



Asterand[®]

Partners in Human Tissue Research

Building a Foundation for Future Growth

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Disclaimer

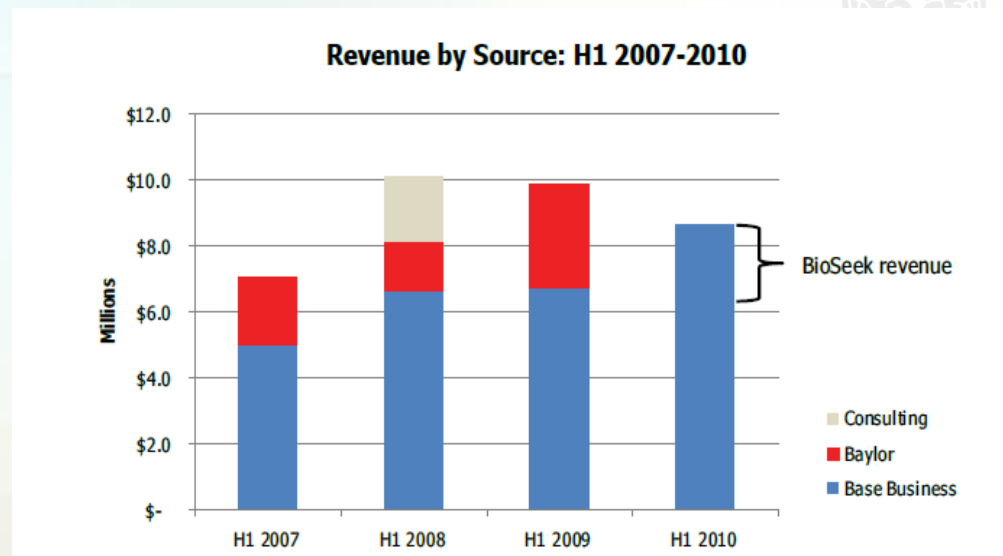
Forward-looking statement

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.

Neither the Company nor any of its subsidiaries undertake any obligation to publicly update or revise any forward-looking statement as a result of new information, future events or other information. In light of these risks, results could differ materially from those stated, implied or inferred from the forward-looking statements contained in this Announcement. Furthermore, historical results may not be indicative of the Company's future performance.

