

Source BioScience plc

**Presentation to Investors
August 2008**

Disclaimer

In the interest of providing Source BioScience's shareholders and potential investors with information regarding the Company, including management's assessment of the Company's future plans and operations, certain statements and charts throughout this presentation are "forward-looking statements" and represent the Company's internal projections, expectations or beliefs concerning, among other things, future operating results and various components thereof or the Company's future economic performance.

The projections, estimates and beliefs contained in such forward looking statements necessarily involve known and unknown risks and uncertainties which may cause the Company's actual performance and financial results in future periods to differ materially from any estimates or projections. Nothing in this presentation should be construed as a profit forecast.

About Source BioScience

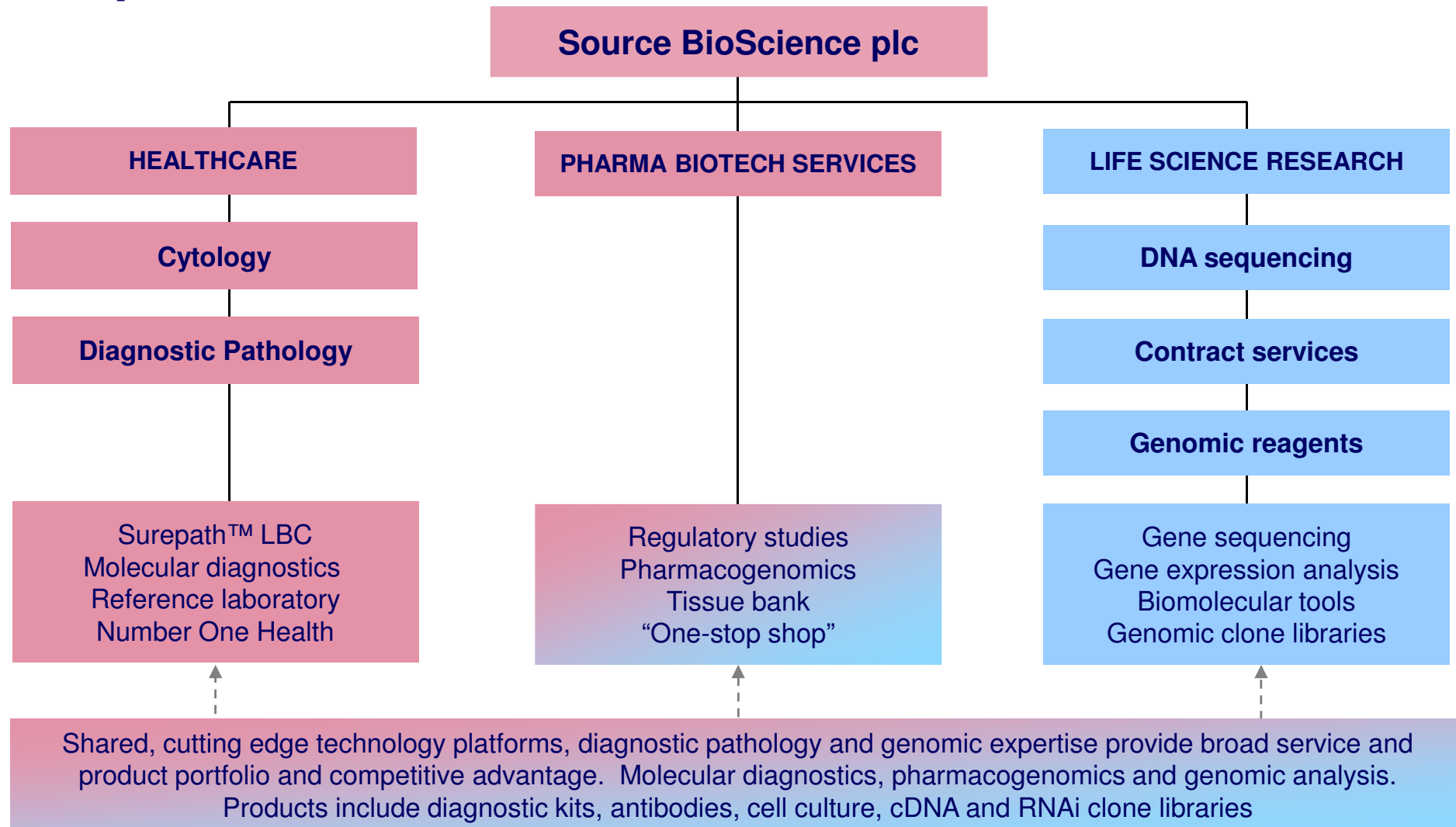
- A leading provider of expert, quality services and products to the healthcare, pharma biotech and life science research sectors
- State of the art reference laboratories in Nottingham, Cambridge and Oxford
- Fully listed (LSE: SBS)
- Three operating divisions:
 - **Healthcare**

