Cyprotex PLC

Final results
for the year ended 31 December 2008

March 2009

Dr A. D. Baxter, CEO
Mr J. Dootson, CFO
A new experienced management team

Executive Directors
Dr Tony Baxter
   Chief Executive Officer – previously Argenta, deltaDOT, Oxford Asymmetry International plc
Mr John Dootson
   Chief Financial Officer, previously Clariant/BTP, Ernst & Young

Non-Executive Directors
Mr Steve Harris
   Chairman – Proteome, Aquapharm, NED - Advanced Medical Solutions, Phynova Group

Company Secretary / Legal Counsel
Mr Mark Warburton
Business Overview

Cyprotex - A uniquely packaged ADMET solution

• A specialist Contract Research Organisation (“CRO”) providing leading technology and information
  • evaluates and optimises Absorption, Distribution, Metabolism, Excretion, toxicity (“ADMET”) and pharmacokinetic properties of potential drug candidates

• A portfolio of technologies to identify potential problems
  • assisting at the drug discovery stage and to help reduce the attrition of the drug development process
  • genuine competitive advantages in different steps of the process

• Cyprotex offers highly automated in-vitro and in-silico screening
  • designed to significantly accelerate and improve the cost-effectiveness of the process from “hit-to-lead” in drug discovery
  • enormous global market opportunity – big pharma reorganisations

• Commercial success
  • Cloe® integrated product offering (Cloe® Screen, Cloe® Select and Cloe® Predict)
Financial review summary

John Dootson
CFO
Highlights

Year ended 31st December 2008

- Revenues increased by 43% to £5.18 million
  - 2007: £3.63 million
- Gross profits rose 49% to £4.48 million
  - 2007: £3.00 million
- Maiden operating profit of £567,000
  - Against 2007 loss of £496,000
- Cash-in-hand improved significantly to £1.6 million
  - Notwithstanding continued investment
- Placing and Open Offer raised £1.0 million in August 2008
  - Fully subscribed
  - £0.97 million net of costs
- Reshaping of the Company
  - Non-recurring costs c. £0.2 million incurred
Financial Progress

Client revenue concentration

Revenues by customer type

Geographical sales

Pharma 83%
Agropharm 6%
Biotech 10%
Academia 1%
Other 1%

USA & Canada, 29%
United Kingdom, 24%
Rest of Europe, 46%
ROW, 1%
### Summary Profit and Loss

**Year ended 31 December 2008 (£’000)**

<table>
<thead>
<tr>
<th></th>
<th>2008</th>
<th>2007*</th>
<th>2006*</th>
<th>2005*</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Revenue</strong></td>
<td>5,181</td>
<td>3,626</td>
<td>3,505</td>
<td>2,701</td>
</tr>
<tr>
<td><strong>Gross profit</strong></td>
<td>4,478</td>
<td>3,004</td>
<td>2,972</td>
<td>2,295</td>
</tr>
<tr>
<td><strong>Staff costs</strong></td>
<td>(2,516)</td>
<td>(2,191)</td>
<td>(2,073)</td>
<td>(1,967)</td>
</tr>
<tr>
<td><strong>Share based payment charge</strong></td>
<td>(15)</td>
<td>(63)</td>
<td>(137)</td>
<td>(108)</td>
</tr>
<tr>
<td><strong>Depreciation</strong></td>
<td>(243)</td>
<td>(264)</td>
<td>(352)</td>
<td>(346)</td>
</tr>
<tr>
<td><strong>Other administrative</strong></td>
<td>(1,137)</td>
<td>(982)</td>
<td>(1,150)</td>
<td>(1,042)</td>
</tr>
<tr>
<td><strong>Operating profit/(loss)</strong></td>
<td>567</td>
<td>(496)</td>
<td>(740)</td>
<td>(1,168)</td>
</tr>
<tr>
<td><strong>Net interest (payable)/ receivable</strong></td>
<td>(25)</td>
<td>(47)</td>
<td>(20)</td>
<td>13</td>
</tr>
<tr>
<td><strong>Profit/(loss) before taxation</strong></td>
<td>542</td>
<td>(543)</td>
<td>(760)</td>
<td>(1,155)</td>
</tr>
<tr>
<td><strong>Taxation</strong></td>
<td>-</td>
<td>64</td>
<td>100</td>
<td>148</td>
</tr>
<tr>
<td><strong>Profit/(loss) for the year</strong></td>
<td>542</td>
<td>(479)</td>
<td>(660)</td>
<td>(1,007)</td>
</tr>
<tr>
<td><strong>Profit /(loss) per ordinary share - basic</strong></td>
<td>0.36p</td>
<td>(0.35)p</td>
<td>(0.48)p</td>
<td>(0.78)p</td>
</tr>
</tbody>
</table>