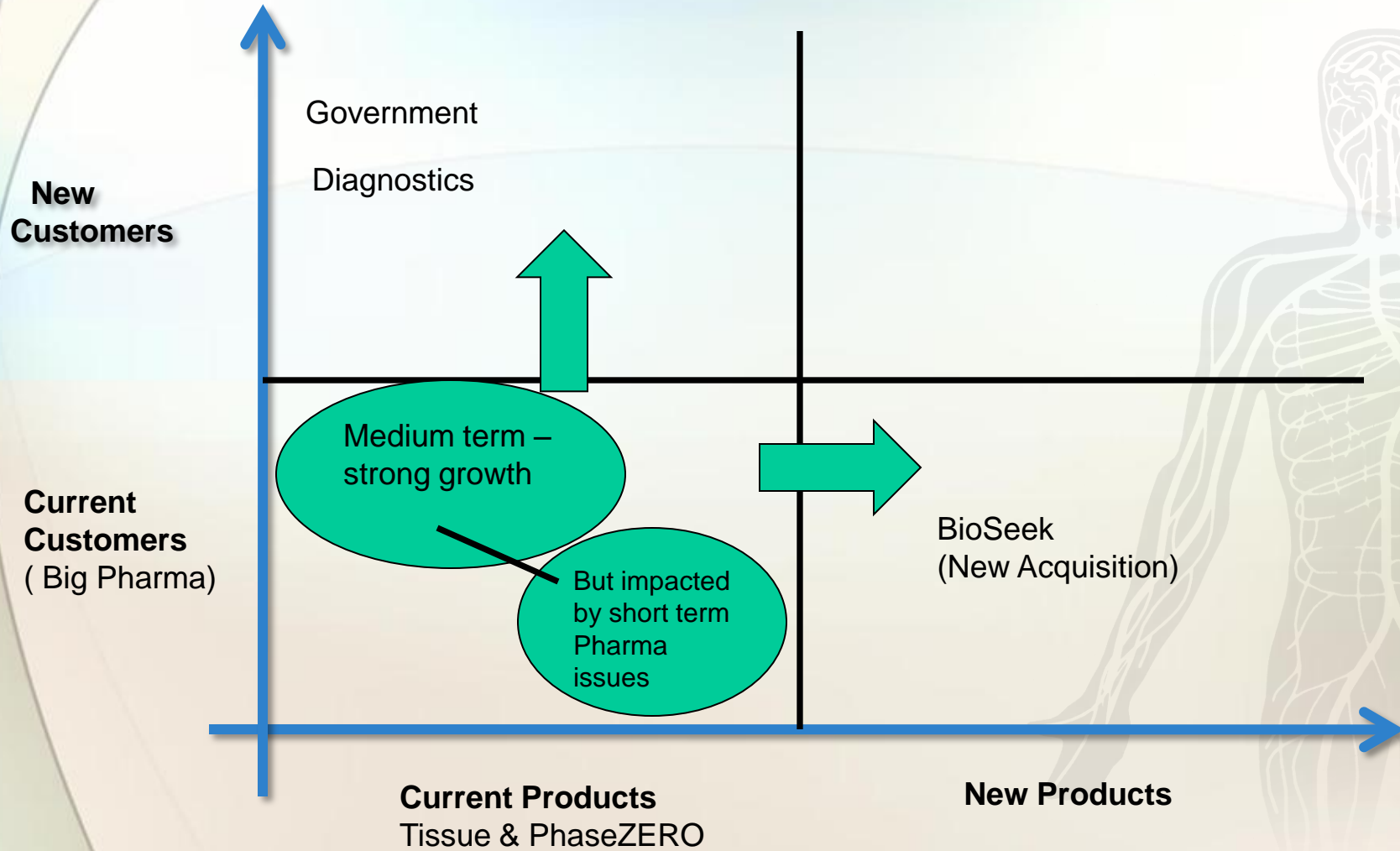
Financial Performance

- Interims released on 26th August, 2010
 - Revenue \$8.7m, EBITDA (\$1.4) m
 - Cash as at end of June was \$3.9m
 - In line with market expectations



- We reduced our cost base by \$300k per month in July 2010.
- We have a line of credit with SVB for \$5m – not drawn on this / no immediate intention of using this.

Growth Plan





10 IDEAS THAT ARE CHANGING THE WORLD

TIME MAGAZINE
MARCH 23rd 2009 ISSUE



- Safe Deposits**
Inside Huntsman Cancer Institute's vaults:
1 Freezers full of tissue
2 A cryotube of blood from a cancer patient. 3.7
4 Pancreatic tumors on ice
4 Liquid nitrogen storage
5 Tissues embedded in paraffin 6 A -140°C long-term freezer

and storing tissue samples for decades. Imagine the power of those thousands of samples worth 100,000 or even millions of times larger, over not just cancer but any disease, ranging from brain disorders like Alzheimer's to metabolic conditions like diabetes. With enough tissue samples from both affected and unaffected people, researchers can pick out gene profiles that haunt the DNA of those who get sick, then start to screen and treat these individuals and

#8
Biobanks

BY ALICE PARK



NOW THAT MAJOR BANKS IN THE U.S. ARE getting by on a government bailout, the idea of creating yet another repository to safeguard your most valuable assets might seem downright ludicrous. And even irresponsible. But that's exactly what some federal officials are hoping to do. Relax—it's not your money they're after. It's your blood. Folks at the National Cancer Institute (NCI) are heading up an effort to establish the U.S.'s first national biobank—a safe house for tissue samples, tumor cells, DNA and, yes, even blood—that would be used for research into new treatments for diseases. Think of it as an organic bank account. You put your biomaterial in and earn medical interest in the form of knowledge and therapies that grow out of that deposit—no monetary reward, just the potential that you might benefit from the accumulated data at some later date. (Sorry, no shiny new toaster to inspire you to open up such an account either—just an appeal to the greater medical

good.) Britain, Canada, Norway and Sweden have already begun building up their national biobanks. And the residents of Iceland, though the country is bankrupt, still have their biological assets tucked safely away; more than 60% of adults in the island nation have donated DNA to deCODE Genetics, the company that runs the bank. The U.S. effort currently lies in the NCI's Office of Biorepositories and Biospecimen Research (OBBR). By fall, the group hopes to have mapped out a plan for a national biobank; the recent stimulus showered on the government by the Obama Administration might even accelerate that timetable. Why the NCI? Cancer, it turns out, is a smart place to start with a biobank. Already, dozens of genes have been linked to cancers—BRCA 1 and 2, which are behind 5% to 10% of breast cancers—and gene proteins like prostate-specific antigen, which signals a potentially abnormally growing prostate gland. Many cancer hospitals have been collecting

