4 April 2008

Asterand
Partners in Human Tissue Research

Asterand plc

PRELIMINARY RESULTS STATEMENT

for the year ended 31 December 2007

Asterand plc (LSE: ATD), a leading global supplier of human tissue and human tissue-based research services to pharmaceutical companies engaged in drug discovery and development, announces its audited preliminary financial results for the year ended 31 December 2007.

Financial Highlights

- Revenue £7.6 million (2006: £7.5 million) an increase of 9% (at constant exchange rates) compared to 2006; despite supply constraints caused by the temporary restrictions on Russian exports of human biological materials.
- Operating expenses £5.6 million (2006:£6.4 million) a decrease of 9% (at constant exchange rates) despite exceptional expenses for bid, restructuring and severance costs.
- Loss for the year of £1.9 million, a 21% improvement over 2006 (£2.5 million loss).
- EBITDA £1.2 million loss, a 37% improvement over 2006 (£ 1.9 million loss).
- Cash resources £2.2 million (2006: £4.9 million). No long-term debt. Secured a two year, £2 million working capital facility from Silicon Valley Bank in March 2007.

Operational Highlights

- Awarded a one year $2.9 million contract by the US Department of Defense to review their tissue repository and provide recommendations for future use.
- Received a £250,000 milestone payment from BTG on the progression of Asterand's out-licensed migraine compound to Phase I.
- Restructured the UK service operation, realising annualised savings of £700,000 without impacting service to key customers.
- Extended Master Service Agreement with Bristol Myers Squibb (BMS) for an additional three years access to Asterand's PhaseZERO® research services and XpressBANK™ Tissue repository.
- Appointment of seasoned CEO, Martyn Coombs.

Post Year end Events

- Appointment of Dr Peter Coggins, former President of Perkin Elmer Inc. Life and Analytical Sciences as a Non-Executive Director.

- David Lee, Chairman, not to offer himself for re-election at the forthcoming Annual General Meeting.

- Jack Davis, currently Senior independent Director, to be elected Chairman from 7 May 2008.

Resignation of Ron Long, Senior Independent Director, Jack Davis appointed as new Senior Independent Director.

Martyn Coombs, CEO, Asterand, commented:

"Asterand has made significant progress towards meeting its strategic objectives of sustained positive cash flow and sales growth to secure its position as a market leader in the provision of products and services based on the use of human tissue. As our customers move to outsource and concentrate on their own core capabilities, our goal is to become their partner of choice in human tissue. We believe the progress we have achieved in 2007 has set the stage for significant growth in 2008 and beyond."

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

Business Overview

Asterand has made significant progress towards meeting its strategic objectives of sustained positive cash flow and sales growth to secure its position as a market leader in the provision of products and services based on the use of human tissue. The Group continues to advance its core business. In 2007, we entered into and extended several agreements with key customers, for example Bristol Myers Squibb and US Department of Defense. These agreements affirm the value of our human tissue based solutions in the marketplace. We deploy our science and business development teams in a consultative sales approach to ensure each client's unique needs are met and we believe that, over the long-term, the key driver of shareholder value will be our ability to utilise the scientific expertise gained from this close alliance with our customers.

Corporate Action

In May 2007, the Company received notice, from a consortium of its investors, of a cash offer for the Group. The initial offer was rejected, but discussions continued and the consortium increased its bid to a level that an independent committee of the Board was willing to recommend to shareholders. However, it became apparent that the consortium was unable to make a proposal that would lead to a timely offer and after consultations between its advisers and the UK Takeover Panel the consortium agreed to withdraw from bidding for six months. Throughout the negotiations, discussions were cordial. To date, all shareholders involved in the consortium have maintained their shares and they continue to support the Group's strategy for achieving growth and profitability.

Board Changes, Corporate Governance and Leadership

On 27 March 2007, following an extensive search, we were able to secure the services of Martyn Coombs as Director and Chief Executive Officer. He previously worked for Amersham plc for nine years in various senior roles and has a track record in business transformation and delivery of improved results. Martyn and his team have introduced changes to improve the Group's operations and market penetration. I am confident that these changes will be reflected in improved results going forward.

Randal Charlton and Ronald Openshaw resigned from Asterand in March 2007. We thank both of them for their guidance of the Group and wish them well in their future endeavours.

