



Asterand[®]

Partners in Human Tissue Research

AGM, May 2008

Poised for Growth

Martyn Coombs, CEO

AGM

Welcome!

- What we do
- Results for 2007
- Reflect back to Strategy announced in June 2007, and explain progress
- Trading update for Q1 2008
- Goals for 2008
- Why we're excited about our opportunity

Questions

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What we Do: Our Target Market

- Pharmaceutical companies increasingly use well characterised human tissue (with associated anonymised clinical information) to develop new drug candidates
 - Which genes or proteins are the cause of disease?
 - Can the genes or proteins be fixed with a drug?
 - Does my drug cause a response in the targeted tissue?
 - Will my drug cause a response in a non-targeted tissue and lead to a side effect?
- This is a piece of human tissue;
this example contains prostate cancer
- Following surgery, excess removed tissue (e.g. cancer tissue) is incinerated. We, with donor consent, step in before incineration, and fix/freeze the tissue
- Pharmaceutical companies' needs are specific and exact, we marry up our service to their need
- We are one of the few commercial companies focused on the supply of human tissue and human tissue based services to these pharmaceutical companies



Asterand – The Company

- Formed through merger of Asterand Inc and Pharmagene plc in January 2006
- Offices and Laboratories in the UK and in the US
Processed tissue services based in Detroit, USA and services based in Royston, UK
- 90 employees. Sales network of 9 representatives cover US, Europe, and Japan. Scientists with years of experience in tissue based research
- Network of 40 active source sites
- Our customers include every one of the top 30 Pharmaceutical companies. Several Master Service Agreements

Results for 2007

- Revenue £7.6m, up 9% (despite interruption of supply from Russia)
- Operating Expenses £5.6m, down 9% (despite exceptional expenses for bid, restructuring and severance costs)
- EBITDA £1.2m loss, 43% improvement over 2006
- Cash resources £2.2m, no long term debt. In addition, secured a £2m 2 year working capital facility from a bank

(all comparisons at constant exchange rates)

Asterand plc – Strategy Announcement - June 2007

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Asterand Strategy Announcement June 6, 2007

Following the appointment of Martyn Coombs as Chief Executive Officer on 26 March 2007 the management has completed a detailed review of the Company's business and strategy and is today setting out details of the further actions it intends to take. These actions are intended to:

- Achieve positive cashflow as soon as possible
- Drive sales growth, and help to secure the Company's position as a market leader in the provision of products and services based on use of human tissue

Specifically the Company intends to:

1. Restructure the Company's UK operations. Management has identified a number of cost reductions that can be made without impacting the service provided to the Company's key customers. Also, all UK operations are intended to be consolidated in one office/laboratory block at the Company's site in Repton. Annualised savings from these actions are estimated to be approximately £700,000, subject to one off exceptional costs being incurred of approximately £325,000 in the year ending 31 December 2007.
2. Enhance the Company's selling model. One year after the merger, we have an opportunity to improve the cross-selling of tissue supply and drug discovery activities, better integrate the US and European sales teams, and strengthen the participation of our scientists in the selling process.
3. Improve the logistics of the Company's tissue supply operations in Detroit, USA. Our US operation has seen significant revenue growth from 2005 to 2006. In order to position the Company for future growth action will be taken to standardise and systemise our key processes and biobank operations, via a six sigma review.
4. Strengthen the Management Team - particularly in Marketing.

Once these actions have been implemented, the Company will be better placed to scale up the business in the following year.

These planned actions follow on from the announcement made by the Company on 4 June 2007 regarding the restrictions introduced by the Russian Federal Customs Service to the export of human biological materials. The impact of these restrictions on Asterand's business is currently being assessed, however, as noted in the announcement management has already started to take actions to mitigate the impact that any export restrictions may have on the business.

David Lee, Chairman of Asterand plc, commented:
 "The Board was delighted to secure the services of Martyn Coombs as Chief Executive Officer. Martyn has previously worked for Ameritum plc for nine years in various senior roles and has a track record in business transformation and delivery of improved operating results."

Note to Editors
 Asterand is a leading provider of high quality human tissue and tissue-based services. Our innovative approach to human tissue and pharmaceutical services, together with our research and development capabilities, has enabled us to become a leading provider of drug discovery and development services to pharmaceutical and biotechnology companies. Our research and development capabilities are focused on the discovery and development of novel and innovative drugs and biologics. Our research and development capabilities are focused on the discovery and development of novel and innovative drugs and biologics. Our research and development capabilities are focused on the discovery and development of novel and innovative drugs and biologics.

