



Press Release

12 August 2010

**Cyprotex PLC**  
(“Cyprotex” or “the Company”)

## **Interim Results 2010**

***Robust performance despite tough market conditions***

***Strong start to second half***

***Transformational acquisition of Apredica and Cellumen technologies***

Cyprotex PLC (LSE:CRX), the preclinical ADME Tox services company, today reports its Interim results for the half year to 30 June 2010.

Despite a slow start to the year due to issues associated with the global economy, inclement weather, and volcanic ash Cyprotex delivered a robust performance and remained profitable and cash generative. This performance allowed the Company to invest in expanding its commercial activities and, post the period end, complete the transformational acquisition of Apredica, a Boston, US, based early ADME Tox Contract Research Organisation, including the toxicology assets and IP of Cellumen. The acquisition creates the world’s leading specialist early ADME Tox service provider and gives the Company an operational base in the US, the largest market for the Company’s combined services.

### **Financial Highlights**

- Revenues up 1.3% to £2.48 million (H1 2009: £2.45 million)
- Cash generation maintained with EBITDA\* of £238,000 (H1 2009: £291,000)
- Continuing profitability with net profit\* of £122,500 (H1 2009: £159,800)
- Cash flow from operations robust at £245,000 (H1 2009: £381,000)
- Growth continues into the second half of 2010, with July’s revenue a record for the Company

\* excluding share based payment charge

### **Operational Highlights**

Expansion of Commercial activities

- Investment to effectively double UK main laboratory space and acquire necessary equipment to enable our UK laboratory to offer High Content Toxicology assays from late August 2010 branded as Cyprotex™
- One additional customer advanced to strategic partner level
- Five new Cloe® Select assays launched
- Cloe® Knowledge (an open-access ADME and PK knowledge base) released onto Cloe® Gateway
- Appointment of key personnel helped achieve 20% sales increase in US

## Key Hires and Management Changes

- Mr Benjamin Butterfield, Executive Director, Business Development, North America
- New European (UK and Scandinavia) Business Development Manager
- Dr Clive Dilworth promoted to Director of Laboratory Operations UK

## Post period event - Acquisition Highlights

- Acquisition for £2.68million on 5 August 2010 of Apredica (based in Boston, USA) to create the world's leading specialist early ADME Tox service provider
- Gives the Company an operational base in the US, the largest market for the Company's combined services, and immediate entry and credibility in the *in vitro* toxicology market
- Acquisition satisfied by £1 million in cash from existing resources and the issue of 44,730,297 new ordinary shares
- Apredica brings increased revenues (2009: £1.05 million) and profits (2009: EBITDA £0.1 million)
- Dr Katya Tsiouan (Founder, CEO and CSO of Apredica joins the Cyprotex Board as CSO and Mr Douglas Bates (Founder, CBO) joins the Board as Chief Marketing Officer
- Shortly before completion, Apredica acquired all of the intellectual property and assets of Cellumen, Inc. adding an advanced, proprietary High Content Toxicology platform to its portfolio of *in vitro* toxicology services

## Steve Harris, Chairman of Cyprotex PLC, said:

“Our performance in the first half of 2010 held up nicely despite a slow start to the year because of issues associated with the global economy, inclement weather, and volcanic ash. While our competitors have released disappointing results in the comparative period, we have remained profitable and cash generative.

“This robust performance has allowed us to make some significant investments. The acquisition of our US-based rival, Apredica, which was preceded by Apredica's acquisition of Cellumen's intellectual property and assets, represents a transformational event for the Company. It gives the Company an operational base in the US (the largest market for our combined services), immediate entry and credibility in the *in vitro* toxicology market, plus advanced, proprietary toxicology technology. These acquisitions, along with our soon-to-open UK toxicology laboratory, enable the Company to immediately become a major player in the *in vitro* toxicology market, which we believe is the highest opportunity sector of pre-clinical research today.

“Our immediate focus is to rapidly integrate our acquisitions, and then focus on cross-selling opportunities of our existing and new offerings to our now much-expanded customer base. These opportunities, along with a record start to the second half, give us increased confidence in the outlook despite market conditions remaining challenging.”