On 18 February 2008, Ron Long resigned as senior independent director. Ron had served on the Board since January 2001 during which time we have benefited from his extensive experience in the pharmaceutical sector. Jack Davis, an existing non-executive director, was elected senior independent director following Ron's resignation.

I have now served on the Board for eight years, the past five years as Chairman. Therefore, in accordance with best practice corporate governance, I have concluded that I should not offer myself for re-election at the forthcoming Annual General Meeting. The Board has decided that Jack Davis will be elected Chairman when I step down at the AGM. Jack has served as a director of Asterand Inc. since 2003 and has been my colleague since Asterand and Pharmagene merged in January 2006. I believe that he is well qualified for the position with a proven track record in various executive and non-executive director roles. I am very confident that the Group will continue to progress under his stewardship.

Outlook

We are seeing an increase in demand for human tissues and related tissue based research services. There is clear evidence that pharmaceutical companies have begun to value the contribution of research generated by human tissue based in-vitro models. We believe this strong demand will provide a foundation for continued growth for the Group in the future.

David Lee
Chairman, Asterand plc

Chief Executive's Statement

Dear Shareholders,

I felt honoured to be asked to join the Group as CEO in March 2007. Asterand is a small company – only 90 people – but we are right at the centre of some major changes affecting global pharmaceutical companies. These pharmaceutical companies are Asterand's customers, and Asterand has the potential to make a real difference in their quest to get new drugs into the clinic more quickly and more safely. This will make a difference in the lives of ordinary people. In the process, we aim to build a substantive, successful and growing company, and realise value for our shareholders.

The use of human tissue in the discovery and development of new drugs is becoming more established and growing rapidly. There are many drivers of this growth. For example, it is becoming increasingly accepted that the use of animals in pre-clinical development provides only a partial guide to likely responses in humans. In addition there are obvious advantages, not least safety, of evaluating responses in human tissue before evaluating responses in humans themselves.

In the US, the National Cancer Institute has concluded the lack of access to *appropriately collected and annotated human tissue* as one of the major barriers to realising the promise of developing targeted cancer diagnostics, preventives, and therapies. In the past, pharmaceutical companies have sourced their required human tissue themselves, and carried out their own analyses. However, requirements are becoming more specific and exact, such that excellence now requires:

- A wide network of donor sites
- An extensive biobank
- Ethical and consent compliance
- Tightly controlled QC procedures
- Scientists versed in the use of human tissue
- Comprehensive clinical information

Asterand is focused on the use of human tissue to support pharmaceutical companies in the discovery and development of new drugs. We are one of the few commercial companies focused on this need. Through our focus we have created expertise and we believe that we offer significant advantages to our customers – for example, we regularly source from around 40 active donor sites, and are thus able to access tissues from a wide variety of ethnic backgrounds and disease types/stages with unrivalled turnaround.

Asterand's mission is to improve the effectiveness of pharmaceutical companies' drug discovery and development programs and become the predominant human tissue provider. Our solutions support activities across the entire drug discovery and development process. Whether a company requires well characterised and ethically consented specimens, assistance from expert scientists in the form of human tissue based research services, or consultation regarding the effective creation and maintenance of their biorepositories, Asterand has a solution to fit each company's needs.

In June 2007, as a result of a strategic review, the Board announced the future direction of the Group in order to secure Asterand's leading position in our market and to become profitable as quickly as possible. We continue to make progress against that strategy, and during the second half of 2007:

- We completed the restructure of the Group's UK operations. As a result of these changes, we will realise annualised savings of approximately £700,000 without impacting the level of service we provide to our key customers.

- We have significantly strengthened our management and personnel chiefly in the areas of sales and marketing. Our international sales team is now fully staffed with coverage for North America, Europe and Japan. We are already beginning to realise an impact from their efforts – we entered 2008 with a pipeline well over £1 million in service projects.

- We have realised benefits from enhanced cross-selling between tissue supply and research services. As a result, during the second half of 2007 we have secured tissue supply contracts from service customers as well as service projects from clients who had previously purchased only biospecimens.

We believe a key component of our success in the marketplace will be tied to our capability to provide a broad range of solutions to meet clients' needs.

- We have improved our tissue supply operations to position the company for continued growth. During the summer of 2007, the company began a lean six sigma review. The standardisation of our key processes to date has resulted in a 60% reduction in lab processing time. We expect to realise continued benefits from this review.

