

22 September 2008

Lifeline Scientific, Inc
(“Lifeline” or “the Company”)
Interim Results for the Six Months Ended 30 June 2008

Addressing the global challenge of human organ shortages

Lifeline Scientific, the medical technology company, announces unaudited interim results for the six months ended 30 June 2008. Lifeline is focused on commercialising its LifePort[®] Kidney Transporter, an advanced organ preservation and transport system, designed to address the global challenge of human donor organ shortages. These are the Company’s first interim results since its Admission to trading on AIM in January 2008.

Financial Highlights

- Revenues increase by 27% to \$3.5 million (2007: \$2.7 million)
 - 63% of revenue stemmed from replacement of single use consumable items
- Gross Profit increased by 128% to \$1.6 million (2007: \$0.7 million)
- Operating loss reduced by 32% to \$2.9 million (2007: loss of \$4.3 million)
- Cash of \$3.1 million at period end

Operational Highlights

- Admission to AIM completed in January to raise \$11 million primarily to fund the latter phase of pilot introductions and preparations for the the global commercial launch of the LifePort Kidney Transporter
- Key contracts signed with a number of Canadian transplant centres where LifePort has already been established as the standard method of kidney preservation
- Further contracts signed with key centres in North America, Europe and Japan
- Approximately 280 LifePorts are now in use globally; 30 were sold in the first half of 2008
- LifePorts are now used in 81 transplant centres, across 16 countries
- Positive further results from the landmark Machine Preservation Trial presented at the British Transplant Society in London, England; the American Transplant Congress in Toronto, Canada; and the XXII International Congress of the Transplantation Society in Sydney, Australia

David Kravitz, Chief Executive of Lifeline, said:

“Lifeline has made significant advances in the first half. We have announced five major contracts since the completion of the IPO while initial data from the landmark Machine Preservation Trial has begun to be presented at major transplant symposiums throughout the world.

“Evidence from clinical trials continues to demonstrate that LifePort can help increase the quality and quantity of kidneys available for transplantation, improve outcomes for kidney transplant patients and reduce the overall cost of kidney transplants.

“Trading continues to be in-line with management’s expectations and the Board is confident of delivering another strong performance in the second half.”

Enquiries

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About the LifePort Kidney Transporter

Created with the challenges of organ recovery and transport in mind, LifePort Kidney Transporter is designed to provide improved kidney preservation, evaluation and transport prior to transplantation. LifePort provides a sealed, sterile, protected environment where a solution is gently pumped through the kidney at cold temperatures to minimize damage while the organ is outside the body. LifePort is lightweight and portable, allowing organs to be perfused from the time of recovery until transplant. It is designed to travel unaccompanied by land or air, safely transporting the kidneys across town or between countries. While the kidney is being perfused, the LifePort records data on temperature, flow rate vascular resistance and pressure every 10 seconds providing surgeons with additional data prior to transplant. During its pilot introduction, approximately 280 LifePorts have been installed in 81 transplant programmes worldwide treating more than 12,000 kidneys.

About Lifeline Scientific Inc.

Lifeline Scientific, Inc. is a Chicago-based global medical technology company with European headquarters located in Brussels. Its primary focus is to commercialise its FDA approved, CE marked, clinically validated and revenue generating LifePort Kidney Transporter. Devices for preservation of the heart, lung pancreas and liver are in late stage pre-clinical development.

Chief Executive's Review

At the end of the period, approximately 280 LifePort Kidney Transporters were in service within 81 centres and were employed in over 12,000 transplant procedures across 16 countries. Thirty of these LifePorts were sold or leased during the six months ended 30 June 2008. We believe that LifePort is fast-becoming the accepted standard method of preserving and transporting kidneys from deceased human donors.

