Half Year Report 2011

Source BioScience

Welcome

Source BioScience is an international genetic analysis and diagnostics business serving the healthcare and research markets

Contents

We have entered into a number of new agreements with large pharma companies to provide laboratory services in support of clinical trials and have a pipeline of clinical trial contracts worth in excess of £1.0 million over the next 12 to 18 months. However, as with any clinical trial support contract, the value to the Company depends on successful recruitment of patients onto a trial and, to some extent, early indications of the efficacy of the therapy being trialled, both of which are outwith our control.

As we have referred to previously, we have restructured elements of our commercial and operational infrastructure, and have been working to align our PharmaBiotech and LifeSciences activities more closely. In future we will present our PharmaBiotech activities as part of our LifeSciences division.

Outlook

The Group has demonstrated sustained growth during the first half of the year which has continued to the date of this report. This underpins confidence in the ongoing improvement in the performance of the Group for the full year, in line with management expectations.

In LifeSciences, we believe that we have significant untapped potential within our product portfolio, with our unique portfolio of clones and antibodies. With the launch of our improved e-commerce platform and, most recently, GenomeCube® we have made access to our entire portfolio more straightforward, significantly enhanced the technical information available to researchers and made the sales process more user friendly for customers. We expect to report further progress in marketing and sales in the second half of the year.

In Healthcare, we continue to hold a dominant position in England and Wales in support of the cervical cancer screening programme. This is a mature market which is highly cash generative and the barriers to entry are significant. As noted earlier, opportunities exist with the adoption, and roll out of automated imaging in the UK, which will be additive to our existing offering. In addition, the NHS plans to introduce HPV testing within the screening programme before the end of 2011. Source BioScience already offers HPV testing and this service can be adapted to suit the demands of the NHS. We anticipate that initially up to 20% of screening samples will be referred for HPV testing which equates to approximately 700,000 additional HPV tests per annum in England and Wales. In addition, with our unique offering of histopathology and increased outsourcing by the NHS, plus cutting-edge genomics, we are well placed to capitalise on the increasing demand for genetic testing and companion diagnostics.

The solid first half performance, and initiatives underway, underpins confidence in the maintained improvement in the performance of the Group for the full year.

Laurie Turnbull
Chairman

23 August 2011

Unaudited Condensed Consolidated Statement of Comprehensive Income

For the six months ended 30 June 2011

	Note	Six months ended 30 June 2011 £'000	Six months ended 30 June 2010 £'000	Year ended 31 December 2010 £'000
Continuing operations				
Revenue	2	**7,572**	6,857	13,487
Cost of sales		**(4,315)**	(3,888)	(7,666)
Gross profit		**3,257**	2,969	5,821
Selling and distribution expenses		**(555)**	(675)	(1,231)
Research and development		**(125)**	(95)	(220)
Administrative expenses:				
– normal		**(2,286)**	(2,092)	(4,024)
– amortisation of intangibles arising from acquisitions		**(135)**	(90)	(176)
– non-recurring and restructuring costs		**(353)**	–	–
– acquisition costs		**–**	–	(159)
Administrative expenses		**(2,774)**	(2,182)	(4,359)
Operating (loss)/profit from continuing operations		**(197)**	17	11
Finance income		**13**	37	72
Finance costs		**(15)**	–	(9)
(Loss)/profit before tax from continuing operations		**(199)**	54	74
Taxation		**20**	16	34
(Loss)/profit after tax but before loss from discontinued operations		**(179)**	70	108
Discontinued operations				
Loss from discontinued operations		**–**	–	(15)
(Loss)/profit attributable to equity holders of the Company		**(179)**	70	93
Other comprehensive income				
Exchange differences on translation of foreign operations		**(5)**	–	(1)
Total comprehensive (expense)/income attributable to equity holders of the Company		**(184)**	70	92
Earnings per share:				
Basic (loss)/profit per ordinary share	3	**(0.09)p**	0.03p	0.05p
Diluted (loss)/profit per ordinary share	3	**(0.09)p**	0.03p	0.04p

