Press Release **30 August 2006**

Cyprotex PLC
("Cyprotex" or "the company")

Interim results for the six months to 30 June 2006

Cyprotex PLC (LSE:CRX), the drug discovery technology and information company, today reports its Interim Results for the half year ended 30 June 2006.

HIGHLIGHTS

- Improving trade and working capital management has resulted in Cyprotex becoming cash flow positive during the first six months of 2006. Cash resources rose to £0.86m, from £0.69m at the end of 2005;
- Revenues increased by approximately 16% to £1.62m (1H 2005: £1.40m);
- Gross profits rose by over 16% to £1.41m (1H 2005: £1.22m);
- Gross margin, at 87%, was stable compared with the same period last year;
- Basic loss per share declined to 0.23p (1H 2005: 0.37p*); and
- The rapid expansion of the Group's customer base accelerated further as a result of the marketing drive from its expanded sales force and greater penetration in the United States.

**Restated following the adoption of FRS20 on 1 January 2006*

Commenting on the results, Robert Morrisson Atwater, Chairman and Chief Executive Officer of Cyprotex PLC, said: "*Cyprotex is a high technology company with exceptional operational gearing. We expect the benefits of the US sales and marketing drive implemented in recent months to be seen in the coming months.*"

For further information:

Cyprotex PLC

Robert Morrisson Atwater, Chief Executive Officer — Tel: +44 (0) 1625 505 100

ir@cyprotex.com — www.cyprotex.com

Nomura Code Securities Limited

Charles Walker — Tel: +44 (0) 20 7776 1206

cew@codesecurities.com — www.codesecurities.com

Media enquiries:

Abchurch Communications Limited

Heather Salmond / Georgina Bonham Tel: +44 (0) 20 7398 7700

georgina.bonham@abchurch-group.com www.abchurch-group.com

CHAIRMAN AND CHIEF EXECUTIVE OFFICER'S STATEMENT

Meeting Key Objectives

The Chairman's statement in the 2005 Annual Report and Accounts detailed Cyprotex's Key Objectives for the current year. Significant progress toward these had been made by the half-year stage. This bodes well for the full year.

During the period, improved trade and working capital management allowed Cyprotex to become cash flow positive for the first time. Cash at hand rose to £855,000 at 30th June, compared with £690,000 at the end of 2005. With capital expenditure requirements for existing operations now significantly lower than during the expansion phase of the past two years, such resources position the company well going forward. The customer base meanwhile continues to build rapidly, particularly in North America, whilst overall visibility is heightened through the creation of integrated drug discovery collaborations.

Cyprotex's installed facilities provide both high automation and scalability. Capacity now accommodates anticipated expansion beyond end 2007. Wishing to capitalise on its exceptional operational gearing, an expansion of the Sales and Marketing team took place during the first half, including the appointment of a new Head of Global Business Development. The focus of the enlarged team, particularly widening the Group's marketing reach throughout North America, is already bearing fruit. Important customer Master Service Agreements have recently been signed, leading to confidence that the United States will account for over half Group sales during 2007. Against a background of excellent customer retention and the flexibility to satisfy an ever-broadening list of customer requirements, Cyprotex remains confident for the future.

Financial Highlights of the 2006 Half Year

- Improving trade and working capital management has resulted in Cyprotex becoming cash flow positive during the first six months of 2006. Cash resources rose to £0.86m, from £0.69m at the end of 2005, despite continued investment in new products and services;
- Revenues increased by 15.9% to £1,623,944 (First half 2005: £1,400,860);
- Gross profit rose by 16.2% to £1,414,237 (First half 2005: £1,216,604);
- Gross Margin, at 87%, was stable compared with the same period last year;
- Basic loss per share down to 0.23p (First half 2005: 0.37p*); and
- The rapid expansion of the Group's customer base will accelerate further in the second half as a result of the marketing push from an expanded sales force and greater penetration in the United States.

** Restated for FRS20*

Setting Standards in Pharmacokinetic Screening

The past two years has seen Cyprotex continuing to perfect and validate a market leading, industrial-scale high throughput pharmacokinetic screening laboratory service (Cloe® Screen), supported by integrated predictive software products (Cloe® PK) that offer 'virtual human' simulation. This major investment phase has now been completed.

The pharmaceutical world, in searching to refill its pipeline with innovative and groundbreaking molecules, fully recognises that poor pharmacokinetic profiling is one of the most common reasons for project failure. Representing the most significant element of the pre-clinical drug discovery process, early elimination of non-viable candidates ensures avoidance of costly late-stage failure whilst significantly narrowing selection of best opportunities. Yet, despite the industry's search for high-grade outsourcing partners, some 90% of such screening remains internal to the drug development companies.