Revenues in the period increased by 27% to \$3.48 million (2007: \$2.74 million) despite a timing related \$72,582 reduction in grant revenue recognition. Although this reflects the sale of 30 new machines it was also pleasing to see a significant increase in the revenue derived from the sale of consumable items indicating an increased utilisation of the machines. In addition to new installations, we are starting to see many early adopters of LifePort expanding usage across a broad range of deceased donor kidney recoveries. It is anticipated that additional positive clinical outcomes from the landmark Machine Preservation Trial will be presented at transplant medicine symposiums throughout the year while publication of trial outcomes may appear before year end in at least one major peer reviewed medical journal. The continued dissemination of scientific evidence of LifePort's ability to improve renal transplant outcomes and help lower the overall costs of transplant should encourage further LifePort adoption and usage.

Gross profit increased by 128% reflecting both the increased revenue and an ongoing tight control of product related labor and material costs which were reduced by \$184,668 compared with the same period last year. Operating loss was reduced by 32% to \$2.92 million from \$4.33 million.

Cash at the end of the period stood at \$3.1 million.

In January, Lifeline successfully completed its Admission to AIM raising a total of \$11 million. The proceeds have enabled Lifeline to complete important clinical evidence development and outcomes analysis which upon peer reviewed publication will form the cornerstone of LifePort's full commercial product launch. .

In March, contracts were secured with two of the world's largest kidney transplant centres which are located in the US. These contracts involved the sale of 14 units as well as a significant volume of consumables each year, as the centres are reported to undertake, on average, 500 kidney transplantations annually. The contracts also cover ongoing warranty and maintenance services.

In June, Canada's largest organ procurement organisation ("OPO") decided to expand its use of machine preservation after a successful pilot programme and signed a contract to purchase a further 6 LifePorts, taking its total to 16 machines. The contract is expected also to involve the sale of a significant volume of consumable items.

A further 8 LifePorts were sold to transplant centres in North America and Europe for clinical application and 2 LifePorts were sold to university based research programmes in Japan.

Also, during the second quarter of 2008, initial presentations of one year outcomes data from the landmark Machine Preservation Trial were given at the American Transplant Congress in Toronto, Canada and the British Transplant Society in London, England. Positive results were indicated.

Since period-end, the Company has announced a further major contract win involving the sale of an additional 6 LifePorts to the largest organ procurement organization servicing transplant centres in North Carolina, United States. In addition, further positive data regarding LifePort from the landmark Machine Preservation Trial were presented in August at the XXII Annual Congress of the International Transplant Society in Sydney, Australia. The data compared standard static cold storage with LifePort preserved kidneys and indicated significant benefits when LifePort was used to preserve and transport kidneys from older and non heart beating donors.

The Company's Cell and Tissue Systems division continues to further its' research and product development efforts principally through grants from the US National Institutes of Health with emphasis on the development of the LifePort Pancreas Transporter and proprietary solutions for organ, tissue, and cell preservation.

Bowman Research, the Company's wholly owned subsidiary remains dedicated to the development of Ex Vivo Metrics™, proprietary tools employing LifePort based technology for evaluating the fate and effect of drugs within isolated, perfused human organs which have been donated for research. Bowman's efforts will focus on its lung and liver platforms while seeking third party collaborations and research grants.

Senior Management Changes

Also subsequent to period-end, Lifeline appointed Kerrie Trebonsky CPA, a 20-year veteran of financial and accounting management, as Corporate Controller. In addition, Lisa Kieres, MBA, a very experienced CFO who was also a former Lifeline advisor and CFO of Lifeline for some seven years to August, 2005, and partner in the financial consultancy, Tatum Partners, has also been retained to oversee the financial and accounting activities of the Company. Lisa will be taking over from Chuck Beto, VP, Finance and Administration, who will be leaving the Company during November of this year to pursue other interests.

We are saddened to announce the untimely passing of C. Gerald Curtis, PhD, Chief Science Officer of our wholly owned subsidiary, Bowman Research. Dr Curtis will be dearly missed while his scientific contributions will continue on through the Company's work. The senior scientific and laboratory management of Bowman's Chicago office will now be led by Liomar Neves, PhD and Yansheng Wei, PhD.