## Enquiries:

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## **Chairman's statement**

As stated last year in my Chairman's statement, our aims for the future strategic direction of the Company are:

- Secure our revenue base and protect the business through future downturns
- Increase the range and quality of our service
- Improve our relationships with our current and new customers
- Acquire profitable assets in complementary technologies and geographical locations

We have made considerable progress in each of these objectives.

## **Financial performance**

Sales in the first half year were up 1.3% on the comparative period at £2.48 million.

We judged this a good performance given that 2010 commenced with a poor start. January, and to a lesser extent, February were under budget due to the global economic downturn, the severe weather that prevented our customers' chemists getting to work, and the volcanic ash issue which prevented American and some European customers from shipping compounds to us for a time. However, March through June saw increasing momentum in revenues, allowing us to finish the half year in line with market expectations.

Our underlying trading performance remains sound, with cash generated from operations and the EBITDA\* corresponding well with that achieved in the first half of 2009, highlighting the robust nature of our business. Net profit\* of £122,500 was slightly lower than for the comparable period in 2009 (£159,800) in part due to foreign exchange effects.

## **Customer relationships**

The Company continues to make progress in its commercial activities. Most importantly, we have secured one additional 'strategic' customer. A 'strategic' customer is one that on current run rate provides over £250,000 per year in revenues.

We have also significantly de-risked the business in the sense that our top six customers have spread their revenues in percentage terms, permitting the Company to not be so reliant on a handful of customers. Our top six customers account for 58% revenues H1 2010 v 63% H1 2009. Additionally the contribution from our largest customer is now down to 20% from 29% in the comparable period. The client portfolio from Apredica is even less concentrated than our own. Combining the two will allow us to enjoy a much more diversified and granular client base than we had in past years.

The last three years have seen a significant drop off of Cyprotex's revenues from the US. In April 2010, Cyprotex hired Benjamin Butterfield as Executive Director, Business Development, North America. Ben brings a wealth of sales experience from competitor companies in the ADME Tox and cardiac safety arena and his sales initiatives have increased Cyprotex's US sales by over 20%.

We have also recently hired a replacement Business Development Manager for the UK and Scandinavia.

During the first half of the year we changed our NOMAD and Brokers from Execution-Noble to Singer Capital Markets. We are expecting a note from our new broker to be published within the next month.

## Product Developments

Cyprotex's range of services are offered under the Cloe<sup>®</sup> ('Cyprotex-Lead-Optimisation-Engine') trade mark and include Cloe<sup>®</sup> Screen (high throughput ADME screens), Cloe<sup>®</sup> Select (customised ADME screens) and Cloe<sup>®</sup> Predict (Pharmacokinetic prediction services). As we have reported previously, we have invested significantly in buying in new state-of-the-art equipment and developing new, mainly customised Cloe<sup>®</sup> screen assays. These initiatives have yielded substantially enhanced revenues for the business, which we expect to continue going forward as our experience is that new assays take time to achieve market acceptance and penetration. We have continued this process in the first half of 2010, launching five new assays:

- CYP2C8 mechanism based inhibition
- CYP2B6 inhibition
- Brain tissue binding
- CYP2B6 reaction phenotyping
- Bioanalytical method development and validation

Further new assays are in advanced development. They will be released during the second half of the year.

The Cloe<sup>®</sup> Predict offering has delivered disappointing revenues, although we are enjoying a gradual increasing take up of this service offering amongst our customers. Cyprotex's Scientific Computing Group, which develops these software algorithms, has been successful in securing grants to develop new software products. These grants help substantially to cover the operational costs of this effort.

We have invested in a new, purpose-built building consisting of three laboratories. These will be dedicated to housing our new offerings in *in vitro* toxicology services. The new offerings will be launched on 20 August 2010. The laboratory will be officially opened on 1 October 2010.

Clearly, much work is needed to integrate all of the new services that Apredica brings to the Company. We do not underestimate the challenges of this integration process. We know well the risks of growth by M&A. The Company considered many US partners. The process took much longer than we anticipated a year ago. We believe we have found an acquisition that meets all of our criteria:

- US operations
- In vitro toxicology expertise
- Proprietary technology

## Our Post Period Acquisitions

One of our long-standing objectives for the business has been to acquire a secure, revenue-generating operational base in the United States – the world's largest market for our services in early ADME Tox screening and prediction. The acquisition of Apredica not only satisfies these objectives, it has also given the Company immediate entry, critical mass, and advanced proprietary technology in the *in vitro* technology market. Not only was Apredica itself a well-respected provider of *in vitro* toxicology services (including High Content Toxicology), but shortly in advance of our acquisition of Apredica, Apredica acquired all the IP, technology, assets and wherewithal from Cellumen to offer an advanced, proprietary High Content Toxicology screening service. We view the Cellumen acquisition as a major strategic and revenue-generating asset, as this technology has been validated by several large pharmaceutical companies and governmental research laboratories.

