



30 June 2009

Dear NextGen Group Shareholder,

I would like to announce the publication of the 2008 Report and Accounts for NextGen Group, PLC. 2008 was a year of many changes for the company. In 2008 the company transitioned from a supplier of automation, consumables and services to focus all resources into the growing field of Biomarkers. Biomarkers are key to the pharmaceutical, biotechnology and agricultural industries for successful development of new products. The transition to a Biomarker and Proteomic Service company has resulted in US based operations that are much leaner, completely focused in a business segment that has very large projected annual growth and therefore more competitive than before.

This year we will save some additional costs by not printing and mailing the full report. In lieu of printing the full report NextGen Group has sent this brief summary of the report. In the following pages the Chief Executive Officer's Report, Director's Report and the 2008 Consolidated Income Statement and Balance Sheet

The full 2008 Report and Accounts for NextGen Group PLC can be found on our website (www.nextgensciences.com/2008report). The document can be downloaded, viewed and printed. Alternatively you can request a hard copy from NextGen. If you would like a hard copy please send a written request to:

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Yours faithfully,

Michael R. Pisano, PhD
CEO

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Chief Executive Officer's Report

Strategic overview

In 2008 Nextgen Sciences mostly completed the divestment of the non-core businesses and continued to develop the biomarker business with the addition of key personnel, and investment in operational infrastructure. NextGen also continued the expansion of its service portfolio, including biomarker discovery, assay development and testing.

The Group's headquarters were moved to its Ann Arbor, Michigan, USA facility. As its business is now operated in US dollars, the Group reports in US dollars.

Trading Review

Please note that all figures include discontinued operations, see note 2(c). Group revenue for the 12 months ended 31 December 2008 was \$3.6 million (2007: \$3.4 million), an increase of 7.8%. The Board had set a target that the Group would achieve revenue over \$3 million for 2008.

Gross margin increased from 56.2% to 72.2% due to higher volumes of services particularly biomarkers at higher margins and also sales of equipment subject to write down in 2007 in connection with the divestment of the instrumentation UK-based businesses. Total operating charges decreased by 20% to \$6.7 million (2007: \$8.5 million).

After an interest charge of \$0.09 million, the Group reported a pre-tax loss of \$3.19 million (2007: loss \$6.66 million) and a loss per share of 0.17 cents (2007: loss 0.66 cents).

Biomarker services

A biomarker is an entity used as an indicator of a biologic state. A biomarker can be measured objectively from a clinical sample, such as blood or urine, and evaluated as a gauge of normal biologic processes, pathogenic processes, or pharmacologic response to therapeutic intervention. The pharmaceutical industry's interest in biomarkers is increasing as they can be used to understand the mechanism of a disease, as well as aid the development of therapeutics, diagnostics and personalized medicine. Biomarkers are critical in helping to reduce costs in the drug discovery and development process.

In clinical applications, biomarkers can be used for patient selection in a drug trial, measuring drug efficacy, monitoring adverse events and studying alternative indications for a drug in development. They can also be used in translational medicine as prognostic indicators of the success of a lead compound in clinical trials. Pre-clinical applications include target discovery and validation, lead compound optimization and safety assessment of new compounds. Personalized medicine also requires the use of biomarkers for the selection of sub-populations of patients for selected therapies such as partner diagnostics.

In 2007 the US Food and Drug Administration's (FDA) Critical Path Initiative detailed a clear message to the industry to integrate the use of biomarkers in the development of new drugs. I believe by making the biomarker services NextGen Sciences core business we have placed the Group in a strong position to attain a significant market share in this emerging market.

NextGen Sciences' biomarker business, which utilizes the Group's technology and know-how, includes the following services for customers:

- Biomarker discovery – the discovery of new putative biomarkers
- Biomarker assay development – the development of assays for biomarker validation
- Biomarker testing – the application of the validated assay to clinical samples

Current trading and outlook

NextGen's biomarker services business includes discovery, assay development and importantly biomarker testing, a service which has real growth opportunities. NextGen has built an impressive reputation for the quality and scope of its contract research services for proteomics and biomarkers and has taken advantage of this reputation to establish itself in this emerging related market.

Biomarker discovery companies have delivered potentially interesting markers to their customers, however, they have failed to offer the ability to help develop these biomarkers through validation. NextGen differentiates itself from these other companies in offering the ability to very rapidly develop targeted assays that advance the markers to validation while offering methods and capacity to test clinical samples.