Outlook

The global shortage in human donors continues to increase with the forecast US and EU waiting list for a donor kidney to reach close to 100,000 patients by 2014 and demand also increasing from the major emerging markets. Each year tens of thousands of people die waiting for a transplant and many more on the waiting list endure inconvenient and expensive dialysis.

Revenue increased during the period on the back of several major contract wins and the initial presentation of positive outcomes from the landmark Machine Preservation Trial at major transplant medical symposiums worldwide. The full product roll out is still at a very early stage and we believe that strong sales growth can be maintained as transplant centres throughout the world start to adopt LifePort as their standard practice of kidney preservation.

Lifeline continues to perform in line with our expectations and we are confident of delivering another strong performance in the second half of 2008.

David Kravitz
Chief Executive

22 September 2008

Consolidated Balance Sheets

	June 30, 2008 Unaudited	June 30, 2007 Unaudited
Current Assets		
Cash and cash equivalents	\$ 3,141,612	\$ 234,159
Receivables		
Customers (Net of allowance for doubtful accounts of \$0 and \$7,062 in 2008 and 2007)	761,711	741,632
Other	34,791	40,685
Inventories	687,743	499,243
Prepaid expenses and deposits	273,895	132,355
Total Current Assets	<u>4,899,752</u>	<u>1,648,074</u>
Property and Equipment (Net)	<u>973,537</u>	<u>1,296,021</u>
Other Assets		
Deferred charges (Net)	-	317,588
Intangibles (Net)	1,090,121	1,189,126
Goodwill	64,710	64,710
Total Other Assets	<u>1,154,831</u>	<u>1,571,424</u>
	<u>\$ 7,028,120</u>	<u>\$ 4,515,519</u>

	June 30, 2008 Unaudited	June 30, 2007 Unaudited
Current liabilities		
Accounts payable	\$ 1,868,759	\$ 3,403,247
Long-term debt due within one year	9,666	7,774,651
Capital lease obligations due within one year	23,723	21,238
Accrued expenses		
Salaries and other compensation	38,487	33,832
Other	970,302	635,570
Accrued interest - Convertible notes	-	2,908,577
Total Current Liabilities	<u>2,910,937</u>	<u>14,777,115</u>
Noncurrent Liabilities		
Long-term debt (Net of portion included in current liabilities)		
Convertible Notes	-	5,070,333
Other	1,150,468	1,976,844
Accrued interest	277,647	139,567
Capital leases (Net of portion included in current liabilities)	15,076	22,937
Total Noncurrent Liabilities	<u>1,443,191</u>	<u>7,209,681</u>
Total Liabilities	<u>4,354,128</u>	<u>21,986,796</u>
Series A Convertible Redeemable Preferred Stock- \$0.01 par value; authorized - 2,000,000 shares; issued and outstanding - 0 and 1,913,985 shares in 2008 and 2007, respectively	-	10,774,379
Series B-1 Convertible Redeemable Preferred Stock - \$0.01 par value; authorized - 3,746,000 shares; issued and outstanding - 0 and 3,725,000 shares in 2008 and 2007, respectively	-	21,229,716
Total Convertible Redeemable Preferred Stock	<u>-</u>	<u>32,004,095</u>
Stockholders' Equity (Deficit)		
Common stock, \$.01 par value; authorized - 30,000,000 shares; issued and outstanding 15,792,332 and 7,356,155 shares in 2008 and 2007, respectively	157,923	73,562
Series C convertible preferred stock, \$0.01 par value; authorized - 2,720,000 shares; issued and outstanding - 0 and 2,720,000 shares in 2008 and 2007, respectively	-	27,200
Additional paid-in capital	87,445,896	14,358,939
Other accumulated comprehensive loss	(398,943)	(57,774)
Accumulated deficit	(84,530,884)	(63,877,299)
Total Stockholders' Equity (Deficit)	<u>2,673,992</u>	<u>(49,475,372)</u>
	<u>\$ 7,028,120</u>	<u>\$ 4,515,519</u>