The combined acquisition gives Cyprotex:

- The position of being the largest international specialist provider of ADME Tox contract research services
- Laboratory and customer service operations in the US, the world's largest market for ADME Tox CRO services
- A doubling of its share of the US ADME Tox market
- Immediate entry and critical mass in the *in vitro* toxicology market
- The immediate ability to offer customers 11 additional services, primarily in toxicology
- Advanced, proprietary predictive *in vitro* toxicology platform
- Significant cross-selling opportunities among Cyprotex, Apredica, and Cellumen's customers
- A strengthened Board and Management team
- Improved economies of scale

## **Outlook**

The CRO market is still suffering from the economic downturn with our larger competitors in pre-clinical services continuing to report a significant reduction of business. However, we are also pleased to note that the momentum that we gathered in the second quarter of the year has continued into the second half with Cyprotex and experiencing a record trading month in July.

With this excellent start to H2, the recent double acquisition and the opening of our new toxicology laboratories in the UK, the Board have renewed confidence that the Company is on track to meet market expectations for both revenues and profitability.

**Steve Harris**  
**Chairman**

**12 August 2010**

## Consolidated income statement

six months to 30 June 2010

	Note	Unaudited 6 months to 30 June 2010 £	Unaudited 6 months to 30 June 2009 £	Audited year to 31 December 2009 £
<b>Continuing operations</b>				
Revenue	4	2,476,599	2,445,929	5,001,042
Cost of sales		(379,236)	(312,693)	(649,319)
<b>Gross profit</b>		<b>2,097,363</b>	2,133,236	4,351,723
Administrative costs		(2,042,924)	(1,980,302)	(3,893,074)
<b>Operating profit</b>		<b>54,439</b>	152,934	458,649
Finance income		4,006	14,300	19,632
Finance cost		(7,964)	(10,637)	(17,868)
<b>Profit before tax</b>		<b>50,481</b>	156,597	460,413
Income tax		-	-	-
<b>Profit for the period</b>		<b>50,481</b>	156,597	460,413
<b>Attributable to the equity holders of the parent</b>				
		<b>50,481</b>	156,597	460,413
<b>Earnings per share</b>				
Basic earnings per share	5	0.03p	0.09p	0.26p
Diluted earnings per share	5	0.03p	0.09p	0.25p

## Consolidated statement of comprehensive income

six months to 30 June 2010

	Unaudited 6 months to 30 June 2010 £	Unaudited 6 months to 30 June 2009 £	Audited year to 31 December 2009 £
<b>Continuing operations</b>			
Profit for the period	50,481	156,597	460,413
Other comprehensive income	-	-	-
<b>Total comprehensive income for the period</b>	<b>50,481</b>	156,957	460,413
<b>Attributable to the equity holders of the parent</b>			
	<b>50,481</b>	156,597	460,413