Unaudited Condensed Consolidated Statement of Changes in Shareholders' Equity

As at 30 June 2011

	Attributable to equity holders of the Parent Company					
	Share capital £'000	Merger and other reserves £'000	Special reserve £'000	Translation reserve £'000	Profit and loss reserve £'000	**Total equity £'000**
Balance at 1 January 2010	4,075	2,408	10,788	–	(2,072)	**15,199**
Profit for the period	–	–	–	–	70	**70**
Total comprehensive income for the period	–	–	–	–	70	**70**
Transactions with owners, recorded directly in equity						
Employee share option scheme:						
– value of services provided	–	–	–	–	49	**49**
Balance at 30 June 2010	4,075	2,408	10,788	–	(1,953)	**15,318**
Balance at 1 July 2010	4,075	2,408	10,788	–	(1,953)	**15,318**
Currency translation adjustments	–	–	–	(1)	–	**(1)**
Net expense recognised directly in equity	–	–	–	(1)	–	**(1)**
Profit for the period	–	–	–	–	23	**23**
Total comprehensive (expense)/ income for the period	–	–	–	(1)	23	**22**
Transactions with owners, recorded directly in equity						
Employee share option scheme:						
– value of services provided	–	–	–	–	28	**28**
Balance at 31 December 2010	4,075	2,408	10,788	(1)	(1,902)	**15,368**
Balance at 1 January 2011	4,075	2,408	10,788	(1)	(1,902)	**15,368**
Currency translation adjustments	–	–	–	(5)	–	**(5)**
Net expense recognised directly in equity	–	–	–	(5)	–	**(5)**
Loss for the period	–	–	–	–	(179)	**(179)**
Total comprehensive expense for the period	–	–	–	(5)	(179)	**(184)**
Transactions with owners, recorded directly in equity						
Employee share option scheme:						
– value of services provided	–	–	–	–	24	**24**
Balance at 30 June 2011	4,075	2,408	10,788	(6)	(2,057)	**15,208**

Unaudited Condensed Consolidated Statement of Financial Position

As at 30 June 2011

	As at 30 June 2011 £'000	As at 30 June 2010 £'000	As at 31 December 2010 £'000
Non-current assets			
Goodwill	**8,346**	6,617	8,345
Other intangible assets	**1,154**	661	992
Investment in associate	**–**	223	–
Property, plant and equipment	**2,697**	2,304	2,818
	12,197	9,805	12,155
Current assets			
Inventories	**747**	490	716
Trade and other receivables	**3,356**	2,841	2,527
Cash and cash equivalents	**2,987**	5,518	4,170
	7,090	8,849	7,413
Current liabilities			
Trade and other payables	**3,450**	3,209	3,522
Financial liabilities			
– borrowings	**135**	3	130
Deferred consideration	**77**	–	–
	3,662	3,212	3,652
Net current assets	**3,428**	5,637	3,761
Total assets less current liabilities	**15,625**	15,442	15,916
Non-current liabilities			
Financial liabilities			
– borrowings	**268**	–	302
Deferred consideration	**–**	–	77
Deferred tax	**149**	124	169
	417	124	548
Net assets	**15,208**	15,318	15,368
Equity			
Issued share capital	**4,075**	4,075	4,075
Special reserve	**10,788**	10,788	10,788
Other reserves	**2,402**	2,408	2,407
Profit and loss reserve	**(2,057)**	(1,953)	(1,902)
Total equity	**15,208**	15,318	15,368