Consolidated Statements of Operations

	Six months ended June 30, 2008 Unaudited	Six months ended June 30, 2007 Unaudited
Revenue		
Fee and sales revenue	\$ 2,895,152	\$ 2,131,314
Contract revenue	48,000	-
Grant revenue	537,768	610,350
Total Revenue	<u>3,480,920</u>	<u>2,741,664</u>
Cost of Revenue	<u>1,837,544</u>	<u>2,022,212</u>
Gross Profit	<u>1,643,376</u>	<u>719,452</u>
Operating Expense		
Research and development	487,519	1,215,138
Selling, general and administrative	4,078,977	3,837,171
Total Operating Expense	<u>4,566,496</u>	<u>5,052,309</u>
Loss from Operations	<u>(2,923,120)</u>	<u>(4,332,857)</u>
Other Expense (Income)		
Interest expense	61,217	1,090,076
Interest income	(33,834)	(12,477)
Loss on abandonment of patents	201,200	-
Write-off of professional fees incurred in connection with change in offering structure	-	262,295
Loss from disposal of property and equipment	9,160	9,230
Total Other Expense, Net	<u>237,743</u>	<u>1,349,124</u>
Net Loss	<u>\$ (3,160,863)</u>	<u>\$ (5,681,981)</u>

Consolidated Statement of Stockholders' Equity

	Total	Common Stock		Series C Convertible Preferred Stock		Additional Paid-in Capital	Other Accumulated Comprehensive Loss	Accumulated Deficit
		Shares	Amount	Shares	Amount			
Balance, December 31, 2006	\$ (42,197,180)	7,356,155	\$ 73,562	2,720,000	\$ 27,200	\$15,950,642	\$ (53,266)	\$ (58,195,318)
Professional fees in connection with pending initial public offering	(405,549)	-	-	-	-	(405,549)	-	-
Accretion of Series A and B-1 convertible preferred stock to its redeemable value	(1,242,757)	-	-	-	-	(1,242,757)	-	-
Foreign currency translation adjustment	(4,508)	-	-	-	-	-	(4,508)	-
Stock based compensation under FAS 123-R	56,603	-	-	-	-	56,603	-	-
Net loss	(5,681,981)	-	-	-	-	-	-	(5,681,981)
Balance, June 30, 2007	<u>\$ (49,475,372)</u>	<u>7,356,155</u>	<u>\$ 73,562</u>	<u>2,720,000</u>	<u>\$ 27,200</u>	<u>\$14,358,939</u>	<u>\$ (57,774)</u>	<u>\$ (63,877,299)</u>
Balance, December 31, 2007	\$ 5,997,954	15,721,340	\$ 157,213	-	\$ -	\$87,500,564	\$ (289,802)	\$ (81,370,021)
Professional fees in connection with AIM initial public offering (IPO)	(82,488)	-	-	-	-	(82,488)	-	-
Issuance of common stock under a cashless exercise of warrants	-	71,000	710	-	-	(710)	-	-
Foreign currency translation adjustment	(109,141)	-	-	-	-	-	(109,141)	-
Stock based compensation under FAS 123-R	28,530	-	-	-	-	28,530	-	-
Net loss	(3,160,863)	-	-	-	-	-	-	(3,160,863)
Balance, June 30, 2008	<u>\$ 2,673,992</u>	<u>15,792,340</u>	<u>\$ 157,923</u>	<u>-</u>	<u>\$ -</u>	<u>\$87,445,896</u>	<u>\$ (398,943)</u>	<u>\$ (84,530,884)</u>