Screening and diagnostic testing services and products for cancer and other diseases for the NHS and private healthcare
 - **Pharma Biotech Services**

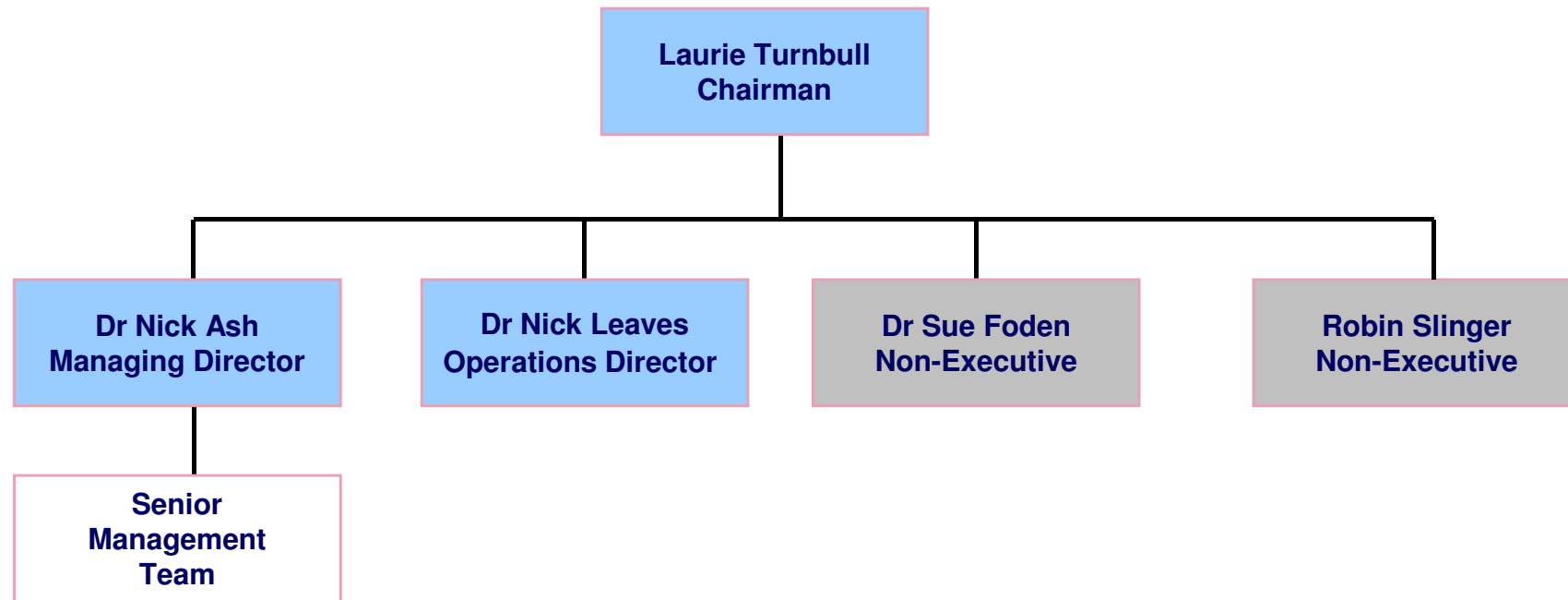
Support for early stage therapeutic development offering a “one-stop shop” from tissue pathology to gene expression profiling and mutation analysis to pharma biotech clients
 - **Life Science Research**

