

**TEPNEL LIFE SCIENCES PLC ANNOUNCES INTERIM RESULTS FOR THE
6 MONTHS ENDED 30 JUNE 2008
Substantial increase in revenues and profits**

Manchester, UK, Stamford, USA, 31 July 2008: Tepnel Life Sciences plc (AIM: TED), the international Molecular Diagnostics and Research Products and Services Group, announces interim results for the 6 month period ended 30 June 2008.

“Tepnel continues to deliver very strong revenue and operating profit growth across its entire business. Our new purpose built, state-of-the-art pharmaceutical services facility, along with our recently launched Biopharmaceutical and Genotyping services, have been a great success with strong customer demand. Additionally, Tepnel’s immunological products are showing good growth and have now begun to penetrate worldwide markets. Tepnel’s Molecular Diagnostics division also continues to exhibit strong growth led by our LifeMatch range of products and our Elucigene CF and QST*R genetic tests“ stated Ben Matzilevich, Tepnel’s Chief Executive Officer. “We believe Tepnel is very well positioned for future growth bolstered by a growing menu of novel molecular diagnostic products and demand for our advanced pharmaceutical outsourcing services. Our strong H1 performance and positive outlook are testament to the loyalty, commitment and dedication of Tepnel’s staff and shareholders alike.”

2008 Highlights

- Revenue increased to £11.8m from £8.8m, an increase of 34% compared to the prior period and 29% on a constant currency basis
- Gross profit increased 34% to £6.9m compared to £5.1m in 2007
- An increase of 149% in operating profit to £1.5m from £0.6m in 2007
- EBITDA increased 118% to £1.9m from £0.9m in 2007
- Operating cash inflow increased to £1.5m from a cash outflow of £0.2m in 2007
- Tepnel continues to deliver significant and sustained growth in both revenue and operating profit across both divisions in line with its strategic and operational plans:

Research Products and Services revenue increased by 28% driven by the strong demand for its pharmaceutical outsourcing services from its new state-of-the-art facility in Livingston and newly introduced Biopharmaceutical and Genotyping service lines

Molecular Diagnostics revenue increased by 39% driven by the Transplant Diagnostics business line. The LifeMatch range of products continued to show strong growth compared to the prior period

Continuing operations	6 months ended 30 June 2008 £'000	6 months ended 30 June 2007 £'000	Change
Group revenue	11,770	8,767	+34%
EBITDA	1,899	873	+118%
Operating profit	1,501	603	+149%
Profit after tax	1,386	620	+123%
Operating cash inflow/(outflow)	1,534	(193)	+\$1.7m
Basic EPS	0.60p	0.27p	+123%

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About Tepnel Life Sciences plc

Tepnel Life Sciences (AIM:TED) is an international life sciences products and services group with two divisions, Molecular Diagnostics and Research Products & Services. The Company has laboratories, manufacturing and operations in the USA, UK and France with over 200 employees.

Tepnel provides test kits, reagents and services to two highly synergistic markets, these being Molecular Diagnostics and Biomedical Research.

The Company's strategy has been to identify high growth niche opportunities within these multi-billion pound markets. Tepnel focuses on these opportunities with internally developed products, patents, expertise and know-how as well as strategic acquisitions, to develop a leadership position within these defined market segments.

Chairman's Statement

Overview

The first six months of 2008 has been another extremely successful period for Tepnel as the Group continues to deliver significant revenue and operating profit growth. Revenue grew by 34% to £11.8m and operating profit for the 6 month period was £1.5m.