**EBITDA**

<table>
<thead>
<tr>
<th></th>
<th>2008</th>
<th>2007*</th>
<th>2006*</th>
<th>2005*</th>
</tr>
</thead>
<tbody>
<tr>
<td>EBIT</td>
<td>567</td>
<td>(496)</td>
<td>(740)</td>
<td>(1,168)</td>
</tr>
<tr>
<td>EBITDA</td>
<td>810</td>
<td>(232)</td>
<td>(388)</td>
<td>(822)</td>
</tr>
</tbody>
</table>

*restated on the adoption of IFRS
## Summary Balance Sheet

**As at 31 December 2008 (£’000)**

<table>
<thead>
<tr>
<th></th>
<th>2008</th>
<th>2007</th>
<th>2006</th>
<th>2005</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fixed assets</td>
<td>1,182</td>
<td>1,366</td>
<td>1,422</td>
<td>1,696</td>
</tr>
<tr>
<td>Current assets</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>excluding cash</td>
<td>1,340</td>
<td>843</td>
<td>944</td>
<td>949</td>
</tr>
<tr>
<td>Current liabilities</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>excluding debt</td>
<td>(632)</td>
<td>(443)</td>
<td>(387)</td>
<td>(303)</td>
</tr>
<tr>
<td>Net assets before</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>net (debt)/cash</td>
<td>1,890</td>
<td>1,766</td>
<td>1,979</td>
<td>2,342</td>
</tr>
<tr>
<td>Debt</td>
<td>(678)</td>
<td>(799)</td>
<td>(751)</td>
<td>(829)</td>
</tr>
<tr>
<td>Cash</td>
<td>1,585</td>
<td>301</td>
<td>455</td>
<td>690</td>
</tr>
<tr>
<td>Net assets</td>
<td>2,797</td>
<td>1,268</td>
<td>1,683</td>
<td>2,203</td>
</tr>
</tbody>
</table>

*Substantial increase in cash generated from both operations and fundraising*
High correlation between operating profit and cash generation
## Summary Cash Flow

**Year ended 31 December 2008 (£’000)**

<table>
<thead>
<tr>
<th></th>
<th>2008</th>
<th>2007</th>
<th>2006</th>
<th>2005</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Inflow/(outflow) from operations</strong></td>
<td>538</td>
<td>(43)</td>
<td>(208)</td>
<td>(1,093)</td>
</tr>
<tr>
<td>Interest (paid)/received</td>
<td>(25)</td>
<td>(48)</td>
<td>(20)</td>
<td>12</td>
</tr>
<tr>
<td>Taxation received</td>
<td>69</td>
<td>95</td>
<td>146</td>
<td>166</td>
</tr>
<tr>
<td>Capital expenditure (net)</td>
<td>(148)</td>
<td>(33)</td>
<td>(78)</td>
<td>(966)</td>
</tr>
<tr>
<td><strong>Net cash flow before financing</strong></td>
<td>434</td>
<td>(29)</td>
<td>(160)</td>
<td>(1,881)</td>
</tr>
<tr>
<td>Financing (net)</td>
<td>850</td>
<td>(125)</td>
<td>(75)</td>
<td>731</td>
</tr>
<tr>
<td><strong>Net cash flow</strong></td>
<td>1,284</td>
<td>(154)</td>
<td>(235)</td>
<td>(1,150)</td>
</tr>
<tr>
<td>Opening cash</td>
<td>301</td>
<td>455</td>
<td>690</td>
<td>1,840</td>
</tr>
<tr>
<td>Closing cash</td>
<td>1,585</td>
<td>301</td>
<td>455</td>
<td>690</td>
</tr>
</tbody>
</table>