Core laboratory research support services to academic labs and research institutes, including DNA sequencing, genotyping and an extensive portfolio of biomolecular tools including antibodies, cell culture, cDNA, RNAi and genomic clone libraries

Group activities



Board of Directors



Financial highlights

6 months ended 30 June 2008

- Revenue **up 88%** to £5.9 million
- **55% improvement** in operating loss (before exceptionals) to £0.4 million (2007: £0.9 million loss)
- **40% improvement** in loss before tax to £0.2 million (2007: £0.3 million loss)
- Operations now **cash generative** (2007: £0.9 million negative)
- **£8.3 million cash** reserves (31 December 2007: £12.3 million) to support the growth of the business

Proposed capital restructuring

- Flexibility to purchase own shares
- Potential to pay dividends
- Cancel share premium and extinguish deficit on profit and loss account
- Subject to shareholder and court approval
- Effective date early November 2008

Key events 2008 to date

- Acquisition of Autogen Bioclear UK Limited for up to £5.9 million; a profitable, cash generative business with net current assets of £1.9 million
- Selection of Illumina's Genome Analyzer™ next generation sequencing and BeadStation™ genotyping platforms, becoming the first commercial service provider of these technologies in the UK
- FocalPoint™ location guided screener added to the exclusive distribution agreement with TriPath/Becton Dickinson
- Maintained GLP compliance; CPA accreditation and HTA license; attained GCP accreditation