Significant growth has been delivered across both divisions and the performance continues to demonstrate the success of Tepnel's corporate strategy to build leadership positions in niche markets in the Molecular Diagnostics and Research Products and Services sectors. The key financial highlights are as follows:

- Revenue for the 6 months ended 30 June 2008 increased to £11.8m from £8.8m, an increase of 34% on the prior period and 29% on a constant currency basis
- Operating profit increased by 149% to £1.5m from £0.6m in 2007
- EBITDA increased by 118% to £1.9m from £0.9m in 2007
- Operating cash inflow increased to £1.5m compared to an operating cash outflow of £0.2m for 2007
- Basic earnings per share for the period were 0.60 pence compared to 0.27 pence in 2007

Research Products and Services

Tepnel's Research Products and Services division has had an excellent first half of 2008, delivering revenue growth of 28% (25% on a constant currency basis) to £4.9m. This division provides outsourcing services for the pharmaceutical, biotechnology and healthcare industries, food safety products and immunological reagents.

This growth has been primarily driven by the demand for Tepnel's pharmaceutical outsourcing services from its state-of-the-art pharmaceutical facility based in Livingston, Scotland. In March 2008, the Group announced the completion of Phase II of the construction, which completed the facility, and marked the launch of its biopharmaceutical and clinical genotyping services.

The introduction of these new services gives Tepnel access to two rapidly growing market sectors, enabling the Group to offer an expanded service menu to new and existing customers. In addition, these new services simultaneously enhance the product development capabilities of our Molecular Diagnostics division whilst positioning us to become one of UK's leading service providers.

The Research Products and Services division continues to gain business from some of the largest pharmaceutical companies in the world. In May 2008, the Group extended its preferred supplier agreement with AstraZeneca for DNA extraction services. The Group's reputation for client service and technical expertise has been key to the delivery of new pharmaceutical outsourcing contracts.

The Group's immunological reagent line has delivered good growth in both direct sales in the UK, US and France, and through our distributor network. In May 2008, the Group announced a two year extension to its global licensing agreement with Abcam, the world's largest on-line supplier of antibody products. This agreement covers the worldwide distribution of Tepnel's Diaclone range of diagnostic and research products and includes a guaranteed annual minimum in sales, strengthening Tepnel's global reach to customers in both academia and industry.

Molecular Diagnostics

Tepnel's Molecular Diagnostics division also had a very strong first half of 2008, delivering revenue growth of 39% (32% on a constant currency basis) to £6.8m. This division focuses on the organ transplant monitoring, foetal diagnostic testing and genetic predisposition testing markets. Tepnel's innovative product range includes the LifeMatch transplant monitoring assays and the Elucigene genetic predisposition assays.

The LifeMatch range of products continues to gain market share and increased sales through new customers and a broadening product range. Tepnel continues to develop innovative new product lines using the Luminex xMAP technology providing a strong base for future growth of the LifeMatch range.

Sales of Tepnel's QST*R product for the rapid detection during pregnancy of common genetic abnormalities, has shown strong growth compared to the prior year and continues to gain momentum throughout Europe.

Tepnel is continuously expanding its product pipeline of molecular diagnostic products and technologies and in June 2008 announced that the Group had been awarded a BBSRC grant to develop new technologies for molecular diagnostic applications. Tepnel is developing a technology for the rapid detection and identification of pathogenic micro-organisms which can cause potentially fatal infections in human and animals. The research project enables Tepnel to explore this innovative technology and assess its potential for human and animal applications.

Future Prospects

These excellent interim results for the first 6 months of 2008 once again demonstrate Tepnel's continued progress in achieving sustainable growth in both revenues and operating profits and are testament to the loyalty, commitment and dedication of Tepnel's staff and shareholders alike.

The Group is strategically focused on delivering growth across both divisions. The Molecular Diagnostics division is focused on key growth markets, principally organ transplant monitoring and foetal distress diagnostics, and developing products which utilise its technologies for new markets, including the blood bank market. The Research Products and Services division, through its new pharmaceutical facility and recently launched services is well placed to access the growing Biopharmaceutical and Genotyping markets.

The significant investment made in Tepnel's new facilities and its new products and services development, means the Group is well placed for future growth.