## Consolidated statement of financial position at 30 June 2010

		<b>Unaudited 6 months ended 30 June  2010 £</b>	Unaudited 6 months ended 30 June  2009 £	Audited year ended 31 December 2009 £
<b>ASSETS</b>	Note			
<b>Non current assets</b>				
Property, plant and equipment	7	<b>1,564,684</b>	1,337,043	1,234,149
<b>Current assets</b>				
Inventories		<b>160,942</b>	104,847	166,714
Trade receivables		<b>675,111</b>	605,421	605,706
Other receivables		<b>225,874</b>	188,906	168,827
Cash and cash equivalents		<b>1,977,595</b>	1,720,581	2,074,132
		<b>3,039,522</b>	2,619,755	3,015,379
<b>Total assets</b>		<b>4,604,206</b>	3,956,798	4,249,528
<b>LIABILITIES</b>				
<b>Current liabilities</b>				
Trade payables		<b>392,441</b>	123,158	144,998
Other payables		<b>235,899</b>	246,439	225,916
Obligations under finance leases		-	42,144	10,729
Current portion of long term borrowings		<b>30,000</b>	25,000	30,000
		<b>658,340</b>	436,741	411,643
<b>Non current liabilities</b>				
Long term borrowings		<b>526,600</b>	563,500	541,100
		<b>526,600</b>	563,500	541,100
<b>Total liabilities</b>		<b>1,184,940</b>	1,000,241	952,743
<b>Net Assets</b>		<b>3,419,266</b>	2,956,557	3,296,785
<b>EQUITY</b>				
<b>Equity attributable to equity holders of the parent</b>				
Share capital	6	<b>178,957</b>	178,698	178,957
Share premium account		<b>10,594,395</b>	10,594,200	10,594,395
Other reserve		<b>128,070</b>	128,070	128,070
Share based payment reserve		<b>490,410</b>	382,452	418,410
Profit and loss account		<b>(7,972,566)</b>	(8,326,863)	(8,023,047)
<b>Total equity</b>		<b>3,419,266</b>	2,956,557	3,296,785

## Consolidated interim statement of changes in equity

six months to 30 June 2010

	Share capital	Share premium account	Other reserve	Share based payment reserve	Profit and loss account	Total equity
	£	£	£	£	£	£
<b>Balance at 1 January 2010</b>	178,957	10,594,395	128,070	418,410	(8,023,047)	3,296,785
Share based payments	-	-	-	72,000	-	72,000
Issue of share capital	-	-	-	-	-	-
<b>Transactions with owners</b>	178,957	10,594,395	128,070	490,410	(8,023,047)	3,368,785
Profit for the period	-	-	-	-	50,481	50,481
Other comprehensive income	-	-	-	-	-	-
<b>Total comprehensive income for the period</b>	-	-	-	-	50,481	50,481
<b>Balance at 30 June 2010</b>	<b>178,957</b>	<b>10,594,395</b>	<b>128,070</b>	<b>490,410</b>	<b>(7,972,566)</b>	<b>3,419,266</b>
	£	£	£	£	£	£
<b>Balance at 1 January 2009</b>	178,698	10,594,200	128,070	379,202	(8,483,460)	2,796,710
Share based payments	-	-	-	3,250	-	3,250
Issue of share capital	-	-	-	-	-	-
<b>Transactions with owners</b>	178,698	10,594,200	128,070	382,452	(8,483,460)	2,799,960
Profit for the period	-	-	-	-	156,597	156,597
Other comprehensive income	-	-	-	-	-	-
<b>Total comprehensive income for the period</b>	-	-	-	-	156,597	156,597
<b>Balance at 30 June 2009</b>	178,698	10,594,200	128,070	382,452	(8,326,863)	2,956,557
	£	£	£	£	£	£
<b>Balance at 1 January 2009</b>	178,698	10,594,200	128,070	379,202	(8,483,460)	2,796,710
Share based payments	-	-	-	39,208	-	39,208
Issue of share capital	259	195	-	-	-	454
<b>Transactions with owners</b>	178,957	10,594,395	128,070	418,410	(8,483,460)	2,836,372
Profit for the period	-	-	-	-	460,413	460,413
Other comprehensive income	-	-	-	-	-	-
<b>Total comprehensive income for the period</b>	-	-	-	-	460,413	460,413
<b>Balance at 31 December 2009</b>	178,957	10,594,395	128,070	418,410	(8,023,047)	3,296,785