In recognising the huge potential market for such screening services, Cyprotex offers them as a core competency. After four years of significant investment and research, the Group's scientists can now justifiably claim to set industry standards in human discovery ADMET (Absorption, Distribution, Metabolism, Excretion and Toxicity) screening, offering unmatched scale, turnaround, robustness and pricing. Leading technologies, proprietary operating systems, 'state-of-the-art' instrumentation and automation offer Cyprotex's customers the sophistication required to speed their discovery process. These laboratory services are complemented by predictive modelling tools, designed to unbundle the saturation of high-quality data and provide an opportunity to significantly accelerate analyses from hit-to-lead.

Product Development

In meeting the needs of a rapidly growing customer base and tightening regulatory requirements, Cyprotex's high throughput product offering continues to expand. During the first half, new mechanism-based inhibition assays, incorporating various industry recommended probe substrates, have been developed. Information derived can be used to identify drug-drug interactions early in the discovery process, thereby reducing the possibility of late stage failure. Modification of Cyprotex's existing hepatocyte stability offering will further raise capacity while enhancing throughput and turnaround. The range of high-throughput permeability assays also now includes MDR1-MDCK to permit assessment of mediated efflux.

The second half will see Cyprotex validating a more detailed human absorption package, with a view to offering specific transporter studies. In tandem with this, development of alternative modules extend the Cloe® PK service to offer prediction of specific *in vivo* processes (such as absorption) based on laboratory-derived *in vitro* ADMET properties. New funding has been awarded to provide *in silico* support to the EU's OSIRIS (Optimized Strategies for Risk Assessment of Chemicals based on Intelligent Testing) project, whose goal is to develop integrated testing strategies fit for REACH (registration, evaluation, authorisation and restriction of chemicals) that significantly increase the use of non-testing information for regulatory decision making. The Group also participates in other EU-funded ventures and in European consortiums, in which *in silico* goals target acceleration of the drug development process toward clinical trials and identification of reliable alternatives to traditional industry methods.

Customer Development

The first six months of 2006 saw the number of active customers expand by some 15%, with a similar amount already committed to work with the Group before the year-end. This take-up is being witnessed not only through smaller biotech/CRO's that have no desire to develop their own in-house ADMET laboratories, but also from within the world's top-ten 'big pharma' whose own facilities do not presently match Cyprotex's capabilities. Cyprotex anticipates an increasing willingness to outsource such requirements, whilst recognising the enormous scale of this business opportunity.

A further specific change that has been witnessed this year is in the Group's geographical exposure. An important opportunity to grasp the 'lowest hanging fruit' was recognised by a Business Development team that was significantly expanded during the first half. As a result, US sales are expected to account for as much as half monthly sales by the year-end and will continue to grow in significance during 2007. Within this, Cyprotex expects to form an increasing number of collaborative agreements that embed Cyprotex's high-grade ADMET services ongoing drug development programmes. This will both increase visibility and endorse Cyprotex's services as the industry standard.

Directorate Changes

The Board of Directors was enlarged in April 2006, with the appointment of Russell Gibbs as Group Chief Financial Officer. Russell's experience has been gained through over twenty years in the international capital markets, working for a number of financial institutions including UBS, Natwest and Banca Intesa. Being able to call on such skills and contacts will be increasingly important for Cyprotex, as it expands its global reach, product offering and enters into financially sophisticated joint ventures and collaborative agreements.

FRS20

In line with the requirements of UK standard accounting practice, Cyprotex adopted FRS 20 for the first time in its half-year accounts to 30th June 2006. Relating to 'Share Based Payments', FRS 20 requires the Group to expense shares options granted to employees and directors. Charges are recognised on a 'straight line basis' and assessed on estimated performance over the period in which the share options eventually vest. Its adoption has no net effect on the Group's retained reserves or cash flow.

As a relatively young listed company, management did not consider information regarding the historic volatility of the Cyprotex's share price either sufficiently reliable, or a realistic indicator, on which to base a valid estimate of future performance. Accordingly, the Black-Scholes financial model adopted used price volatility from an appropriate basket of peer group companies, in order to calculate the valuations.

