



Asterand[®]

Partners in Human Tissue Research

**Annual General Meeting
8th June 2010**

Building a Foundation for Future Growth

Martyn Coombs, CEO



Disclaimer

Forward-looking statement

This Announcement contains forward-looking statements concerning the Company's business, plans, objectives, financial condition, results of operations and expected performance. All statements other than statements of historical fact are, or may be deemed to be, forward-looking statements. Forward-looking statements are statements of future expectations that are based on management's current expectations and assumptions and involve known and unknown risks and uncertainties that could cause actual results, performance or events to differ materially from those expressed or implied in these statements. Readers should not place undue reliance on forward-looking statements.

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Today's Agenda

1. Short term Performance

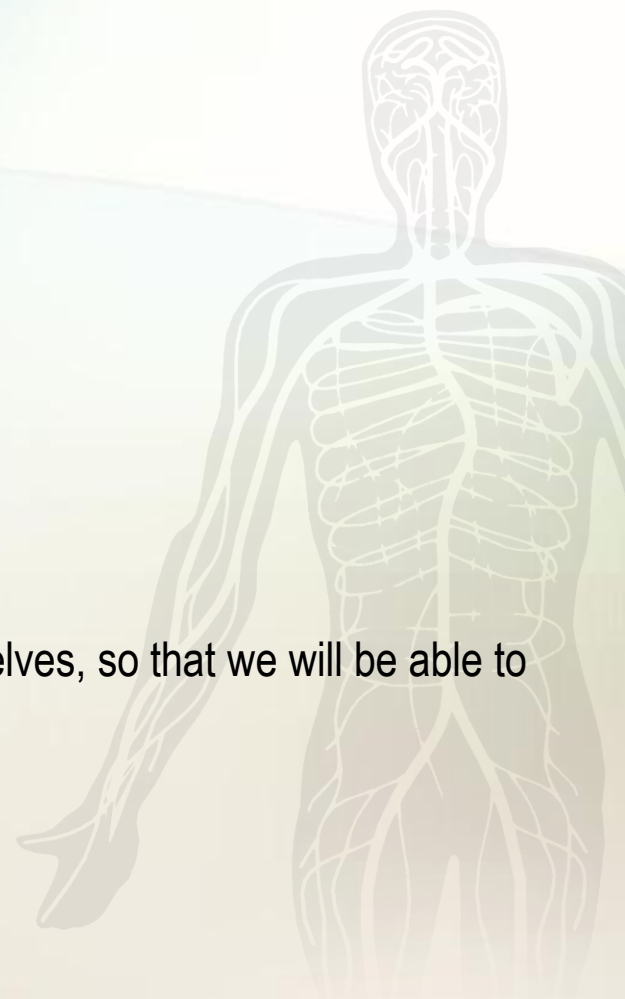
- Issues at Pharma, impacting all CRO-type businesses

2. The Premise of the Company

3. Medium to Long Term

- Why we are excited by this opportunity
- Our strategy – what we doing right now to position ourselves, so that we will be able to grasp this opportunity

