

18 May 2009

Source BioScience plc
(‘Source BioScience’, the ‘Company’ or the ‘Group’)

INTERIM MANAGEMENT STATEMENT

Source BioScience makes a strong start to the financial year with all divisions performing well – underpinning a 14% increase in revenues for Q1 2009

Source BioScience plc (LSE: SBS) the provider of expert, quality services and products to the healthcare, pharma biotech and life sciences research sectors, today provides its Interim Management Statement (‘IMS’) as required by the UK Listing Authority’s Disclosure and Transparency Rules, relating to the period from 1 January 2009 to 18 May 2009.

Highlights:

- Revenue in Q1 increased by 14% compared with the same period last year
- Extended distributor network for genomic reagents into mainland Europe
- CPA accreditation extended to include molecular genetics to underpin provision of next generation of molecular diagnostic tests
- Strong balance sheet with £7.0 million of cash at the end of March 2009
- This strong first quarter performance underpins confidence in the continued improvement in the financial performance of the Group for the full year

Financial performance

Unless otherwise stated, the financial information referenced below refers to the three months ended 31 March 2009, and the corresponding period last year, this being the latest practicable date to which financial information has been prepared.

The Group has made a very positive start to the financial year and revenues for the first quarter increased by 14% compared with the same period last year. This is particularly pleasing given the significant amount of one-off project work the Group won and conducted during the comparative period in 2008 that was not present in 2009.

Across the Group, revenues have been in line with expectations, with a number of the service offerings on our new technology platforms performing very well. We have seen significant growth in our DNA sequencing service, which we operate from four locations in the UK, with revenues increasing by more than 20% compared with the same period last year. Our new laboratory at University College London has enabled us to penetrate the important London life sciences market.

Additionally, next generation sequencing on our Illumina Genome Analyzer has demonstrated significant growth over the past six months and we have a pipeline of orders extending into the second half of this year. Increasingly we are being contacted about potential projects associated with clinical diagnostics where we can transfer our knowledge in genomic analyses into the healthcare arena. Our technology platforms, coupled with our expertise in healthcare diagnostics, make Source BioScience the ideal provider for projects of this nature.

During the latter part of the period covered by this IMS, we have seen a noticeable impact on the demand for our liquid based cytology (‘LBC’) consumables following the publicity surrounding the death of Jade Goody from cervical cancer. Cervical cancer screening centres across the UK are reporting increased compliance with the cervical cancer screening programme, with more women attending their scheduled appointments.

We have also continued our focus on ensuring that we have an appropriate, robust and cost-effective infrastructure base to underpin further growth of the business. During the period we have relocated our Cambridge laboratory facility to a new site within Cambridge to take advantage of reductions in commercial property lease rentals. The relocation has also enabled us to restructure the operations on the site to further improve efficiencies.

Financial position

Our balance sheet remains strong with £7.0 million of cash at the end of March (31 December 2008: £7.6 million).

Since the year end we have invested £0.8 million in the acquisition of Autogen Bioclear, representing the planned deferred consideration due on the first anniversary of the acquisition. This acquisition has now been fully bedded in and we are realising the commercial opportunities generated by the enhanced product portfolio and extended customer base.

Other than noted above, there have been no other significant changes in the financial position of the Company over the period since the publication of the Annual Report and Accounts for the year ended 31 December 2008.

Commenting on the period and outlook, Dr Nick Ash, Managing Director, said:

“Source BioScience has made a strong start to the financial year, with all divisions performing well and in line with expectations.

During 2008 we invested significantly in the commercial and operational infrastructure supporting our Life Science Research activities. As a result of this investment, and exploitation of cross-selling opportunities, we have seen an increased demand for DNA sequencing service across all four of our laboratories and activity in our new facility at University College London has increased each month since it opened.

The ongoing success of our next generation DNA sequencing offering using the Illumina Genome Analyzer platform is particularly satisfying. We remain the only commercial service provider of this technology in the UK and we are attracting customers from pharmaceutical companies as well as research institutions. Increasingly, customers are looking to use the resolution of genetic information this platform yields to understand the genetics of disease, the response to targeted therapies and to guide development of new drugs.

Over the coming months, we look forward to enhancing our automated imaging capability in Healthcare, as demand for this technology increases, with the acquisition of further Focal Point platforms to support the NHS cervical cancer screening programme.”

Outlook

The Company has maintained good momentum at the start of the year with robust sales performance across the divisions, meeting or exceeding expectations. This strong first quarter performance underpins confidence in the continued improvement in the financial performance of the Group for the full year. The Board remains focused on returning the Group to profitability and will continue to equip the business with the necessary skills, expertise, technology and products to deliver controlled growth and value to shareholders.

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About Source BioScience

Source BioScience plc (LSE: SBS) is a highly focused healthcare and biotechnology company offering expert, quality services and products to the healthcare, pharma biotech and life science research sectors. Its Healthcare operations provide screening and reference laboratory diagnostic testing for cancer and other diseases and additional predictive testing for treatment optimisation for clinicians and patients. Pharma Biotech Services offers support for early stage therapeutic development, offering a 'one-stop shop' from tissue pathology, immunohistochemistry, sophisticated image analysis, biomarker determination and assay development to pharmacogenomics including genotyping and gene expression analysis. Life Science Research services provide core laboratory research support from conceptualization to implementation, calling upon a wide range of cutting-edge technology platforms including an online catalogue of biomolecular tools. This incorporates DNA sequencing, whole genome amplification and a comprehensive library of genomic reagents and clones including cDNA and RNAi, as well as facilitating rapid access to high quality antibodies, cell cultures, diagnostic assays for cancer and other genetic testing, and related research tools.

The group has its headquarters in Nottingham, UK where it operates state of the art reference laboratory facilities, with additional UK laboratory facilities in London, Cambridge and Oxford. Source BioScience is CPA, GLP and GCP accredited and is licensed by the Human Tissue Authority.

Disclaimer

The Interim Management Statement may contain forward-looking statements. By their nature, forward-looking statements involve risk and uncertainty because they relate to future events and circumstances. Actual outcomes and results may differ materially from any outcomes or results expressed or implied by such forward-looking statements. Any forward-looking statements made by or on behalf of Source BioScience plc speak only as at the date they are made and no representation or warranty is given in relation to them, including as to their completeness or accuracy or the basis on which they were prepared. Source BioScience plc does not undertake to update forward-looking statements to reflect any changes in the Company's expectations with regard thereto or any changes in events, conditions or circumstances on which any such statement is based.