Consolidated Statements of Cash Flows

	Six months ended June 30, 2008 Unaudited	Six months ended June 30, 2007 Unaudited
Cash Flows from Operating Activities		
Net loss	\$ (3,160,863)	\$ (5,681,981)
Adjustments to reconcile net loss to net cash used in operating activities		
Depreciation	219,014	248,335
Amortization	44,232	44,869
Stock based compensation	28,530	56,603
Loss on disposal of property and equipment	9,160	9,230
Loss on abandonment of patents	201,200	-
Interest expense amortization on convertible debt discount	-	29,314
Accrued interest on convertible debt	-	957,570
Common stock issued for services rendered		
(Increase) decrease in		
Receivables	67,292	318,564
Subscription receivables	9,616,001	-
Inventories	(271,103)	(35,643)
Prepaid expenses and deposits	(100,850)	(15,159)
Increase (decrease) in		
Accounts payable	(3,018,464)	1,449,163
Accrued expenses	(302,078)	89,054
Accrued salaries and other compensation	3,164	(100,408)
Accrued interest	74,238	48,230
Deferred revenue	(104,393)	(83,541)
Total Adjustments	6,465,943	3,016,181
Net Cash Used in Operating Activities	3,305,080	(2,665,800)
Cash Flows from Investing Activities		
Payments for patents	(119,095)	(86,099)
Capital expenditures	(97,863)	(89,066)
Net Cash Used in Investing Activities	\$ (216,958)	\$ (175,165)

	Six months ended June 30, 2008 Unaudited	Six months ended June 30, 2007 Unaudited
Cash Flows from Financing Activities		
Repayments under capital lease obligations	\$ (10,022)	\$ (15,603)
Proceeds under capital lease obligations	-	14,347
Principal payments on long-term debt	(25,509)	(20,552)
Proceeds from issuance of long-term debt	-	23,611
Payment of legal fees relating to initial public offering	(82,488)	(405,549)
Issuance of convertible promissory notes and warrants	-	1,235,000
	<hr/>	<hr/>
Net Cash Provided by Financing Activities	(118,019)	831,254
Effect of Foreign Currency Exchange Rate Changes on Cash	<hr/>	<hr/>
	(60,483)	(4,504)
Net Increase (Decrease) in Cash and Cash Equivalents	2,909,620	(2,014,215)
Cash and Cash Equivalents, Beginning of Period	<hr/> 231,992	<hr/> 2,248,374
Cash and Cash Equivalents, End of Period	<hr/> \$ 3,141,612	<hr/> \$ 234,159

Note 1 - Summary of Significant Accounting Policies

Principles of Consolidation

The company is consolidated with the following subsidiaries as of June 30, 2008:

Organ Recovery System, Inc.

Bowman Research, Inc.

ORS Europe, NV

Cell and Tissue Systems, Inc. (49% owned)

Intercompany balances and transactions have been eliminated in consolidation.

Cash and Cash Equivalents

The Company considers all money market accounts and short-term investments with an original maturity of three months or less to be cash equivalents. The majority of cash and cash equivalents as of June 30, 2008 were held at a single financial institution and the company believes it is not exposed to any significant credit risk on cash and cash equivalents.

Receivables

Receivables are carried at original invoice or closing statement amount less estimates made for doubtful receivables. Management determines the allowances for doubtful accounts by reviewing and identifying troubled accounts on a monthly basis and by using historical experience applied to an aging of accounts. A receivable is considered to be past due if any portion of the receivable balance is outstanding for more than 90 days. Receivables are written off when deemed uncollectible and recoveries of receivables previously written off are recorded when received.

Inventories

Inventories are valued at the lower of cost (first-in, first-out) or market.

Depreciation and Amortization

The Company's policy is to depreciate or amortize the cost of furniture and equipment over the estimated useful lives of the assets using the straight-line method. The cost of leasehold improvements is amortized over the estimated useful lives, or the applicable lease term, if shorter. The cost of tooling and molds is depreciated by the units of production method.

	<u>Years</u>
Grant Assets	Life of grant
Computer equipment	3-5
Furniture and fixtures	5-7

Equipment under capital lease	5-7
Laboratory equipment	5-7
Leasehold improvements	5-12
Tooling and molds	Varies by units produced
Vehicles	5

Intangibles

The cost of intangible assets is being amortized over the remaining lives of the assets acquired as follows:

	<u>Years</u>
Patents	17
Other	5

Legal fees associated with filings for patents that are pending are capitalized, if management believes that it is probable that such patent applications will be successful. Patent costs are not amortized until the patent is obtained.

Revenue Recognition

Product sale revenue is recognized upon shipment of product to the client. Service fee revenues are recognized when services are performed.