## Consolidated statement of cash flows

six months to 30 June 2010

	<b>Unaudited 6 months to 30 June 2010 £</b>	Unaudited 6 months to 30 June 2009 £	Audited Year to 31 December 2009 £
<b>Cash flows from operating activities</b>			
Profit after taxation	<b>50,481</b>	156,597	460,413
Adjustments for:			
Depreciation	<b>111,737</b>	134,756	261,259
Share based payment charge	<b>72,000</b>	3,250	39,208
Investment income	<b>(4,006)</b>	(14,300)	(19,632)
Interest expense	<b>7,964</b>	10,637	17,868
(Increase)/decrease in trade and other receivables	<b>(126,452)</b>	427,086	446,880
Decrease/(increase) in inventories	<b>5,772</b>	13,710	(48,157)
(Decrease)/increase in trade and other payables	<b>127,426</b>	(350,428)	(260,991)
Cash generated from operations	<b>244,922</b>	381,308	896,848
Interest paid	<b>(7,964)</b>	(10,637)	(17,868)
<b>Net cash from operating activities</b>	<b>236,958</b>	370,671	878,980
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment	<b>(312,272)</b>	(202,017)	(313,746)
Interest received	<b>4,006</b>	14,300	19,632
<b>Net cash used in investing activities</b>	<b>(308,266)</b>	(187,717)	(294,114)
<b>Cash flows from financing activities</b>			
Proceeds from issue of share capital	-	-	454
Repayment of long-term borrowings	<b>(14,500)</b>	(17,000)	(34,400)
Payment of finance lease liabilities	<b>(10,729)</b>	(30,255)	(61,670)
<b>Net cash used in financing activities</b>	<b>(25,229)</b>	(47,255)	(95,616)
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>(96,537)</b>	135,699	489,250
<b>Cash and cash equivalents at beginning of period</b>	<b>2,074,132</b>	1,584,882	1,584,882
<b>Cash and cash equivalents at end of period</b>	<b>1,977,595</b>	1,720,581	2,074,132

# Notes to the Interim condensed consolidated financial statements

## six months to 30 June 2010

### 1. Nature of operations and general information

Cyprotex PLC ('Cyprotex') and subsidiaries' (together 'the Group') principal activity is the provision of in vitro and in silico ADMET/PK (Absorption, Distribution, Metabolism, Excretion, Toxicity/Pharmacokinetic) information to the pharmaceutical industry.

Cyprotex's vision is to provide, in partnership with our customers in drug discovery and development, the highest quality, fastest turnaround and most cost effective ADME and pharmacokinetic data to those customers.

Cyprotex PLC is the Group's ultimate parent company. It is incorporated and domiciled in Great Britain. The address of Cyprotex PLC's registered office is 100 Barbirolli Square, Manchester M2 3AB. The address of its principal place of business is 15 Beech Lane, Macclesfield, Cheshire, United Kingdom, SK10 2DR. Cyprotex PLC's shares are listed on the Alternative Investment Market of the London Stock Exchange.

Cyprotex's interim condensed consolidated financial statements ('the interim financial statements') are presented in Pounds Sterling (£), which is also the functional currency of the parent company.

These interim financial statements have been approved for issue by the Board of Directors on 12 August 2010.

The financial information for the year ended 31 December 2009 set out in this interim report does not constitute statutory accounts as defined in section 245 of the Companies Act 2006. The Group's statutory financial statements for the year ended 31 December 2009 have been filed with the Registrar of Companies. The auditor's report on those financial statements was unqualified and did not contain statements under section 498(2) or section 498(3) of the Companies Act 2006.

### 2. Basis of preparation and accounting policies

#### Basis of preparation

These interim financial statements are for the six months to 30 June 2010. They have been prepared in accordance with IAS 34, Interim Financial Reporting. 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 2009.

#### Significant accounting policies

These interim condensed financial statements have been prepared under the historical cost convention.

These interim financial statements have been prepared in accordance with the accounting policies adopted in the last annual financial statements for the year to 31 December 2009 except for the adoption of new standards and interpretations as of 1 January 2010, noted below.

- *IFRS 2 Share-based payment- Group Cash-settled Share-based Payment Transactions*  
The standard has been amended to clarify the accounting for group cash-settled share-based payment transactions. This amendment also supersedes IFRIC 8 and IFRIC 11. The adoption of this amendment did not have any impact on the financial position or performance of the Group.
- *IFRS 3 Business Combinations (Revised) and IAS 27 Consolidated and Separate Financial Statements (Amended)*  
The Group applies the revised standards from 1 January 2010. IFRS 3 (Revised) introduces significant changes in the accounting for business combinations occurring after this date. Changes affect the valuation of non-controlling interest, the accounting for transaction costs, the initial recognition and subsequent measurement of a contingent consideration and business combination achieved in stages. These changes will impact the amount of goodwill recognised, the reported results in the period that an acquisition occurs and future reported results.  
IAS 27 (Amended) requires that a change in the ownership interest of a subsidiary (without loss of control) is accounted for as a transaction with owners in their capacity as owners. Therefore, such transactions will no longer give rise to goodwill, nor will they give rise to

gains or losses. Furthermore, the amended standard changes the accounting for losses incurred by the subsidiary as well as the loss of control of a subsidiary. The changes by IFRS 3 (Revised) and IAS 27 (Amended) will affect future acquisitions or loss of control of subsidiaries and transactions with non-controlling interests.

