

19 November 2008

Source BioScience plc
("Source BioScience", the "Company" or the "Group")

INTERIM MANAGEMENT STATEMENT

Growing demand and reach underpins 33% increase in Q3 revenues

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 July 2008 to 19 November 2008.

Key events

Source BioScience, in collaboration with University College London Genetics Institute ('UGI'), has established a core DNA sequencing and genotyping facility based at University College London ('UCL'). Source BioScience will provide infrastructure and technology platforms in addition to employing technical staff and expertise to operate the facility. Under an agreement with UGI, the Company will offer DNA sequencing and genotyping services to customers within UCL for an initial period of three years. This facility removes the significant barriers to entry to the London life science research market and enables Source BioScience to expand its service offering across the South East. As well as opening up the London market, this facility further strengthens Source BioScience's sequencing offering, which now comprises four laboratories.

Source BioScience has expanded its distributor network for its Life Science Research products by appointing a number of distributors in the important East Asia market including China, Hong Kong, Korea, Singapore and Malaysia. The Company has also appointed Moritex Corporation of Japan to be the exclusive distributor for next generation DNA sequencing services in that country, services which will be fulfilled from the Company's reference laboratory in Nottingham, UK.

Source BioScience has signed a number of new agreements with suppliers and manufacturers of genomic reagents and antibodies and now offers a catalogue in excess of 49,000 high quality antibodies. The Company also anticipates adding a further 40,000 antibodies to its catalogue, which will be launched before the end of the year.

During the period, the Company has added the Roche Amplichip CYP450 gene-based diagnostic test to its portfolio of molecular diagnostics. The Roche Amplichip provides comprehensive information on the genes which play a major role in the metabolism of an estimated 25% of all prescription drugs. The test will assist in breast cancer treatment by identifying patients who may be poor responders to the widely used therapy Tamoxifen. This will help ensure that treatment pathways are managed more effectively, positively impacting the clinical outcome and cost effectiveness of therapy.

Financial performance

Unless otherwise stated, the financial information referenced below refers to the three months ended 30 September 2008 and the corresponding period last year.

The Group has continued the positive trend for the financial year and revenues for the third quarter increased by 11% on a like for like basis compared with the same period last year. This is consistent with the performance reported in our Interim Management Statement for the first quarter of this year.

Revenue has increased by 33% for the third quarter compared with the same period last year when revenue from the acquired business of Autogen Bioclear is included.

Within Healthcare, revenues continued to exceed expectations in our Diagnostic Pathology operations while they remained in line with expectations for our Cytology business.

Revenues from automated cytology imaging were recognised for the first time in the period as the Focal Point technology was adopted by a small number of cervical cancer screening centres. Wide spread adoption of the platform by the NHS in the UK continues to rest on the outcome of the Health Technology Assessment review of this technology.

Life Science Research has continued the strong start to the year, with revenue from gene sequencing, genotyping and genomic reagents 12% higher than in the comparable period last year. This was in line with management expectations for the year to date, after allowing for the significant non-recurring project work undertaken at the start of the financial year. There is some seasonality inherent in the Life Science Research sales, where a general reduction in activity in academic laboratories is seen during July and August.

Financial position

Our balance sheet remains strong with £7.4 million of cash as at the date of this Statement (30 June 2008: £8.3 million). In the period we have paid £0.7 million for the third, and penultimate, installment on the Geneservice acquisition as planned.

Since the half year we have also invested £0.5 million of cash in acquiring the Illumina next generation DNA sequencing and genotyping platforms in addition to equipment necessary to support the Focal Point automated cytology screening platform currently in use.

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 Interim Report for the six months ended 30 June 2008.

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

“Source BioScience has continued to build on the first half momentum with all divisions performing well. During this third quarter, we have focused on the operational and commercial integration of the Autogen Bioclear acquisition. We have also invested in new IT infrastructure to support our life science research products business, which is now scalable to support the planned expansion of our antibody and genomic reagents catalogue.

“We have experienced increasing demand for our next generation genotyping and sequencing services and a significant number of projects have been completed or are in the pipeline. We are also seeing increasing demand for our bioinformatics service, especially in association with the next generation services.

“Over the coming months we look forward to further enhancing our portfolio of antibodies and genomic reagents, and to exploiting our expanded distributor network for these products, especially within East Asia. We will be working to ramp up commercial project activity in our new laboratory facility at UCL and extending our reach into the wider London life science research market. We will also continue to promote and support the introduction of automated cytology screening technology into the NHS.

“We remain focused on delivering the Group to profitability whilst retaining the robust cash management strategy that protects the Group’s cash reserves and generates cash from operations. The Board will continue to equip the business with the necessary skills, expertise, technology and products to deliver controlled growth and value to shareholders.”

- ENDS -

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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 division provides the latest cytology screening equipment and techniques as well as diagnostic testing for cancer and other diseases, including 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. The Life Science Research division provides core laboratory research support from conceptualisation 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 where it operates state of the art reference laboratory facilities, with additional laboratory facilities in London, Cambridge and Oxford. Source BioScience is CPA, GLP and GCP accredited and is licensed by the Human Tissue Authority.

Further information is available on the Source BioScience website: www.sourcebioscience.com

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.