- We continue to make efforts to form close relationships with key customers, governed by Master Service Agreements. For example we signed an extension of our agreement with Bristol Myers Squibb (BMS) through which BMS gains an additional three years access to Asterand's PhaseZERO® research services and XpressBANK™ Tissue repository.

Our prominent position as a leading supplier of human tissue based solutions was recently affirmed by the award of a one year, $2.9 million contract with the US Department of Defense (DoD) to review and assess its specimen repository and provide recommendations on the optimal research use of the bank. The DoD repository is the largest tissue bank in the world and is currently overseen and managed by the Armed Forces Institute of Pathology. The 75 million samples span the period from 1917 to the present and represent some of the rarest diseases known to mankind. Our plans are to use the AFIP as our foundation client in a new service offering directed towards biorepository consulting.

As our customers move to outsource and concentrate on their own core capabilities, our goal is to become their partner of choice in human tissue. We believe the progress we've achieved in 2007 has set the stage for significant growth in 2008.

Martyn Coombs
CEO, Asterand plc

Financial Review

Results for the year ended 31 December 2007

Revenue from the supply of human tissue samples, contract drug discovery research, consulting and licensing was £7.6 million (2006: £7.5 million) an increase of 9% over revenues in 2006 at constant exchange rates. The growth in revenue has been due principally to an increase in the supply of tissue samples during the year and the initiation of a consulting contract with the US Department of Defense to assess and provide recommendations for the Armed Forces Institute of Pathology's biorepository. In addition, the Group recognised revenues of £250,000 under a licensing agreement with BTG as the migraine compound continued to meet positive milestones set out in the contract. Although new drug development is no longer a core activity of the business, the Group continues to focus on extracting maximum value from its existing Therapeutics portfolio.

Between June and August of 2007 the Russian Federal Customs Service placed restrictions on the export of human biological materials. It is believed these restrictions caused delays in supply to Asterand during the summer months of 2007. In response to the ban, Asterand accelerated its efforts to expand its tissue supply network beyond Russia. The diversification of its global procurement network with alternative sites will ensure the company's delivery of biomaterials will continue to be as free as possible from interruptions due to international regulatory changes.

Cost of Sales was £4.1 million (2006: £4.0 million). This led to Gross Profit for the year of £3.5 million (2006: £3.5 million). Consequently, Gross Margins were 46% (2006: 47%). The reduction in gross margin is entirely due to the application of the Group's new inventory accounting policy that resulted in a greater proportion of expenses being capitalised in 2006 than in 2007.

In 2007, the Group adopted a new inventory accounting policy to value its inventory of biological materials and related clinical data ("biobank"). Under the policy, costs incurred for tissue acquisition, quality control testing and tissue processing are capitalised as an asset. This policy has been applied to 2006 results for comparison. The Board believes that this policy appropriately values the Group's biobank asset that was previously unrecorded on the balance sheet and accurately matches costs of goods sold to revenues in the same period. The biobank inventory is valued at £2.8 million at 31 December 2007 (31 December 2006: £2.6 million). As with all inventory, the directors will continue to review the policy to ensure that the biobank is valued at lower of cost or net realisable value.

R&D expenses reduced to £0.7 million (2006: £1.2 million), a reduction of 45% over the previous year due to a cessation of early stage drug discovery and development work and a focus of the business on human tissue supply and human tissue based research services. The remaining R&D expenses relate to improvements of new product offerings to support this business model.

In aggregate general and administrative expenses were £3.2 million (2006: £3.5 million). General and administrative expenses are analysed on the income statement into those relating to exceptional costs and those to normal operations. Exceptional general and administrative costs were £0.6 million (2006: £0.5 million). These expenses relate to restructuring costs incurred by the Group during the year and professional fees related to a bid to purchase the Group. General and administrative costs relating to normal operations were £2.7 million (2006: £3.0 million). The reduction is relating to an ongoing focus to reduce non-essential costs. The resulting loss for the year was £1.9 million (2006: £2.5 million) representing a 21% improvement over the previous year.

Though it is a non-IFRS measure, the directors and management monitor earnings before interest, taxes, depreciation and amortisation ("EBITDA"-excluding exceptional general and administrative expenses) closely as a metric to measure progress of core business operations towards profitability and positive cash flow. The EBITDA loss for 2007 was £1.2 million, a 37% improvement over 2006 (£1.9 million loss).

