



For Immediate Release

28 April 2011

Asterand plc
FINAL RESULTS STATEMENT
for the year ended 31 December 2010

Evolution of Discovery

Asterand plc (LSE: ATD), a leading global supplier of human tissue and human tissue-based research services to pharmaceutical and biotechnology companies engaged in drug discovery research, announces its audited preliminary financial results for the year ended 31 December 2010.

Highlights

- Revenue \$21.3 million, an increase of 14% over 2009. Operating loss \$2.1 million (2009: \$1.6 million), nearly break-even adjusted EBITDA (2009: \$0.4 million profit).
Adjusted EBITDA is defined as interest, taxes, depreciation and amortisation ("EBITDA") – and excluding exceptional items and share option related charge. See below for a reconciliation of operating loss to adjusted EBITDA.
- Successfully integrated our first acquisition as a public Company – BioSeek: 2010 Revenues of \$6.4 million represented a 68% increase over 2009.
A California-based company with propriety human primary cell based predictive technology. Complementary to Asterand's existing human tissue based business.
Total consideration of \$9.5 million represents a multiple of less than 1.5 times 2010 sales – we believe that this is a favourable arrangement, given BioSeek's true value.
- Awarded prestigious contract under The Cancer Genome Atlas Project (TCGA) – (US National Cancer Institute (NCI) / the National Human Genome Research Institute (NHGRI)). Up to \$24 million over five years, including an initial base period of \$5.4 million over 17 months. A validation of Asterand's approach.
- Won key contracts with pharmaceutical and diagnostic companies, and government agencies, including with Ono Pharmaceuticals, Eisai Co. Ltd., Cellzome, Amylin Pharmaceuticals, the EPA (Environmental Protection Agency).
- Invested in science and innovation to lay the foundation for future growth and profitability. Established GLP at Royston (UK facility). Held successful inaugural annual human tissue conference in Washington DC in April 2010. Appointed Dr Dalia Cohen as CSO in September.
- Gross margin 56% (2009: 58%), operating expenses increased to \$14.1 million (2009: \$12.4 million) and cash resources of \$5.9 million (2009: \$6.6 million).

Post Year End Events

- \$8.5 million of contingent consideration due for BioSeek to be paid entirely in cash - \$2.5 million in May 2011 and the remaining \$6 million financed through the issue of loan notes to the BioSeek vendors which mature over the period to December 2013.

- Statement on Japan earthquake and tsunami

We have many close business and personal relationships in Japan and we feel deep sadness over the tragic impact on the Japanese people caused by the recent earthquake and tsunami. In terms of the Asterand business, 12% of 2010 revenues were from Japan. However, most of our business conducted in Japan is from long term BioMAP collaborations with companies that were not significantly impacted by the tragedy due to their geographical locations. Some minor delays in the progression of these contracts may result in 2011. However, currently, all indications suggest that they will not be significant.

Martyn Coombs, CEO, Asterand, commented:

"2010 has been a year of renewed momentum for Asterand. Our revenues grew by 14% fuelled by the successful integration of our new acquisition BioSeek. Revenues of BioSeek were \$6.4 million, 68% growth over 2009. We invested as much as we could into our future, for example by hosting our first ever human tissue conference and in recruiting a top-flight CSO, whilst still achieving effectively break even EBITDA. Furthermore, our 2010 revenue did not materially include any contribution from the five year up to \$24 million contract win with the NCI. So, not only are we optimistic at the potential for 2011, but it was also an honour to be awarded the contract, and a clear endorsement of Asterand's approach to quality and science. Whilst I am delighted with Asterand's achievements in 2010, I'm even more excited about our future given the scalability of our business as we aim to lead the development of the human-based solutions market.

I would like to take this opportunity to thank our dedicated and talented staff together with our loyal shareholders."

The full 2010 Annual Report and Accounts can be found on our website at
<http://www.asterand.com/Asterand/investors/financialreports/2010/financialreports2010.htm>

Webcast of 2010 Final Results:

An analyst briefing is scheduled for 4 May 2011 at 10:00am BST. Simultaneously to the analyst briefing, there will be a live audio web cast of the presentation.

To connect to the web cast facility, please go to: <http://mediaserve.buchanan.uk.com/2011/asterand040511/registration.asp>

Please connect approximately 10 minutes (9:50 am BST) before the start of the briefing. The presentation will also be available on www.buchanan.uk.com for replay shortly after the conclusion of the presentation.

Notes to Editors

Asterand is a leading global supplier of high quality human tissue and tissue-based services. Our comprehensive approach to human tissue and research services offers pharmaceutical, biotech and diagnostic companies the unique opportunity to have one company meet all of their human biomaterial needs along the continuum of drug discovery and development. Our mission is to accelerate target discovery and compound validation and enable pharmaceutical and biotechnology companies to take safer and more effective drugs into the clinic.

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Chairman's Statement

Dear Shareholders,

As you may know, it has been my long held belief that human tissue-based solutions will play an ever increasing role in the discovery, development, and clinical evaluation of more effective treatments and diagnostics, for human disease. I believe this now more than ever, as the potential for drug discovery locked away in world biobanks is beginning to be recognized more prominently. Asterand continues to be the leading company in this growing niche, with ever growing channels of distribution and world renowned standards in quality, diversity of materials and ethical protocols. This has been validated with the new contracts and customers that we have secured in 2010. We are well positioned to benefit from this growing trend while doing the important work of helping our customers quicken the pace of bringing new treatments and diagnostics to market.

Adding shareholder value through the integration of BioSeek

On 18 February 2010, Asterand finalised its acquisition of BioSeek. Both organizations immediately set to work, to capitalize on Asterand's worldwide commercial connections in order to expand the use of the BioSeek platform. BioSeek's 2010 performance was outstanding! Revenue grew 68% from 2009, greatly exceeding any previous year's sales.

Our shareholders will recall that the terms of the BioSeek acquisition included a contingent payment based upon BioSeek's 2010 revenue. Following the audit of BioSeek's 2010 revenues, this contingent payment was calculated as US \$8.5 million. As previously announced, the first US \$3 million of this payment was to be satisfied through the issue of 8.1 million Asterand shares, and the remaining \$5.5 million consideration was to have been paid in cash. To this end we announced in December 2010 that we had secured a term loan and a revolving credit line from Silicon Valley Bank ("SVB") to fund this payment. However, volatility in trading during March 2011 impaired our ability to draw on the revolving line of credit. The \$3 million term loan remains drawn and intact. As a consequence, we subsequently agreed with the BioSeek vendors that the entire \$8.5 million of contingent consideration will be satisfied with cash - \$2.5 million will be paid in May 2011 and the remaining \$6 million is to be satisfied in loan notes that mature over the period to December 2013, in a payment schedule that fits well with our business.