others like them more aggressively. "Biobanks will transform the way we see disease developing," says Dr. Carolyn Compton, director of the OBBR. It will certainly change what you leave behind each time you visit the doctor. The key to a powerful national biobank is high-quality specimens from as wide a swath of the country's population as possible. And both doctors and patients are beginning to warm to the idea of collecting DNA and tissue samples as a part of routine examinations. The challenge, of course, is to maintain the privacy of account holders and ensure that access is limited to medical personnel and those who have the individual's consent. Coding each specimen and setting up layers of password-protected data sets might be one way to accomplish this. Sounds easy, but will it work? That all depends on how comfortable people can get with sharing their DNA. "Having all of your DNA out there where organizations or governmental institutions have access to it makes people nervous," says Dr. Randall Burt of Huntsman Cancer Institute in Utah. The medical incentives are certainly great—scientists are convinced that only by mining the riches of the human genome will we uncover the next generation of treatments for disease. And maybe those toasters couldn't hurt either.

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)

What we do and our Target Market

- Pharmaceutical companies increasingly use well characterised human tissue, and the 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 is 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.

Asterand – our Company

- Human tissue research heritage
 - 2006 merger : Asterand Inc + Pharmagene plc → Asterand plc
 - 2010 acquisition : Asterand plc + BioSeek LLC
- Global operation with offices and laboratories in the US and the UK:
 - 100 employees. Scientists with years of experience in human tissue based research.
 - Tissue products business in Michigan; Services businesses in UK and now in South San Francisco
 - Substantial network of active tissue supply sites (e.g. hospitals) → now have over 100.
 - Extensive sales network covering US, Europe and Japan.
- On LSE (main list)



Market drivers

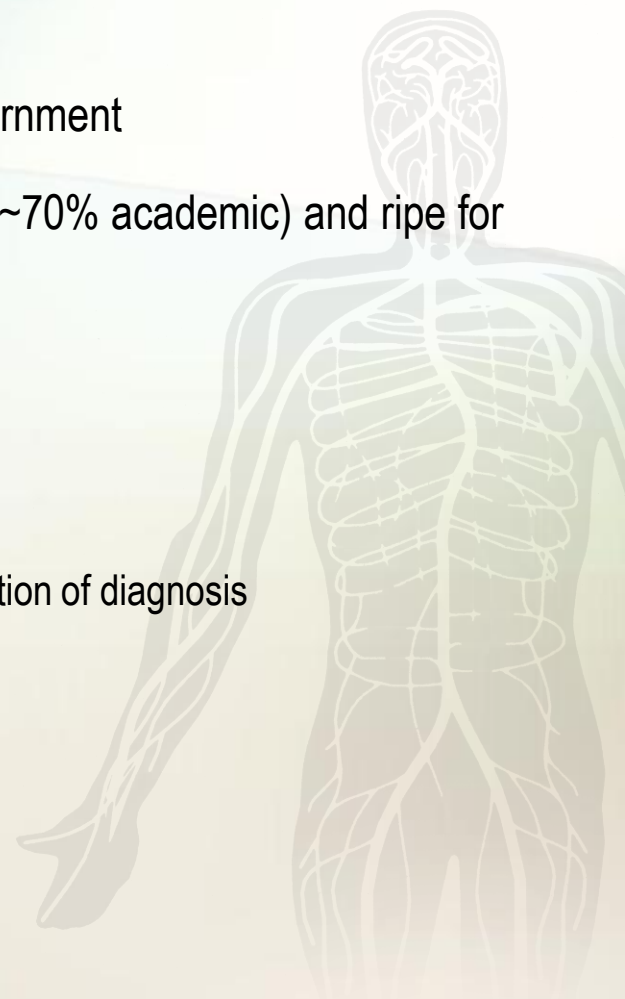
- Failure during clinical trials remains a significant, persistent problem – currently >90%
- Pharmaceutical companies increasing focus on productivity - “fail early, fail cheap”, increase outsourcing
- Increasing appreciation of the importance of human-tissue based data – results from animals only a partial guide to responses in humans
- Biomarkers, personalised medicine driving further demand for human tissue
- The market could grow more quickly with better supply:

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.

