

18 May 2010

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

INTERIM MANAGEMENT STATEMENT

Source BioScience makes a robust start to the financial year following investment in leading edge technology platforms

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 2010 to 18 May 2010.

Highlights:

- Performance in line with expectations for the year to date
- Agreement with AstraZeneca to provide genetic testing for lung cancer
- Launch of companion diagnostic testing service for stomach cancer
- DNA sequencing facility opened in Dublin, Ireland
- Illumina CPro certification awarded for sequencing service quality
- Source BioScience is the first laboratory in the UK to order the Illumina HiSeq high throughput sequencing platform
- £1.0 million capital investment in leading edge technology platforms; final payment of £0.8 million made for 2008 acquisition
- Strong financial position with £5.2 million of cash at the end of March 2010

Business performance

Unless otherwise stated, the financial information referenced below refers to the three months ended 31 March 2010, and the corresponding period last year, this being the latest practicable date to which financial information has been prepared.

The Group has made a robust start to the financial year and revenue for the first quarter is consistent with the same period last year. This is especially encouraging given the significant spike in revenue that Source BioScience achieved in the first quarter of 2009, driven mainly by the unprecedented demand for our cervical cancer screening services during that period.

Revenue for the year to date is in line with expectations and represents a continuation of the strong growth and business performance achieved last year.

Healthcare and Pharma Biotech Services

The Company has continued to grow its companion diagnostic offering to parallel the growing demand for targeted therapeutics. Earlier this year the Company signed an agreement with AstraZeneca to provide genetic testing for lung cancer patients. Yesterday the Company announced a further agreement, with another leading pharmaceutical company, to provide companion diagnostic testing for stomach cancer patients. Both these tests provide better diagnostic information for clinicians and help them determine the most appropriate therapy regime for their patients.

Source BioScience is well placed to benefit from the restructuring and outsourcing trends occurring within the pharmaceutical sector. We are beginning to see an increased interest from pharmaceutical and research institutions looking to gain a better understanding of the genetics of disease in order to develop new therapies.

Life Science Research

Source BioScience has established a strong track record as a leading provider of DNA sequencing services. In January the Company opened a fifth sequencing laboratory in Trinity College Dublin, adding to the existing network of sequencing and genotyping facilities it operates in the UK. The new facility in Dublin extends the Company's reach and provides a platform for increased penetration of the vibrant Irish life science research market.

In addition to this network of conventional sequencing laboratories, the Company now also operates one of Europe's most comprehensive next generation sequencing facilities from its laboratories in Nottingham, using Illumina sequencing technology.

Earlier this year the Company trebled its next generation sequencing capacity by investing in a further two Illumina Genome Analyzer Ix sequencing platforms. This investment demonstrates the Company's commitment to be the market leader in Europe for the provision of expert, high quality laboratory services to the life science research and healthcare sectors.

To further enhance this capability, Source BioScience was the first UK provider to place an order for the Illumina HiSeq 2000 high throughput next generation sequencing platform. The enhanced service portfolio will provide greater flexibility and encourage the development of new applications to meet individual customer requirements in life science research as well as clinical diagnostics.

Quality is paramount and the Company has been awarded CSPro certified service provider status for sequencing by Illumina. Source BioScience is the only laboratory in the UK to be awarded this status and one of only 14 such laboratories in the world.

Financial position

Source BioScience continues to maintain strong cash resources. Cash as at 31 March 2010 was £5.2 million (31 December 2009: £7.0 million) with negligible debt.

During the period to 31 March, the Company has invested £1.0 million in leading edge technology platforms to enhance laboratory capability and capacity, including £0.8 million in the Illumina Genome Analyzers and £0.1 million in the Fluidigm genotyping platform installed in the laboratory at University College London. The Company has also paid the final £0.8 million of deferred consideration due for the acquisition of Autogen Bioclear.

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 2009.

Commenting on the period and outlook, Dr Nick Ash, Managing Director, said: **“We have made a robust start to the financial year, with all divisions performing well and in line with expectations.**

“In response to increasing demand, we have invested significantly in both our conventional and next generation DNA sequencing services and we remain the only commercial service provider for Illumina sequencing technology in the UK. We are attracting more customers from the pharmaceutical sector, as well as research institutions, looking to use the power of next generation sequencing to understand the genetics of disease and to guide the development of new therapies.

“Our focus on quality is being recognised by regulatory authorities, suppliers and customers. In the period we have signed two new agreements with leading pharmaceutical companies to provide companion diagnostic testing services for lung and stomach cancer patients. These are in addition to the comprehensive portfolio of

diagnostic services we already provide to pharmaceutical companies and healthcare customers. We have also been certified by Illumina for our next generation sequencing service.

“We are pleased with the progress the Group has made this year and believe that we are well positioned to benefit from any changes in funding and financing across our customer base.”

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About Source BioScience

Source BioScience (LSE: SBS) is a highly focused healthcare and biotechnology company providing diagnostic and screening services to the healthcare community and genetic analyses and biomolecular tools and products to the life science research and pharma biotech 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 laboratory facilities in London, Cambridge, Oxford and Dublin, Ireland. Source BioScience is CPA, GLP and GCP accredited and is licensed by the Human Tissue Authority.

Further information about Source BioScience can be found at 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.