NextGen has, during the first quarter of 2009, already signed master service agreements with a number of major pharmaceutical companies and delivered multiple projects to an expanding list of pharmaceutical and biotechnology clients in various therapeutic areas including oncology, inflammation and neuroscience. In addition, discussions are underway for multi-year contracts with academic and government institutions around the world.

NextGen continues to develop new services and disease specific biomarker assays. At the same time working relationships with the major pharmaceutical companies and technology providers continues to expand and name branding is becoming solidified. This is supported in the continued growth of our client list, expressions of interest and orders coming from around the globe and that our clients now reach into different life science sectors such as veterinary medicine and agriculture.

The far-reaching benefits to R&D of biomarkers are clear and they have moved to the front-line of medical research. It has been recognized that integration of biomarkers through the different phases of drug development can yield safer drugs with enhanced therapeutic efficacy in a cost-effective manner. NextGen's biomarker services offer a way to vastly improve the biomarker pipeline for all applications.

Biomarker-based tests have been in existence for a few decades now but their relevance to drug development applications in particular has gained momentum only recently. This is apparent from the increased research interest, and patent and regulatory activity with regards to biomarkers.

With the closure of the last parts of the non core UK businesses during Q1 2009, the Board expects the Group to be profitable and cash generating in H1 2010.

Dr. Michael R. Pisano

Chief Executive Officer
29 June 2009

Directors' Report

The Directors present their report together with the financial statements for the year ended 31 December 2008.

Principal activity

The Group's principal activities are research and development services in the protein research arena and the manufacture and sale of products and technology for use within the protein research industry.

Reporting currency

Over 65% of the Group's sales, operating profit and net assets are denominated in US dollars. Therefore the Group commenced reporting in US dollars to better reflect its underlying performance. The functional currency of the Company remained in Sterling.

Results and dividends

Please note that all figures include discontinued operations, see note 2 (c) discontinued operations

There was a loss for the year after taxation of \$ 3.04 million (2007: loss \$ 6.66 million). The directors do not recommend the payment of a dividend to the ordinary shareholders.

Future developments

For information on the Group outlook, refer to Chief Executive Officer's report on page 3.

Business Development

The result of the strategic review, published in April 2008, concluded that continuing to operate as four distinct business units was not sustainable and therefore the Group's strategy needed to be to focus on a single core business. The review identified the key opportunity for NextGen Sciences was in providing advanced biomarker services for pharmaceutical and biotechnology customers.

In 2008 Nextgen Sciences continued to develop the biomarker services business with the expansion of its service portfolio to include biomarker discovery, assay development, and testing. Also during 2008 NextGen wound down or divested two of its businesses; the molecular biology automation and software and the protein production contract services. The protein production contract services operation ceased all operations by June 30, 2008. The 'gene to protein' automation and software business for molecular biology and protein expression was divested in December 2008 through the formation of a spin-out company (eXeTek, Ltd) of which the Group retained 24% ownership and will continue to receive royalty payments. At the same time operations in the UK wound down and resources were shifted to development and growth of the biomarker services business. As the operations in the UK wound down the existing US-based biomarker team was strengthened with the addition of key personnel and operational infrastructure.

Only the electrophoresis equipment and consumables business remained as it was in the final stages of negotiations for divestiture in the last months of 2008.

The Group's headquarters was moved to its Ann Arbor, Michigan, USA facility and all of its business is now operated in US dollars. NextGen also changed its reporting currency to the US dollar.

Key Financial Performance Indicators

Please note that all figures include discontinued operations, see note 2(c).

The Group has made significant progress in achieving its goals in 2008; this can be highlighted through comparing the key performance indicators of 2008 to 2007.

(a) Revenue

The revenue for the Group increased from \$3,377,148 in 2007 to \$3,639,030 in 2008, which equates to a 7.75% increase in revenue in the year; 100% of this increase in revenue is through organic growth from its existing operations.

(b) Gross profit percentage

Gross profit percentage in 2007 was 56%, this increased in 2008 to 72% before exceptional items. The increase in gross profit percentage is due to higher sales volume in services which return higher margins.

(c) Sales revenue generated per employee

	Revenue \$	Employees No.	Revenue: Employee \$
2008	3,639,030	30	121,301
2007	3,377,148	42	80,408

Principal risks and uncertainties

There are a number of risks and uncertainties that are common to pharmaceutical services and biotechnology companies which could have an impact on the Group's long-term performance. Risk assessment and evaluation is an essential part of the annual planning cycle.

Commercial

NextGen's biomarker services are in operation. Marketing began in May for these. Marketing and sales are a primary focus for the company as development continues to produce new services. The sales force migrated from a sales team selling capital equipment to a sales effort that is more technical and sells pharmaceutical services.

