

Pharmagene plc

MERGER OF PHARMAGENE PLC AND ASTERAND INC. TO FORM A LEADING COMPANY IN HUMAN TISSUE SUPPLY AND HUMAN TISSUE BASED RESEARCH SERVICES

Pharmagene, the UK listed human tissue based drug discovery company, announces that it has agreed the terms of a Merger with Asterand, a private US company focused on human tissue supply and services.

MERGER HIGHLIGHTS

The Directors of Pharmagene believe that the Merger will create a leading company in human tissue supply and human tissue based research services comprising

- A tissue supply network of over 70 sites in the United States, the United Kingdom, Western and Eastern Europe and a biorepository of approximately 300,000 samples
- A broad commercial offering which includes the supply of tissue samples, tissue derivatives and experimental research services
- A client base of over 70 pharmaceutical and biotech companies, serviced by an international sales and marketing organisation
- A service business focused on revenue generation

TRANSACTION DETAILS

- The Merger is being implemented by means of a share-for-share exchange such that Asterand Shareholders, on Completion, will become entitled to receive approximately 54.2 million Ordinary Shares representing 50 per cent of the issued share capital of the Enlarged Group. In addition, Deferred Consideration will be payable to Asterand Preferred Shareholders equivalent to five times the profit before tax of the Enlarged Group for the financial year ending 31 December 2006, subject to certain adjustments
- Upon Completion it is proposed that Pharmagene plc will be renamed Asterand plc
- The management of the Enlarged Group will be led by Randal Charlton, Chief Executive Officer (currently Asterand's CEO), Ronald Openshaw, Chief Financial Officer (currently Pharmagene's Acting CEO & CFO) and Martin Stefanelli, Chief Operating Officer (currently Asterand's COO)
- The Merger has been classified as a reverse takeover of Pharmagene under the Listing Rules and, accordingly, trading in Ordinary Shares is being suspended. It is anticipated that trading will recommence after publication of the Circular, which will be posted to Pharmagene Shareholders as soon as practicable
- The transaction is subject to approval by the shareholders of both Pharmagene and Asterand
- Following a strategic review to focus on human tissue research services, Pharmagene has commenced rationalisation of its operations

Commenting on the Merger, Ronald Openshaw, Acting CEO and CFO of Pharmagene said:

“This strategic combination is designed to create a leading company in human tissue supply and human tissue based research services. Asterand and Pharmagene have complementary geographic strengths in Europe and the United States and the Enlarged Group will have an international sales and marketing organisation, laboratories in the United States and the United Kingdom and a team of qualified research staff enabling it to offer clients a wide range of human tissue based research services.”

Randal Charlton, Chief Executive of Asterand, added:

“The sequencing of the human genome has substantially expanded the application of, and increased the demand for, human tissue for research purposes. With the merger of our two companies, we will be well placed to benefit from that growth. In particular, the international network for human tissue supply developed by Asterand, combined with Pharmagene’s expertise in human tissue based research services, will enable us to provide a comprehensive supply and service package to the pharmaceutical and biotechnology industries.”

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A presentation for analysts will be held today at 10.00 am at the offices of Financial Dynamics, 26 Southampton Buildings, London WC2. Please contact Mo Noonan at Financial Dynamics on 020 7831 3113 for further details.

The Directors and Proposed Directors accept responsibility for the information contained in this announcement. To the best of their knowledge and belief (having taken all reasonable care to ensure that such is the case) the information contained in this announcement is in accordance with the facts and does not omit anything likely to affect the import of such information.

This summary should be read in conjunction with the full text of the announcement. Further information will be set out in the Circular which will be posted to Pharmagene Shareholders as soon as practicable.

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