Unaudited Condensed Consolidated Statement of Cash Flows

For the six months ended 30 June 2011

	Six months ended 30 June 2011 £'000	Six months ended 30 June 2010 £'000	Year ended 31 December 2010 £'000
Cash flows from operating activities			
(Loss)/profit for the period	**(179)**	70	93
Adjustments for:			
Depreciation of tangible fixed assets	**524**	390	792
Recognition of grant income	**(6)**	(6)	(13)
Amortisation of capitalised development costs	**44**	9	40
Amortisation of other intangibles	**135**	91	177
Impairment of assets held for sale	**–**	–	223
Profit on sale of property, plant and equipment	**(24)**	–	(39)
Profit on sale of discontinued operations	**–**	–	(224)
Interest payable	**15**	–	9
Interest receivable	**(13)**	(37)	(72)
Share-based payments – value of employee service	**24**	49	77
Change in working capital	**(690)**	(404)	(137)
Cash (used in)/generated from operations	**(170)**	162	926
Interest paid	**(15)**	–	(9)
Net cash (used in)/generated from operating activities	**(185)**	162	917
Cash flows from investing activities			
Acquisition of subsidiaries	**–**	(750)	(2,449)
Cash acquired with subsidiaries	**–**	–	(111)
Purchases of property, plant and equipment	**(918)**	(788)	(872)
Proceeds from sale of property, plant and equipment	**304**	–	10
Purchases of intangible assets	**(336)**	(123)	(265)
Interest received	**7**	4	49
Net cash used in investing activities	**(943)**	(1,657)	(3,638)
Cash flows from financing activities			
Repayment of borrowings	**(24)**	–	(107)
Finance lease principal repayments	**(5)**	(1)	(4)
Net cash used in financing activities	**(29)**	(1)	(111)
Net decrease in cash and cash equivalents	**(1,157)**	(1,496)	(2,832)
Cash and cash equivalents at beginning of period	**4,170**	7,014	7,014
Exchange losses on cash and cash equivalents	**(26)**	–	(12)
Cash and cash equivalents at end of period	**2,987**	5,518	4,170

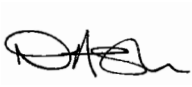
Responsibility Statement

We confirm that to the best of our knowledge:

- The condensed consolidated interim financial statements for the six months ended 30 June 2011 have been prepared in accordance with IAS 34 Interim Financial Reporting as adopted by the EU; and
- the half year report includes a fair review of the information required by:
  - DTR 4.2.7R (indication of important events during the first six months and description of principal risks and uncertainties for the remaining six months of the year)
  - DTR 4.2.8R (disclosure of related party transactions and charges therein)

By order of the Board

Laurie Turnbull
Chairman



Nick Ash
Chief Executive Officer

Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended 30 June 2011

1. Basis of preparation

Source BioScience plc is a company domiciled in the United Kingdom. The condensed consolidated interim financial statements of the Company as at and for the six months ended 30 June 2011 comprise the Company and its subsidiaries (together referred to as the Group).

These condensed consolidated interim financial statements have been prepared in accordance with IAS 34 Interim Financial Reporting as endorsed and adopted for use in the European Union. They do not include all of the information required for full annual financial statements and should be read in conjunction with the consolidated financial statements of the Group for the year ended 31 December 2010, which have been prepared in accordance with IFRS adopted by the European Union.

These condensed consolidated interim financial statements have been prepared on the basis of accounting policies consistent with those applied in the preparation of the Company's published consolidated financial statements for the year ended 31 December 2010 except as noted below.

The Group has adopted improvements to various standards within the 'Improvements to IFRS' programme, none of which have had a significant effect on the reported results or financial position of the Group.

The condensed consolidated interim financial statements for the six months ended 30 June 2011 have neither been audited nor reviewed by the Group's auditor in accordance with International Standard on Review Engagements 2410 issued by the Auditing Practices Board.

The comparative figures for the financial year ended 31 December 2010 are not the Company's statutory consolidated accounts for that financial year but represent an extract from those accounts. Statutory accounts for the year ended 31 December 2010 were approved by the Board on 28 April 2011 and delivered to the Registrar of Companies. The report of the auditor on those financial statements was (i) unqualified, (ii) did not include reference to any matters to which the auditor drew attention by way of emphasis without qualifying their report and (iii) did not contain a statement under section 498 (2) or (3) of the Companies Act 2006. The consolidated financial statements of the Group as at and for the year ended 31 December 2010 are available on request from the Company's registered office at 1 Orchard Place, Nottingham Business Park, Nottingham NG8 6PX or at www.sourcebioscience.com.

Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended 30 June 2011

1. Basis of preparation continued

The condensed consolidated interim financial statements are presented in pounds sterling, rounded to the nearest thousand pounds. They are prepared on the historical cost basis except for the valuation to fair value of certain assets as indicated.

The preparation of the condensed consolidated interim financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing these condensed consolidated interim financial statements, the significant judgements made by management in applying the Group's accounting policies and the key source of estimation uncertainty were the same as those applied to the consolidated financial statements as at and for the year ended 31 December 2010.

There have been no related party transactions or changes in related party transactions described in the latest annual report that could have a material effect on the financial position or performance of the Group in the first six months of this financial year.

The condensed consolidated interim financial statements for the six months ended 30 June 2011 were approved by the Board of Directors on 23 August 2011.

2. Operating segments

Information about reporting segments

At 30 June 2011, the Group's trading operations were organised into three main operating divisions:

- LifeSciences
- Healthcare (comprising the business units of Cytology and Diagnostics)
- PharmaBiotech

During the period there were immaterial sales between business segments (six months ended 30 June 2010: immaterial; year ended 31 December 2010: immaterial) and where these do occur they are at arm's length pricing.

Unallocated costs represent corporate expenses and common operating costs. Segment assets include intangible assets such as goodwill, together with plant and equipment, stocks and debtors. Unallocated assets include property, central debtors and prepayments and operating cash. Segment liabilities comprise operating liabilities and exclude borrowings. Segment capital expenditure comprises additions to plant and equipment and capitalised development costs.

Six months ended 30 June 2011	Life Sciences £'000	Healthcare £'000	Pharma Biotech £'000	Unallocated £'000	Group £'000
Revenue	3,650	3,554	368	–	**7,572**
Segment result	484	1,027	106	(1,814)	**(197)**
Finance income				13	**13**
Finance costs				(15)	**(15)**
Loss before tax				(1,816)	**(199)**
Taxation				20	**20**
Profit/(loss) for the period	484	1,027	106	(1,796)	**(179)**
Segment assets	11,808	2,626	101	–	**14,535**
Unallocated assets					
– property, plant and equipment				643	**643**
– intangible assets				45	**45**
– debtors and prepayments				1,077	**1,077**
– cash and cash equivalents				2,987	**2,987**
Total assets	11,808	2,626	101	4,752	**19,287**
Segment liabilities	1,328	778	31	–	**2,137**
Unallocated liabilities					
– creditors and accruals				1,942	**1,942**
Total liabilities	1,328	778	31	1,942	**4,079**
Other segment items					
Capital expenditure					
– tangible assets	473	89	–	69	**631**
– intangible assets	247	44	–	45	**336**
Depreciation	339	57	2	126	**524**
Amortisation of intangible assets	149	30	–	–	**179**
Other non-cash expenses					
– share option scheme	–	–	–	24	**24**

All results derive from continuing operations.

Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended 30 June 2011

2. Operating segments continued

Six months ended 30 June 2010	Life Sciences £'000	Healthcare £'000	Pharma Biotech £'000	Unallocated £'000	Group £'000
Continuing operations					
Revenue	2,782	3,549	526	–	**6,857**
Segment result	346	1,036	140	(1,505)	**17**
Finance income				37	**37**
Finance costs				–	**–**
(Loss)/profit before tax				(1,468)	**54**
Taxation				16	**16**
Profit/(loss) for the period from continuing operations	346	1,036	140	(1,452)	**70**
Discontinued operations					
Profit for the year from discontinued operations		–			**–**
Net profit/(loss) for the year	346	1,036	140	(1,452)	**70**
Segment assets	8,757	2,672	281	–	**11,710**
Unallocated assets					
– property, plant and equipment				482	**482**
– debtors and prepayments				714	**714**
– cash and cash equivalents				5,518	**5,518**
– discontinued operations				230	**230**
Total assets	8,757	2,672	281	6,944	**18,654**
Segment liabilities	598	827	66	–	**1,491**
Unallocated liabilities					
– creditors and accruals				1,621	**1,621**
– discontinued operations				224	**224**
Total liabilities	598	827	66	1,845	**3,336**
Other segment items					
Capital expenditure					
– tangible assets	106	14	–	82	**202**
– intangible assets	25	98	–	–	**123**
Depreciation	186	122	2	80	**390**
Amortisation of intangible assets	95	–	5	–	**100**
Other non-cash expenses					
– share option scheme	–	–	–	49	**49**