*Positive cashflow from operations achieved for the first time*
Tony Baxter
CEO
Market review

- Over 85% of ADMET tests are still performed by pharmaceutical & biotech internally – yet it is not a core competence

- Market for outsourced ADMET addressed by Cyprotex estimated to be >$700M growing at 10-15%

- Strong structural drivers:
  - *Pharma industry is restructuring & now is embracing outsourcing increasingly*
  - *Industry moving to perform ADMET earlier in drug discovery to reduce attrition in later clinical trials*
  - *Mid-tier Pharma is switching to strategic partnerships and reducing internal overheads*
  - *Rising use of predictive pharmacokinetic tools*
  - *Agrichem now screening chemicals for compliance with regulations*
• Industry problem is lack of significantly advanced pipeline products. Most compounds fail to reach the market, with a very small number progressing through all stages of required regulatory approval testing.

• Poor ADMET properties account for over 50% of drug development failures (Pharma IQ Website)

• 1/5000 compounds make it to clinic (Tufts Center for Drug Developments)

• 1/5 clinical compounds make it to market (Tufts Center for Drug Developments)
A world leader for ADMET outsourcing

- **Validated Technology**
  - serviced over 200 customers worldwide, including currently six of the ‘top ten’ big pharma

- **Highly automated technology platform**
  - supported by proprietary technologies

- **Unrivalled scale, reproducibility, turnaround and pricing**

- **Collaborative agreements**
  - rather than ‘overflow’ work provides better revenue visibility and operational efficiency

- **Exceptional operational gearing**
  - steady fixed cost – excess work drops to the bottom line
• Increased revenues from biggest customers through strategic partnerships
• Reducing reliance on top 5 customers over time
• Improving relationships with preferred customers:
  • Adding new customers at a reduced rate
  • Increased average sales value per customer by +60% in 2008
  • Arresting decline in R&D expenditure to develop new products to meet customer requirements
• Strengthening sales and marketing teams

Creating better revenue visibility and operational efficiency
High Operational Gearing

- Major investment phase now complete
- Laboratory expansion and QTRAP completed early 2009 at a cost of £375,000 to raise offering to customers
- Low cost of consumables
- Break-even at just under 50% of present operational capacity and existing site capable of further significant expansion
- Significant carried forward tax losses into 2009 > £5.3 million

*Increased activity drops largely to the bottom line*
2009 Targets

- Target further strategic partnerships in 2009
- Continue to deepen relationships with key customers
- Broaden range of products, services and technologies
- Build rapidly upon contribution from the US
- Further increase strength of Board and Management team
- Significantly outpace sector growth in outsourced ADMET services
Summary & Outlook

• Major investment phase now complete
• Group remains cash rich and is now cash generative
• Very highly operationally geared
• Enormous global market opportunity – big pharma reorganisations

• Unique, validated and standard-setting industrial-scale ADMET services from Cloe® suite of offerings
• Enhanced service offering planned utilising new internally developed assays and strategic collaborations

• New management team in place and delivering results
• Commitment to increase shareholder value
• Expansion organically and by acquisition

Confident of increasing revenue generation and profitability despite difficult economic climate
### Cyprotex PLC

#### Advisers

<table>
<thead>
<tr>
<th>Role</th>
<th>Firm</th>
</tr>
</thead>
<tbody>
<tr>
<td>NOMAD</td>
<td>Noble and Co. Ltd</td>
</tr>
<tr>
<td>Broker</td>
<td>Noble and Co. Ltd</td>
</tr>
<tr>
<td>Auditors</td>
<td>Grant Thornton UK LLP</td>
</tr>
<tr>
<td>Public Relations</td>
<td>Financial Dynamics</td>
</tr>
<tr>
<td>Lawyers (Corporate)</td>
<td>Speechly Bircham</td>
</tr>
<tr>
<td>Registrars</td>
<td>Capita</td>
</tr>
</tbody>
</table>
Financial Progress – Average sales per customer (GBP’000)

Evidence of deepening relationships with existing customers
Arresting decline in R and D expenditure to develop new products
Financial Progress – Gross profit (GPB ‘000)

Substantial growth in gross profit mirroring increased revenues
Financial Progress – EBITDA & EBIT (GBP’000)