

6th November 2007

Maelor plc (the 'Company' or the 'Group') - Interim Results

Maelor transformed to deliver profits ahead of expectations

Maelor plc, the UK based specialist hospital medicines group, is pleased to announce its interim results for the six months ended 30 September 2007.

Financial Highlights

Transformational results ahead of expectations

- Turnover up 132% to £3.1 million (H1 2006: £1.3 million)
- Profit before tax of £0.7 million (H1 2006: loss £0.07 million)
- Sustainable gross margin improvement to 57% (H1 2006: 46%)
- Interim earnings per share of 0.48p (H1 2006: loss 0.22p)
- Net cash balance increased to £1.7 million (H1 2006: £1.1 million)

Operational Highlights

Transformation delivered through determined implementation of strategy

- **Growing portfolio through acquisition and licensing**
 - Transforming acquisition of Acorus Therapeutics Limited - Integration completed ahead of schedule
 - International distributor network established
 - Licensing of **Aloxi®** from Helsinn – launch scheduled for March 2008
- **Driving growth from launched brands**
 - Strengthened commercial team to drive sales
 - **Volplex®** market share driven from 16% (H1 2006) to 26%
 - **Cryogesic®** sales growing and expansion plans implemented
 - **Mysoline®** transfer and introduction completed in all major territories ahead of schedule
- **Partnering non-core portfolio**
 - Partnership with Bard for **OptiFlo™** catheter maintenance solutions extended
 - Market leadership position maintained at 54% market share
 - Micelle nanotechnology collaboration with Plethora Solutions Limited progressing well
- **Rapidly progressing pipeline**
 - **Haemopressin®** and **ISOplex™** on schedule for launch in H2 2008/09
 - **Gentispray™** phase III programme on schedule
 - **Mysoline®** development programme in Essential Tremor initiated

Commenting on the results Tim Wright, CEO, said:

“I am very pleased to be able to report such positive results, which are ahead of expectations and reinforce the robustness of our strategy.

“In addition to our strong portfolio of marketed brands in the UK and internationally we have built an impressive pipeline of late stage products. These assure the continued growth of the business which we will accelerate through further acquisition and licensing.

“Trading since the period end remains strong and we look to the future with confidence.”

– ENDS –

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CHAIRMAN AND CHIEF EXECUTIVE OFFICER'S STATEMENT

Introduction

We are pleased to report the Company's interim results for the six months to 30 September 2007.

Following the successful turnaround of the business in 2006-07, Maelor has had a very active period achieving a strong set of financial results including a turnover of over £3 million that surpassed the total for the whole of 2006-07 (£2.8 million) and pre-tax profits of £0.7 million. Over the six months the Group has continued on strategy with its development into a specialist hospital medicines group, focusing on critical care, neurology and oncology as well as commercialising its non-core products through partnerships.

During the period we finalised the acquisition of Acorus Therapeutics Limited ("Acorus"), the successful specialist pharmaceuticals and medical devices company and completed its integration ahead of schedule. Acorus brings a portfolio of revenue generating, good margin assets primarily focused on critical care and neurology.

Other operational highlights for the period included continued strong sales and market share growth from **Volplex and Cryogestic**, execution of the planned programme of regulatory switches of **Mysoline** in various international territories and the scheduled progression through development and approval of **ISOplex, AquiHex, Haemopressin** and **Gentispray**.

Financial summary

Turnover for the six months to 30 September 2007 was £3.1 million (H1 2006: £1.3million) representing an increase of 132% compared to the equivalent period last year. This significant increase results from the solid growth of our commercialised core products and the contribution of Mysoline and Cryogestic from Acorus since the date of acquisition on 10 May 2007.

Our Operations team continues to focus on driving efficiencies in the manufacturing and supply of our products and this, combined with the portfolio acquired from Acorus, has contributed to the sustainable increase in gross margin to an average of 57% in the six months to 30 September 2007.

The Group reported an operating profit of £0.6 million (H1 2006: loss £0.09 million) and profit before tax of £0.7 million (H1 2006: loss £0.07 million) for the period.