Financing & Liquidity

At 31 December 2007 the Group had cash and cash equivalents of £2.2 million (2006: £4.9 million). The decrease of £2.7 million from 31 December 2006 is principally due to operating activities.

The directors monitor the cash flow and cash resources closely. It is the Group's objective to reach profitability and positive cash flow as soon as practicable. Cash outflows were reduced by £2.4 million as compared to the same period in 2006.

In order to increase its cash headroom on 13 March 2007 the Group entered into a two year £2 million working capital facility with Silicon Valley Bank. There were no draw downs on this facility in 2007.

Management Changes

On 14 March 2007, Ronald Openshaw stepped down as Chief Financial Officer and Company Secretary and John Stchur assumed control of the Company's finance department and was appointed Company Secretary. Mr. Stchur was the head of finance for Asterand, Inc. prior to the merger with Pharmagene plc that led to the formation of Asterand plc in 2006. In November 2007, Mr Stchur was appointed Chief Financial Officer of the Group.

Outlook

The focus of the Group is to reach sustained profitability and grow the business. During 2007 the Group made progress towards these objectives by narrowing the loss incurred for the year and improving its management and sales teams.

There is also a constant evaluation of the Group's cost base to ensure that its resources are used to best effect and that operations are as efficient as possible. A restructuring of our services business was completed in 2007 and the Group embarked on a Lean Six Sigma review to streamline operations in pursuit of cost efficiencies. Together these strategies are designed to lead the group to attain its financial objectives.

John Stchur, CPA
Chief Financial Officer

Consolidated Income Statement

for the year ended 31 December 2007

	Note	2007 £000	Restated 2006 £000
Revenue	2	**7,608**	7,535
Cost of sales		**(4,112)**	(4,030)
Gross profit		**3,496**	3,505
Research and development costs		**(659)**	(1,190)
Selling and distribution costs		**(1,676)**	(1,690)
General and administrative expenses			
- Normal operations		**(2,664)**	(3,046)
- Exceptional items (bid, restructuring and severance costs)		**(570)**	(463)
- Total general and administrative expenses		**(3,234)**	(3,509)
Total operating expenses		**(5,569)**	(6,389)
Operating loss		**(2,073)**	(2,884)
Interest receivable		**169**	266
Interest payable and similar charges		**(19)**	(41)
Loss before taxation		**(1,923)**	(2,659)
Taxation		**(24)**	187
Loss for the financial year	4	**(1,947)**	(2,472)
Loss per 5p ordinary share			
Basic and diluted	3	**(1.83)p**	(2.49)p

Consolidated Statement of Recognised Income & Expense

for the year ended 31 December 2007

	2007 £000	Restated 2006 £000
Exchange translation differences on consolidation recognised directly in equity	**(117)**	828
Loss for the financial year	**(1,947)**	(2,472)
Total recognised loss for the year	**(2,064)**	(1,644)
Prior year adjustment for change in inventory accounting policy	**2,292**	
Total recognised gain/(loss) since last Annual Report	**228**	

Non – IFRS Measure

Earnings before interest, taxes, depreciation and amortisation ("EBITDA") - excluding exceptional items
for the year ended 31 December 2007

	2007 £000	Restated 2006 £000
Operating loss	**(2,073)**	(2,884)
Exceptional items (bid, restructuring and severance costs)	**570**	463
Share option related charges	**(108)**	(36)
Depreciation and amortisation	**397**	545
EBITDA	**(1,214)**	(1,912)

Consolidated Balance Sheet
as at 31 December 2007

	Note	**2007** **£000**	Restated 2006 £000
Assets			
Non-current assets			
Intangible assets		**672**	611
Property, plant and equipment		**462**	710
		1,134	1,321
Current assets			
Biobank inventory	1	**2,821**	2,613
Trade and other receivables		**2,600**	2,734
Cash and cash equivalents		**2,199**	4,908
		7,620	10,255
Liabilities			
Current Liabilities			
Trade and other payables		**(2,800)**	(3,343)
Financial liabilities – finance leases		**(2)**	(5)
Financial liabilities – current portion of long-term debt		**(56)**	(152)
		(2,858)	(3,500)
Net current assets		**4,762**	6,755
Non-current liabilities			
Financial liabilities			
- Finance lease obligations		**-**	(1)
- Long-term debt		**-**	(34)
		-	(35)
Net assets		**5,896**	8,041
Shareholders' equity			
Ordinary shares		**5,502**	5,087
Share premium		**52,627**	51,815
Shares to be issued		**15**	1,215
Reverse acquisition reserve		**(41,916)**	(41,916)
Other reserves		**3,083**	3,083
Retained losses		**(13,415)**	(11,243)
Total equity		**5,896**	8,041

