

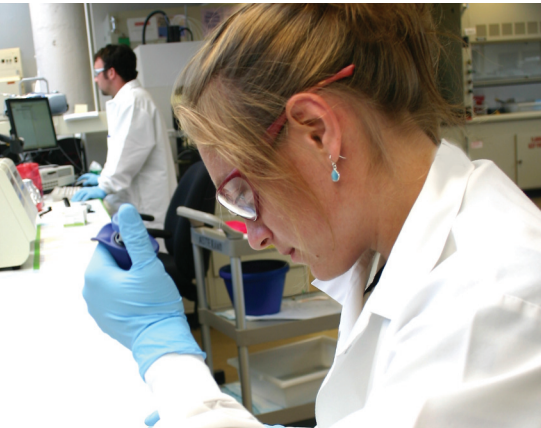


Asterand[®]

Partners in Human Tissue Research

Asterand plc

Interim Results for the Period Ended 30 June 2008



Asterand plc (“Asterand” or the “Group” - LSE: ATD), a leading supplier of human tissue samples and drug discovery services to the pharmaceutical industry, today announces the Group’s unaudited financial results for the six months ended 30 June 2008.

Highlights

- Revenue £5.1 million (2007: £3.6 million), an increase of 43%.
- Operating expenses £2.7 million (2007: £2.5 million) an increase of 9% due to increased expenditures to accommodate revenue growth.
- Loss for the period of £0.06 million, a 94% improvement over 2007 (£1 million loss).
- EBITDA positive £0.08 million as compared to £0.8 million loss in 2007.
- Gross margin improvement to 51% (2007: 39%).
- Cash resources at 30 June 2008 of £1.6 million (31 December 2007: £2.2 million).
- Appointment of four new non-executive directors to broaden the collective industry experience of the Board.
- As announced separately today, Allergan, Inc. will pay Asterand an upfront Technology Access Fee of \$6.25 million. In addition, Asterand can receive success-based development and sales milestone payments that could total up to \$56.0 million, plus royalties.

Martyn Coombs, CEO of Asterand plc said

“On 6 June 2007, we announced our intentions to enhance the Group’s selling model, improve the logistics of tissue supply operations, restructure the Group’s UK operations, and strengthen the management team. These initiatives are clearly beginning to show positive results. Our solid revenue growth of 43% has been driven by strong demand for our products and services from the drug discovery market. Our revitalised commercial team is leveraging this increasing demand by broadening our relationships with large pharmaceutical and biotech companies in order to become more of an integrated partner in the early stages of the drug discovery process. At the same time, gross margins have improved to 51% (2007: 39%) as a result of our restructuring efforts. Overall expenses continue to be controlled, resulting in essentially breakeven results for the period as compared to a £1 million loss in 2007.”

“As announced separately today, we are delighted to have reached this agreement with Allergan. Clearly this is a very significant financial deal for Asterand. We are happy that Allergan has decided to carry our prostaglandin program forward after evaluating it under an exclusive material transfer agreement. Allergan has the expertise, reputation and resources to potentially turn these compounds into effective treatments for diseases of the eye, especially glaucoma.”

“We believe the Group is well on its way to achieving its key objective of sustained revenue growth and profitability. At the moment, the world is facing difficult economic conditions, and possibly recession. We believe that we are recession resistant, and in fact the market drivers for our products and services are increasing.”

Chairman's Statement

Business Overview

Asterand has demonstrated marked success in reaching its strategic objectives in the first six months of 2008. Total revenue for the period grew 43% to £5.1 million (2007: £3.6 million). This dramatic growth was driven by increased market penetration as the commercial team made significant advancements in becoming a single source solution for the Group's global pharmaceutical and biotech clients. The company also expanded its international presence with the appointment of Eolas Biosciences Ltd. to represent its products and services in Japan.

As a result of strong revenue growth and continued improvements in operating efficiencies, the Group reduced its net loss for the period to £0.06 million, an improvement of 94% over 2007 (2007: £0.8 million loss). When reviewed on an EBITDA basis, the Group reached a positive £0.08 million as compared to £0.8 million loss in 2007.