I'd like to congratulate the Asterand and BioSeek management teams and employees for the success of the integration. Mergers are never easy, but both organizations worked tirelessly to make this one exceed our pre-acquisition goals.

Board Changes and Corporate Governance

On 8 June 2010, Ian Ratcliffe's Board of Director term expired and he did not present himself for re-election. Ian has proven to be an asset to our company and has contributed significantly to our success during his tenure. I would like to thank him warmly for his insight and guidance over the past few years and wish him well in his future endeavours. I would also like to take this opportunity to thank all of the Board of Directors for their contributions throughout 2010. It has been my pleasure to work with a Board of such high calibre. Their deep industry experience, entrepreneurial spirit and willingness to take on any assignment has set the foundation for excellence at the Company.

The Board and Management continues to have a policy of transparency in regards to our strategy and related activities. An important component of this involves communicating and listening to our shareholders to understand their ideas and points of view.

Aligning objectives between employees and shareholders

During 2010, we granted a total of 2.5 million share options to our employees through our Long Term Incentive programme. We have a deep commitment to this program which enables us to retain key employees, while aligning the goals of our shareholders with those of our employees and we were especially pleased to grant our first shares to BioSeek employees. Every Asterand employee receives shares under this programme, allowing them to own a part of the Company and benefit from the growth and success they are helping to build.

Positive Outlook

The year 2010 was a year of accomplishment on several fronts for Asterand: The successful integration of the BioSeek acquisition, the acceptance of our Royston facility for GLP accreditation, and the award of a substantial government contract with the

NCI/NHGRI have positioned us well to achieve our strategic goals. These advancements were made possible through the extra efforts of Asterand's employees and management team. I'd like to take this opportunity to thank all of Asterand's employees for their dedication, commitment and hard work.

As witnessed in March 2011, we sometimes experience month to month volatility in sales. As the business matures and grows, we have made progress towards stabilizing monthly revenues with long term contracts. I am pleased to say that there is more visibility into 2011 sales than ever before with several multi-year collaborative agreements for the BioSeek platform and our contract with the NCI/NGHRI. Thus we believe that Asterand is well positioned for 2011 and that the achievements of 2010 will provide a solid foundation for Asterand's continued leadership within the global marketplace for years to come.

Jack Davis Chairman, Asterand plc

Chief Executive's Business Overview

Dear Shareholders,

I'd like to take a brief moment to express my sympathy to the Japanese people. I have a great many close business and personal relationships in Japan and was deeply saddened by the tragic impact of the recent earthquake and tsunami.

2010

2010 was a good year for Asterand – a year of inflection.

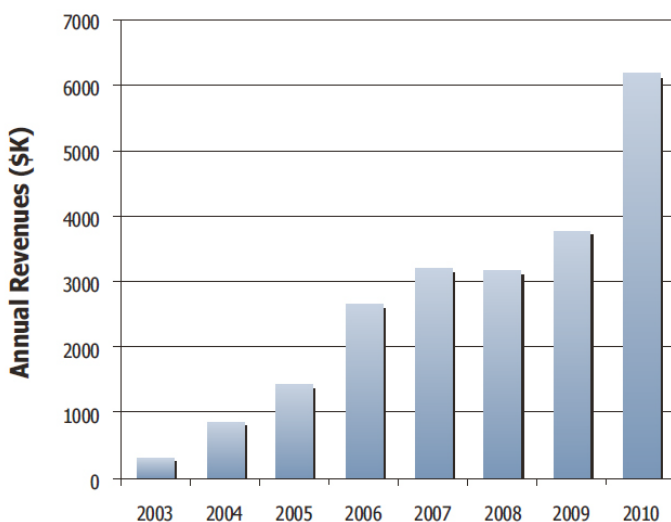
Our revenues exceeded \$21.3 million (an increase of 14% over 2009), and we were nearly break even on an adjusted EBITDA basis.

Furthermore, we met four key milestones:

1. Acquisition of BioSeek

As our first acquisition as a public company, and after assessing many potential targets, we focused on BioSeek, a California-based company with propriety human primary cell based predictive technology. BioSeek met all of our acquisition criteria; in particular its technology is complementary to Asterand's human tissue based business. We negotiated a de-risked deal, and I would like to thank our shareholders for approving this deal on February 18th, 2010.

Of course, after approval, that is when the hard work starts, and those people who have had involvement in M&A will know that the integration of two companies, cultures and histories can be fraught with difficulties. Looking back now, I feel that we managed the integration very well, and I feel very proud of the management team, both those originally from Asterand and from BioSeek. This bodes well for future acquisitions. 2010 Revenues of \$6.4 million represented a 68% increase over 2009.



More importantly even than the revenue metric:

- We retained all of the senior key management team in BioSeek
- We established a blended selling model (where our territory based sales representatives lead the promotion of a *lite* version, and a central specialist team lead on larger deals). The sales cycle of BioSeek is longer than for Asterand's traditional business. Towards the end of 2010, we started getting some real traction in this blended distribution model, which bodes well for 2011 and beyond.

2. Award under The Cancer Genome Atlas Project (TCGA)

In September we were awarded a contract under The Cancer Genome Atlas Project (TCGA) – (US National Cancer Institute (NCI) / the National Human Genome Research Institute (NHGRI)), for \$24 million over five years, including an initial base period of \$5.4 million over the first 17 months.

Under the contract Asterand will supply clinically annotated human biospecimens to further the NCI's critical research into new treatments and diagnostics for cancer.

Many shareholders will already be very familiar with the NCI, but for the benefit of those perhaps non-US shareholders I will point out that the NCI is an extremely prestigious well respected organisation, that invests more in research into cancer than any pharmaceutical company and is regarded as an opinion former and an establisher of standards. We in Asterand therefore feel honoured to be given the opportunity of working with the NCI, and feel that our quest for the highest quality specimens and the most complete and assured information has been validated. As an example, on award of this contract, the US Government approved Asterand's model for the ethical collection of tissues for research.