Financial review

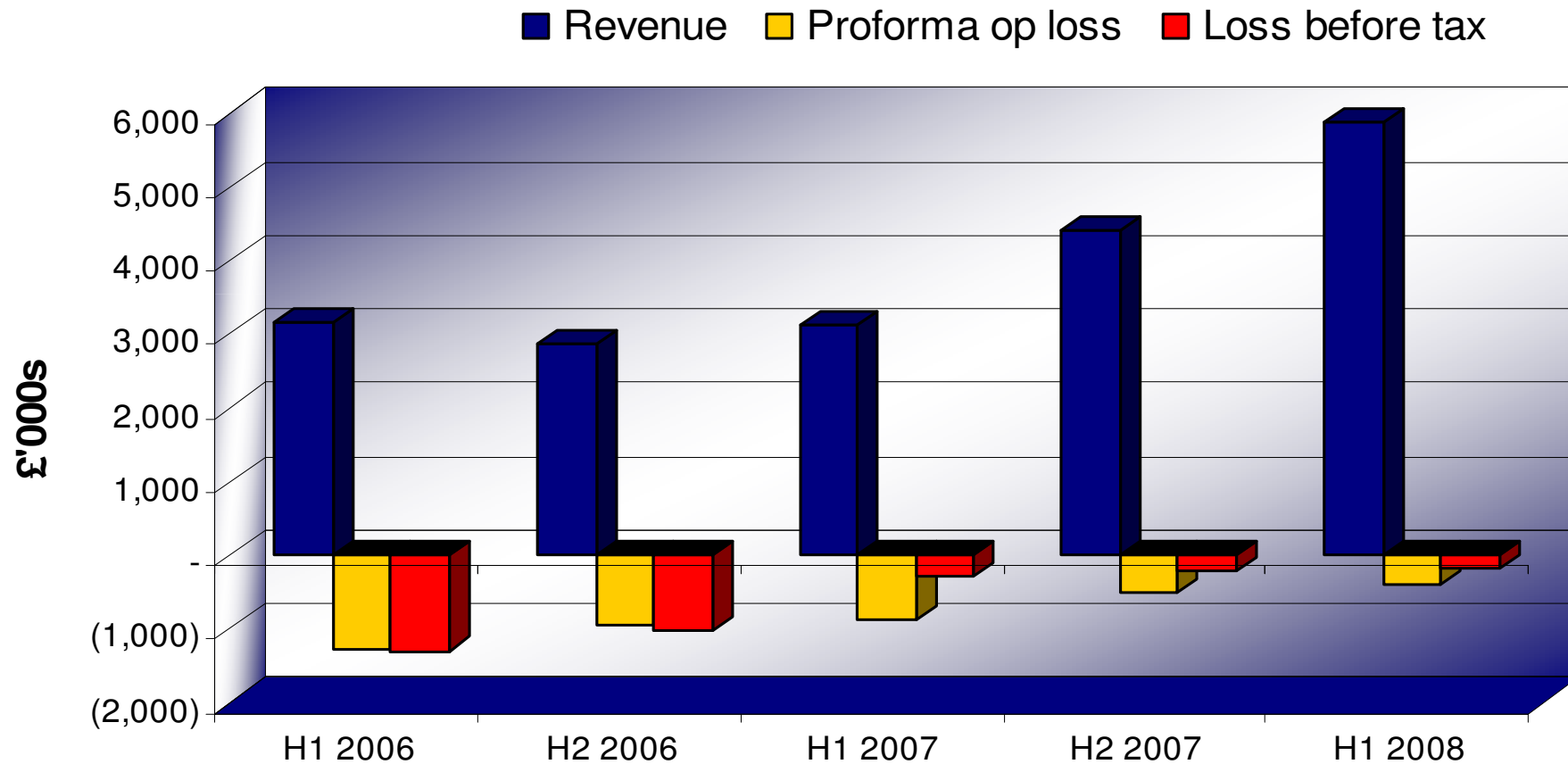
6 months ended 30 June 2008

Financial performance

- Revenue increased by £2.8 million with £2.4 million from acquisitions and £0.4 million organic growth
- Investment in sales and distribution infrastructure
- Admin expenses reduced to 36% of sales (2007: 56%) demonstrating cost control and efficiencies from consolidation of operations
- Pro forma operating loss reduced by 55% to £0.4 million; consistent trend
- EBITDA demonstrates
 - cash generation from operations
 - sound acquisition and investment strategy

	6 m/e 30 Jun 08 £'000	6 m/e 30 Jun 07 £'000	6 m/e 30 Jun 06 £'000	Year ended 31 Dec 07 £'000
Revenue	5,874	3,120	3,157	7,531
Cost of sales	(3,444)	(1,851)	(1,921)	(4,404)
Gross profit	2,430	1,269	1,236	3,127
Selling and distribution	(592)	(353)	(341)	(680)
Research and development	(109)	(61)	(100)	(110)
Admin expenses - normal	(2,126)	(1,735)	(2,065)	(3,731)
Pro forma operating loss	(397)	(880)	(1,270)	(1,394)
Exceptional income	-	206	-	206
Exceptional costs	-	-	-	(29)
Reported operating loss	(397)	(674)	(1,270)	(1,217)
Finance income/(expense)	189	374	(40)	704
Share of associate	27	(4)	-	(20)
Loss before tax	(181)	(304)	(1,310)	(533)
EBITDA	138	(357)	(855)	(470)

Financial performance – half yearly



Healthcare

Six months ended	30 Jun 08 £'000	31 Dec 07 £'000	30 Jun 07 £'000	30 Jun 06 £'000
Revenue				
Cytology	2,172	2,159	2,083	1,712
Diagnostic Pathology	1,116	671	830	1,289
	3,288	2,830	2,913	3,001
Operating result				
Cytology	552	565	507	262
Diagnostic Pathology	206	-	31	337
Operating result	758	565	538	599

+13% revenue

+ 41% operating
result

- Improved Healthcare performance driven by strong recovery in Diagnostic Pathology; sales activity and volume increases underpin growth
- Cytology consistent with expectations following conclusion of SurePath™ liquid based cytology system roll-out; estimated 47% market share consolidated
- Continued support for automated cervical cancer screening trials in the UK and collaboration on companion diagnostics; expect screening service to start H2
- Enhanced diagnostic portfolio and tailored services aimed at clinicians to support treatment decisions including OncoTypeDX™, KRAS and other molecular diagnostic testing