Year ended 31 December 2010	Life Sciences £'000	Healthcare £'000	Pharma Biotech £'000	Unallocated £'000	Group £'000
Continuing operations					
Revenue	5,596	6,866	1,025	–	**13,487**
Segment result	727	2,011	277	(3,004)	**11**
Finance income				72	**72**
Finance costs				(9)	**(9)**
(Loss)/profit before tax				(2,941)	**74**
Taxation				34	**34**
Profit/(loss) for the year from continuing operations	727	2,011	277	(2,907)	**108**
Discontinued operations					
Segment Result		(15)			**(15)**
Loss before tax		(15)			**(15)**
Loss for the year from discontinued operations		(15)			**(15)**
Net profit/(loss) for the year	727	1,996	277	(2,907)	**93**
Segment assets	11,500	2,300	193	–	**13,993**
Unallocated assets					
– property, plant and equipment				675	**675**
– debtors and prepayments				730	**730**
– cash and cash equivalents				4,170	**4,170**
Total assets	11,500	2,300	193	5,575	**19,568**
Segment liabilities	1,084	809	42	–	**1,935**
Unallocated liabilities					
– creditors and accruals				2,265	**2,265**
Total liabilities	1,084	809	42	2,265	**4,200**
Other segment items					
Capital expenditure					
– tangible assets	571	66	–	337	**974**
– intangible assets	88	177	–	–	**265**
Depreciation	335	229	4	224	**792**
Amortisation of intangible assets	190	22	5	–	**217**
Other non-cash expenses					
– share option scheme	–	–	–	77	**77**

Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended 30 June 2011

3. Earnings/(loss) per share

Basic earnings/(loss) per share amounts are calculated by dividing net profit/(loss) for the period attributable to ordinary equity shareholders of the Parent Company by the weighted average number of shares outstanding during the period. Diluted earnings/(loss) per share amounts are calculated by dividing the net profit/(loss) attributable to ordinary equity shareholders by the weighted average number of ordinary shares outstanding during the period adjusted for the effects of dilutive options.

The calculation of basic and diluted earnings per share for each respective period is outlined in the table below:

	Six months ended 30 June 2011	Six months ended 30 June 2010	Year ended 31 December 2010
(Loss)/earnings (£'000)	**(179)**	70	93
Basic EPS			
Weighted average number of shares	**203,765,232**	203,765,232	203,765,232
(Loss)/earnings per share	**(0.09)p**	0.03p	0.05p
Diluted EPS			
Weighted average number of shares	**203,765,232**	203,765,232	203,765,232
Dilutive options adjustment	**–**	6,638,536	6,620,959
Weighted average number of shares adjusted for dilutive options	**203,765,232**	210,403,768	210,386,191
Diluted (loss)/earnings per share	**(0.09)p**	0.03p	0.04p

IAS 33 Earnings Per Share requires presentation of diluted earnings per share when a company could be called upon to issue shares that would decrease net profit or increase net loss per share. Net loss per share in a loss-making company would only be increased by the exercise of share options which were out of the money. Assuming that option holders will not exercise out of the money options, no adjustment has been made to the diluted (loss)/earnings per share for out of the money share options.

4. Half year report

Copies of the half year report for the six months ended 30 June 2011 will be sent to all shareholders and will be posted on the Company's website at www.sourcebioscience.com. In addition, copies may be obtained from the Company Secretary at Source BioScience plc, 1 Orchard Place, Nottingham Business Park, Nottingham NG8 6PX.