3. Establishment of new contracts

In 2010, we won key contracts with pharmaceutical and diagnostic companies, and government agencies, including with Ono Pharmaceuticals, Eisai Co. Ltd, Cellzome, Amylin Pharmaceuticals, and the EPA (US Environmental Protection Agency).

We have an example of a new breed of deal for Asterand – beyond mere fee and service, and encompassing the possibility of milestone payments, if compounds progress through our platform. So, we have now demonstrated that our platform is unique and significant enough to be worthy of such deals.

In June the US EPA increased its Phase II funding commitment to BioSeek under the ToxCast™ screening program to \$3.2 million. Approximately 750 chemicals and nanomaterials are being screened to predict harmful effects using the BioMAP platform. BioSeek began screening in 2010 and this project will continue throughout 2011.

4. Increased focus on science and innovation

We were awarded GLP accreditation at our Royston facility in February. In April, we hosted a successful inaugural human tissue conference in Washington DC. The conference provided an opportunity for opinion leaders in the government, academia and commercial companies to gather and discuss key issues at a critical time in the development of this new field.

In addition, we appointed Dr Dalia Cohen as CSO in September. Dalia, is a recognised leader in the drug and diagnostic development field; she will help move our company to the next level.

The macro environment in the immediate term

The environment over the last eighteen months has not been easy, and the medium to long term trends have been impacted by short term pressures. Our traditional customers, big Pharma, have found themselves buffeted by patent expirations, increasing costs and decreasing productivity of R&D, the economy, healthcare reform, and have responded by offshoring, merging, reducing therapeutic sites and closing key sites.

Whilst in the medium term, this will probably be advantageous for Asterand (e.g. more outsourcing), over the last eighteen months it has led to a brake on demand.

It is pleasing therefore that our results described above have been achieved despite these macro issues.

BioSeek payment

In April 2011, our contingent payment for BioSeek to the previous owners became due. As previously announced in December 2011, our intention was to satisfy the consideration with cash to avoid unnecessary dilution for our existing shareholders. We have now achieved this, albeit that the Company now has debt of approximately \$9m, with what we believe is an acceptable and an achievable payment schedule.

What next for Asterand?

Towards the end of 2009, seeing the short term issues in Pharma, management in Asterand decided to seek business with government and diagnostic companies (i.e. as well as Pharma companies). In 2011, we anticipate that our two top customers will be the NCI and the EPA. Furthermore, in our tissue business, three of the top five commercial customers currently are diagnostic companies.

In terms of the medium to long term, let me quote from an independent report on Biobanking in the Medical R&D Market from VisionGain (2009):

"The biobanking market is expected to see significant growth from 2010 to 2025, due primarily to the realisation of advantages of biospecimens compared with animal models in pre-clinical pharma research."

"...we conclude that the biobanking market will thrive during the forecast period, from 2010 to 2025, biobanks will become one of the most important resources for advancing medical research and development of drugs and diagnostic tests."

So, we are very optimistic for 2011 and beyond. In 2011 we will have revenue from the TCGA (negligible in 2010) and anticipate further growth for BioSeek (we already have \$5.5 million booked business). Indeed, our line of sight of business is higher than ever previously.

We are fortunate to operate in a niche (human based solutions for companies engaged in research) that has potential for substantive growth, has barriers to entry, and is very fragmented, with the majority of competition stemming from academia and cancer centres. We seek to be the leader and the consolidator in this niche, and to offer a credible one stop shop to our customers.

We intend to hold our second human tissue conference, on the 1st and 2nd June 2011 in Chicago, and have already lined up an impressive cast of speakers.

While I'm proud of what Asterand has accomplished in 2010, I'm even more excited about what our future holds.

Martyn Coombs CEO, Asterand plc

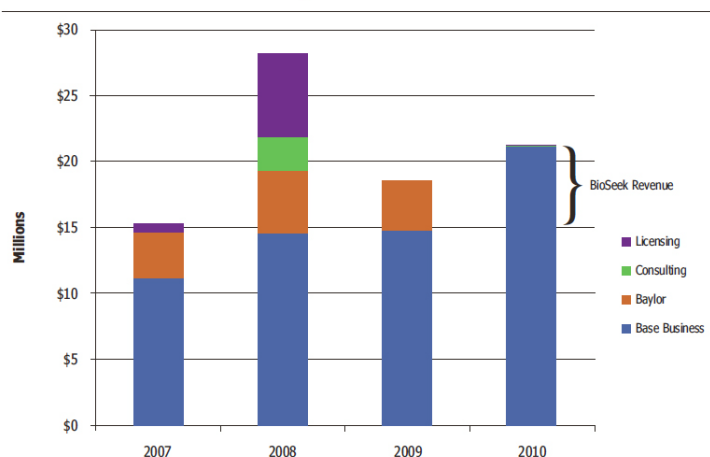
Financial Review

Results for the year ended 31 December 2010

As previously communicated, we changed our presentation currency to US dollars beginning in 2010. The majority of our sales and costs are denominated in USD, and the USD has an increasing influence on the Company's operations. Ongoing presentation in USD should allow clear and transparent year to year comparability with fewer effects from foreign currency translation.

The Group's 2010 revenue was \$21.3 million (2009: \$18.7 million), an increase of 14%. To understand fully the performance in the business, one-off effects need to be analysed. Revenue from 2009 included \$3.7 million from Asterand's contract with Baylor College of Medicine. This contract was completed in that year. When proceeds from this non-recurring source are excluded, revenue for the period (including BioSeek from 18 February 2010) grew 42%. Excluding revenues from BioSeek and the Baylor contract, human tissue based solutions revenues were relatively flat over 2009.

Revenue By Source 2007-2010



The Group's cost of sales was \$9.3 million (2009: \$7.9 million), leading to a gross profit for the year of \$12 million (2009: \$10.8 million profit). As a result, gross margins were 56% (2009: 58%). Margins were flat in a period of relatively flat sales.

On 31 December 2010, the carrying value of the biobank inventory was \$9.1 million (31 December 2010: \$8.8 million). During 2010, the Group continued to invest in expanding its donor network to meet changing customer needs. However, the inventory expansion was more modest than ever before as we implemented changes that enabled us to more efficiently match supply with demand.