Earnings per share were 0.48p (H1 2006: loss of 0.22p per share). Diluted earnings per share were 0.45p (H1 2006: loss per share 0.22p).

Group net cash balances at 30 September 2007 increased to £1.7 million (H1 2006: £1.1 million).

For the financial year ending 31 March 2008, the Group will prepare its annual consolidated financial statements in accordance with International Financial Reporting Standards ('IFRS') as adopted by the European Union and implemented in the UK. These half year financial statements are therefore prepared based on International Financial Reporting Standards.

Operational summary

Transformation delivered through determined implementation of strategy

Growing portfolio through acquisition and licensing

The acquisition of Acorus Therapeutics has been a significant focus in the period and we were pleased to announce the completion of its integration ahead of schedule. As well as providing a rich portfolio of products, the acquisition has allowed us to establish our presence through a strong network of distributors in Europe as well as in South America and South Africa.

Since 30 September we have announced the acquisition of the UK distribution rights to Aloxi® from Helsinn Healthcare SA. Aloxi is a patented new generation 5-HT3 antagonist used for the prevention of acute nausea and vomiting associated with high and moderate emetogenic cancer chemotherapy, which is differentiated by its strength on initiation and the duration of its activity. Aloxi obtained a centralised registration in Europe in 2005 and is already being successfully marketed in 40 countries, with annual sales in 2006 of \$323 million worldwide, according to IMS figures.

Driving growth from launched brands

We are building a strong commercial team, who bring experience from a number of highly respected pharmaceutical companies.

We continue to drive strong growth from **Volplex**, our plasma replacement brand. On a moving annual trend (MAT) basis its UK market share increased to 26% (H1 2006: 16%) and we still see further opportunity to continue to grow market share. Outside the UK, Volplex continues to progress through the regulatory process in China.

Cryogestic, our cryoanalgesic product, is the market leading anaesthetic freeze spray in the UK hospital environment. Currently the majority of its uptake is in obstetric anaesthesia, however, our analysis shows significant growth potential in a number of other hospital settings, which we are actively pursuing. This includes oncology where we see an excellent fit with Aloxi.

Mysoline, our oral treatment for Epilepsy and Essential Tremor, continues to see strong sales in the UK market. In addition we have completed the transition and launch in all major international markets.

With the strong profile of Mysoline, as one of only two recommended treatments for Essential Tremor, a condition that affects an estimated 1 in every 25 adults over the age of 40, we recognise that there is significant potential for growth. In addition to promotional activities therefore we have initiated a development programme to offer improved dosage regimens and formulations as we evolve the brand.

Partnering non-core portfolio

Maintaining focus on later stage hospital specialist products whilst partnering non-core assets outside of this focus continues to be a key strategy of the Group.

Since 30 September we have announced a new agreement with Bard Limited (Bard) for distribution of the **OptiFlo™** catheter maintenance solutions. The agreement which covers the UK and Ireland continues the relationship between Bard and Maelor that has seen the brand grow to become the UK market leader, currently with a 54% market share.

Our partnership with Plethora Solutions Limited (Plethora), who licensed our proprietary **micelle nanotechnology** for application in the treatment for interstitial cystitis, continues positively. While the use of the nanotechnology is in late preclinical studies we were encouraged to see Plethora's

recent announcement that the efficacy of its development compound PSD597 as a treatment for interstitial cystitis had been demonstrated in their phase II clinical programme.

Rapidly progressing pipeline

We now have a pipeline of pre-launch products which would be the envy of many larger pharmaceutical organisations. As well as Aloxi, given its approval across Europe we also anticipate being in a position to launch **Dermogesic**, our synergistic cryoanalgesic spray, (for use in settings where flammability is of concern such as operating theatres and ambulances) during H1 2008/09.

ISOplex, our balanced electrolyte plasma substitute continues through the development process. **Haemopressin**, an injection for the treatment of bleeding oesophageal varices and **Acoranil**, an antidepressant syrup also used for the treatment of nocturnal enuresis, are in the regulatory process. All three products remain on schedule for launch during H2 2008/09.

As with several of our pre-launch brands **AquiHex**, the water-based bactericidal product to counteract hospital acquired infections, continues to be sold as a special. We are targeting launch during H1 2009/10.

