Asterand plc ("Asterand" or the "Group" – LSE: ATD), a leading supplier of human tissue based solutions to pharmaceutical and biotechnology companies engaged in drug discovery research, today announces the Group's unaudited financial results for the six months ended 30 June 2009.

Highlights

- Revenue up 28% to £6.6 million (H1 2008: £5.1 million)
  (Flat at constant exchange rates).
  An increase of 58% excluding revenue of £984,000 relating to a US Department of Defense contract which was completed in December 2008 (23% at constant exchange rates).

- Operating expenses of £3.5 million (H1 2008: £2.7 million)
  An increase of 30% (6% at constant exchange rates)
  Includes additional investment to: expand the Group's global supply network; capture value from the Group's licensing opportunities and develop a biorepository consulting product offering.

- Profit for the period of £0.08 million (H1 2008: £0.06 million loss)

- EBITDA positive £0.4 million (H1 2008: £0.08 million)

- Gross margin improvement to 58% (H1 2008: 51%)

- Cash resources at 30 June 2009 of £5.8 million (31 December 2008: £6.9 million). No long term debt. $5 million additional working capital facility available from Silicon Valley Bank.

- Signed collaboration agreements with BioWisdom and Abcam to expand the PhaseZERO® drug discovery platform into new markets.

- BTG announced that the migraine compound licensed from Asterand is progressing well in clinical development.
  BTG licensed BGC20-1531 from Asterand in January 2006, completed preclinical development and entered the first Phase I trial in January 2008. BTG announced the compound is scheduled to enter Phase IIa studies in H2 2009.

Martyn Coombs, CEO of Asterand plc said:

"These are strong results. We achieved revenue in the first half of £6.6 million – an increase of £1.5 million over last year, in fact an increase of £2.5 million if we exclude our one-off project last year with the US Government. These results, during global economic retraction, speak to the value our customers place on the use of human tissue solutions for advancing their drug discovery goals. In addition, our gross margins have improved to 58%. We have also been able to invest in our future whilst increasing EBITDA profits to £0.4 million."

"We believe the strategy we put in place in the second half of 2007 has placed the Group on a solid path to sustained growth and profitability. Demand for our products and services continues to increase."

Chairman and Chief Executive Officer Statement

Business Overview

H1 Results

We are pleased to report that Asterand continues to advance on the path of growth and sustained profitability. During the first six months of 2009, total revenue grew to £6.6 million (H1 2008: £5.1 million). This solid performance was due to strong growth within our core tissue-based solutions business. The first six months of 2008 includes £984,000 relating to the Group's contract with the US Department of Defense for the evaluation of the Armed Forces Institute of Pathology biorepository. When proceeds from this contract are excluded, revenue for the period grew 58%.

Asterand also remained profitable whilst investing in programmes to fuel future growth. Operating expenses for this period were £3.5 million (H1 2008: £2.7 million). The additional expenditures were allocated to expansion of the supply network and commercial team. In addition, the Group devoted further resources to therapeutic licensing and product innovation initiatives. Biobank inventory reached a valuation of £4.7 million at 30 June 2009 (31 December 2008: £4.5 million). Inventory was increased by £817,000 during the period as part of an effort to improve the availability of high demand materials. However, this increase was mostly offset by the effects of the strengthening of the pound sterling against the US dollar (USD) as applied to the USD denominated inventory. Gross margins for the first half of 2009 improved to 58% (H1 2008: 51%).

The Group achieved a £0.08 million profit for the period as compared to a £0.06 million loss in H1 2008. When reviewed on an EBITDA basis, the Group reached a positive £0.4 million as compared to £0.08 million in 2008.

Asterand's cash position remains strong. At 30 June 2009, cash resources were £5.8 million (31 December 2008: £6.9 million). The Group's cash position was impacted by the weakening of the US dollar and its effect on the translation of largely US dollar denominated cash balances into pounds sterling. Cash spent during the period was also used for additional inventory purchases. The Group has also expanded its credit facility with Silicon Valley Bank to $5 million (previous credit facility: £2 million). We continue to hold no long-term debt and have no immediate plans to draw upon this credit facility. We believe the Group's healthy cash position and credit availability will provide sufficient working capital and resources to expand the core business.