Research & Development (R&D) expenses were \$1.3 million (2009: \$0.5 million). 2010 R&D expenses relate to an expansion in our scientific management through the hiring of a CSO as well as improvements to new product offerings to support the Group's focus on the business of human tissue supply and human tissue-based solutions.

Selling and distribution costs were \$3.8 million (2009: \$3.7 million). These costs relate to sales staff salaries, commissions and marketing expenses. The modest increase is attributable to additional marketing and sales staff salaries expense associated with supporting the expanded product offering associated with the purchase of BioSeek.

Total general and administrative expenses were \$8.9 million, an increase of 8% from \$8.2 million in 2009. General and administrative expenses are analysed between those relating to exceptional costs and those to normal operations. Exceptional general and administrative costs were \$0.9 million (2009: \$1.5 million). \$0.4 million of the exceptional expenses relate to the final purchase price for BioSeek being higher than initial estimates, which is recorded as a loss for the year under IFRS 3 (revised). As the final purchase price for BioSeek is based on a multiple of revenue in 2010, this means that BioSeek revenues were higher than anticipated, not necessarily a bad problem to have. The remaining \$0.5 million of exceptional expenses related to severance expenses, legal and professional fees associated with the BioSeek acquisition and the defence of the Group's ability to secure Asian supply collaborations.

General and administrative costs relating to normal operations were \$8.0 million (2009: \$6.7 million). \$1.8 million relates to additional costs related to BioSeek operations. Excluding this, general and administrative costs were reduced by \$0.5 million as compared to 2009. The resulting loss for the year was \$2.0 million (2009: \$1.6 million).

Though it is a non-IFRS measure, Earnings Before Interest, Taxes, Depreciation and Amortization (EBITDA) and excluding exceptional items and share option related charge is monitored closely by the Directors and management as a metric to measure progress of business operations towards profitability and positive cash flow. The adjusted EBITDA for 2010 was close to break-even, a \$0.4 million reduction over 2009 (2009: \$0.4 million profit).

BioSeek Acquisition

BioSeek contributed \$6.3 million in revenue to the Group after its acquisition on 18 February 2010, beating our original estimates of \$6.2 million. Total consideration is based on 2010 full year BioSeek revenues which were \$6.4 million (2009: \$3.8 million). Initial consideration of \$1.0 million was satisfied by the issue of 2.7 million shares in February 2010. An additional contingent payment initially valued at \$8.5 million (which has been revalued at \$7.6 million on the balance sheet based on year-end share price and exchange rates) is payable based on a multiple of 2010 revenue. Therefore, the total purchase price is \$9.5 million or 1.5 times revenue. As previously announced, the first US \$3 million of this payment was to be satisfied through the issue of 8.1 million Asterand shares, and the remaining \$5.5 million consideration we intended to pay with cash. In December 2010, we announced that we secured a term loan and a revolving credit line from Silicon Valley Bank ("SVB") to fund this payment. However, volatility in trading during March 2011 impaired our ability to draw on the revolving line of credit. The \$3 million term loan remains in place. In April 2011, we subsequently agreed with the former BioSeek shareholders that the entire \$8.5 million of contingent consideration

will be satisfied with cash - \$2.5 million will be paid in May 2011 and the remaining \$6 million will be satisfied by the issue of loan notes which matures over the period to December 2013.

Financing & Liquidity

The Directors monitor the cash flow and cash resources closely. At 31 December 2010 the Group had cash and cash equivalents of \$5.9 million (2009: \$6.6 million). During 2010, the Group utilised \$4.8 million of cash in operations principally attributable to working capital movements. Other uses of cash include defence of the Group's ability to secure Asian supply collaborations, expenses and professional fees associated with the BioSeek acquisition. The use of cash was partially offset by a new term loan from Silicon Valley Bank that was secured and drawn down in December 2010 and \$1.6 million of cash acquired in the BioSeek transaction. The term loan will be used to fund part of the cash settlement of the remaining contingent payment for the BioSeek acquisition on the basis described above.

Outlook

During 2010, the Group made investments in building its supply of biospecimens, expanding its government contract business and integrating its new acquisition BioSeek. These investments are paying off. We have begun to see adoption of the BioMAP platform with some of our key clients and collaborative agreements for the platform continue to grow. We secured a 5-year contract for supplying the US National Cancer Institute with biospecimens for The Cancer Genome Atlas (TCGA) project. With this contract and significant secured commitments from several other large clients, we have a greater line of sight on sales than ever before. We believe that these advancements put us on firm footing for future growth in revenue and that because our business is quite scalable, this will result in sustainable profitability.

John Stchur, CPA Chief Financial Officer

Consolidated Income Statement

for the year ended 31 December 2010

	Note	2010 \$'000	2009 Re-presented \$'000
Revenue	2	21,310	18,706
Cost of sales		(9,332)	(7,893)
Gross profit		11,978	10,813
Research and development costs		(1,326)	(478)
Selling and distribution costs		(3,824)	(3,661)
General and administrative expenses - pre exceptional items		(8,003)	(6,735)
Exceptional items (severance, acquisition and litigation costs)		(920)	(1,491)
Total general and administrative expenses		(8,923)	(8,226)
Total operating expenses		(14,073)	(12,365)
Operating loss		(2,095)	(1,552)
Financial income		4	48
Financial costs		(57)	(49)
Foreign exchange credit/(charge)		107	(374)
Finance income/(expense)		54	(375)
Loss before taxation		(2,041)	(1,927)
Taxation		(32)	296
Loss for the financial year attributable to owners of the parent		(2,073)	(1,631)
Loss per 5p ordinary share			
Basic	4	(1.8)c	(1.4)c
Diluted	4	(1.8)c	(1.4)c

Consolidated Statement of Comprehensive Income

for the year ended 31 December 2010

	Group 2010 \$'000	Group 2009 Re-presented \$'000
Loss for the financial year	(2,073)	(1,631)
Other comprehensive income:		
Exchange translation difference on consolidation recognised directly in equity	(66)	271
Other comprehensive expense for the year net of tax	(2,139)	(1,360)
Total comprehensive expense for the year	(2,139)	(1,360)

There is no tax arising on the exchange translation difference on consolidation recognised directly in equity.

