, as at 30 June 2017, no provision has been recognised for the repayment of the rebate refund. This position will be kept under review.

The European Commission has concluded its investigation into whether the exemption of pharmaceutical manufacturers from the increase in rebates in Germany constitutes state aid. The European Commission has determined that the exemptions do not constitute state aid. Subsequent to this announcement, the Group has been advised that an appeal has been lodged at the EU Court against this decision. If successful, and the exemptions are determined to be illegal state aid, then the exemption refunds may have to be repaid. The maximum sum to be repaid would be approximately £5m (including the £1.2m referred to above); however, the Group considers this to be an unlikely outcome and consequently has not recognised any provision as a result.

13. ULTIMATE CONTROL

There is no overall ultimate controlling party.