Robert Morrisson Atwater

Chairman and Chief Executive Officer

30 August 2006

GROUP PROFIT AND LOSS ACCOUNT

For the six months ended 30 June 2006

Continuing activities	Note	***Unaudited 6 months ended 30 June 2006*** **£**	*Restated* Unaudited 6 months ended 30 June 2005* £	*Restated* Audited 12 months ended 31 December 2005* £
TURNOVER	2	**1,623,944**	1,400,860	2,701,256
Cost of sales		**(209,707)**	(184,256)	(406,130)
GROSS PROFIT		**1,414,237**	1,216,604	2,295,126
Administrative expenses - share based payments		**(66,726)**	(53,860)	(107,720)
Administrative expenses - other		**(1,704,342)**	(1,711,899)	(3,355,169)
Administrative expenses - total		**(1,771,068)**	(1,765,759)	(3,462,889)
OPERATING LOSS		**(356,831)**	(549,155)	(1,167,763)
Interest receivable		**15,413**	34,037	57,289
Interest payable		**(25,819)**	(26,369)	(44,425)
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION		**(367,237)**	(541,487)	(1,154,899)
Taxation	3	**48,187**	68,464	147,472
LOSS FOR THE PERIOD		**(319,050)**	(473,023)	(1,007,427)
Loss per ordinary share				
- basic & diluted	4	**(0.23)p**	(0.37)p	(0.78)p

* Restated following the adoption of FRS20 from 1 January 2006 (see note 1)

GROUP STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

For the six months ended 30 June 2006

	Unaudited 6 months ended 30 June 2006 £	Restated* *Unaudited 6 months ended 30 June* 2005 £	Restated* *Audited 12 months ended 31 December* 2005 £
Loss for the financial period	(319,050)	(473,023)	(1,007,427)
Exchange difference on the re-translation of net assets of subsidiary undertaking	-	(26,251)	(419)
Total recognised gains and losses relating to the period	(319,050)	(499,274)	(1,007,846)

GROUP BALANCE SHEET

As at 30 June 2006

	Note	***Unaudited At 30 June 2006*** **£**	Restated* *Unaudited At 30 June 2005* £	Restated* *Audited At 31 December 2005* £
FIXED ASSETS				
Tangible assets		**1,520,211**	1,690,827	1,695,952
CURRENT ASSETS				
Stocks		**80,387**	89,388	91,227
Debtors		**565,206**	562,254	857,826
Cash at bank and in hand		**854,793**	1,338,409	690,102
		1,500,386	1,990,051	1,639,155
CREDITORS: due within one year		**(353,754)**	(384,746)	(377,180)
NET CURRENT ASSETS		**1,146,632**	1,605,305	1,261,975
TOTAL ASSETS LESS CURRENT LIABILITIES		**2,666,843**	3,296,132	2,957,927
CREDITORS: due after more than one year		**(714,805)**	(689,750)	(754,669)
NET ASSETS		**1,952,038**	2,606,382	2,203,258
CAPITAL AND RESERVES				
Called up share capital		**138,423**	127,620	138,325
Share premium account		**9,661,368**	9,619,479	9,660,362
Merger reserve		**128,070**	128,070	128,070
Other reserve		**230,044**	109,458	163,318
Profit and loss account		**(8,205,867)**	(7,378,245)	(7,886,817)
EQUITY SHAREHOLDERS' FUNDS	7	**1,952,038**	2,606,382	2,203,258

GROUP CASH FLOW STATEMENT

For the six months ended 30 June 2006

	Note	***Unaudited 6 months ended 30 June 2006***	*Unaudited 6 months ended 30 June 2005*	*Audited 12 months ended 31 December 2005*
		£	£	£
NET CASH INFLOW/(OUTFLOW) FROM OPERATING ACTIVITIES	5	**77,361**	(436,998)	(1,093,469)
RETURNS ON INVESTMENT AND SERVICING OF FINANCE				
Interest received		**15,413**	34,037	56,188
Interest paid		**(20,353)**	(26,369)	(39,153)
Interest element of finance lease and hire purchase contracts		**(5,466)**	-	(5,272)
		(10,406)	7,668	11,763
TAXATION				
UK corporation tax received		**146,792**	166,416	166,416
CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT				
Payments to acquire tangible fixed assets		**(6,436)**	(941,793)	(965,776)
Receipts from sales of tangible fixed assets		-	-	-
		(6,436)	(941,793)	(965,776)
MANAGEMENT OF LIQUID RESOURCES		**(81,434)**	505,383	1,249,555
FINANCING				
Issue of ordinary share capital		**1,104**	3,066	54,654
Increase in bank loans		**-**	704,000	704,000
Repayment of bank loans		**(12,000)**	(3,750)	(20,000)
Repayment of capital lease and hire purchase contracts		**(25,560)**	-	(15,412)
		(36,456)	703,316	723,242
INCREASE IN CASH	6	**89,421**	3,992	91,731