Non-IFRS Measure

Earnings before interest, taxes, depreciation and amortisation ("EBITDA") – and excluding exceptional items and share option related charge for the year ended 31 December 2010:

	2010	2009
	\$'000	Re-presented \$'000
Operating loss	(2,095)	(1,552)
Exceptional items (severance, acquisition and litigation costs)	920	1,491
Share option related charge	132	86
Depreciation and amortisation	1,022	340
Adjusted EBITDA	(21)	365

Consolidated Balance Sheet

as at 31 December 2010		2010	2009	2008
	Note	\$'000	Re-presented \$'000	Re-presented \$'000
Assets				
Non-current assets				
Intangible assets		4,778	1,311	997
Property, plant and equipment		3,386	756	672
Deferred tax asset	3	4,843	1,129	—
Trade and other receivables		94	—	—
		13,101	3,196	1,669
Current assets				
Biobank inventory		9,136	8,818	6,453
Trade and other receivables		6,216	3,645	5,948
Cash and cash equivalents		5,918	6,644	9,957
		21,270	19,107	22,358
Liabilities				
Current liabilities				
Trade and other payables		(5,250)	(4,884)	(6,136)
Income tax payable		(797)	(395)	—
Other financial liabilities —Finance leases		(12)	—	—
—Current debt		(703)	(57)	(46)
—Contingent consideration	5	(7,624)	—	—
		(14,386)	(5,336)	(6,182)
Net current assets		6,884	13,771	16,176
Non-current liabilities				
Deferred tax liability	3	(282)	(364)	—
Other financial liabilities —Finance leases		(5)	—	—
—Long term debt		(2,348)	—	—
Other payables		(2,191)	—	—
		(4,826)	(364)	—
Net assets		15,159	16,603	17,845
Equity attributable to owners of the parent				
Ordinary shares		9,262	9,043	8,226
Share premium		84,298	84,282	76,561
Shares to be issued		535	5	29
Reverse acquisition reserve		(66,757)	(66,757)	(60,664)
Merger reserve		510	—	—
Other reserves		4,910	4,910	4,462
Profit and loss reserve		(22,149)	(19,496)	(17,885)
Currency translation reserve		4,550	4,616	7,116
Total equity		15,159	16,603	17,845

Consolidated Statement of Changes in Equity

as at 31 December 2010

Group	Ordinary shares \$'000	Shares to be issued \$'000	Share premium \$'000	Reverse acquisition reserve \$'000	Merger reserve \$'000	Other reserves \$'000	Investment in own shares \$'000	Profit and loss reserve \$'000	Currency translation reserve \$'000	Total equity \$000
At 1 January 2009	8,226	29	76,561	(60,664)	–	4,462	(998)	(16,887)	7,116	17,845
Comprehensive income										
Loss for the year	–	–	–	–	–	–	–	(1,631)	–	(1,631)
Other comprehensive income										
Exchange translation	–	–	–	–	–	–	–	–	271	271
Total comprehensive income	–	–	–	–	–	–	–	(1,631)	271	(1,360)
Employee share option schemes										
Value of employee services	–	–	–	–	–	–	–	86	–	86
Proceeds from shares issued	26	(31)	32	–	–	–	–	–	–	27
Shares to be issued	–	5	–	–	–	–	–	–	–	5
Reclassification	(36)	–	–	–	–	–	36	–	–	–
Currency translation	827	2	7,689	(6,093)	–	448	(100)	(2)	(2,771)	–
Transactions with owners	817	(24)	7,721	(6,093)	–	448	(64)	84	(2,771)	118
At 31 December 2009	9,043	5	84,282	(66,757)	–	4,910	(1,062)	(18,434)	4,616	16,603
Comprehensive Income										
Loss for the year	–	–	–	–	–	–	–	(2,073)	–	(2,073)
Other comprehensive income										
Exchange translation	–	–	–	–	–	–	–	–	(66)	(66)
Total Comprehensive Income	–	–	–	–	–	–	–	(2,073)	(66)	(2,139)
Employee share option schemes										
Value of employee services	–	–	–	–	–	–	–	132	–	132
Proceeds from shares issued	6	–	16	–	–	–	–	–	–	22
Modification to equity settled share option scheme	–	–	–	–	–	–	–	(187)	–	(187)
Shares to be issued	–	530	–	–	–	–	(525)	–	–	5
Acquisition of BioSeek	213	–	–	–	510	–	–	–	–	723
Transactions with owners	219	530	16	–	510	–	(525)	(55)	–	695
At 31 December 2010	9,262	535	84,298	(66,757)	510	4,910	(1,587)	(20,562)	4,550	15,159

Consolidated Cash Flow Statement

for the year ended 31 December 2010		2010	2009
	Note	\$'000	Re-presented \$'000
Cash flows from operating activities			
Loss for the year		(2,073)	(1,631)
Adjustments for:			
Contingent consideration remeasurement		356	-
Finance (income)/expense		(54)	375
Tax charge/(credit)		32	(296)
Depreciation of property, plant and equipment		827	307
Amortisation of intangible assets		195	33
Share option compensation charge		132	86
Operating cash flows before movement in working capital		(585)	(1,126)
(Increase)/decrease in trade and other receivables		(2,242)	2,040
Increase in biobank inventories		(318)	(2,365)
Decrease in trade and other payables		(1,570)	(1,422)
Cash used in operations		(4,715)	(2,873)
Interest received		4	48
Interest paid		(53)	(49)
Interest element of finance lease rental payments		(4)	-
Income taxes paid		(120)	(83)
Receipt of research and development tax credit		-	120
Net cash used in operating activities		(4,888)	(2,837)
Cash flows from investing activities			
Cash acquired on acquisition of BioSeek	5	1,573	-
Purchase of property, plant and equipment		(311)	(340)
Sale of property, plant and equipment		-	2
Purchase of intangible assets		(64)	(246)
Net cash generated/(used) in investing activities		1,198	(584)
Cash flows from financing activities			
Proceeds from issue of ordinary share capital		22	27
Proceeds from ordinary share capital to be issued		5	5
Proceeds from exercise of share options		-	1
Loan received		2,948	-
Debt and finance lease principal payments		(11)	11
Net cash generated from financing activities		2,964	44
Net decrease in cash and cash equivalents		(726)	(3,377)
Exchange gains on cash and cash equivalents		-	64
Cash and cash equivalents at beginning of year		6,644	9,957
Cash and cash equivalents at end of year		5,918	6,644

Notes to the preliminary statement for the year ended 31 December 2010

1. Accounting policies and basis of preparation

The final results announcement for the year ended 31 December 2010 has been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union (EU), International Accounting Standards (IAS) and IFRIC interpretations and the listing rules of the Financial Services Authority. The details of the significant accounting policies of the Group are set out in the 2009 Annual Report, copies of which are available from the Company or on the Company's website. Based on audited accounts, the financial information set out in this announcement does not constitute the Company's statutory accounts for the year ended 31 December 2010 as defined in Section 434 of the Companies Act 2006, but is derived from those accounts. Statutory accounts for 2009 have been delivered to the Registrar of Companies and those for 2010 will be delivered after the Company's Annual General meeting. The auditors have reported on those accounts; their reports were unqualified and did not contain statements under Section 498(2) or (3) of Companies Act 2006.