3. Proposition for Investors



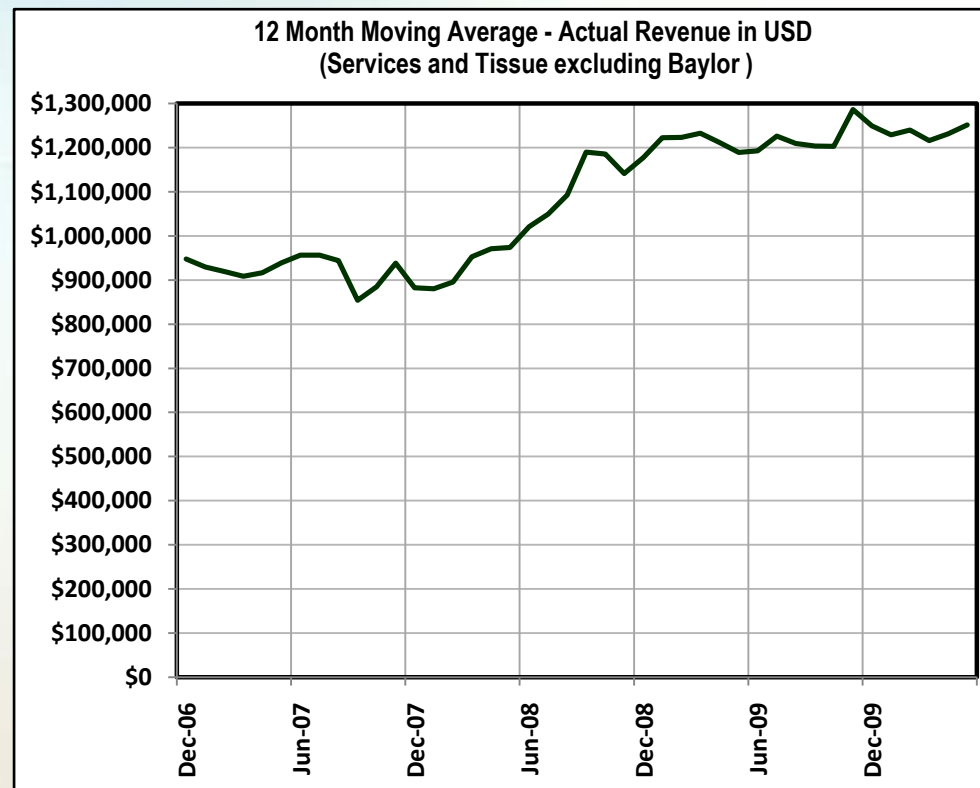
Short Term Issues At Our Customers, Pharma Companies

- **PhRMA (the association of the top 30-50 Pharmaceutical companies in the US)
In 2009, PhRMA companies spent \$45.8B on R&D...a 9% reduction on 2008**
- **This impacted all companies engaged in CRO-type businesses with Pharma as customer**

...We are fortunate to operate in a sector which has fundamental drivers for growth

Impact On Asterand In Short Term (not including BioSeek)

- **Growth has slowed down in the short term. Appears to be a purchasing change, rather than raw demand change**
- **This is consistent with IMS released in May, and in line with current market expectations**
- **Pharma market is expected to grow again (increasing populations, ageing populations etc)**
- **Short term countermeasures – focus more on diagnostic and government markets**



The Premise Of The Company

Customers are global pharmaceutical companies, engaged in R&D, striving to develop new therapies against disease

- **92% of compounds in clinical trials fail, even after many years of preclinical testing in animal models**¹
 - Responses in animals are only a partial guide to responses in humans²
- **Urgent, growing need for early stage, human-based solutions** (*E.g. Human Tissue, Human Primary Cells*)
 - That can predict downstream success / failure
 - And help Pharma move drug candidates from pre-clinical to clinical
- **Niche is in its infancy**
 - Young, fast moving, growing, untapped niche – very fragmented
 - Very challenging to do well (*E.g. variability in humans*) needs high quality and control
- **Asterand aims to be a leader in this field...** *The “Go To Company” for Pharma in human-based solutions*
 - And to create a substantive company in the medium term
 - The Asterand brand is based on quality

¹ Challenge and Opportunity on the Critical Path to New Medicinal Products (2004), FDA

² Approaches to Reducing Phase II Attrition, Insight Pharma Reports (May 2009)

Urgent Need



The US National Cancer Institute has identified the lack of **appropriately collected and annotated human tissue** as one of the major barriers to the development of new cancer therapies

“The **number one problem** that companies face in putting together submissions for new diagnostic tests is access to well-annotated human tissue samples that have been properly collected”

Steven Gutman, M.D., M.B.A., Director, Office of In Vitro Diagnostics, FDA



Our Achievements So Far: Laying Foundation

- **Supply**
 - Dramatically improved supply (East West Bio / Asia)
- **Customer Closeness**
 - Collaborative / Consultative sales force.
 - Work with every one of the top 30 pharmaceutical companies and many preferred MSAs
- **Operational Excellence**
 - High quality product
 - Effective logistics via lean sigma
- **Backable management team**
- **Acquired BioSeek**

Human Tissue:

Asterand's Brand is Based on Quality

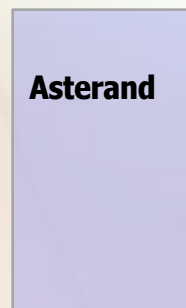
- Standardized biospecimen collection protocols
- Comprehensive clinical information
- Leadership in ethical, consent compliance, regulatory approval
- Pathology confirmation of diagnosis / RNA quality testing
Assurance of above via tightly controlled QC procedures, training, auditing, measurement and control across network
(You get what it says on the tin)
- Wide network of collaborating hospitals / Extensive biobank, covering range of ethnic backgrounds / disease staging
- Scientists versed in the use of human tissue