- *IAS 39 Financial Instruments: Recognition and measurement – Eligible Hedged Items*  
The amendment addresses the designation of a one-sided risk in a hedged item, and the designation of inflation as a hedged risk or portion in particular situations. The amendment had no effect on the financial position or performance of the Group.
- *IFRIC 17 Distribution of Non-cash Assets to Owners*  
This interpretation provides guidance on accounting for arrangements whereby an entity distributes non-cash assets to shareholders either as a distribution of reserves or as dividends. The interpretation had no effect on the financial position or performance of the Group.
- *Improvements to IFRSs (issued May 2008)*  
In May 2008, the Board issued its first omnibus of amendments to its standards. All amendments issued are effective for Cyprotex PLC as at 31 December 2009, apart from the following:
  - *IFRS 5 Non-current Assets Held for Sale and Discontinued Operations*: Clarifies when a subsidiary is classified as held for sale, all its assets and liabilities are classified as held for sale, even when the entity remains a non-controlling interest after the sale transaction. The amendment is applied prospectively and had no impact on the financial position or financial performance of the Group.
- *Improvements to IFRSs (issued April 2009)*  
In April 2009, the Board issued its second omnibus of amendments to its standards, primarily with a view to removing inconsistencies and clarifying wording. There are separate transitional provisions for each standard. The adoption of the following amendments resulted in changes to accounting policies but did not have any impact on the financial position or performance of the Group.
  - *IFRS 8 Operating Segment Information*: Clarifies that segment assets and liabilities need only be reported when those assets and liabilities are included in measures that are used by the chief operating decision maker.
  - *IAS 7 Statement of Cash Flows*: Explicitly states that only expenditure that results
- *IAS 36 Impairment of Asset*:  
The amendment clarified that the largest unit permitted for allocating goodwill, acquired in a business combination, is the operating segment as defined in IFRS 8 before aggregation for reporting purposes. The amendment has no impact on the Group as the annual impairment test is performed before aggregation.

The accounting policies have been applied consistently throughout the Group for the purposes of preparation of these condensed consolidated interim financial statements.

### 3. Seasonal fluctuations

Historically trade is strongest during the final quarter, as annual projects complete. Trade slows with summer holidays in the third quarter and to a lesser extent, immediately after the New Year.

	Year ended 31 December 2009	Year ended 31 December 2008	Year ended 31 December 2007
<b>Revenue</b>	%	%	%
First half year	48.9	43.3	46.5
Second half year	51.1	56.7	53.5

The provision of ADME services is subject to seasonal fluctuations, historically with peak demand in the second half of each year. For the six months ended 30 June 2010, revenues represented 49.5% of the annual level of revenues in the year ended 31 December 2009.

### 4. Segmental information

The Group has a single operating and reporting segment, that of providing *in vitro* and *in silico* ADMET/PK (Absorption, Distribution, Metabolism, Excretion, Toxicity/Pharmacokinetic) information to the pharmaceutical and biotechnology industries. The revenue and operating profit or loss for the periods are derived from the Group's single operating and reportable segment. This has been determined by reference to the information that the Chief operating Decision Maker receives about the Group.

The Group gives a geographic analysis of revenue by destination. Key markets for the Group are identified as North America, Mainland Europe and the United Kingdom.

	<b>Unaudited 6 months ended 30 June 2010</b>	Unaudited 6 months ended 30 June 2009	Audited year ended 31 December 2009
Geographical analysis of revenue by destination	£	£	£
United Kingdom	<b>509,558</b>	579,170	1,407,293
Rest of Europe	<b>1,121,076</b>	1,161,999	2,319,428
USA and Canada	<b>822,507</b>	676,484	1,191,308
Rest of the World	<b>23,458</b>	28,276	83,013
	<b>2,476,599</b>	2,445,929	5,001,042

### 5. Earnings per share

The calculation of the basic earnings per share is based on the earnings attributable to ordinary shareholders divided by the weighted average number of shares in issue during the period.