Growing our Core Business

During the first half of 2009, the Group signed two collaboration agreements granting access to its PhaseZERO® drug discovery platform. In February, the Group entered a data syndication agreement with BioWisdom which allows access to Asterand's proprietary gene expression database through BioWisdom's software suite. Additionally, in April, the Group signed a collaboration agreement with Abcam for characterization of its antibodies using Asterand's PhaseZERO® platform. Both collaborations capitalise on Asterand's human tissue-based solutions expertise and expand the Group's reach into previously un-tapped market areas.

Expanding our Supply Network

Asterand remains committed to growing its global supply network to meet the increasing market demand. During the first half of 2009, the Group added 21 new suppliers, and has developed a pipeline of 182 potential research sites. Included in these figures are a number of prominent universities, specialty clinics, and medical centers. These new collaborations will allow Asterand to better meet demand for high quality, well annotated tissue from a broad range of therapeutic areas, including CNS disorders. In addition, this expansion will further improve our ability to perform research on rare diseases, reduce vulnerability to regional supply disturbances, and provide greater access to genetically diverse populations.

Unlocking the Value of the Therapeutics Portfolio

Asterand's heritage of drug discovery has created a portfolio of therapeutic programmes for out-licensing. To date, we have successfully licensed compounds to BTG and Allergan. In April, BTG announced positive news on the development progress of an EP_4 receptor antagonist it licensed from Asterand. This migraine treatment has progressed successfully through preclinical development and Phase I trials. The compound is now scheduled to enter Phase IIa studies in H2 2009. Since licensing the series of compounds from Asterand in August 2008, Allergan has confirmed key pharmacological attributes for these molecules and has initiated early preclinical safety investigations. To date, Asterand has received £4.19 million in licensing fees, royalties and milestone payments. We continue to dedicate resources to prospecting for additional partners for our therapeutic programmes. It can be difficult to predict the timing and value of future agreements, and success is not guaranteed. Therefore, we aim to maintain the profitability of the base business and deem revenue gained from this activity to be upside.

Corporate Governance

The principal risks and uncertainties faced by the Group remain 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 25 of the 2008 Annual Report and Financial Statements.

The Group continues to improve its visibility with the investor community. In May 2009, the Group appointed Cenkos Securities plc as Co-Broker in addition to Daniel Stewart and Company plc. Cenkos Securities plc has extensive experience working with small to mid cap companies.

Outlook

During the first six months of 2009, Asterand posted solid revenue growth and maintained profitability. The achieved revenue growth was based entirely on sales within our core tissue based solutions business. Revenue in 2009 includes sales to a major client which will not exceed £2.4 million for the year (2008: £2.6 million). This contract will be completed in 2009. We will seek further similar work in the future, although this is not guaranteed.

In conclusion, Asterand continues to solidify its leadership position as a human tissue based solutions provider. As our customers focus on developing personalised therapies and treatments for disease, demand for well characterized human tissue and services grows. The management team continues to focus on expanding the business and improving operations to meet this market need.

Jack Davis
Chairman, Asterand plc

Martyn Coombs
Chief Executive Officer, Asterand plc

Summary of Results for the First Half	**Six months ended 30 June 2009** **Unaudited £'000**	Six months ended 30 June 2008 Re-presented Unaudited £'000	Six months ended 30 June 2007 Re-presented Unaudited £'000
Revenue	**6,558**	5,122	3,571
Gross profit	**3,804**	2,621	1,396
Operating expenses (excl. restructuring costs)	**(3,479)**	(2,690)	(2,373)
Operating profit/(loss)	**325**	(69)	(1,070)
EBITDA	**438**	82	(793)
Period end cash and cash equivalents	**5,752**	1,613	3,746