Pharma Biotech Services

Six months ended	30 Jun 08	31 Dec 07	30 Jun 07	30 Jun 06
	£'000	£'000	£'000	£'000
Revenue	211	302	207	156
Operating result	(120)	(77)	(195)	(293)

- Enhanced “one-stop shop” service offering to include a full spectrum of services from tissue pathology to genetic analysis; portfolio of pharmacogenomic and companion diagnostic capability
- Continued focus on service to smaller and medium sized pharma biotech companies with operations based mainly in the UK
- Accreditations enhanced to include GCP alongside GLP and HTA license; essential for regulatory studies
- Increased attention from larger, international pharma companies; capability and facility “audits” conducted by a number of pharma companies
- Strategic value to business; costs minimised and efficiencies maximised

Life Science Research

Six months ended	30 Jun 08 £'000	31 Dec 07 £'000	30 Jun 07 £'000	30 Jun 06 £'000
Revenue				
Geneservice™	1,609	1,279	1,348 *	1,192 *
Autogen Bioclear™	766	-	-	-
	2,375	1,279	1,348	1,192
Operating result				
Geneservice™	245	71	-	-
Autogen Bioclear™	94	-	-	-
Operating result	339	71	-	-

+26% Geneservice™
revenue versus H207

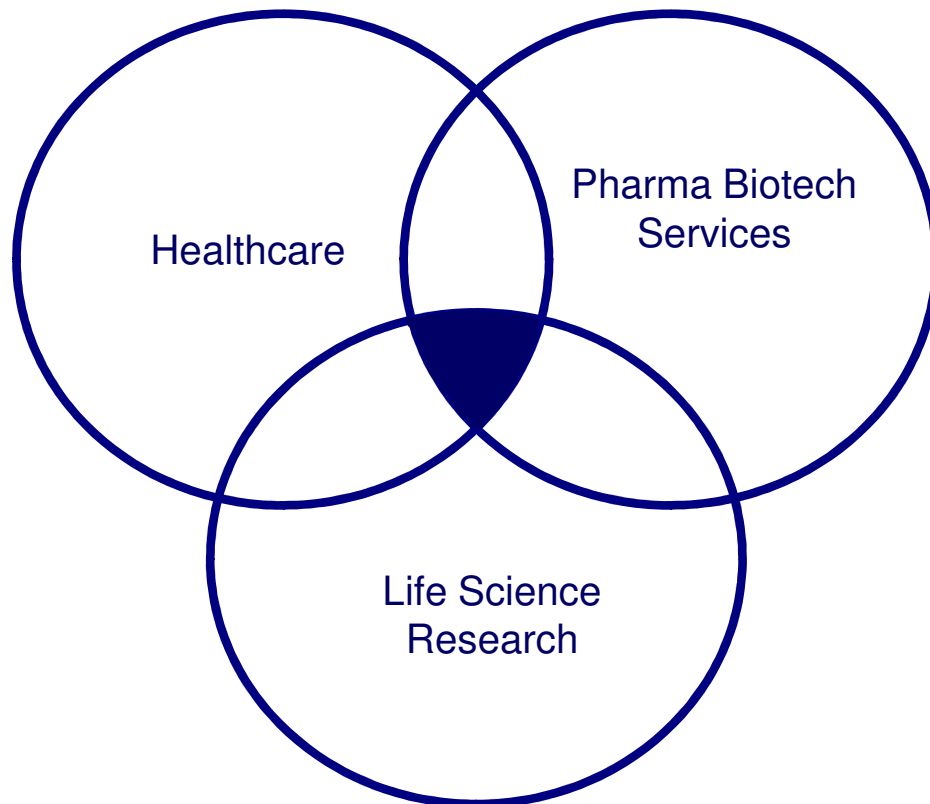
rapid consolidation &
integration of ops

* management information

- Geneservice™ DNA sequencing revenue growth 28% versus H207; reagents and contract research grew 22% and 12% respectively
- Over 200% improvement in operating result for Geneservice™ genomic activities; improved laboratory efficiencies and service delivery
- Unique accreditation position - only DNA sequencing and genotyping provider in the UK with CPA and GLP/GCP accreditation
- Focus on integration of commercial activity and finance/IT operations for Autogen™ business