Gentispray, our combination of an antibiotic and steroid in a spray device for the treatment of otitis externa (ear infections), continues through late stage clinical studies.

Outlook

Maelor is transformed into a fast growing specialist hospital medicines group. Going forward we are confident in being able to drive continued growth from our launched brands, while being in the strong position of having a series of synergistic product launches scheduled over the next two years.

In line with our strategy we intend to accelerate this growth through further acquisitions. Since 30 September, trading has continued to be strong and we look to the future with confidence.

Geoff McMillan
Chairman

Tim Wright
Chief Executive Officer

Consolidated income statement for the six months ended 30 September 2007

	Unaudited Six months ended 30 September 2007 £000	Unaudited Six months ended 30 September 2006 £000	Unaudited Year ended 31 March 2007 £000
Revenue	3,087	1,333	2,842
Cost of sales	(1,310)	(714)	(1,486)
Gross profit	1,777	619	1,356
Administrative expenses	(1,158)	(712)	(1,429)
Operating profit/(loss)	619	(93)	(73)
Finance expense	—	(6)	(12)
Finance income	40	24	52
Profit/(loss) before taxation	659	(75)	(33)
Income tax expense	(149)	—	—
Profit/(loss) for the period attributable to equity holders of the parent	510	(75)	(33)
Basic profit/(loss) per ordinary share	0.48p	(0.22)p	(0.10)p
Diluted profit/(loss) per ordinary share	0.45p	(0.22)p	(0.10)p

All operations are continuing.

There are no other recognised income and expenses other than those in the consolidated income statement

Consolidated balance sheet at 30 September 2007

	Unaudited 30 September	Unaudited 30 September	Unaudited 31 March
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	2007 £000	2006 (restated, see note 2 below) £000	2007 £000
ASSETS			
Non-current assets			
Property, plant and equipment	114	11	68
Intangible assets	13,894	—	—
Total non-current assets	14,008	11	68
Current assets			
Inventories	505	130	150
Trade receivables	1,094	389	529
Other current assets	205	67	69
Cash and cash equivalents	1,693	1,252	1,427
Total current assets	3,497	1,838	2,175
Asset held for sale	—	365	—
Total assets	17,505	2,214	2,243
EQUITY AND LIABILITIES			
Equity			
Share capital	12,428	3,428	3,428
Other reserves	11,933	12,327	12,191
Retained earnings	(13,733)	(14,436)	(14,243)
Total Equity	10,628	1,319	1,376
Non-current liabilities			
Long-term financial liabilities	3,482	162	—
Long term provisions – deferred taxation	1,745	—	—
Total non-current liabilities	5,227	162	—
Current liabilities			
Trade and other payables	893	468	867
Current portion of long-term borrowings	—	20	—
Current tax payable	245	—	—
Short-term provisions	512	245	—
Total current liabilities	1,650	733	867
Total liabilities	6,877	895	867
Total equity and liabilities	17,505	2,214	2,243

**Consolidated cash flow statement
for the six months ended 30 September 2007**

	Unaudited Six months ended 30 September 2007 £000	Unaudited Six months ended 30 September 2006 £000	Unaudited Year ended 31 March 2007 £000
Cash flow from operating activities			
Profit/(loss) before taxation	659	(75)	(33)
Adjustments for:			
Finance income	(40)	(24)	(52)
Finance expenses	—	6	12
Depreciation and amortisation	16	9	19
Loss on disposal of property, plant and equipment	—	—	5
Share based payments expense	99	—	15
Changes in inventory	(355)	76	55
Changes in trade and other receivables	(701)	(77)	(225)
Changes in trade and other payables	635	35	190
Cash generated from operations	313	(50)	(14)
Interest paid	—	(6)	(12)
Taxation received	—	—	6
Net cash from operating activities	313	(56)	(20)
Cash flows from investing activities			
Acquisition of subsidiary	(7,983)	—	—
Purchase of property plant and equipment, development costs and licences	(104)	(1)	(66)
Proceeds from sale of property, plant and equipment	—	—	358
Interest received	40	24	52
Net cash used in investing activities	(8,047)	23	344
Cash flows from financing activities			
Proceeds from issue of share capital	8,000	—	—
Repayment of borrowings	—	(11)	(193)
Net cash used in financing activities	8,000	(11)	(193)
Net movement in cash and cash equivalents	266	(44)	131
Cash and cash equivalents at start of period	1,427	1,296	1,296
Cash and cash equivalents at end of period	1,693	1,252	1,427