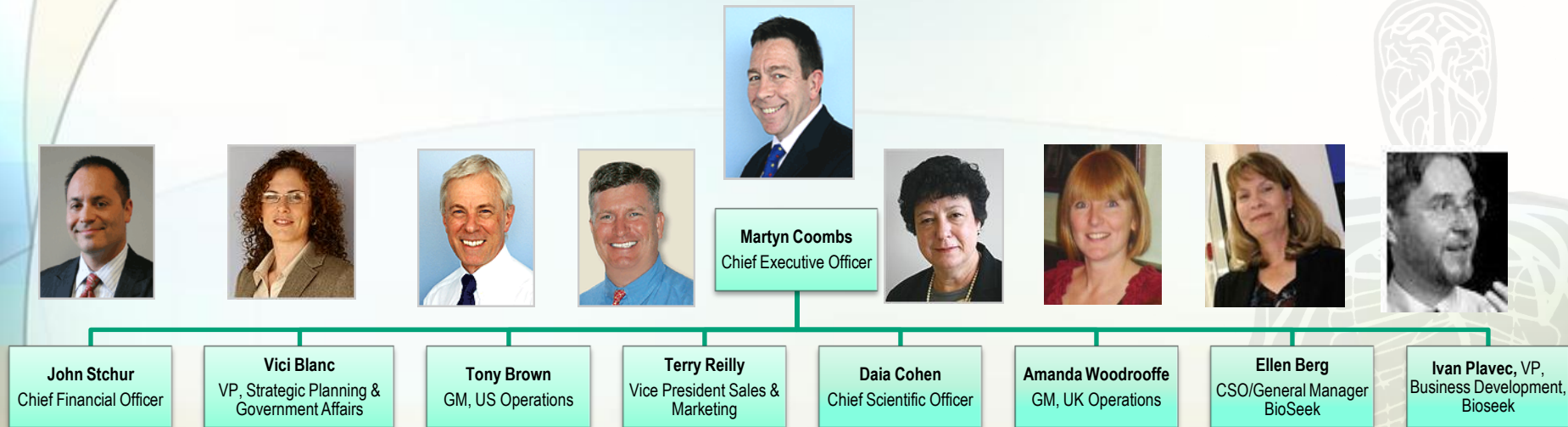
Human tissue supply market – ripe for consolidation

- Market size ~\$700m, 20-30% growth ¹
- Customers: pharma/bio (majority), diagnostics, academia and government
- Market currently very fragmented (~30% via commercial biobanks, ~70% academic) and ripe for consolidation
- Market trending towards better quality:
 - Customer needs more exacting, issues with current methods
- Quality is Asterand's strength
 - Standardised protocols, RNA quality, tight QC/QA, pathology confirmation of diagnosis
 - Comprehensive clinical information
 - Leadership in ethics, consent, regulatory approval
- ***Asterand therefore well placed to benefit***

¹Back Bay Strategies



Organization Chart October 2010



Anticipated Asterand's Two Top Customers in 2011...

1) NCI, 2) EPA

Organization	Base	Total contract value
Asterand	\$ 5,360,978	\$ 24,302,304
International Genomics Consortium	\$ 5,490,240	\$ 21,360,880
Washington University	\$ 2,725,275	\$ 13,626,375
Pittsburgh University	\$ 3,001,400	\$ 10,961,777
Analytical Biological Services	\$ 2,312,715	\$ 9,265,109
Cleveland Clinic Foundation	\$ 1,627,009	\$ 5,717,366
Case Western University	\$ 715,438	\$ 2,502,392

TCGA Contract, signed 24th Sept 2010

(Also, also very positive further discussions with the US Government / NCI re other possibilities)

Contract with the Environmental Protection Agency (EPA)



....Very Encouraging

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: Earn out based on revenue in 2010

Payable in April 2011

\$1m in stock already paid (22p), next \$3m in stock (at 22p) ; remaining amount (estimate \$4m - \$5m), Asterand can choose to pay in stock (Dec 10) or cash – We may well choose to pay in cash (loan)

- De-Risked
- Anticipate that BioSeek will increasingly contribute to earnings in 2011 and after

- **Integration is going well**

- **Sales – 5 recent announcements**

- Ono / Eisai / EPA / Amylin / Cellzome
- First two are examples of new breed of contracts