GROUP CASH FLOW STATEMENT (continued)

For the six months ended 30 June 2006

RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS/(DEBT)

	Unaudited 6 months ended 30 June 2006	*Unaudited 6 months ended 30 June 2005*	*Audited 12 months ended 31 December 2005*
	£	£	£
Increase in cash during the period	**89,421**	3,992	91,731
Cash outflow/(inflow) to/(from) short term deposits	**81,434**	(505,383)	(1,249,555)
Cash inflow from increase in bank loans	**-**	(704,000)	(704,000)
Cash outflow from repayment of bank loans	**12,000**	3,750	20,000
Repayment of capital element of finance lease and hire purchase contracts	**25,560**	-	15,412
Movement in net funds/(debt)	**208,415**	(1,201,641)	(1,826,412)
Exchange movements	**(6,164)**	-	8,126
New finance leases	-	-	(160,852)
Movement in net funds/(debt) during the period	**202,251**	(1,201,641)	(1,979,138)
Opening net (debt)/funds	**(139,338)**	1,839,800	1,839,800
Closing net funds/(debt)	**62,913**	638,159	(139,388)

NOTES TO THE UNAUDITED INTERIM REPORT

1. BASIS OF PREPARATION OF INTERIM FINANCIAL INFORMATION

The principal accounting policies of the Group have remained unchanged from those set out in the Group's 2005 Annual Report and Financial Statements, with the exception of accounting for share based payments. This follows the adoption of Financial Reporting Standard No. 20 ('FRS20' – share based payments) for the year ending 31 December 2006. The interim results include the impact of the FRS20 charge and both comparative 2005 results have been restated to reflect the change in accounting policy. The financial information is prepared on a going concern basis, which assumes that the Group will continue in operational existence for the foreseeable future.

The financial information contained in this interim report does not constitute statutory accounts as defined in section 240 of the Companies Act 1985. The figures for the year ending 31 December 2005 have been extracted from the statutory financial statements (restated following the adoption of FRS20) which have been filed with the Registrar of Companies. The auditors' report on those financial statements was unqualified and did not contain a statement under section 237(2) or 237(3) of the Companies Act 1985. The accounts have been prepared in accordance with applicable accounting standards and under the historical cost accounting rules.

The interim financial information has been reviewed by the Company's auditors. A copy of the auditors' review report is attached to this interim report.

2. SEGMENTAL ANALYSIS

The Group operates in one principal area of activity, that of providing *in-vitro* and *in-silico* ADMET/PK (Absorption, Distribution, Metabolism, Excretion, Toxicity / Pharmacokinetic) information to the pharmaceutical industry. The turnover and operating result for the periods are derived from the Group's principal activity.

The geographical analysis of turnover by destination is as follows:

	Unaudited 6 months ended 30 June 2006	*Unaudited 6 months ended 30 June 2005*	*Audited 12 months ended 31 December 2005*
	£	£	£
United Kingdom	**162,305**	139,930	286,922
Rest of Europe	**745,006**	1,058,776	1,644,041
USA	**695,580**	202,154	747,670
Rest of World	**21,053**	-	22,623
	1,623,944	1,400,860	2,701,256

3. TAXATION

The tax credit represents a claim by the Group for repayable R&D tax credits.

4. LOSS PER SHARE

The loss per share is calculated by reference to the earnings attributable to ordinary shareholders divided by the weighted average of 138,367,404 ordinary shares for the 6 months to 30 June 2006, 127,387,951 ordinary shares for the 6 months to 30 June 2005, and 128,824,514 for the 12 months to 31 December 2005.

	Unaudited 6 months ended 30 June 2006	*Restated* Unaudited 6 months ended 30 June 2005*	*Restated* Audited 12 months ended 31 December 2005*
Attributable loss (£)	**(319,050)**	(473,023)	(1,007,427)
Average number of ordinary shares in issue for basic and diluted loss per share	**138,367,404**	127,387,951	128,824,514
Basic and diluted loss per share	**(0.23)p**	(0.37)p	(0.78)p

The loss for the period and the weighted average number of ordinary shares for calculating the diluted loss per share for the period to 30 June 2006, 30 June 2005 and 31 December 2005 are identical to those used for the basic loss per share. This is because the outstanding share options would have the effect of reducing the loss per ordinary share and would therefore not be dilutive under the terms of Financial Reporting Standard No. 14 'Earnings per share' (FRS 14).