Consolidated Cash Flow Statement
for the year ended 31 December 2007

	2007 £000	Restated 2006 £000
Cash flows from operations		
Cash used by operations	**(3,088)**	(5,413)
Interest element of finance lease rental payments	**(19)**	(41)
Receipt of research and development tax credit	**586**	98
Tax paid	**(36)**	(3)
Net cash used by operations	**(2,557)**	(5,359)
Cash flows from investing activities		
Interest received	**169**	266
Proceeds from disposal of tangible assets	**10**	–
Purchase of property, plant and equipment	**(149)**	(112)
Proceeds from disposal of intangible assets	–	500
Expenditure on intangible assets	**(75)**	(113)
Net cash (used)/generated in investing activities	**(45)**	541
Cash flows from financing activities		
Cash acquired in merger	–	9,049
Proceeds from issue of ordinary share capital	**12**	34
Proceeds from ordinary share capital to be issued	**15**	–
Proceeds from exercise of share options	–	60
Debt and finance lease principal payments	**(134)**	(265)
Net cash (used)/generated from financing	**(107)**	8,878
(Decrease)/increase in cash and cash equivalents	**(2,709)**	4,060
Cash and cash equivalents at beginning of period	**4,908**	848
Cash and cash equivalents at end of period	**2,199**	4,908

Reconciliation Of Consolidated Operating Loss To Net Cash Used By Operations
for the year ended 31 December 2007

	2007 £000	Restated 2006 £000
Operating loss	**(2,073)**	(2,884)
Depreciation charge (net of profit on disposals)	**383**	545
Amortisation charge	**14**	–
Share option compensation charge	**(108)**	(36)
(Increase)/decrease in trade and other receivables	**(440)**	156
Increase in biobank inventories	**(208)**	(321)
Decrease in trade and other payables	**(546)**	(2,428)
Exchange translation differences	**(110)**	(445)
Cash used by operations	**(3,088)**	(5,413)

Notes to the preliminary statement for the year ended 31 December 2007

1. Accounting policies and basis of preparation

The preliminary announcement for the year ended 31 December 2007 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 detail of the significant accounting policies of the Group are set out in the 2007 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 2007, but is derived from those accounts. Statutory accounts for 2006 have been delivered to the Registrar of Companies and those for 2007 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 s237(2) or s237(3) Companies Act 1985.

Inventory

The directors have reviewed the accounting policies and concluded that it is more appropriate to include this new inventory accounting policy, to value its collection of biological materials and related clinical data ("biobank") in accordance with IAS 2 ("Inventories"). The biobank consists of costs incurred for tissue acquisition, quality control testing and tissue processing. The value of the biobank is stated at the lower of cost and net realisable value. Cost is determined using the average cost method. The implementation of this policy constitutes a change in accounting policy and therefore a prior year adjustment arises from this change. The policy was adopted to value the biobank asset that has previously not been reflected on the balance sheet and to more accurately match costs of sales to revenues in the same period.

The application of the policy resulted in the following adjustments to the income statement and balance sheet:

	Group 2007 £'000	Restated Group 2006 £'000
Loss for the period as previously reported under the old policy	**(2,199)**	(3,119)
Cost of Sales	**252**	647
Restated loss for the period	**(1,947)**	(2,472)
Net assets as previously reported under the old policy	**3,075**	5,428
Biobank inventory	**2,821**	2,613
Restated net assets	**5,896**	8,041

Management undertook an exhaustive review of the biobank inventory in second half of 2007 for the purpose of determining appropriate carrying values at 31 December 2007 and 31 December 2006, following on from the preliminary exercise performed for the 30 June 2007 Interim Statement. During this review, it was noted that certain materials acquired previous to 2006 were considered to have an impaired sales value due to less than adequate quality and/or clinical data. The carrying value of these items as at 31 December 2006 was thereby reduced by £615,828 from the value provisionally attributed to them as at that date in the Interim Statement, in line with management's policy of valuing inventory at the lower of cost or net realisable value. The Group's quality standards and quality assurance function have since developed to a point where similar large write-downs are unlikely in the future.