Market conditions

NextGen Group products and services are directly sold to the pharmaceutical and biotech industry. The trend in declined productivity and decreased drug approval rates has led to many large pharmaceutical and biotech companies to restructure, merge and/or downsize. The Group's results are dependent on the levels of outsourcing activities in this sector.

The Group has identified the small to medium sized pharmaceutical and biotech companies as a customer base that does not have the issues related to their large counterparts. This sector and the diversity of the Group's customer base provide a degree of protection.

Competitive pressures

The Group operates in a market with differing pricing pressure characteristics. The pharmaceutical and biotech industry will accept high pricing for high value products and services but only after it has been proven as such. The principal Group's offerings add high value to the industry (i.e. high impact). The biomarker testing market is relatively new and NextGen is positioned as one of the early to market companies. As competition increases, competitive pricing in the market will emerge. NextGen will continue to offer a premium service so market pressures will not affect the company performance to any great extent. The Group maintains tight control over its underlying cost base in order to be able to continue to offer competitive pricing.

There are a few direct competitors in the space at present but many more may be established as the market grows. The large pharmaceutical service contract research organizations are aware of the need in the biomarker services and could pose a significant threat when they decide to offer the services and become direct competition.

Continued investment in people, technology and logistics is designed to support the Group's competitive position.

The Group actively works with its customers to find new and innovative ways to meet their changing needs in order to remain at the forefront of its chosen market.

Governmental regulations

The Group's operations can be affected by various regulatory agencies. Particularly the FDA and EMEA.

While the Group is not currently working in a "regulated" environment it will be subject to the regulations that govern the industry in the near future. CLIA, GCP and GLP certification will be put in place in order to perform services for the element of drug submissions to the FDA and EMEA. This is part of the strategy as some competitors already have this capability.

Intellectual property and trade secrets

There can be no assurance that competitors and future potential competitors have not or will not develop substantially equivalent technologies and know how or unique competitive technologies and know how.

Human resources

NextGen's ability to provide leadership, products and services to customers is dependent upon having sufficiently qualified and experienced personnel. Such personnel often possess graduate and post graduate education (B.S., M.S. and PhDs). This places a requirement for relatively high salaried personnel.

To achieve its growth strategy and increase productivity, NextGen must continue to employ, train, motivate and retain technically experienced and highly educated personnel. NextGen is committed to developing its employees and actively identifies employees with high potential and rewards strong performance.

Financial Risk Management Objectives and Policies

The Group uses various financial instruments including loans, cash and other items, such as trade receivables and trade payable that arise directly from its operations. The main purpose of these financial instruments is to finance the Group's operations.

The primary risks arising from the Group's financial instruments are credit risk and liquidity risk. The directors review and agree on policies for managing each of these risks and they can be found in note 19.

Directors and their interests

The list of directors (and their families) who served during the year ended 31 December 2008 is detailed in the Directors' Remuneration Report on pages 14 and 15.

Substantial shareholders

At 31 March 2009 the following had notified the Company of a disclosable interest in 3% or more of the nominal value of the Company's ordinary shares.

Name	0.1p ordinary shares	%
Fortis Banque Luxembourg	1,274,167,000	50.0
Perfekt Beteiligungsmanagement GmbH	291,770,806	11.5
DZ Bank Luxembourg	180,000,000	7.1
OAR Kommunikations- und Outsourcing-Beratungsgesellschaft mbH	116,312,427	4.6
The Create East of England Partnership	112,930,756	4.4

Supplier payment policy

Whilst it does not follow any specific published code or standard, the Group and Company's policy concerning the payment of suppliers is to agree terms of payment at the start of business with each supplier. The number of days' purchases outstanding for payment at 31 December 2008 was 38 days (2007: 33 days)

Employee involvement

The Group recognises its responsibilities towards keeping employees informed of matters affecting the Group and their role as employees including significant initiatives and economic factors affecting the performance of the Group. To this end consultations take place at appropriate times throughout the year with employees.

Disabled employees

The Group recognises its obligations towards disabled individuals and endeavours to provide employment where possible having regard to the physical demands of the Group's operations and the abilities of the disabled persons. In the event employees become disabled, every effort is made to retrain them in order that their employment with the Group may continue. It is the policy of the Group that training, career development and promotion opportunities should be available to all employees.

Funding

On three separate occasions during the year the Company undertook a share placing of Ordinary Shares that raised approximately \$4.44 million after expenses. Refer to Called up Share Capital notes pages 42 - 43.