Operating expenses for this period were £2.7 million (2007: £2.5 million). The increase was primarily due to additional expenditures related to resources required to meet significantly higher revenue as compared to the same period in 2007. Likewise, biobank inventory increased to a valuation of £3.1 million at 30 June 2008 (31 December 2007: £2.8 million) as the Group prepared to meet increased demand for these materials in the coming months. Gross margins for the first half of 2008 improved to 51% (2007: 39%).

The Group's cash position remains strong. At 30 June 2008 it had cash resources of £1.6 million (31 December 2007: £2.2 million), no long-term debt and an untapped £2 million working capital facility available from Silicon Valley Bank. On 1 August, 2008, the Group took advantage of this credit line by drawing £750,000. The newly announced license deal with Allergan, Inc. will result in a cash payment of \$6.25 million in the second half of the year, thus giving the Group a healthy amount of working capital and allowing flexibility to expand its core business.

In addition, Asterand continued the implementation of its strategic plan to enlarge its supply network. During the first half of 2008, the Group expanded its international procurement group with the addition of five new procurement collaborations. This expansion is part of the Group's ongoing efforts to globally diversify its supply base to improve the proximity of tissue supply to our customers and reduce the Group's vulnerability to regional supply disturbances.

Asterand expanded its efforts to capitalise on its heritage of drug development in 2008. Through its predecessor company Pharmagene, the Group maintains a collection of drug compounds available for out licensing. Licensing agreements for these compounds, if realised, hold the potential to supply some degree of upside revenue in the future whilst minimising the outlay of resources and distraction from our core strategy. The new license agreement with Allergan, Inc. builds on our successful relationship with BTG plc whose compound for the treatment of migraines, licensed from Asterand, entered clinical development in January 2008.

Asterand plc Interim Results for the Period Ended 30 June 2008

The principal risks and uncertainties faced by the Group have not changed from 2007. In summary these risks include maintaining sufficient tissue supply, financial and liquidity risk, reliance on key customers, competition, potential for government regulation, foreign exchange risk, reliance on key personnel, and risks associated with handling tissue. A more detailed explanation of these risks can be found on page 23 to 24 of the 2007 Annual Report and Financial Statements.

During 2008, we undertook a strategy to broaden the collective experience of the Board in line with our overall objectives of achieving sustained profitability and future growth. As part of this strategy, Peter Coggins, former President of Perkin Elmer Life and Analytical Sciences, Jill Force, former EVP and General Counsel of Life-Care, Ian Ratcliffe, President and CEO of Stemgent and Robert Salisbury, former CFO of Pharmacia & Upjohn were all appointed Non-Executive Directors. We believe that the proven track record of these individuals within their respective business sectors will prove to be an asset to Asterand as we continue to expand and grow in the future.

In addition, the Group appointed Daniel Stewart & Company plc as its Broker in April 2008. They have a breadth of experience in working with emerging high growth companies such as Asterand. We believe their guidance will be instrumental in improving our visibility to shareholders and advancing the Company's market position.

Outlook

The Group is well on its way to achieving its objective of sustained profitability given that it has exhibited strong sales growth and improved operating efficiencies. The management team continues to focus its efforts on expanding business, continuous improvement of operating efficiencies and matching supply with growing demand for tissue related products and services.

Jack Davis
Chairman, Asterand plc

Consolidated Income Statement

for the six months ended 30 June 2008

	Note	Six months ended 30 June 2008 Unaudited £'000	Six months ended 30 June 2007 Restated Unaudited £'000	Twelve months ended 31 Dec 2007 Audited £'000
Revenue	4	5,122	3,571	7,608
Cost of sales		(2,501)	(2,175)	(4,112)
Gross Profit		2,621	1,396	3,496
Research and development costs		(273)	(134)	(659)
Selling and distribution costs		(831)	(750)	(1,676)
General and administrative expenses				
- Normal operations		(1,589)	(1,488)	(2,664)
- Exceptional items (bid, restructuring and severance costs)		-	(93)	(570)
- Total general and administrative expenses		(1,589)	(1,581)	(3,234)
Total operating expenses		(2,693)	(2,465)	(5,569)
Operating loss		(72)	(1,069)	(2,073)
Interest receivable		33	109	169
Interest payable and similar charges		(14)	(10)	(19)
Loss before taxation		(53)	(970)	(1,923)
Taxation		(8)	(1)	(24)
Loss for the financial period		(61)	(971)	(1,947)
Loss per 5p ordinary share				
Basic and diluted	5	(0.06)p	(0.94)p	(1.83)p

The results arise from continuing operations.