5. RECONCILIATION OF OPERATING LOSS TO NET CASH FLOW FROM OPERATING ACTIVITIES

	Unaudited 6 months ended 30 June 2006	*Restated* Unaudited 6 months ended 30 June 2005*	*Restated* Audited 12 months ended 31 December 2005*
	£	£	£
Operating loss	**(356,831)**	(549,155)	(1,167,763)
Depreciation of tangible fixed assets	**182,177**	166,090	345,697
Loss on sale of tangible fixed assets	-	-	103
Decrease/(increase) in stocks and work in progress	**10,840**	(3,360)	(5,199)
Decrease/(increase) in operating debtors and prepayments	**194,015**	110,657	(104,806)
Decrease in operating creditors and accruals	**(25,730)**	(188,839)	(260,676)
Share based payments	**66,726**	53,860	107,720
Exchange rate differences	**6,164**	(26,251)	(8,545)
	77,361	(436,998)	(1,093,469)

6. ANALYSIS OF MOVEMENT IN NET FUNDS

	At 1 January 2006 £	*Cash flow* £	*Re-classification* £	*Exchange movements* £	***At 30 June 2006*** **£**
Cash at bank and in hand	191,995	89,421	-	(2,167)	**279,249**
Short term deposits	498,107	81,434	-	(3,997)	**575,544**
Bank loans due within one year	(22,500)	12,000	(13,500)	-	**(24,000)**
Bank loans due after one year	(661,500)	-	13,500	-	**(648,000)**
Finance lease	(145,440)	25,560	-	-	**(119,880)**
	(139,338)	208,415	-	(6,164)	**62,913**

In the Group balance sheet short term deposits are included within cash at bank and in hand.

7. RECONCILIATION OF EQUITY SHAREHOLDERS' FUNDS

	Unaudited 6 months ended 30 June 2006 **£**	*Restated* Unaudited 6 months ended 30 June 2005* £	*Restated* Audited 12 months ended 31 December 2005* £
Loss for the financial period	**(319,050)**	(473,023)	(1,007,427)
Issue of share capital	**1,104**	3,066	24,701
Share issue costs recovered	-	-	29,953
Share based payments	**66,726**	53,860	107,720
Exchange difference on the re-translation of net assets of subsidiary undertaking	**-**	(26,251)	(419)
Decrease in equity shareholders' funds	**(251,220)**	(442,348)	(845,472)
Opening equity shareholders' funds	**2,203,258**	3,048,730	3,048,730
Closing equity shareholders' funds	**1,952,038**	2,606,382	2,203,258

8. Copies will be available on request from the Company Secretary, Cyprotex PLC, 15 Beech Lane, Macclesfield, Cheshire, SK10 2DR.

9. The interim report was approved by the board of directors on 30 August 2006.

INDEPENDENT REVIEW REPORT TO CYPROTEX PLC

Introduction

We have been instructed by the company to review the financial information for the six months ended 30 June 2006 which comprises the group profit and loss account, group statement of total recognised gains and losses, group balance sheet, group cash flow statement, reconciliation of net cash flow to movement in net funds, and the related notes 1 to 9. We have read the other information contained in the interim report, which comprises only the Chairman and Chief Executive Officer's Statement, and considered whether it contains any apparent misstatements or material inconsistencies with the financial information. Our responsibilities do not extend to any other information.

This report is made solely to the company in accordance with guidance contained in APB Bulletin 1999/4 "Review of interim financial information". Our review work has been undertaken so that we might state to the company's members those matters we are required to state to them in a review report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company for our review work, for this report, or for the conclusion we have formed.

Directors' responsibilities

The interim report, including the financial information contained therein, is the responsibility of, and has been approved by, the directors. The directors are responsible for preparing the interim report and ensuring that the accounting policies and presentation applied to the interim figures are consistent with those applied in preparing the preceding annual accounts except where any changes, and the reasons for them, are disclosed.

Review work performed

We conducted our review having regard to the guidance contained in Bulletin 1999/4 'Review of interim financial information' issued by the Auditing Practices Board for use in the United Kingdom. A review consists principally of making enquiries of group management and applying analytical procedures to the financial information and underlying financial data, and based thereon, assessing whether the accounting policies and presentation have been consistently applied, unless otherwise disclosed. A review excludes audit procedures such as tests of controls and verification of assets, liabilities and transactions. It is substantially less in scope than an audit performed in accordance with United Kingdom Auditing Standards and therefore provides a lower level of assurance than an audit. Accordingly we do not express an audit opinion on the financial information.

Review conclusion

On the basis of our review we are not aware of any material modifications that should be made to the financial information as presented for the six months ended 30 June 2006.

Grant Thornton UK LLP
Chartered Accountants
Manchester
30 August 2006