As the Group's principal assets and operations are in the US and the majority of its operations are conducted in US dollars, the Directors have changed the presentational currency to US dollars for the Company and the Group effective 1 January 2010. In addition, on the same date, as a result of the majority of the operations being denominated in US dollars, the functional currency of the Company became the US dollar.

A change in presentation currency is accounted for as a change in accounting policy and is applied retrospectively, as if the new presentation currency had always been the presentation currency. Consequently, the comparatives for the year ended, and as at, 31 December 2009 and 2008 have been re-presented in US dollars using average exchange rates for income and expenses and the closing rate at the balance sheet date for assets, liabilities and items related to equity. Retained earnings have been translated using the historic closing rate applicable on 1 January 2005 (i.e. the date of transition to IFRS) and were not retranslated at each subsequent balance sheet date. Resulting exchange differences have been recognised within equity. The currency translation reserve was set to nil at 1 January 2005. All subsequent movements comprising differences on the retranslation of the opening net assets of non US dollar subsidiaries have been charged to the currency translation reserve.

In accordance with IAS 1, 'Presentation of financial statements', an additional balance sheet for the Group has been presented as at the beginning of the earliest comparative period, being 1 January 2009, together with the related notes.

IFRS 3 (revised) 'Business combinations,' and consequential amendments to IAS 27, 'Consolidated and separate financial statements', IAS 28, 'Investments in associates', and IAS 31, 'Interests in joint ventures', are effective prospectively to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1 July 2009.

The revised standard continues to apply the acquisition method to business combinations but some significant changes compared with IFRS 3. For example, all payments to purchase a business are recorded at fair value at the acquisition date, with contingent payments classified as debt subsequently re-measured through the consolidated income statement. There is a choice on an acquisition-by-acquisition basis to measure the non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets. All acquisition-related costs are expensed.

The revised standard was applied to the acquisition of 100% of the share capital of BioSeek Inc. on 18 February 2010. Contingent consideration of \$7,268,000 was recognised at fair value on 18 February 2010. Subsequent remeasurement of the contingent consideration to \$7,624,000 at the balance sheet date has resulted in a loss of \$356,000 being recorded in the consolidated income statement. Prior to the revision of the standard, this loss would have been recorded as an adjustment to the goodwill arising on the acquisition. Acquisition-related costs of \$962,000 (year ended 31 December 2010: \$153,000 and year ended 31 December 2009: \$809,000) have been recognised in the consolidated income statement, which previously would have been included in the consideration for the business combination.

2. Segmental reporting

The Directors are of the opinion that under IFRS 8 'Operating Segments', the Group has two business segments: Tissue Based Solutions and Licensing. All revenue and costs are recorded in the income statement under these two segments.

The segment information for the year ended 31 December 2010 is as follows:

Group 2010	Tissue Based Solutions \$'000	Licensing \$'000	Total \$'000
Revenue from external customers	21,291	19	21,310
Adjusted EBITDA	202	(223)	(21)
Gross margin	57%	–	56%
Share option related charge	132	–	132
Depreciation and amortisation	1,022	–	1,022
Exceptional items	920	–	920
Finance income	4	–	4
Finance costs	57	–	57
Income tax charge	32	–	32
Total allocated assets	29,528	–	29,528
Additions to non-current assets (other than financial instruments and deferred tax assets)	7,164	–	7,164

The segment information for the year ended 31 December 2009 is as follows:

Group 2009	Tissue Based Solutions \$'000	Licensing \$'000	Total \$'000
Revenue from external customers	18,706	–	18,706
Adjusted EBITDA	796	(431)	365
Gross margin	60%	–	58%
Share option related charge	86	–	86
Depreciation and amortisation	340	–	340
Exceptional items	1,491	–	1,491
Finance income	48	–	48
Finance costs	49	–	49
Income tax credit	296	–	296
Total allocated assets	21,174	–	21,174
Additions to non-current assets (other than financial instruments and deferred tax assets)	586	–	586

A reconciliation of adjusted EBITDA to loss before tax is provided as follows:

	2010 \$'000	2009 \$'000
Adjusted EBITDA for total segments	(21)	365
Share option related charge	(132)	(86)
Depreciation and amortisation	(1,022)	(340)
Exceptional items	(920)	(1,491)
Finance income/(expense)	54	(375)
Loss before tax	(2,041)	(1,927)

Reportable segments' assets are reconciled to total assets as follows:

	2010 \$'000	2009 \$'000
Segment assets	29,528	21,174
Unallocated:		
Deferred tax asset	4,843	1,129
Total assets	34,371	22,303

There were no revenues during the year ended 31 December 2010 that were derived from a single customer where that customer contributed more than 10% of total revenues (2009: \$3.7 million of revenues from one customer contributing more than 10% of total revenues was attributable to the Tissue Based Solutions segment). The licensing revenue for the year ended 31 December 2010 is \$19,000 (2009: \$nil). The Group continues to invest modestly to maintain certain intellectual property in this segment.

The Group operates across four geographical segments. The UK is the home country of the legal parent.