Asterand Re-Positioning

Yesterday

Today (2010)

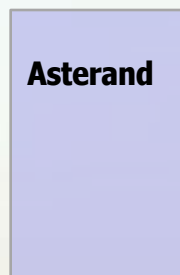
Tomorrow



**Tactical
BioBanker**



Our achievements so far:
Laying Foundation



**Strategic
Outsourcer**



Our Plan

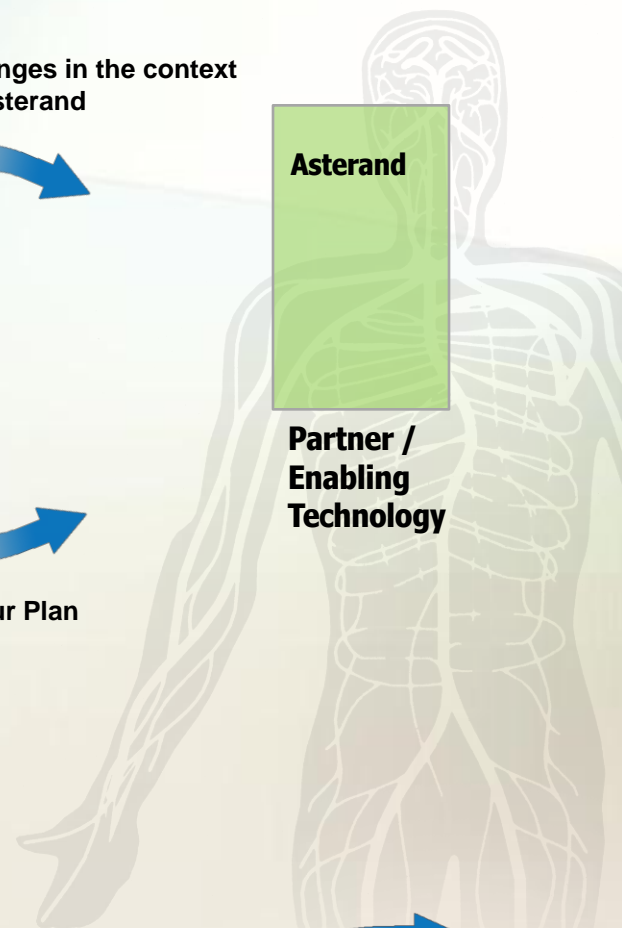
Anticipated changes in the context
favourable to Asterand




**Partner /
Enabling
Technology**



= Accelerators



Our Plan

- **Grow revenue & control costs**
 - **Integrate BioSeek & extend platform**
 - **Offer credible “one-stop-shop” to pharma for human tissue**
 - Improve first pass availability
 - Enhance follow up / longitudinal / outcome data
 - Closer relationships with source collaborators (E.g. hospitals)
 - **Establish scientific leadership in human-based solutions**
 - Hold conference
 - Appoint CSO
 - Forge links with regulatory bodies and government
 - **Establish “embedded platform” contracts where Asterand paid fee for service, plus additional upside through milestone payments if compounds progress**
 - **Buy and Build - consolidate when prudent**
- 