Alec Craig
Chairman
31 July 2008

Group Income Statement

for the 6 months ended 30 June 2008 (unaudited)

		6 months ended 30 June 2008 £'000	6 months ended 30 June 2007 £'000	Year ended 31 December 2007 £'000
	<i>Notes</i>			
Aggregate revenue	2	11,770	9,022	18,337
Revenue – discontinued operations	2,4	-	(255)	(518)
Revenue – continuing operations	2	11,770	8,767	17,819
Cost of sales		(4,906)	(3,658)	(7,676)
Gross profit		6,864	5,109	10,143
Selling and distribution costs		(1,626)	(1,447)	(2,813)
Research and development costs		(1,273)	(1,011)	(2,069)
Administrative expenses		(2,464)	(2,048)	(3,871)
Operating profit – continuing operations		1,501	603	1,390
Finance income		46	64	115
Finance expense		(161)	(69)	(232)
Profit before taxation – continuing operations		1,386	598	1,273
Tax credit		-	22	95
Profit for the period – continuing operations		1,386	620	1,368
Loss for the period – discontinued operations		-	(100)	(124)
Profit for the period		1,386	520	1,244
Basic EPS – continuing operations	3	0.60p	0.27p	0.59p
Diluted EPS – continuing operations	3	0.55p	0.25p	0.55p
Basic EPS – profit for the period	3	0.60p	0.23p	0.54p
Diluted EPS – profit for the period	3	0.55p	0.21p	0.50p

Group Statement of Recognised Income and Expense

for the 6 months ended 30 June 2008 (unaudited)

		6 months ended 30 June 2008 £'000	6 months ended 30 June 2007 £'000	Year ended 31 December 2007 £'000
Income and expenses recognised directly in equity				
Exchange differences on retranslation of foreign operations		79	(14)	77
Profit for the period		1,386	520	1,244
Total recognised income and expenses for the period		1,465	506	1,321

Group Balance Sheet
as at 30 June 2008 (unaudited)

		30 June 2008 £'000	30 June 2007 £'000	31 December 2007 £'000
	<i>Notes</i>			
Non-current assets				
Property, plant and equipment		6,020	4,241	5,567
Intangible assets		2,015	1,843	2,047
Deferred tax asset		140	104	140
		8,175	6,188	7,754
Current assets				
Inventories		2,777	2,495	2,586
Trade and other receivables		5,035	4,229	4,514
Income tax receivable		194	110	168
Cash and short-term deposits	8	3,670	2,380	3,499
		11,676	9,214	10,767
Total assets		19,851	15,402	18,521
Current liabilities				
Trade and other payables		(7,428)	(6,054)	(8,075)
Financial liabilities	8	(393)	(192)	(216)
Income tax payable		(261)	(152)	(242)
		(8,082)	(6,398)	(8,533)
Non-current liabilities				
Financial liabilities	8	(1,526)	(1,289)	(1,274)
Provisions		(120)	-	(120)
Total liabilities		(9,728)	(7,687)	(9,927)
Net assets		10,123	7,715	8,594
Capital and reserves				
Equity share capital	5	36,878	36,878	36,878
Foreign exchange reserve	5	98	(72)	19
Retained earnings	5	(26,853)	(29,091)	(28,303)
Total equity		10,123	7,715	8,594

Group Cash Flow Statement

For the 6 months ended 30 June 2008 (unaudited)