Subsequent to the year end the Company has entered into a convertible loan agreement with Peter Ertel pursuant to which the group is to be provided with a total of £270,000. The terms of the loan include a coupon of 12% pa and the loan is repayable on 7 days' notice. Subject to the necessary resolutions being passed at the Company's 2009 Annual General Meeting to increase its share capital and to obtain the necessary authorities to allot shares, the loan (plus interest) shall be convertible, at the lender's

option and within 2 business days following the AGM, into ordinary shares in the Company at a price of 0.1p per share plus one warrant for every share issued, with the warrants being exercisable for 3 years from the date of grant. If the conversion right is not exercised, then the other terms of the loan will continue, unless otherwise agreed between the Company and the lender.

The Company has also placed 500,000,000 ordinary shares of 0.1 pence each (the "Placing Shares") with an existing shareholder in the Company (the "Placing"). The Placing Shares are to be issued at 0.1 pence per share to raise £500,000 before expenses. In addition, for every Placing Share issued pursuant to the Placing, the Company will grant a warrant over 1 ordinary share of 0.1 pence each (the "Ordinary Shares") with an exercise price of 0.1 pence per share. Accordingly, warrants over 500,000,000 Ordinary Shares will be granted pursuant to the Placing. The Warrants shall be exercisable for 3 years from the date of grant.

Following the Placing, the Company will have in issue 3,046,978,644 Ordinary Shares. The Placing Shares will represent 16.41 per cent of the enlarged issued share capital immediately following the issue of the Placing Shares and will rank pari passu in all respects with the existing Ordinary Shares. The Placing Shares are being subscribed for by Family Trust Select - FIS - Teilfonds Zeus, a Luxembourg fund managed Family Trust Management S.a.r.l. (the "Family Trust Select"). On completion of the Placing, Family Trust Select will hold 58.23% of the then issued share capital of the Company and if Family Trust Select was to immediately exercise all of the warrants it holds after the Placing, it would hold 63.1% of the then issued share capital of the Company.

As the Company is not centrally managed and controlled in the UK, Channel Islands or Isle of Man, it is not subject to the City Code on Takeovers and Mergers ("City Code"). Accordingly the Placing is not subject to the City Code. Investors should be aware that they are not afforded the protections of the City Code.

Application has been made for the Placing Shares to be admitted to trading on the AIM market of the London Stock Exchange and admission of the shares is expected to be on 3 July 2009. The warrants will not be admitted to trading on AIM. The Placing Shares and any new Ordinary Shares to be issued upon exercise of the warrants will rank pari passu with the existing Ordinary Shares of the Company.

Going concern

The nature and stage of the Group's business are such that there can be considerable unpredictable variations in the timing of cash inflows. The Group's plans for growth may necessitate alternative funding levels and the directors constantly review the need for such additional funds. The directors have prepared projected cash flow information, which incorporates their best estimate of the timing and value of sales revenue and consequential external funding requirements. The directors have commitment from the substantial shareholders for additional funding as needed according to these forecasted budgets. On the basis of these forecasts the directors expect the Group to continue to meet its liabilities as they fall due. For this reason the Directors continue to adopt the going concern basis in preparing the financial statements. This assumes that required levels of sales revenue and forecast external funding are achieved by the Group. The financial statements do not include any adjustments that would result should the Group not generate forecast sales revenue or raise adequate funding.

The directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the company and the Group and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In so far as the directors are aware:

- there is no relevant audit information of which the company's auditors are unaware; and
- the directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Directors' responsibilities for the financial statements

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements for the Group accounts under IFRS as adopted by the EU and elected to prepare the financial statements for the Company in accordance with United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice). The financial statements are required by law to give a true and fair view of the state of affairs of the company and of the Group and of the profit or loss of the Group for that year. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently
- make judgements and estimates that are reasonable and prudent
- state whether applicable International Financial Reporting Standards for Group purposes and United Kingdom Accounting Standards for Company purposes have been followed subject to material departures disclosed and explained in the financial statements ; and
- prepare the financial statements on a going concern basis unless it is inappropriate to presume that the Company and the Group will continue in business:

Research and development

In 2008, the biomarker products, services and processes were further developed and continuously improved through internal R&D efforts. There were also numerous projects that were collaboratively completed in order to generate data for marketing and literature.

Closure of UK site and business

In April 2008 the company announced its intent to either divest or wind down its software and instrumentation UK-based businesses and its protein production fee for service business unit which was in-line with its restructuring plan.

The company closed down its protein production fee -for- service business unit effective 30 June 2008.