Glossary

Antibodies
Antibodies are proteins that are found in blood or other bodily fluids; they are used by the immune system to identify and neutralise foreign objects, such as bacteria and viruses. Antibodies are also used as highly specific probes for detecting proteins of interest in tissues. A wide range of antibodies with a large variety of cellular targets is available to research scientists through distributors such as Source BioScience.

BRAF
The BRAF gene encodes a signalling protein. Mutations of the BRAF gene are quite common in melanoma and colorectal cancer. In colorectal cancer, such mutations make a tumour resistant to inhibitors of the EGFR signalling pathway.

Bioinformatics
The application of information technology, and computer science, to the field of molecular biology. Common activities in bioinformatics include mapping and analysing DNA and protein sequences, aligning different DNA sequences to compare them and handling and analysing huge data sets generated by the latest sequencing technologies.

Biomarkers
Biomarkers often refer to substances found in blood, urine or tissue, changes in which may be used to indicate presence of disease or response to treatment. More generally the term biomarker refers to any molecule that can be used to monitor a particular cellular process and may be a protein, DNA or RNA molecule.

Capillary Electrophoresis DNA Sequencing (also known as Sanger sequencing or conventional sequencing)
DNA sequences are determined using a chemical reaction that results in an array of products that terminate in a different fluorescent coloured dye, which vary in size by one nucleotide. The products are separated, like the rungs of a ladder, by passing them through a capillary with an electric current and determining the order in which they emerge. This method was used for the large DNA sequencing projects of the last 15 years and remains the only way of inexpensively analysing large numbers of small sets of samples (see also Next Generation DNA Sequencing – below).

CYP2D6
Breast cancer patients with certain genetic variations in the CYP2D6 gene may be slow metabolisers of the drug tamoxifen to its active metabolite endoxifen. In this case changes to the treatment regime may be indicated because the efficacy of the drug is reduced.

Circulating Tumour Cells ('CTC')
The identification of small numbers of cancer cells circulating in the blood has been shown to be of potential prognostic significance in breast cancer, colorectal or prostate cancer, and useful for monitoring response to drug therapy.

Clinical Pathology Accreditation ('CPA')
CPA is the accreditation body for clinical pathology services. Accreditation involves audit of the ability of a laboratory to provide a service of high and consistent quality by declaring a defined standard of practice, which is performed by the CPA accreditation body.

Clone
A DNA sequence, such as a gene, that is transferred from one organism to another and can be replicated by genetic engineering techniques.

Companion Diagnostic
A test based on a biomarker (which might be a protein, DNA or RNA molecule), the presence or absence of which is associated with the likely efficacy of a drug or other treatment. Companion diagnostics are useful in stratifying patients into groups which are known to respond in a particular way to a drug. A good example of such a test from the Source BioScience breast cancer portfolio is the HER2 test, which assesses levels of the HER2 protein, expression of which is correlated with response to Herceptin™.

DNA and cDNA
DNA (Deoxyribo Nucleic Acid) is a large, complex molecule which, by virtue of a unique sequence of building blocks, contains all the genetic information required to create a cell or organism. cDNA (complementary DNA) can be made from all the genes in a genome, from a single gene, or from part of a gene. cDNA is DNA that has been synthesised artificially using an RNA template (see below) from the gene(s) selected.

Duty of Care Review
An audit of a specific pathologist's practice. Pathology departments have a duty of care to patients whose treatment or clinical management may need to be changed in the light of revised opinions arising from a review of a pathologist's or team's work. Where good practice is suspected to have broken down it may be necessary to arrange a systematic review of cases to fulfil a department's duty of care to their patients. Source BioScience offers a full duty of care review service to pathology departments that need specialist second opinion in these circumstances.

EGFR mutation testing
Human EGFR is a cellular transmembrane receptor found on the cell surface of tumour cells. Clinicians wishing to prescribe Gefitinib™ (Iressa) for lung cancer patients are required to confirm the presence of any mutations found in the tyrosine kinase domain on the EGFR gene.