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

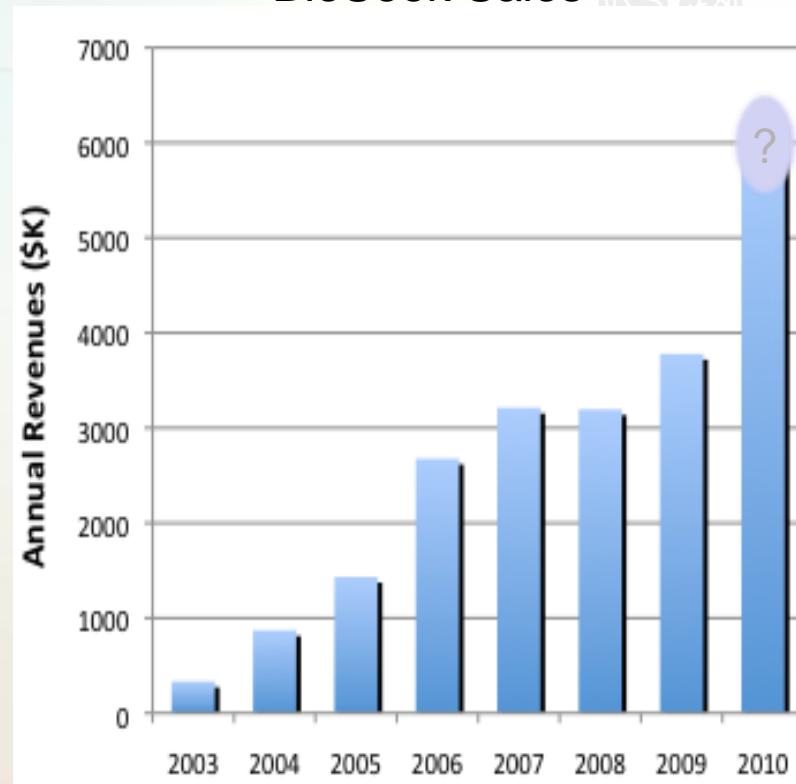
BioSeek 3 year plan

- Very good product that people want +
Barriers to entry
- Only scratched the surface of sales
opportunity...also possible to get big deals,
with upside
- High proportion of costs are fixed – can
leverage and scalable
- Inflammation based, whereas Asterand
distribution (i.e. sales) strength is in
oncology

Obvious Strategy:

- Invest in selling model (aim to put more
revenue through fixed costs)
- Extend product to oncology

BioSeek Sales



1. Medium Term: Growing trend away from animal models and toward human models, a market that is trending towards quality

- Establish Scientific Leadership

2. Selling Model:

- Have now diversified customer base (E.g. to diagnostics companies) – well positioned for when big pharma returns
- Build business within government/academia
- Sell at more senior level

Establish “embedded platform” contracts where Asterand paid fee for service, plus additional upside through milestone payments if compounds progress

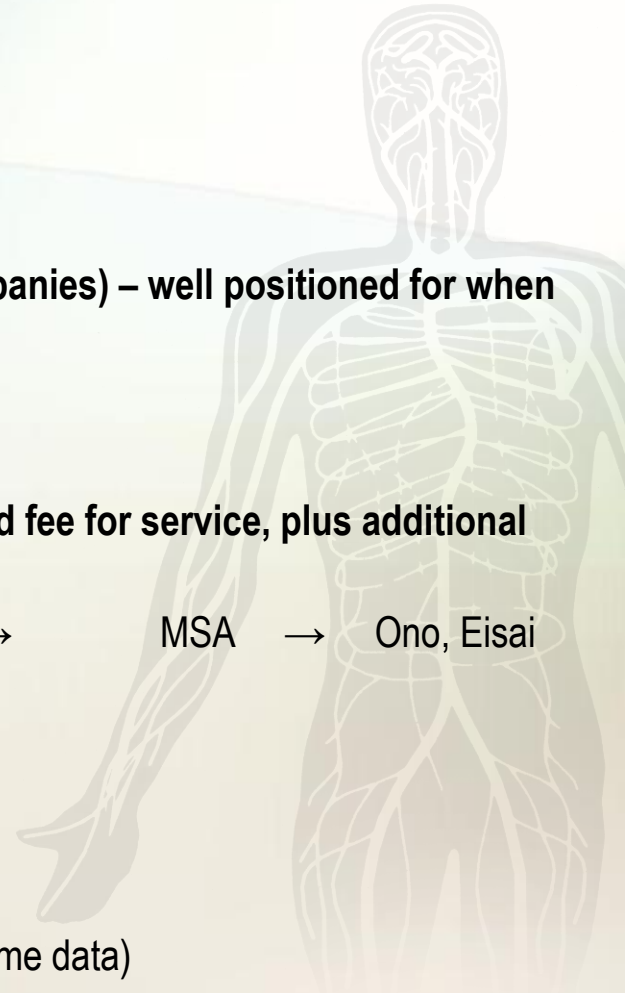
Per sample → Large order → Preferred contract → MSA → Ono, Eisai

3. Focus on Innovation:

- BioSeek – extend platform
- Human Tissue - Offer credible “one-stop-shop” to pharma

Best first pass availability / Enhance follow up / longitudinal / outcome data)

4. Buy and Build - consolidate when prudent



Proposition For Investors Over The Medium Term

Low risk for new shareholders: 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*