Asterand plc Interim Results for the Period Ended 30 June 2008

Non-IFRS Measure

Earnings before interest, taxes, depreciation and amortisation (“EBITDA”) – and excluding exceptional items and share option related charges / (credits) for the six months ended 30 June 2008

	Six months ended 30 June 2008	Six months ended 30 June 2007 Restated	Twelve months ended 31 Dec 2007
	Unaudited £'000	Unaudited £'000	Audited £'000
Operating loss	(72)	(1,069)	(2,073)
Exceptional items (bid, restructuring and severance costs)	-	93	570
Share options related charge/(credit)	28	(31)	(108)
Depreciation and amortisation	123	215	397
EBITDA	79	(792)	(1,214)

Consolidated Statement of Recognised Income & Expense for the six months ended 30 June 2008

	Note	Six months ended 30 June 2008	Six months ended 30 June 2007 Restated	Twelve months ended 31 Dec 2007
		Unaudited £'000	Unaudited £'000	Audited £'000
Exchange translation differences on consolidation recognised directly in equity		16	(140)	(117)
Loss for the financial period		(61)	(971)	(1,947)
Total recognised expense in the period		(45)	(1,111)	(2,064)

Consolidated Balance Sheet

as at 30 June 2008

	Note	30 June 2008 Unaudited £'000	30 June 2007 Restated Unaudited £'000	31 Dec 2007 Audited £'000
Assets				
Non-current assets				
Intangible assets		678	674	672
Property, plant and equipment		430	520	462
		1,108	1,194	1,134
Current assets				
Biobank inventory		3,121	2,621	2,821
Trade and other receivables		2,371	1,627	2,600
Cash and cash equivalents		1,613	3,746	2,199
		7,105	7,994	7,620
Liabilities				
Current liabilities				
Trade and other payables		(2,296)	(2,142)	(2,800)
Financial liabilities				
- Financial liabilities – finance leases		(1)	(3)	(2)
- Financial liabilities – current portion of long-term debt		-	(97)	(56)
		(2,297)	(2,242)	(2,858)
Net current assets		4,808	5,752	4,762
Net Assets		5,916	6,946	5,896
Shareholders' equity				
Ordinary shares		5,544	5,505	5,502
Shares to be issued		7	-	15
Share premium		52,630	52,627	52,627
Reverse acquisition reserve		(41,916)	(41,916)	(41,916)
Other reserves		3,083	3,083	3,083
Profit and Loss Account		(13,432)	(12,353)	(13,415)
Total equity		5,916	6,946	5,896

Consolidated Cash Flow Statement
for the six months ended 30 June 2008

	Six months ended 30 June 2008	Six months ended 30 June 2007 Restated	Twelve months ended 31 Dec 2007
	Unaudited £'000	Unaudited £'000	Audited £'000
Cash flows from operations			
Cash used by operations	(508)	(1,541)	(2,978)
Interest element of finance lease rental payments	(14)	(10)	(19)
Receipt of research and development tax credit	12	586	586
Tax paid	(8)	(1)	(36)
Net cash used by operations	(518)	(966)	(2,447)
Cash flows from investing activities			
Interest received	33	109	169
Proceeds from disposal of tangible assets	-	-	10
Purchase of property, plant and equipment	(84)	(25)	(149)
Expenditure on intangible assets	(13)	(68)	(75)
Net cash generated / (used) in investing activities	(64)	16	(45)
Cash flows from financing activities			
Proceeds from exercise of share options	23	-	-
Proceeds from issue of ordinary share capital	7	13	12
Proceeds from ordinary share capital to be issued	7	-	15
Proceeds from long term debt financing	-	(89)	-
Repayment of current debt	(56)	-	-
Debt and finance lease principal payments	(1)	(3)	(134)
Net cash generated / (used) from financing	(20)	(79)	(107)
Net (decrease) / increase in cash and cash equivalents	(602)	(1,029)	(2,599)
Cash and cash equivalents at beginning of period	2,199	4,908	4,908
Effects of exchange rate changes	16	(133)	(110)
Cash and cash equivalents at end of period	1,613	3,746	2,199