FocalPoint™ ('FP')
An automated imaging system for screening SurePath™ liquid based cytology slides. It uses complex algorithms to interpret the images of each slide and decide the 10 'fields of view' most likely to have any abnormal cells. It can archive up to 25% as "no further review" ('NFR') which then do not need to be manually screened.

Fluorescence In Situ Hybridisation ('FISH')
In situ hybridisation ('ISH') is a powerful technique, not unlike immunohistochemistry (below), for visualising the presence of specific sequences of DNA or RNA in tissue sections. The technique uses short synthetic sequences of DNA or RNA which will bind, or hybridise, to the tissue with high specificity for the DNA or RNA of interest. Fluorescent 'tags' are attached to these synthetic sequences, allowing them to be visualised with a special microscope, even when present at very low levels (FISH).

Genomics
Genomics is the study of an organism's entire genome, where the genome of an organism is its whole hereditary information and is encoded in the DNA (see above) and RNA (see below). This includes both the genes and the non-coding sequences of the DNA.

Glossary continued

Genomic clone libraries
A clone library is a collection of clones containing complementary DNA ('cDNA') (see above) and is often intended to represent the genes that are expressed within a given cell or tissue type at a given period.

Genomic products and reagents
In this instance, DNA or RNA extracted and purified from a range of species and provided in a variety of forms for research purposes.

Genotyping and sequencing
DNA sequencing is the process of precisely ordering the building blocks, or nucleotides, of an organism's DNA. The method can be used to determine short sequences of DNA or, in larger experiments, to sequence the entire genome of an organism. Genotyping, in turn, is the process whereby DNA is characterised and then compared to reference data or, if large numbers of samples are genotyped, the data can be examined for patterns which might lead to discoveries of the fundamental causes of inherited diseases. Genotyping is commonly performed by PCR (below) or DNA sequencing.

Good Clinical Practice ('GCP')
Good Clinical Practice is an international ethical and scientific quality standard for designing, conducting, recording and reporting clinical trials that involve the participation of human subjects. Compliance with this standard provides public assurance that the rights, safety and well-being of trial subjects are protected, consistent with principles that have their origin in the Declaration of Helsinki. Compliance with the principles of GCP is assured via monitoring by a governmental agency, the Medicines and Healthcare products Regulatory Agency ('MHRA').

Good Laboratory Practice ('GLP')
Good Laboratory Practice is a set of principles that provides a framework within which laboratory studies are planned, performed, monitored, recorded, reported and archived. These studies are undertaken to generate data by which the hazards and risks to users can be assessed for pharmaceuticals (only preclinical studies). GLP helps assure regulatory authorities that data submitted is a true reflection of the results obtained during the study and can therefore be relied upon when making risk/safety assessments. Compliance with the principles of GLP is assured via monitoring by the Medicines and Healthcare products Regulatory Agency ('MHRA').

HER2
Human Epidermal Growth Factor Receptor 2 is a protein the over-expression of which within a breast or gastric/gastro-oesophageal tumour sample may indicate a patient is suitable for treatment with Herceptin™. A test for such over-expression is carried out on all new breast cancer patients or patients with advanced stomach cancer.

HPV
Human Papilloma Virus ('HPV') is a family of viruses that commonly infect human tissues. Several members of this family are sexually transmitted and persistent infection with these subtypes is believed to play a key role in the development of cervical intraepithelial neoplasia (CIN) and invasive cancer of the cervix. HPV infection is also associated with other cancers, including those of the head and neck.

Histopathology
The study of changes in tissues and cells as a consequence of some disease or toxic processes.

Human Tissue Authority ('HTA')
The Human Tissue Authority licenses organisations that store and use human tissue for purposes such as research, patient treatment, post-mortem examination, teaching and public exhibitions. The HTA also inspect organisations to check that they maintain good standards and follow appropriate procedures against the legislation of the Human Tissue Act 2004.

Immunohistochemistry ('IHC')
Immunohistochemistry is a technique for visualising proteins and other molecules in thin sections of tissue. This technique uses antibodies raised in other species against the protein of interest as a tool, and exploits their exquisite sensitivity and specificity for binding to that protein.