Notes to the Financial Statements

1. Basis of preparation and transition to International Financial Reporting Standards

- For all periods up to and including 31 March 2007, the Group prepared its financial statements in accordance with UK Generally Accepted Accounting Principles ('UK GAAP'). For the financial year ending 31 March 2008, the Group will prepare its annual consolidated financial statements in accordance with International Financial Reporting Standards ('IFRS') as adopted by the European Union and implemented in the UK.

- In preparing these financial statements, the Group started from an opening balance sheet as at 1 April 2006, the Group's date of transition to IFRS and considered those changes in accounting policies and other restatements required by IFRS.
- The group has applied IFRS as expected to be applicable for the year ended 31 March 2008. These are subject to ongoing review and endorsement by the European Commission, and possible amendment by the International Accounting Standards Board, and are therefore subject to possible change. These potential changes and the development of industry consensus could result in the need to change the basis of accounting or presentation of certain financial information from that presented in this document.
- The comparative figures for the financial year ended 31 March 2007 are not the statutory accounts for the financial year but are abridged from those accounts prepared under UK GAAP which have been reported on by the Group's auditors and delivered to the Registrar of Companies. The report of the auditors was unqualified, did not include references to any matter to which the auditors drew attention by way of emphasis without qualifying their report and did not contain a statement under section 237(2) or (3) of the Companies Act 1985.
- These half year financial statements have not been audited and do not constitute statutory accounts within the meaning of section 240 of the Companies Act 1985. They have been prepared in accordance with the Group's accounting policies based on IFRS standards that are expected to apply for the financial year ending 31 March 2008.
- Management are required to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. Management review these on a regular basis, however actual results may differ from these estimates.
- The Group has not applied International Accounting Standard ('IAS') 34, Interim Financial Reporting, which is not mandatory for UK groups, in the preparation of these interim financial statements.
- The interim financial statements were approved by the Board of Directors on 5 November 2007.

2. Principal items arising from the transition from UK GAAP to IFRS

- The group half year financial statements have been prepared based on IFRS. The accounting policies and methods of computation used in the preparation of these half year financial statements are consistent with those used in the financial statements for the year ended 31 March 2007 except where there are differences between UK GAAP and IFRS. The main differences between the group financial statements prepared under UK GAAP and those under IFRS are detailed below:
 - IFRS 5 “Non-current assets held for sale and discontinued operations”
 - § The freehold land and building with a net book value of £0.4 million at 30 September 2006 was sold in March 2007. In accordance with IFRS 5 the asset has been reclassified from non-current assets to an asset held for sale under current assets in the balance sheet as at 30 September 2006.
 - The cash flow statement has been prepared in conformity with IAS 7 “Cash flow statements”.
 - Deferred taxation under IFRS is based on temporary differences rather than timing differences under UK GAAP.
 - No other material adjustments have been identified during the transition from UK GAAP to IFRS that require a restatement of prior period results and as such no reconciliations have been presented.

3. Goodwill and intangible assets

- The purchase method of accounting is applied to all business combinations.
- The cost of intangible assets acquired through a business combination is deemed to be their fair value at acquisition.
- The excess of purchase consideration paid over the fair value of the assets acquired is treated as purchased goodwill and capitalised as an intangible asset. Goodwill is not amortised but is subject to an annual impairment review.
- Impairment reviews are carried out to ensure that goodwill and intangible assets are not carried above their recoverable amounts. Any amortisation or impairment write downs are charged to the income statement.
- The whole of the issued share capital of Acorus Therapeutics Limited (‘Acorus’) was acquired by Maelor plc on 10 May 2007. The acquisition price was financed by £7 million in cash, the issue of 10,000,000 ordinary shares of 10p each at 10p per share and the issue of £4.88 million of Loan Notes to the Vendors, contingent upon Acorus achieving certain revenue targets.
- The fair values of the intangible assets acquired have been capitalised as intangible assets in accordance with IFRS 3 “Business Combinations”.