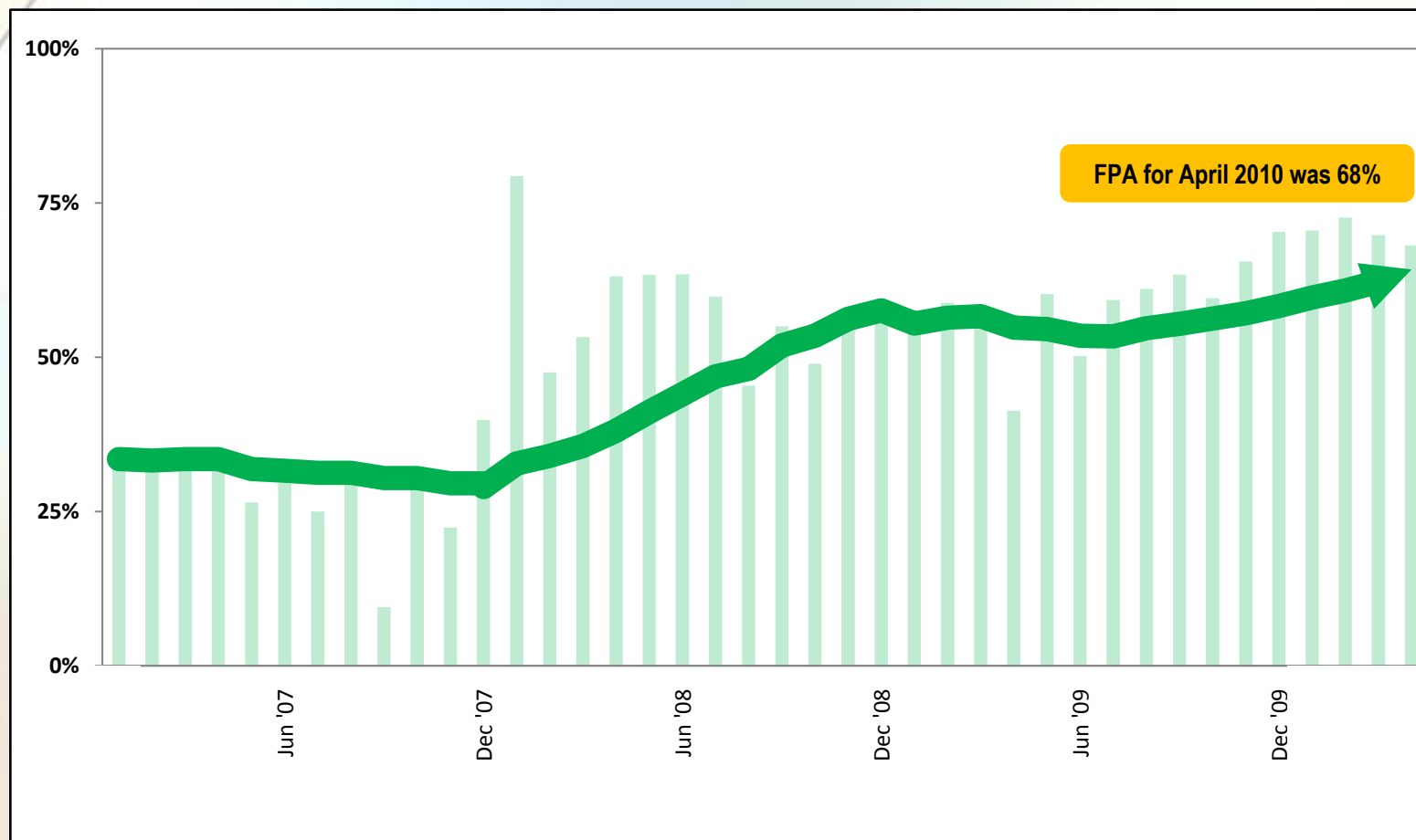
BioSeek – Progress To Date

- **Reminder – why we bought BioSeek**
 - In line with previously stated *buy and build* strategy
 - Strong Platform → Complementary to Asterand's offerings → Human-Based Solutions
 - This acquisition is all about growth...BioSeek had 1 sales person – we have 10
 - Deal is \$1m upfront, then up to an additional \$13m based on revenue in 2010 (i.e. earn-out)
 - De-Risked
 - Anticipate that BioSeek will be marginally loss-making or break-even in 2010, and will increasingly contribute to earnings thereafter
- **Integration at 100 days is going well**
- **Sales – 3 recent announcements**
 - Ono / Eisai / EPA
 - First two are examples of new breed of contracts
- **BioSeek platform to extend into other disease areas**
 - E.g. oncology
 - Improve predictability



...We are very optimistic regarding BioSeek's long term potential

Key Driver: First Pass Availability (on requests for tissue)

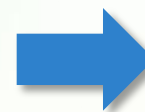


*...Improving levels of availability
Will lead to tipping point where pharma sees Asterand as credible one stop shop*

FPA= First Pass Availability. The percentage of instances in which we are able to fulfill a client's request directly from the bank (XpressBANK™) materials.