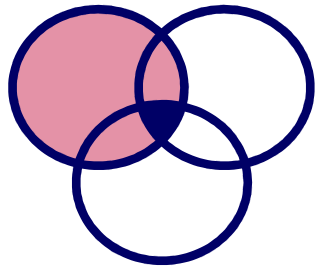
Growth strategy and opportunities

“Joined up” business



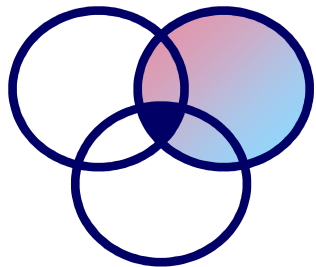
- Shared expertise and technology platforms
- Broad portfolio of complementary services and products
- Integrated operational and commercial infrastructure
- Robust business model within each division
- Opportunities from overlap and complementary nature of activities

Organic growth of core expertise



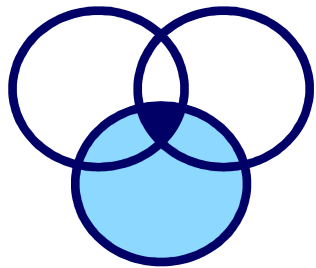
Healthcare

- Automated cytology screening for cervical cancer – FocalPoint™
- Expand portfolio of diagnostic tests
- IT solutions for pathology reporting



Pharma Biotech Services

- “One-stop shop” offering
- Enhanced support for oncology clinical trials
- Exploit tissue and genomic biomaterial resource

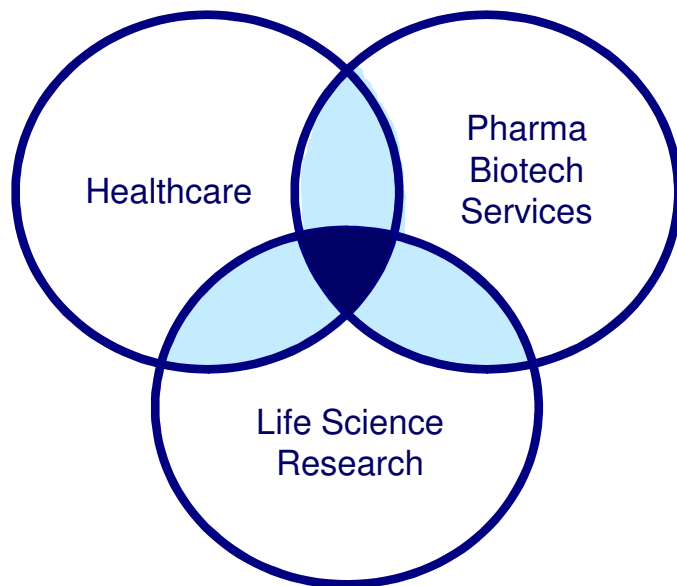


Life Science Research

- Next generation sequencing and genotyping services; bioinformatics
- Enhance portfolio of biomolecular tools including Autogen™ products
- Bundled products; cross-selling opportunities
- Broaden distributor network; geographic markets

Growth from synergistic activities

Significant opportunities for growth exist where the expertise in each of the divisions interact and complement each other:



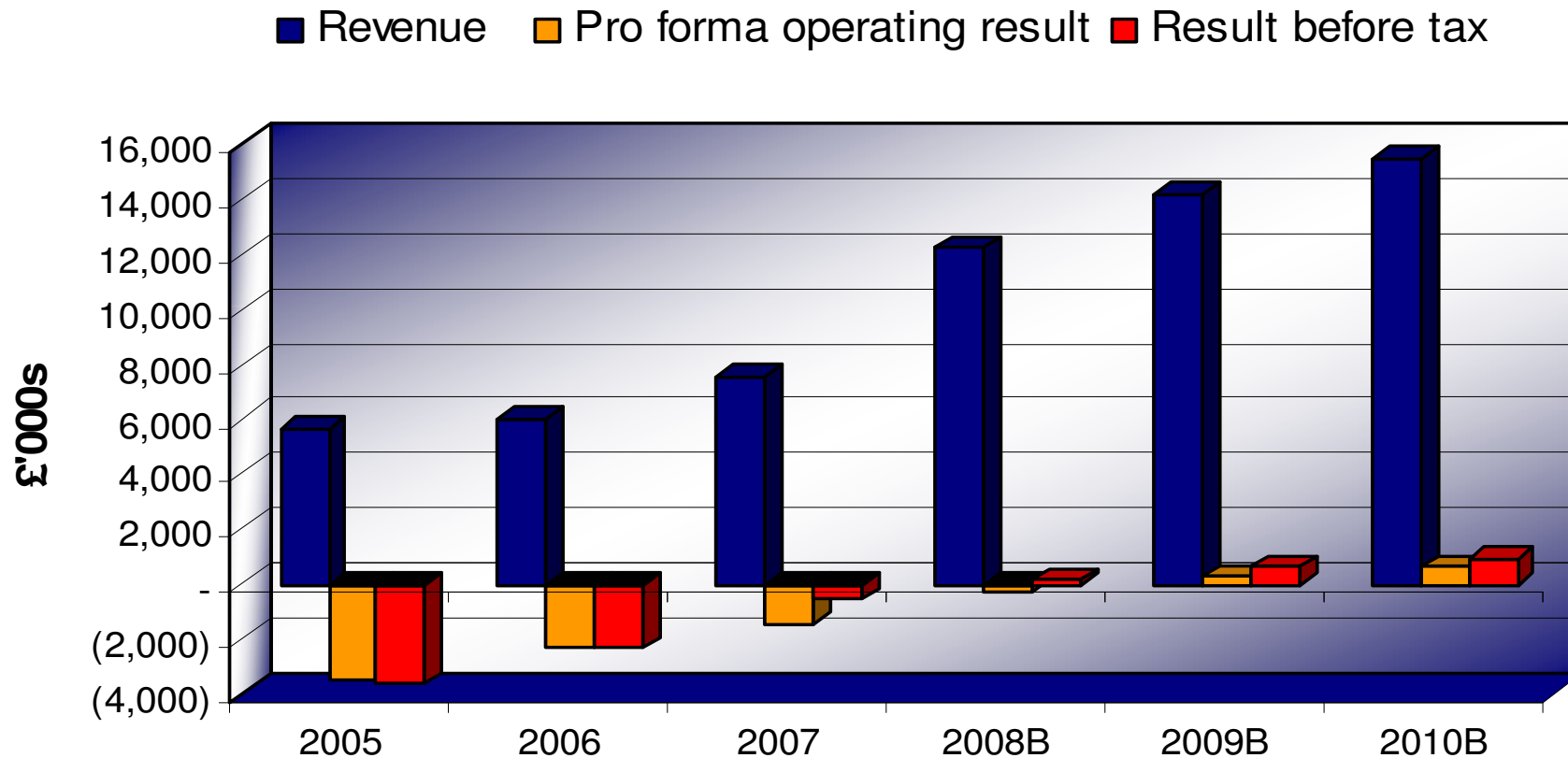
- **Molecular diagnostics**
combining pathology and genetics to diagnose, predict and monitor disease
 - diagnostic genotyping on Illumina platform
 - Empire Genomics ACCUarray™ test
- **Pharmacogenomics**
how genetics determines response to therapies
 - genetic segmentation of patient groups
- **Personalised medicine & companion diagnostics**
biomarkers for disease predisposition and therapy response
 - Companion diagnostics eg KRAS testing
 - personalised genomics and predisposition testing

Summary

An opportunity for investors

- Cash generative and significant progress toward profitability
- Cash available to invest in
 - acquisition opportunities
 - new technologies – where demand exists
- Strong executive team and integration capability
- “Joined up” business with focus on service delivery
- Outstanding facilities and technology platforms
- Market fundamentals strong for core activities
- Expanding markets for molecular diagnostics and pharmacogenomics

Historic performance and brokers notes



Source: company data and brokers notes (B)