Forward-looking statements
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2007 was a year of setting the foundation

- Completed restructuring at Royston, to schedule; savings will be £700k pa.
- Closer Customer intimacy (from new Commercial Team and approach)
 - Replaced 6 of our 9 sales reps (now have a full set of experienced, high performing sales reps).
 - Integrated the US, Europe and Japan sales teams, and improved cross-selling.
 - Strengthened the participation of scientists in the selling process (“*white coat selling*”).
- Strengthened our management team
 - New CEO, CFO, US General Manager, VP Sales and Marketing
 - More disciplined, accountable organisation
- Improved the logistics of the tissue supply operations at Detroit
 - Lean six sigma initiative has been embraced, will generate benefits in 2008, and enable scaling

Our objective is to achieve profitability and positive cash flow as soon as possible.....we are now well positioned for 2008 and beyond

Awarded US Government Contract

- Announced on 3rd October 2007
- US Government has chosen Asterand, and awarded a contract:
 - For the Department of Defense (DoD) Armed Forces Institute of Pathology (AFIP) Tissue Repository
 - Phase one: 1 year, US\$2.9m (£1.4m)
 - Report on current state of the repository and viability for research
- The largest most well known tissue bank in the world – 75 million samples going back 90 years
- Honour to be chosen. We are committed to building a relationship to engender further collaborative efforts

Q1 Trading Update

- Revenue £2.2m compared to £1.7m in 2007, an **increase of 32%**
- Continue to contain expenses, cash resources of £2.2m at 30th April 2008

(based on unaudited results, and comparisons at constant exchange rates)

Goals for 2008

1. **Double Digit sales growth; become profitable and cash generating as soon as possible**
2. **Continue execution strategy** (as announced in June 2007)
3. **Specific focus on supply.** Build out network and reduce reliance on Russia
4. **Build consultancy offering (using experience in AFIP)**
5. **Make Asterand a great place to work.** Attract, retain and develop talent
6. **Manage context**
 - Maintain positive relationships and working effectiveness with shareholders
 - Build market for our shares through better communication of our successes
 - Continued focus on executional excellence and organic growth while also prudently assessing acquisition ideas.

Why we are excited about our opportunity...

- Market is growing at 20%-30% pa (*source: Back Bay Strategies*)
- Niche Market US\$700m (£350m) pa (*source: Back Bay Strategies*)
Market is very fragmented, and Asterand is largest, most well recognised player
- Customer requirements are becoming more specific and exacting
- Pharmaceutical companies used to frequently source and analyse human tissue on their own. Increasingly, they require more specialized expertise in the following areas:
 - A wide network of donor sites
 - An extensive biobank
 - Ethical and consent compliance
 - Tightly controlled QC procedures
 - Scientists versed in the use of human tissue
 - Comprehensive clinical information
- Asterand has the core capabilities to meet these changing customer requirements

... Exciting growth story. We aim to become the clear global market leader

Market is growing at 20%-30% pa (source: Back Bay Strategies)

- Increasing acceptance that responses in animals are only a partial guide to responses in humans
- Increasing appreciation of human tissue
- Biomarkers; personalised medicine
- Pharmaceutical companies increasing focus on productivity (Increase outsourcing; “fail early, fail cheap”)
- The market could grow more quickly with more effective supply.

*“Human biological samples (including solid tissue, biofluids and their derivatives) play a vital role in our research, helping us to build a deeper understanding of human disease processes and their underlying mechanisms.” **AstraZeneca***

*“The story of Solabegron underlines the value of experiments with human tissue both for decision making process in drug development and for the impact on the use of animals for biomedical research” **GSK***

*“Human tissue is used to predict the likely effectiveness of a potential new medicine and to identify some of the possible unwanted effects. It is valuable, therefore, in the drug discovery process by enabling earlier and better predictions about the effectiveness and safety of a new compound.” **Animal Aid website, citing AstraZeneca***

In the US, The National Cancer Institute has identified the lack of access to *appropriately collected and annotated human tissue* as one of the major barriers to realising the promise of developing targeted cancer diagnostics, preventives, and therapies.

“ . . . Today, the outcomes of cancer research have the power to transform the vision of the National Cancer Act of 1971 into an ambitious but achievable goal: the elimination of the suffering and death due to cancer by 2015.”

Any Questions?

Asterand has a team of committed people working hard to meet our customers' needs and to build value for you, the owners.

I would be pleased to try and answer any questions that you might have.