Anticipated Changes In The Context → Favourable To Asterand

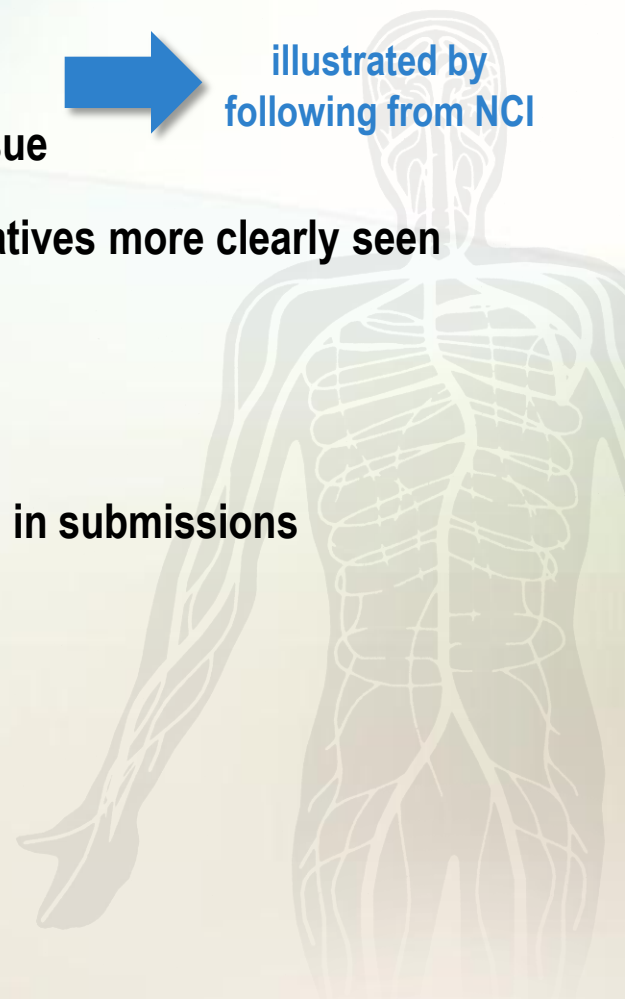
- **Quality becomes more important, driven by NCI**
- **Personalised medicine leads to more demand for human tissue**
- **Advantages of commercial companies over academic alternatives more clearly seen**



illustrated by
following from NCI

More Further Out...

- **Regulators start to require data from human-based solutions in submissions**



Driving Factor: Quality of Biospecimens Becoming More Important

OBBR (Division of NCI) is beginning to highlight issues caused by poor specimen quality

Step 1: Market Research Conducted for OBBR by NCI's Office of Market Research and Evaluation

OBBR Office of Biospecimens and Biorepository Research

Methods	Time Frame	Respondents
In-depth Interviews	July/August 2008	22 (30 invited)
Online Survey	October 2008	727 (~5000 invited)

Types of Respondents

- Academia, NCI grantees (the majority of respondents)
- Federal agencies (NCI, NIH, other)
- Cancer/clinical centers
- Foundations and advocacy groups
- Industry (pharma, biotechnology)

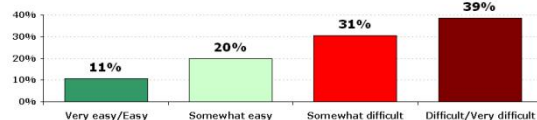
Themes of Questions

- Need for quality biospecimens
- Barriers to access
- Consequences of poor access to quality specimens
- Response to the concept of a central biorepository resource

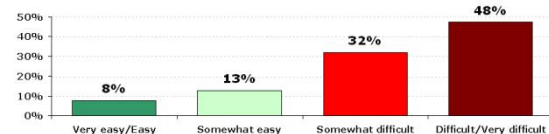
Silos Make It Difficult for Investigators to Get What They Need

OBBR Office of Biospecimens and Biorepository Research

Ease of Acquiring the Quantity of Biospecimens Needed



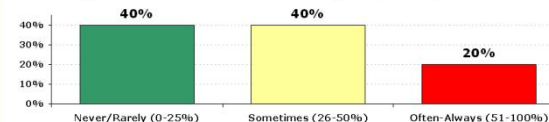
Ease of Acquiring the Quality of Biospecimens Needed



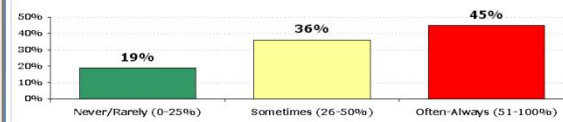
The Science Suffers: Consequences for Investigators