In December 2008 the company announced it had sold its non core 'gene to protein' automation and software business to a management led spin-out, called eXeTek Ltd ('eXeTek'). The disposal involved an exclusive licence of the technology and an asset and liability transfer that enabled NextGen to accept and recognise revenues from existing customer orders. This allowed revenue recognition for the Group of £0.3m in 2008 with an ongoing project which is expected to recognise a further £0.9m in H1 2009. eXeTek will receive £0.2m in cash in the liability and asset transfer leaving the Nextgen with a £0.6m net cash profit. As part of the deal NextGen acquired a 24% stake in eXeTek and will receive 5% royalty on sales for three years. The automation and software business unit in 2007 recognised a total of £424,000 with a gross margin of 49%. eXeTek is led by two former NextGen employees, Stephen Woodall and Stuart Hill.

The company also finalized the divestiture of its electrophoresis business unit in early 2009.

All resources including the profit realised from these transactions are now focused on growing the biomarker services business in the USA. The existing U.S.-based biomarker team has been strengthened with the addition of key personnel and operational infrastructure.

The company moved its headquarters from the UK to its Ann Arbor, Michigan, USA facility and changed its reporting currency to the US dollar.

Post Balance Sheet Event

On February 6, 2009 the company sold its electrophoresis business to Sigma Aldrich Corporation, St. Louis, Missouri (NASDAQ: SIAL) for \$0.56m in cash, of which \$0.179m was assets and an 8% royalty on global sales for three years payable in cash. The rights, design and expertise for the electrophoresis technology was sold, however, the right to use this technology in its fee-for-service biomarker business and for its own in-house research was retained.

The results for the electrophoresis business unit are included in discontinued operations.

Auditors

The auditors, Grant Thornton UK LLP, have indicated their willingness to continue in office and a resolution concerning their reappointment as auditors in accordance with section 489 of the Companies Act 2006 will be proposed at the Annual General Meeting.

ON BEHALF OF THE BOARD

Dr. Michael R. Pisano

Chief Executive Officer
29 June 2009

Consolidated Income Statement For the year ended 31 December 2008

	2008	2007(i)
	\$	\$
Revenue		
	1,751,170	1,785,813
Cost of sales	(39,046)	(228,823)
Gross profit	1,712,124	1,556,990
Other operating charges	(4,908,411)	(3,929,665)
Operating loss	(3,196,287)	(2,372,675)
Finance income	101	328
Finance costs	(103,341)	(29,482)
Loss before taxation	(3,299,527)	(2,401,829)
Income tax income / expense	-	(1,021)
Loss after taxation	(3,299,527)	(2,402,850)
Profit/Loss of discontinued operations	259,956	(4,253,587)
Net loss attributable to shareholders' equity	(3,039,571)	(6,656,437)
Basic loss per share	0.16c	0.66c
Basic loss per share from continuing operations	0.18c	0.24c

(i) Comparative period figures have been restated following a change in presentational currency from UK pounds to US dollars with effect from 1 July 2008. See note under principal accounting policies on page 18.

Consolidated Balance Sheet At 31 December 2008

	2008 \$	2007(i) \$
Non-current assets		
Goodwill	1,015,724	1,015,724
Property, plant and equipment	615,036	1,087,400
Investment	35	-
	<u>1,630,795</u>	<u>2,103,124</u>
Current assets		
Inventories	335,239	158,035
Trade and other receivables	474,093	441,261
Cash and cash equivalents	251,344	257,064
	<u>1,060,676</u>	<u>856,360</u>
Total assets	<u>2,691,471</u>	<u>2,959,484</u>
Equity		
Called up share capital	4,646,784	2,606,673
Share premium account	10,276,362	7,894,031
Merger relief reserve	109,385	109,385
Merger reserve	9,917,065	9,917,065
Other reserves	938,329	937,704
Foreign currency translation reserve	(706,825)	97,377
Profit and loss account	(24,980,162)	(22,041,171)
Equity shareholders' funds	<u>200,938</u>	<u>(478,936)</u>
Liabilities		
Non-current liabilities		
Financial liabilities	291,257	677,522
Current liabilities		
Trade payables and other current liabilities	1,860,521	2,213,039
Financial liabilities	331,165	398,712
Provisions	7,590	149,147
	<u>2,199,276</u>	<u>2,760,898</u>
Total liabilities	<u>2,490,533</u>	<u>3,438,420</u>
Total equity and liabilities	<u>2,691,471</u>	<u>2,959,484</u>

(i) Comparative period figures have been restated following a change in presentational currency from UK pounds to US dollars with effect from 1 July 2008. See note under principal accounting policies on page 18.