Contract research service revenue is recognized using the proportional performance model. Revenue from such contracts is recognized as the services are performed using the straight-line method over the life of the contract. The Company periodically reviews its estimates of contract life and modifies them as appropriate.

Government grant revenues are recognized when earned. Grant revenues are deemed earned to the extent of the total allowable expenditures incurred, which are specified in the grant contract.

Deferred and unbilled revenue is recognized in the consolidated balance sheets. Advances are deferred and recognized on a straight-line basis over the contract term as services are performed. Unbilled services are recorded for revenues recognized to date and relate to amounts that are currently unbillable to the client pursuant to contractual terms.

Income Taxes

Income taxes are provided for the tax effects of transactions reported in the consolidated financial statements and consist of taxes currently due plus deferred taxes related primarily to differences between the basis of property and equipment, bad debts, intangibles and accrued expenses for financial and income tax reporting. The deferred tax assets and liabilities represent the future tax return consequences of those differences, which will either be taxable or deductible when the assets and

liabilities are recovered or settled. Deferred taxes are also recognized for net operating losses, which are available to offset future taxable income.

Stock Options

The Company has adopted SFAS 123R, "Share-Based Payment," which focuses primarily on accounting for transactions in which an entity obtains employee services in exchange for share-based payments. Under SFAS 123R, the cost of employee services received in exchange for an award of equity instruments is generally measured based on the grant-date fair value of the award. Under SFAS 123R, share-based awards that do not require future service (i.e., vested awards) are expensed immediately. Share-based employee awards that require future service are amortized over the relevant service period. The Company adopted SFAS 123R under the modified perspective adoption method. Under the method of adoption, the provisions of SFAS 123R are generally applied only to share-based awards granted subsequent to adoption and consolidated financial statements for periods prior to adoption are not restated for the effects of adopting SFAS 123R.

Stock Warrants

The company accounts for nonemployee stock-based awards in which goods or services are the consideration received for the equity instruments based on the fair value of the consideration or the fair value of the equity instruments issued, whichever is more readily measurable.

Management Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities as of the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Research and Development

Expenditures relating to the development of new products and procedures are expensed as incurred.

Foreign Currency Translation

The financial position and results of operations of the company's foreign subsidiaries in Europe are measured using the subsidiary's local currency as the functional currency. Assets and liabilities of the foreign subsidiaries are translated to U.S. dollars using exchange rates in effect as of the consolidated balance sheet dates. Income and expense items are translated at monthly average rates of exchange. The resultant translation gains or losses are included in the components of stockholders' deficit designated as foreign currency translation adjustment.

Note 2 - Inventories

	June 30, 2008	June 30, 2007
Medical devices	\$ 588,743	\$ 391,550
Supplies	99,000	107,693
	<u>\$ 687,743</u>	<u>\$ 499,243</u>

Note 3 – Property and Equipment

	June 30, 2008	June 30, 2007
Grant assets	\$ -	\$ 8,500
Computer equipment	225,889	204,179
Furniture and fixtures	378,288	449,854
Equipment under capital lease	238,633	261,994
Laboratory equipment	1,603,020	1,586,810
Leasehold improvements	920,165	926,961
Tooling and molds	536,919	536,919
Vehicles	53,858	87,405
	<u>3,956,772</u>	<u>4,062,622</u>
Accumulated depreciation and amortization	(2,983,235)	(2,766,601)
	<u>\$ 973,537</u>	<u>\$ 1,296,021</u>

Note 4 - Intangibles

Intangible assets consist of the following:

	June 30, 2008	June 30, 2007
Patents	\$ 782,016	\$ 1,050,642
Patents pending	683,410	516,779
	<u>1,465,426</u>	<u>1,567,421</u>
Less accumulated amortization	(375,305)	(378,295)
	<u>\$ 1,090,121</u>	<u>\$ 1,189,126</u>

During the six months ended June 30, 2008 and June 30, 2007, the Company abandoned \$201,200 and \$0, respectively, of patents issued and patents pending.