OBBR Office of Biospecimens and Biorepository Research

Question Their Data Because of the Quality of Biospecimens



Limit Their Scope of Work Due to the Shortage of Quality Biospecimens



...Increasing levels of quality will start to set higher and higher qualifying levels for orders

- Biospecimens are the basis of:
 - **Molecular characterization of the disease**
 - Molecular classification of tumor
 - Characterization of tumor heterogeneity/therapeutic targets
 - **Molecular characterization of the host**
 - Disease susceptibility
 - Treatment efficacy (e.g., pharmacogenomics)
- Personalized medicine will depend on accurate, reproducible data derived from patient samples in the clinical setting

Molecular Analysis and Human Analytes

OBBR Office of Biorepositories
and Biospecimen Research

Challenge for the NCI: Lack of standardization of human biospecimens compromises the quality and utility of molecular research dependent on them

Consensus of the Broad Scientific Community: The lack of high-quality human specimens has become the limiting factor for post-genomic biomedical science

- ***The #1 roadblock to translational research in cancer!!***



Asterand From An Investor Perspective?

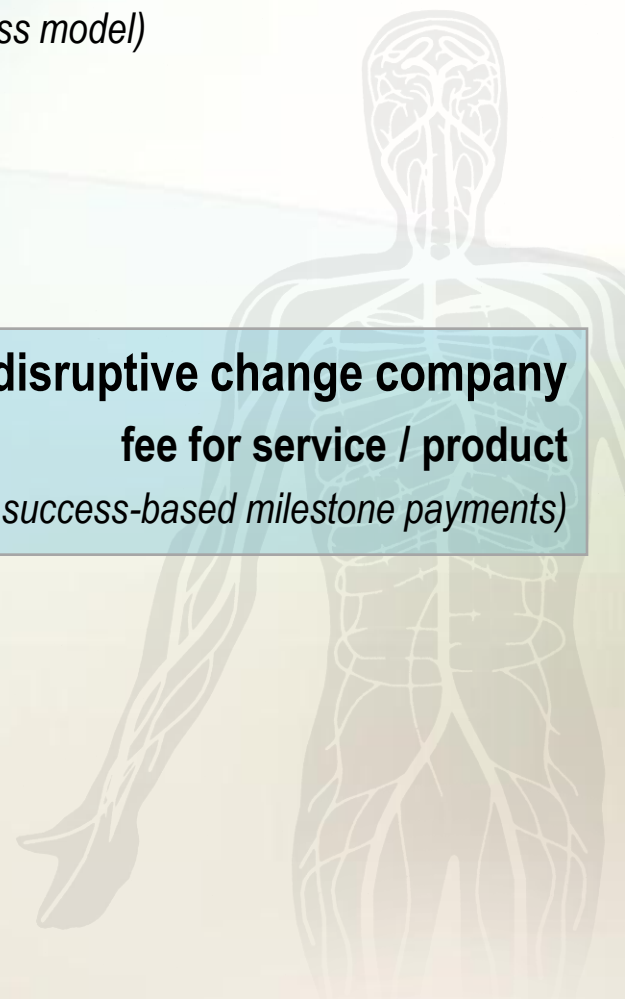
- **Not a drug discovery company** (*i.e. somewhat de-risked business model*)



Platform / disruptive change company
fee for service / product

(In future, when platform embedded, add success-based milestone payments)

- **Not really (just) a life science tools company**



Proposition For Investors Over The Medium Term

Low risk for new shareholders: Enterprise Value is currently just 1 times revenue - visible business model

However, real value is:

1. Asterand is in the right commercial space at the right time

Demand for high quality human tissue will continue to grow and
Pharma will trend away from traditional animal models

2. Strong operational gearing and exciting new acquisition

2010 is a year of bedding down a new acquisition, whilst 2011 should demonstrate the benefits
We have our growth in our own hands. Most of the costs are fixed, so revenue gains will feed through to bottom line

3. Additional hidden value

From possible future relationship or downstream payments from AFIP, Allergan, BTG...

4. Possibility of step-change in business, E.g. From biobanking business

*Exciting long term growth story
Asterand has a real opportunity to build a meaningful company*