	6 months ended 30 June 2008 £'000	6 months ended 30 June 2007 £'000	Year ended 31 December 2007 £'000
Operating activities			
Profit for the period	1,386	520	1,244
Adjustments to reconcile profit for the period to net cash flow from operating activities:			
Tax credit	-	(22)	(95)
Net finance costs	115	5	117
Depreciation of property, plant and equipment	384	264	606
Amortisation of intangible fixed assets	14	6	12
Share based payments	64	36	100
(Increase)/decrease in trade and other receivables	(423)	(1,186)	(1,390)
(Increase)/decrease in inventories	(140)	115	95
Increase/(decrease) in trade and other payables	134	69	984
Cash generated from operating activities	1,534	(193)	1,673
Income tax received	-	-	44
Net cash inflow/(outflow) from operating activities	1,534	(193)	1,717
Investing activities			
Interest received	46	64	102
Government grants received	-	-	100
Purchase of subsidiary undertakings	-	-	(75)
Cash held by subsidiary undertakings on acquisition	-	-	48
Investment in fixed deposit	-	-	200
Payments to acquire property, plant and equipment	(1,185)	(1,301)	(2,092)
Proceeds from sale of property, plant and equipment	-	8	-
Payments to acquire intangible assets	(16)	(2)	(6)
Net cash outflow from investing activities	(1,155)	(1,231)	(1,723)
Financing activities			
Interest paid	(144)	(10)	(41)
Repayment of capital element of finance leases	(74)	(40)	(85)
New borrowings	34	-	-
Repayment of borrowings	(49)	-	(43)
Net cash inflow from financing activities	(233)	(50)	(169)
Increase/(decrease) in cash and cash equivalents	146	(1,474)	(175)
Cash and cash equivalents - beginning of the period	3,499	3,657	3,657
Effect of exchange rates on cash and cash equivalents	25	(3)	17
Cash and cash equivalents - end of the period	3,670	2,180	3,499

Notes to the Group Financial Statements

1. Significant accounting policies

Basis of preparation

The consolidated financial statements of Tepnel Life Sciences plc for the 6 months ended 30 June 2008 were authorised for issue by the Directors on 31 July 2008.

The interim financial information has been prepared on the basis of accounting policies consistent with those applied in the 2007 financial statements.

The financial information contained in this interim statement is unaudited and does not constitute statutory accounts as defined in section 240 of the Companies Act 1985. The audited financial statements for the year ended 31 December 2007 have been filed with the Registrar of Companies and contain an unqualified audit opinion.

These consolidated interim financial statements are presented in Sterling and all values are rounded to the nearest thousand (£'000) except where otherwise indicated.

2. Segmental analysis

The primary segment reporting format is determined to be business segments as the Group's risks and returns are affected predominantly by differences in the products and services provided. Secondary segment information is reported geographically.

The Group operates in two business segments which reflect the risks and returns inherent in the two segments and the internal organisation and management structure of the Group. These segments are Molecular Diagnostics (MD) and Research Products and Services (RPS).

Business Segments

	6 months ended 30 June 2008 £'000	6 months ended 30 June 2007 £'000	Year ended 31 December 2007 £'000
Research Products and Services	4,938	3,851	7,538
Molecular Diagnostics	6,832	4,916	10,281
Revenue – continuing operations	11,770	8,767	17,819
Molecular Diagnostics - discontinued operations	-	255	518
Aggregate revenue	11,770	9,022	18,337

Geographical Segments

	6 months ended 30 June 2008		
	Research Products and Services £'000	Molecular Diagnostics £'000	Total £'000
UK	2,927	732	3,659
Rest of Europe	1,507	2,334	3,841
US	339	2,242	2,581
Asia	41	940	981
Rest of world	124	584	708
Revenue – continuing operations	4,938	6,832	11,770

	6 months ended 30 June 2007		
	Research Products and Services £'000	Molecular Diagnostics £'000	Total £'000
UK	2,286	540	2,826
Rest of Europe	1,024	1,500	2,524
US	269	2,100	2,369
Asia	25	381	406
Rest of world	247	395	642
Revenue – continuing operations	3,851	4,916	8,767
Discontinued operations - US	-	255	255
Aggregate revenue	3,851	5,171	9,022

	Year ended 31 December 2007		
	Research Products and Services £'000	Molecular Diagnostics £'000	Total £'000
UK	4,563	1,196	5,759
Rest of Europe	2,124	2,835	4,959
US	456	3,796	4,252
Asia	80	1,635	1,715
Rest of world	315	819	1,134
Revenue – continuing operations	7,538	10,281	17,819
Discontinued operations - US	-	518	518
Aggregate revenue	7,538	10,799	18,337

3. Earnings per share

Basic earnings per share amounts are calculated by dividing net profit for the period attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the period.