Reconciliation of consolidated operating loss to net cash used by operations

	Six months ended 30 June 2008	Six months ended 30 June 2007 Restated	Twelve months ended 31 Dec 2007
	Unaudited £'000	Unaudited £'000	Audited £'000
Operating loss	(72)	(1,069)	(2,073)
Depreciation charge (net of profit/(loss) on disposals)	116	211	383
Amortisation charge	7	4	14
Share option compensation charge/(credit)	28	(31)	(108)
(Increase) in biobank inventory	(300)	(7)	(208)
Decrease in trade and other receivables	217	521	(440)
(Decrease) in trade and other payables	(504)	(1,170)	(546)
Cash used by operations	(508)	(1,541)	(2,978)

Notes to the interim results for the six months ended 30 June 2008

1. General information

The Company is a public limited company incorporated and domiciled in the UK. The address of its registered office is: 2A Orchard Road, Royston, Herts, SG8 5HD. The Company is listed on the London Stock Exchange.

This condensed consolidated interim information was approved for issue on 27 August 2008.

This condensed consolidated interim financial information does not comprise statutory accounts within the meaning of section 240 of the Companies Act 1985. Statutory accounts for the year ended 31 December 2007 were approved by the Board on 3 April 2008 and delivered to the Registrar of Companies. The report of the auditors on those accounts was unqualified, did not contain an emphasis of matter paragraph and did not contain any statement under section 237 of the Companies Act 1985.

This condensed consolidated interim financial information has been reviewed, not audited.

2. Basis of preparation

This condensed consolidated interim financial information for the six months ended 30 June 2008 has been prepared in accordance with the Disclosure and Transparency Rules of the Financial Services Authority and with IAS 34, 'Interim financial reporting' as adopted by the European Union. The condensed consolidated interim financial information should be read in conjunction with the annual financial statements for the year ended 31 December 2007, which have been prepared in accordance with IFRSs as adopted by the European Union.

3. Accounting policies

The accounting policies applied are consistent with those of the annual financial statements for the year ended 31 December 2007, as described in those annual financial statements.

The six months ended 30 June 2007 have been restated to reflect adjusted biobank inventory values as described on page 36 of the Annual Report for 31 December 2007. The 30 June 2007 biobank inventory carrying value was reduced by £813,000 and cost of goods sold for the six months ended 30 June 2007 increased by £128,000 as compared to the Interim Results for the Period Ended 30 June 2007.

Taxes on income in the interim periods are accrued using the tax rate that would be applicable to expected total annual earnings.

The following new standards, amendments to standards or interpretations are mandatory for the first time for the financial year beginning 1 January 2008, but are not currently relevant for the group:

- IFRIC 12, 'Service concession arrangements'
- IFRIC 14, 'IAS 19 – the limit on a defined benefit asset, minimum funding requirements and their interaction'.

4. Segmental reporting

The Group operates only one business segment relating to the provision of products and services based on the use of human tissue. All revenue and costs are recorded in the income statement under this segment.

The Group operates across four geographical segments. The UK is the home country of the legal parent. The sales analysis in the table below is based on the location of the customer.

	Revenue			Net Assets / (Liabilities)			Capital Expenditures		
	Six months ended 30 June 2008	Six months ended 30 June 2007	12 months ended 31 Dec 2007	Six months ended 30 June 2008	Six months ended 30 June 2007	12 months ended 31 Dec 2007	Six months ended 30 June 2008	Six months ended 30 June 2007	12 months ended 31 Dec 2007
	Unaudited £'000	Restated Unaudited £'000	Audited £'000	Unaudited £'000	Restated Unaudited £'000	Audited £'000	Unaudited £'000	Restated Unaudited £'000	Audited £'000
U.K	228	313	675	650	3,155	1,716	36	72	179
Rest of Europe	646	264	550	-	-	-	-	-	-
North America	4,096	2,885	6,185	5,266	3,791	4,180	61	21	45
Japan	152	109	198	-	-	-	-	-	-
	5,122	3,571	7,608	5,916	6,946	5,896	97	93	224

5. Loss per share

Basic and diluted loss per share is calculated by dividing the loss attributable to 5p ordinary shareholders by the weighted average number of 5p ordinary shares outstanding during the period. Potential ordinary shares are not treated as dilutive as their conversion to ordinary shares does not increase the net loss per share from continuing operations.