- The liability for the Vendor Loan Notes is included on the balance sheet at amortised cost to the extent it is estimated the Notes will become due and payable.

4. Earnings per share

- The earnings per share calculation is based on the following results and weighted number of shares in issue:

	Unaudited Six months ended 30 September 2007	Unaudited Six months ended 30 September 2006	Unaudited Year ended 31 March 2007
Profit /(loss) for the period (£000)	510	(75)	(33)
Weighted average number of shares (000)	105,101	34,281	34,281

The Group had dilutive potential ordinary shares in the loss making periods 31 March 2007 and 30 September 2006, which would serve to reduce the loss per ordinary share. Therefore, the dilutive effect has not been applied so there is no difference between the loss per ordinary share and the diluted loss per ordinary share.

In the six month period ended 30 September 2007 the diluted profit per ordinary share was based on the weighted average number of diluted ordinary shares of 113,765,325.

The dilution of ordinary shares from 105,100,505 to 113,765,325 is attributable to the weighted average number of unexercised share options in the six months ended 30 September 2007.

5. Consolidated statement of changes in equity

	Unaudited Six months ended 30 September 2007 £000	Unaudited Six months ended 30 September 2006 £000	Unaudited Year ended 31 March 2007 £000
Opening equity	1,376	1,394	1,394
Increase in share capital	9,000	-	-
Share options charge	99	-	15
Acquisition costs	(357)	-	-
Profit/(loss) for the period	510	(75)	(33)
Closing equity	10,628	1,319	1,376

6. Movements on reserves

	Shares to be issued £000	Revaluation reserve £000	Share premium account £000	Total other reserves £000	Retained earnings £000
At 1 April 2006	23	151	12,154	12,328	(14,362)
Transfers	-	(1)	-	(1)	1
Loss for period	-	-	-	-	(75)
At 30 September 2006	23	150	12,154	12,327	(14,436)
Share options charge	14	-	-	14	-
Transfers	-	(150)	-	(150)	150
Profit for period	-	-	-	-	43
At 31 March 2007	37	-	12,154	12,191	(14,243)
Share options charge	99	-	-	99	-
Acquisition costs	-	-	(357)	(357)	-
Profit for period	-	-	-	-	510
At 30 September 2007	136	-	11,797	11,933	(13,733)

7. Acquisition

On 10 May 2007 Maelor plc acquired the entire issued share capital of Acorus Therapeutics Limited ('Acorus'). The intangible assets acquired and related consideration is set out below:

	Book value £000	Provisional fair value adjustments £000	Provisional fair value to the group £000
Intangible assets acquired	-	14,210	14,210
Deferred taxation	-	(1,745)	(1,745)
Net assets acquired	-	12,465	12,465
Satisfied by:			
Cash consideration			7,000
Costs of acquisition			983
Loan notes			3,482
Shares issued			1,000
			12,465

8. Share Capital

Ordinary shares of 10p each	Authorised Number	Authorised £000	Issued and fully paid Number	Issued and fully paid £000
At 1 April 2006, 30 September 2006 and 31 March 2007	80,000,000	8,000	34,280,833	3,428
Shares authorised and issued during period	120,000,000	12,000	90,000,000	9,000
At 30 September 2007	200,000,000	20,000	124,280,833	12,428

During the period, in connection with the acquisition of Acorus, Maelor plc placed 80,000,000 10p ordinary shares with institutional investors and granted 10,000,000 10p ordinary shares to the Vendors of Acorus as part of the purchase consideration.

9. Copies of this half-yearly report are available on the Group's website at www.maelor.plc.uk and from the Group's registered office at:

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T Wright	(Chief Executive Officer)
N J Goldsmith	(Finance Director)
A Hardy	(Operations Director)
J H Gregory	(Non-executive Director)
P Murray	(Non-executive Director)

Secretary

N J Goldsmith

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