Diluted earnings per share amounts are calculated by dividing net profits attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the period (adjusted for the effects of dilutive options and warrants).

	6 months ended 30 June 2008 £'000	6 months ended 30 June 2007 £'000	Year ended 31 December 2007 £'000
Continuing operations			
Earnings attributable to ordinary shareholders:			
- continuing operations	1,386	620	1,368
- discontinued operations	-	(100)	(124)
Total	1,386	520	1,244
	Number 000's	Number 000's	Number 000's
Basic weighted average number of ordinary shares	230,211	230,211	230,211
Dilutive effect of:			
- employee share options	2,391	2,166	2,284
- warrants	18,361	15,507	16,864
Diluted weighted average number of shares	250,963	247,884	249,359
Basic EPS – continuing operations	0.60p	0.27p	0.59p
Diluted EPS – continuing operations	0.55p	0.25p	0.55p
Basic EPS - profit for period	0.60p	0.23p	0.54p
Diluted EPS - profit for period	0.55p	0.21p	0.50p

4. Discontinued operations

The Transplant Diagnostics business comprised two business lines: the Transplant Diagnostics Service business and Transplant Diagnostics Product business.

On 1 October 2007, the Board decided to discontinue its Transplant Diagnostics Services business to focus on the Transplant Diagnostics division's core competency of product sales. These operations ceased permanently on 31 December 2007 and have been classified as discontinued operations in the profit and loss account.

	6 months ended 30 June 2008 £'000	6 months ended 30 June 2007 £'000	Year ended 31 December 2007 £'000
Revenue	-	255	518
Cost of sales	-	(295)	(519)
Gross loss	-	(40)	(1)
Selling and distribution costs	-	(60)	(123)
Operating loss	-	(100)	(124)
Loss for the year – discontinued operations	-	(100)	(124)

5. Reconciliation of movements in equity

	Equity share capital £'000	Foreign exchange reserve £'000	Retained earnings £'000
At 1 January 2007	36,878	(58)	(29,647)
Total recognised income and expense	-	(14)	520
Share-based payments	-	-	36
At 30 June 2007	36,878	(72)	(29,091)
Total recognised income and expense	-	91	724
Share-based payments	-	-	64
At 31 December 2007	36,878	19	(28,303)
Total recognised income and expense	-	79	1,386
Share-based payments	-	-	64
At 30 June 2008	36,878	98	(26,853)

6. Additional financial information

Reconciliation of operating profit to earnings before interest, tax, depreciation and amortisation (EBITDA)

	6 months ended 30 June 2008 £'000	6 months ended 30 June 2007 £'000	Year ended 31 December 2007 £'000
Continuing operations			
Operating profit	1,501	603	1,390
Depreciation	384	264	603
Amortisation	14	6	12
EBITDA	1,899	873	2,005

7. Foreign currency

The principal exchange rates used were as follows:

	6 months ended 30 June 2008	6 months ended 30 June 2007	Year ended 31 December 2007
US dollar			
- average	1.98	1.97	2.00
- closing	2.00	2.00	1.99
Euro			
- average	1.29	1.48	1.46
- closing	1.26	1.49	1.36

2008 results compared with 2007 at constant 2007 exchange rates

	6 months ended 30 June 2008 £'000	6 months ended 30 June 2007 £'000	% change
Revenue – continuing operations			
Research Products and Services	4,800	3,851	25%
Molecular Diagnostics	6,493	4,916	32%
Total revenue	11,293	8,767	29%

8. Analysis of net funds

	1 January 2008 £'000	Cash flow £'000	Non-cash movement £'000	30 June 2008 £'000
Cash and cash equivalents	3,499	146	25	3,670
Loans	(1,257)	15	-	(1,242)
Finance leases	(233)	74	(518)	(677)
Net funds	2,009	235	(493)	1,751

9. Dividends

The Directors do not recommend the payment of an interim dividend in respect of the 6 months ended 30 June 2008.