Reconciliations of the loss and weighted average number of shares used in the calculations are set out below:

Basic and diluted loss per share	Six months ended 30 June 2008 Unaudited	Six months ended 30 June 2007 Restated Unaudited	Twelve months ended 31 Dec 2007 Audited
Loss attributable to ordinary shareholders (£'000's)	(61)	(971)	(1,947)
Weighted average number of shares (000's)	109,611	103,408	106,159
Loss per share	(0.06)p	(0.94)p	(1.83)p

6. Dividends

No dividends have been paid or proposed for the period ended 30 June 2008 (30 June 2007: £nil).

Statement of Directors' Responsibilities

The directors confirm that this condensed consolidated interim financial information has been prepared in accordance with IAS 34 as adopted by the European Union and that the interim management report includes a fair review of the information required by DTR 4.2.7 and DTR 4.2.8, namely:

- an indication of important events that have occurred during the first six months and their impact on the condensed set of financial statements, and as a description of the principal risks and uncertainties for the remaining six months of the financial year; and
- material related-party transactions in the first six months and any material changes in the related-party transactions described in the last annual report.

The directors of Asterand plc are listed in the Asterand plc Annual Report for 31 December 2007, with the exception of the following changes since the signing of the Annual Report: J Culinane Jr resigned on 17 June 2008; M Sook resigned on 17 June 2008; P Coggins was appointed 3 April 2008; J Force was appointed on 17 June 2008; I Ratcliffe was appointed on 15 May 2008 and R Salisbury was appointed on 17 June 2008.

A list of directors is maintained on the Asterand plc website: www.asterand.com.

By order of the Board

Martyn Coombs
Chief Executive Officer

27 August 2008

Independent Review Report to Asterand plc

Introduction

We have been engaged by the company to review the condensed set of financial statements in the half-yearly financial report for the six months ended 30 June 2008, which comprises the consolidated income statement, the consolidated statement of recognised income and expense, the consolidated balance sheet, the consolidated cash flow statement and related notes. We have read the other information contained in the half-yearly financial report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

Directors' responsibilities

The half-yearly financial report is the responsibility of, and has been approved by, the directors. The directors are responsible for preparing the half-yearly financial report in accordance with the Disclosure and Transparency Rules of the United Kingdom's Financial Services Authority.

As disclosed in note 2, the annual financial statements of the group are prepared in accordance with IFRSs as adopted by the European Union. The condensed set of financial statements included in this half-yearly financial report has been prepared in accordance with International Accounting Standard 34, "Interim Financial Reporting", as adopted by the European Union

Our responsibility

Our responsibility is to express to the company a conclusion on the condensed set of financial statements in the half-yearly financial report based on our review. This report, including the conclusion, has been prepared for and only for the company for the purpose of the Disclosure and Transparency Rules of the Financial Services Authority and for no other purpose. We do not, in producing this report, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Scope of review

We conducted our review in accordance with International Standard on Review Engagements (UK and Ireland) 2410, 'Review of Interim Financial Information Performed by the Independent Auditor of the Entity' issued by the Auditing Practices Board for use in the United Kingdom. A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK and Ireland) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the half-yearly financial report for the six months ended 30 June 2008 is not prepared, in all material respects, in accordance with International Accounting Standard 34 as adopted by the European Union and the Disclosure and Transparency Rules of the United Kingdom's Financial Services Authority.

PricewaterhouseCoopers LLP
Chartered Accountants
Cambridge

27 August 2008

Notes:

- (a) The maintenance and integrity of the Asterand plc website is the responsibility of the directors; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the website.
- (b) Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.



Asterand[®]

Partners in Human Tissue Research

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