The calculation of diluted earnings per share is based on the basic earnings per share, adjusted to allow for the issue of shares and the post tax effect of dividends and/or interest, on the assumed conversion of all dilutive options and other dilutive potential ordinary shares.

Reconciliations of the earnings and weighted average number of shares used in the calculations are set out below.

	<b>Unaudited 6 months ended 30 June 2010</b>	Unaudited 6 months ended 30 June 2009	Audited year ended 31 December 2009
<b>Continuing operations</b>			
Profit after tax and earnings attributable to ordinary shareholders (£)	<b>50,481</b>	156,597	460,413
Weighted average number of ordinary shares in issue (number used for basic earnings per share)	<b>178,957,188</b>	178,697,988	178,725,641
Dilutive effect of options (number)	<b>410,985</b>	882,335	623,287
Weighted average number of ordinary shares in issue (number used for diluted earnings per share)	<b>179,368,173</b>	179,580,323	179,348,928
Basic earnings per share (pence)	<b>0.03p</b>	0.09p	0.26p
Diluted earnings per share (pence)	<b>0.03p</b>	0.09p	0.26p

## 6. Share issues

During the period to 30 June 2010 no shares were issued. Shares issued and authorised may be summarised as follows:

	Number	£
<b>6 months to 30 June 2010</b>		
At 1 January 2010	178,957,188	178,957
<b>At 30 June 2010</b>	<b>178,957,188</b>	<b>178,957</b>
<b>6 months to 30 June 2009</b>		
At 1 January 2009	178,697,988	178,698
At 30 June 2009	178,697,988	178,698
<b>Year to 31 December 2009</b>		
At 1 January 2009	178,697,988	178,698
Issue of shares	259,200	259
At 31 December 2009	178,957,188	178,957

The authorised share capital of the Company was increased by 100,000,000 ordinary shares of 0.1p each to 300,000,000 on 14 July 2008. The Company has only one class of shares.

## 7. Additions and disposals of property, plant and equipment

The following tables show the significant additions and disposals of property, plant and equipment.

<b>6 months to 30 June 2010</b>	<b>Long leasehold and buildings</b>	<b>Office equipment</b>	<b>Computer equipment</b>	<b>Laboratory equipment</b>	<b>Total</b>
	£	£	£	£	£
<b>Carrying amount</b>					
at 1 January 2010	809,471	20,322	38,388	365,968	1,234,149
Additions	86,576	1,989	25,790	327,917	442,272
Disposals	-	-	-	-	-
Depreciation	(9,198)	(2,858)	(14,429)	(85,252)	(111,737)
<b>at 30 June 2010</b>	<b>886,849</b>	<b>19,453</b>	<b>49,749</b>	<b>608,633</b>	<b>1,564,684</b>

<b>6 months to 30 June 2009</b>	<b>Long leasehold and buildings</b>	<b>Office equipment</b>	<b>Computer equipment</b>	<b>Laboratory equipment</b>	<b>Total</b>
	£	£	£	£	£
<b>Carrying amount</b>					
at 1 January 2009	809,705	22,511	41,957	307,489	1,181,662
Additions	17,665	3,373	12,976	256,123	290,137
Disposals	-	-	-	-	-
Depreciation	(8,934)	(2,750)	(18,163)	(104,909)	(134,756)
<b>at 30 June 2009</b>	<b>818,436</b>	<b>23,134</b>	<b>36,770</b>	<b>458,703</b>	<b>1,337,043</b>

<b>Year to 31 December 2009</b>	<b>Long leasehold and buildings</b>	<b>Office equipment</b>	<b>Computer equipment</b>	<b>Laboratory equipment</b>	<b>Total</b>
	£	£	£	£	£
<b>Carrying amount</b>					
at 1 January 2009	809,705	22,511	41,957	307,489	1,181,662
Additions	17,665	3,373	28,576	264,132	313,746
Disposals	-	-	-	-	-
Depreciation	(17,899)	(5,562)	(32,145)	(205,653)	(261,259)
<b>at 31 December 2009</b>	<b>809,471</b>	<b>20,322</b>	<b>38,388</b>	<b>365,968</b>	<b>1,234,149</b>

## 8. Taxation

At 30 June 2010, the group has tax losses of approximately £5.1 million that are available for offset against future profits arising from the same trade.