K-RAS
K-RAS is a gene that produces an important cell signalling protein responsible for cell growth. The presence of a mutated form of the K-RAS gene in colorectal cancer may indicate that a patient is unsuitable for new anti-EGFR drugs such as Erbitux™ and Vectibix™.

Liquid based cytology ('LBC')
Liquid based cytology is a process for collecting and processing cytology samples from epithelial tissues such as the cervix. It produces a cleaner preparation of cells, without the other materials which frequently contaminate the sample such as blood or mucus.

Microarray
Microarrays are a microscopic series of nucleic acid spots of known sequence which are deposited in a regular array typically onto a glass slide. A DNA or RNA probe can then be hybridised to the slide which results in a DNA or RNA fingerprint of the sample in the probe enabling you to determine the sample nucleic acid sequence.

Next Generation DNA Sequencing ('NGS'), Illumina GAIIx™ and Illumina HiSeq 2000™
Next Generation DNA Sequencing refers generically to a set of recent technologies, in our case Illumina GAIIx™ and Illumina HiSeq 2000™, in which extremely large numbers of short sequences can be determined in a single experiment; for example the Illumina HiSeq 2000™ selected by Source BioScience can sequence two human genomes in approximately one week.

No further review ('NFR')
A unique feature of the FocalPoint™ automated cytology imaging platform that can identify up to 25% of cytology slides where there are no abnormal cells present. These slides do not require further manual review, thereby improving the turnaround time and efficiency in the laboratory operations, saving time and cost for the NHS.

Proteomics
Proteomics is the study of specific amino acids, proteins or the entire proteome (a complete translated genome, see above) of an organism. Proteomic techniques include, for example, surveying complex biological samples for protein content, or determining the level of specific proteins in tissues using techniques like immunohistochemistry (IHC, see above)

RNA
RNA (RiboNucleic Acid) is a molecule similar to DNA, but is an intermediate product between the DNA of the gene, and the ultimate protein product of that gene. The level of expression of a gene can be gauged by the amount of RNA synthesised from that gene, a process usually measured by quantitative real-time polymerase chain reaction ('Q-PCR').

RNA expression analysis
RNA expression analysis measures the activity of a large number of genes simultaneously, generating a global picture of cellular function. The expression analyses, or profiles, can distinguish between cells that are actively dividing, for example, or show how the cells react to a particular treatment.

Directors, Officers and Advisors

DIRECTORS

L A Turnbull
Chairman

Dr N W Ash
Chief Executive Officer

Dr N I Leaves
Chief Operating Officer

Dr S E Foden
Senior Non-Executive Director and
Chairman of the Remuneration Committee

R Slinger
Non-Executive Director and
Chairman of the Audit Committee

COMPANY SECRETARY

Dr N W Ash

REGISTERED OFFICE

1 Orchard Place
Nottingham Business Park
Nottingham NG8 6PX

REGISTERED NUMBER

79136

AUDITOR

KPMG Audit Plc
St Nicholas House
Park Row
Nottingham
NG1 6FQ

TAX ADVISOR

KPMG LLP
St Nicholas House
Park Row
Nottingham
NG1 6FQ

FINANCIAL ADVISOR AND BROKER

Singer Capital Markets Limited
One Hanover Street
London
W1S 1YZ

PRINCIPAL BANKER

The Royal Bank of Scotland plc
1 Spinningfields Square
Manchester
M3 3AP

FINANCIAL PR

College Hill Limited
The Registry
Royal Mint Court
London
EC3N 4QN

SOLICITOR

Browne Jacobson LLP
44 Castle Gate
Nottingham
NG1 7BJ

REGISTRAR

Equiniti
Aspect House
Spencer Road
Lancing
BN99 6DA

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Source BioScience plc
1 Orchard Place
Nottingham Business Park
Nottingham
NG8 6PX
Tel: +44 (0) 115 973 9012
www.sourcebioscience.com