	Revenue (by destination)		Revenue (by origin)		Net (liabilities)/assets		Capital expenditure	
	2010	2009	2010	2009	2010	2009	2010	2009
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
United Kingdom	1,356	724	3,743	4,061	(815)	1,687	70	401
Rest of Europe	4,906	3,506	–	–	–	–	–	–
North America	12,469	13,700	17,567	14,645	15,974	14,916	305	185
Japan	2,579	776	–	–	–	–	–	–
	21,310	18,706	21,310	18,706	15,159	16,603	375	586

3. Deferred income tax

The analysis of deferred tax assets and deferred tax liabilities is as follows:

	2010	2009	2008
	\$'000	\$'000	\$'000
Deferred tax assets:			
-US deferred tax asset to be recovered after more than 12 months	4,674	1,129	–
-US deferred tax asset to be recovered within 12 months	169	–	–
Total deferred tax asset	4,843	1,129	–
Deferred tax liabilities			
- US deferred tax liability to be recovered within 12 months	(282)	(364)	–
Total deferred tax liability	(282)	(364)	–
Deferred tax assets (net)	4,561	765	–

The gross movement on the deferred income tax account is as follows:

	2010	2009	2008
	\$'000	\$'000	\$'000
At 1 January	765	–	–
US Income statement charge	418	765	–
Arising on acquisition of BioSeek	3,378	–	–
At 31 December	4,561	765	–

The movement in deferred income tax assets and liabilities during the year is as follows:

Deferred tax assets					
	Inventory reserve \$'000	Provision for impairment of receivables \$'000	Accrued income \$'000	BioSeek net operating losses \$'000	Total \$'000
At 31 December 2008	–	–	–	–	–
Credited to the income statement	1,126	3	–	–	1,129
At 31 December 2009	1,126	3	–	–	1,129
Deferred tax asset acquired on acquisition of BioSeek	–	–	–	3,378	3,378
Credited/(charged) to the income statement	462	13	30	(169)	336
At 31 December 2010	1,588	16	30	3,209	4,843

Deferred tax liabilities				
		Insurance proceeds \$'000	Deferred revenue \$'000	Total \$'000
At 31 December 2008		–	–	–
Charged to the income statement		(277)	(87)	(364)
At 31 December 2009		(277)	(87)	(364)
Credited to the income statement		69	13	82
At 31 December 2010		(208)	(74)	(282)

No current tax liability arises on the UK results for each year due to losses incurred. At 31 December 2010, there were UK tax losses available for carry forward in excess of \$54.7 million (2009: \$54.1 million) subject to approval by HM Revenue and Customs. A potential deferred tax asset of up to \$14.8 million (2009: \$15.1 million) based on UK losses available for carry forward at the full Corporation rate (27% as set out in the Finance (No.2) Act 2010) has not been recognised because it is not probable that these assets will be recovered in the foreseeable future.

A number of changes to the UK Corporation Tax System were announced in the June 2010 Budget Statement. The Finance (No. 2) Act 2010 which was substantively enacted on 20 July 2010, includes legislation reducing the main rate of corporation tax from 28% to 27% from 1 April 2011. As no UK deferred tax has been recognised, there is no impact of this change in these financial statements.

In the March 2011 UK Budget Statement, legislation was proposed to reduce the main rate of corporation tax to 26% from 1 April 2011 with further deductions to the main rate proposed to reduce the rate by 1% per annum to 23% by 1 April 2014. The changes had not been substantively enacted at the balance sheet date and, therefore, are not included in these financial statements.

4. Loss per share -

Basic loss per share is calculated by dividing the loss attributable to ordinary shareholders by the weighted average number of 5p Ordinary Shares in issue during the year.

For diluted earnings per share, the weighted average number of Ordinary Shares in issue is adjusted to assume conversion of all potentially dilutive Ordinary Shares. These represent share options granted to employees where the exercise price is less than the average market price of the Company's Ordinary Shares during the year ended 31 December 2010.

Since 31 December 2010, no 5p ordinary shares have been issued (2009: 35,690).

	2010	2009
Loss attributable to owners of the parent (\$'000s)	(2,073)	(1,631)
Weighted average number of shares (000's)	115,792	112,847
Basic loss per Ordinary Share	(1.8)c	(1.4)c
Diluted loss per Ordinary Share	(1.8)c	(1.4)c

In the year ended 31 December 2010, the Group had no potentially dilutive Ordinary Shares in issue because it made a loss for the year.

At the balance sheet date, the contingent consideration due on the acquisition of BioSeek (see Note 5) required part of the consideration to be settled in shares. Based on the revenue recorded by BioSeek in the year ended 31 December 2010, 8.1 million shares were to be issued. As the Group is loss-making for the year ended 31 December 2010, the impact on the loss per share is anti-dilutive and consequently has not been reflected in the calculation of diluted loss per share. As disclosed in Note 6, it is no longer anticipated that any of the contingent consideration will be settled in shares.

5. BioSeek Acquisition

The Group acquired 100% of the share capital of BioSeek, Inc. ("BioSeek") on 18 February 2010. BioSeek is a privately held drug discovery services company that has developed proprietary human primary cell-based, high throughput assay systems (BioMAP[®]) designed to replicate the intricate cell and pathway interactions present in disease. The system helps to predict clinical activities of a potential drug candidate through comparison of assay results to a proprietary database of data profiles for known compounds. The Board of Asterand believe that Asterand and BioSeek are highly complementary businesses, with BioSeek's assay systems extending the range of human tissue-based products and services currently provided by Asterand.

The initial consideration paid by Asterand was a sum of \$1.0 million satisfied by the issue of 2,695,856 New Asterand Shares at \$0.37 (22p) per share - calculated based on the per share closing prices of Ordinary Shares on the London Stock Exchange during the thirty (30) consecutive trading day period ended on 17 November 2009, converted into U.S. dollars at the exchange rate for purchasing U.S. dollars with pound sterling as quoted in the Financial Times on such date.

An additional sum ("Contingent Payment") is payable based on the following criteria:

(a) if the BioSeek 2010 Revenue is less than \$4.0 million, the Contingent Payment will be an amount equal to (A) 0.75 multiplied by BioSeek's 2010 Revenue minus \$1.0 million, which will be payable only in Ordinary Shares;

(b) if the BioSeek 2010 Revenue is equal to or greater than \$4.0 million, the Contingent payment will be an amount equal to (A) \$3.6 million plus (B) the product of 2.5 multiplied by the amount by which the BioSeek 2010 Revenue exceeds \$4.0 million minus \$1.0 million.