2. Segmental reporting

The Directors are of the opinion that under IAS 14 'Segment Reporting' the Group has only 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.

	Revenue (by destination)		Revenue (by origin)		Segment Assets		Capital Expenditure	
	2007 £'000	2006 £'000	2007 £'000	2006 £'000	2007 £'000	2006 £'000	2007 £'000	2006 £'000
United Kingdom	**675**	525	**1,933**	1,889	**1,716**	4,650	**179**	38
Rest of Europe	**550**	851	**-**	-	**-**	-	**-**	-
North America	**6,185**	5,964	**5,675**	5,646	**4,180**	3,391	**45**	74
Japan	**198**	195	**-**	-	**-**	-	**-**	-
	7,608	7,535	**7,608**	7,535	**5,896**	8,041	**224**	112

3. 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 year. 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. Since 31 December 2007, 78,000 5p ordinary shares have been issued.

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

Basic and diluted loss per share

	2007 £'000	Restated 2006 £'000
Loss attributable to ordinary shareholders (£'000's)	**(1,947)**	(2,472)
Weighted average number of shares (000's)	**106,159**	99,403
Loss per share	**(1.83p)**	(2.49p)

4. Shareholders' funds and statement of changes in shareholders' equity

	Share Capital £'000	Share Premium £'000	Shares to be issued £'000	Preference Shares £'000	Reverse Acquisition Reserves £'000	Other Reserves £'000	Investment in own shares £'000	Retained Loss £'000	Total Equity £'000
At 31 December 2005	**-**	**21**	-	**1,471**	**-**	**-**	-	**(11,165)**	**(9,673)**
Inventory Adjustment	-	-	-	-	-	-	-	2,292	2,292
At 31 December 2005-Restated	**-**	**21**	**-**	**1471**	**-**	**-**	**-**	**(8,873)**	**(7,381)**
New shares issued during the year	2,375	4,607	-	-	-	-	-	-	6,982
IFRS 3 reverse acquisition conversion	2,712	47,187	1,215	(1,471)	(41,916)	3,083	(690)	-	10,120
Loss for the financial year	-	-	-	-	-	-	-	(3,119)	(3,119)
Inventory movement	-	-	-	-	-	-	-	647	647
Inventory exchange translation difference	-	-	-	-	-	-	-	(326)	(326)
Exchange translation differences	-	-	-	-	-	-	-	1,154	1,154
Share option compensation	-	-	-	-	-	-	-	(36)	(36)
At 31 December 2006	**5,087**	**51,815**	**1,215**	**-**	**(41,916)**	**3,083**	**(690)**	**(10,553)**	**8,041**
New shares issued during the year	415	812	(1,215)	-	-	-	-	-	12
Shares to be issued	-	-	15	-	-	-	-	-	15
Loss for the financial year	-	-	-	-	-	-	-	(1,947)	(1,947)
Share option compensation	-	-	-	-	-	-	-	(108)	(108)
Exchange translation differences	-	-	-	-	-	-	-	(117)	(117)
At 31 December 2007	**5,502**	**52,627**	**15**	**-**	**(41,916)**	**3,083**	**(690)**	**(12,725)**	**5,896**

Included within the investment in own shares reserve are 150,780 shares of 5p each held by an Employee Share Ownership Plan ('ESOP') of the Group and 1,001,995 shares of 5p each held by The Pharmagene plc Employment Benefit Trust ('PEBT').

In 2007, the ESOP and PEBT were discontinued and the shares were transferred to the 2007 Employee Ownership Plan Trust ('2007 EOPT') for the satisfaction of share obligations under all option plans.

The costs of funding and administering the 2007 EOPT are charged to the profit and loss account of the Group in the period to which they relate.

At 31 December 2007, the shares owned by the 2007 EOPT had a market value of £64,901 (2006: £70,665).

Other Reserves represent the merger reserve arising on consolidation, being the share capital and share premium account balances of Pharmagene Laboratories Limited (renamed Asterand UK Limited) less the nominal value of the shares issued by the Company to acquire these shares, before the merger with Pharmagene plc (renamed Asterand plc) prior to the initial public offering of the Company in 2000.