Actual BioSeek revenue for the year ended 31 December 2010 was \$6,370,000 resulting in a Contingent Payment of \$8.5 million (total purchase price of \$9.5 million including initial consideration). The Contingent Payment became due in April 2011. As previously announced, the first US \$3 million of this payment was to be satisfied through the issue of 8.1 million Asterand shares, and the remaining \$5.5 million consideration was to be paid in cash. All amounts recorded at the balance sheet date (valued under IFRS 3 (revised)) have been made under this assumption. However, in April 2011 we subsequently agreed with the former BioSeek shareholders that the entire \$8.5 million of contingent consideration will be satisfied with cash - \$2.5 million will be paid in May 2011 and the remaining \$6 million satisfied by the issue of loan notes that mature over the period to December 2013. The Company has also entered into a warrant agreement with the lenders whereby the Lenders will have the right to subscribe for up to 5.2 million new Ordinary Shares at 14.12p per share. This warrant agreement will expire on 30 December 2013, on redemption of the loan. See also Note 6 – post balance sheet events.

IFRS 3 (revised), 'Business combinations' was applied to the acquisition of BioSeek, Inc. on 18 February 2010. Acquisition costs of \$153,000 (2009: \$809,000) have been recognised in the income statement.

The Contingent Consideration is classified as a financial liability under IFRS 3 (revised) and has been re-valued at the period end to \$7,624,000 based on 8,087,568 shares expected to be issued multiplied by the 31 December 2010 Asterand closing share price of 16.75p and the 31 December 2010 spot rate of \$1.55 to the pound sterling, together with a cash payment of \$5,524,000. This has resulted in a loss of \$356,000 being recorded as an exceptional loss within operating expenses in the income statement.

A reconciliation of total consideration as valued in the transaction to the revaluation under IFRS 3 (revised) is as follows.

	Consideration \$'000	Value under IFRS 3 (revised) at 18 February 2010 \$'000	Value under IFRS 3 (revised) at 31 December 2010 \$'000	Exceptional gain/(loss) \$'000
Initial consideration	1,000	722 ⁽¹⁾	722	-
Contingent consideration				
- Shares	3,000	2,168	2,100	68
- Cash - estimate at 18 February 2010	-	5,100	-	
- Cash - final amount due at 31 December 2010	5,524	-	5,524	-
Cash total	5,524	5,100	5,524	(424)
Total Consideration	9,524	7,990	8,346 ⁽²⁾	(356)
Initial consideration		722		
Contingent consideration (before revaluation under IFRS 3 (revised))		7,268		
		7,990		
Fair value of assets acquired (see below)		7,615		
Goodwill		375		

- (1) Calculated based on 2,695,856 shares, the 18 February 2010 Asterand closing share price of 17p and 18 February 2010 spot rate of 1.57 dollars to the GBP.
- (2) Calculated based on total consideration of \$8.3 million including \$1 million initial consideration. The first \$3.0 million of contingent consideration is calculated based on 8,087,568 shares issued multiplied by the 31 December 2010 Asterand closing share price of 16.75p and 31 December 2010 spot rate of 1.55 dollars to the GBP.

The assets and liabilities arising from the acquisition are as follows:

	Carrying Value \$'000	Fair Value \$'000
Cash and cash equivalents	1,573	1,573
Property, plant and equipment (including computer software of \$11,000)	3,190	3,190
Developed technology	-	3,224
Deferred tax asset	-	3,378
Trade and other receivables	316	316
Trade and other payables	(1,509)	(1,509)
-Financial liabilities-finance leases	(14)	(14)
Non-current liabilities		
-Finance lease obligations	(15)	(15)
-Deferred rent	(2,528)	(2,528)
Net assets acquired	1,013	7,615

The goodwill is attributable to the expected synergies from combining the business operations and the assembled workforce. No goodwill is expected to be deductible for tax purposes.

The acquired BioSeek business contributed revenues of \$6,285,000 and net profit of \$1,732,000 to the Group for the period from 18 February 2010 to 31 December 2010. If the acquisition had occurred on 1 January 2010, consolidated revenue and consolidated loss for the twelve months ended 31 December 2010 would have been \$21,394,000 and \$2,790,000, respectively.

The fair value of trade and other receivables is \$316,000 and includes trade receivables with a fair value of \$204,000. The gross contractual amount for trade receivables due is \$204,000; all of which is expected to be collectible.

6. Post balance sheet event

\$8.5 million of contingent consideration became payable in April 2011 to complete the BioSeek acquisition (see also Note 5 – BioSeek Acquisition). As previously announced, the first US \$3 million of this payment was to be satisfied through the issue of 8.1 million Asterand shares and the remaining \$5.5 million consideration was to be paid in cash. We also announced that we secured a term loan and a revolving credit line from Silicon Valley Bank (“SVB”) to fund this payment. However, volatility in trading during March 2011 impaired our ability to draw on the revolving line of credit. The \$3 million term loan remains drawn and intact. Subsequently in April 2011 we agreed with the former BioSeek shareholders that the entire \$8.5 million of contingent consideration will be satisfied with cash - \$2.5 million will be paid in May 2011 and the remaining \$6 million will be satisfied by the issue of loan notes that mature over the period to December 2013. The Company has also entered into a warrant agreement with the lenders whereby the Lenders will have the right to subscribe for up to 5.2 million new Ordinary Shares at 14.12p per share. This warrant agreement will expire on 30 December 2013, on redemption of the loan

Notice of Annual General Meeting

- Asterand Plc will hold its Annual General Meeting at the offices of Buchanan Communications, 107 Cheapside, London, EC2V 6DN on Wednesday 8 June 2011 at 10:00 am.

The following documents have been sent to shareholders today:

- Annual Report and Accounts 2010
- Notice of 2011 Annual General Meeting ('AGM')
- Form of Proxy

In accordance with Listing Rule 9.6.1 Asterand Plc has submitted two copies each of the above documents to the UK Listing Authority ('UKLA') and these documents will shortly be available for inspection at the UKLA's Document Viewing Facility, which is situated at:

Financial Services Authority
25 The North Colonnade
Canary Wharf
London
E14 5HS
Tel: (0) 20 7066 1000.

Copies of the Annual Report and Accounts 2010 and Notice of AGM, which includes a summary of proposed changes to the Articles of Association, will be available on the Company's website at www.asterand.com on 28 April 2011.

Copies of the new Articles of Association, showing the amendments to be proposed at the AGM, will be forwarded to the UKLA and the FSA in accordance with DTR 6.1.2.

For further information contact:

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