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LAB RESEARCH ANNOUNCES ITS 2010 SECOND QUARTER FINANCIAL RESULTS

Second quarter revenue growth of 9.5% year-over-year or 24.3% using 2009 currency rates

Strong sequential Adjusted EBITDA growth compared to the first quarter of 2010

LAVAL, QC, August 16, 2010 - LAB Research Inc. ("LAB Research" "LRI" or the "Company") (TSX: LRI), a global Canadian-based non-clinical contract research organization, today announced its 2010 second quarter financial results.

This press release contains forward-looking information; investors are cautioned that the statements are based on current information and assumptions and that actual outcome may vary.

This press release refers to non-Generally Accepted Accounting Principles ("GAAP") measures, including Earnings before Interest, Income Taxes, Depreciation and Amortization ("EBITDA"), Adjusted EBITDA, Adjusted net loss, Gross margin, Backlog, Active Backlog and Book to Bill ratio as financial performance indicators. The Company believes such measures provide meaningful information on its performance and operating results. However, readers are cautioned that non-GAAP measures do not have a standardized meaning under GAAP and, thus, are unlikely to be comparable to similar measures presented by other issuers. The backlog represents the value of client contracts for services that have not yet been performed. Active backlog represents the value of client contracts for services that have not yet been performed but that have been initiated (active). The book to bill ratio refers to the value of signed contracts (excluding any cancellations) in a particular period divided by the net revenue reported during the same period.

2010 Second Quarter Financial Highlights

- Revenues of \$15.2 million, up 9.5% compared to \$13.9 million in 2009. Using 2009 currency rates, revenues in 2010 would have increased by 24.3% compared to 2009;
- Adjusted EBITDA of \$1.9 million in 2010 compared to \$1.3 million in 2009 and \$0.4 million in the first quarter of 2010;

- Net loss of \$1.8 million including a non-cash tax provision of \$0.8 million, compared to net earnings of \$0.3 million in 2009 with a tax recovery of \$0.1 million in 2009, and net loss of \$2.7 million including a non-cash tax provision of \$0.9 million in the first quarter of 2010;
- Net loss per share of \$0.03 compared to earnings per share of \$0.02 in 2009 and net loss per share of \$0.05 in the first quarter of 2010;
- Consolidated second quarter 2010 Book to Bill ratio of 0.97:1 compared to 0.69:1 in 2009, including 0.92:1 for Canada, 0.93:1 for Denmark and 1.28:1 for Hungary;
- 2010 second quarter backlog at \$25.7 million, 8.4% below the \$28.1 million at the end of the second quarter of 2009, representing a 5.9% increase using constant foreign exchange currencies.

Other 2010 Second Quarter and subsequent Highlights

- Preferred Provider Agreement signed with leading Japanese client;
- 5 new large pharma added to client list; initial studies placed following successful sites pre-qualification;
- \$10.0 million Equity Line Facility Agreement to increase financial flexibility;
- Novel drug investigation model launched for a large U.S. based Biotech client;
- Completion of exclusive radiotherapy partnership creating dedicated research platform;
- Canadian site receives GLP recognition from the Standard Council of Canada;
- Series of senior executive changes and scientific staff additions

“We are proud to have generated a double-digit growth for a second quarter in a row when adjusting for local currencies fluctuations. This clearly demonstrates our ability to attract new large global sponsors as a result of the successful launch of our new services and increased capacities.” said Mr. Luc Mainville, President and CEO of LAB Research.

2010 Second Quarter Financial Results

LAB Research posted revenues of \$15.2 million for the second quarter of 2010, up 9.5% compared to the \$13.9 million in the second quarter of 2009, and up 7.8% compared to the \$14.1 million generated in the first quarter of 2010. Using constant foreign currencies, total revenues would have been \$17.3 million for the second quarter of 2010, a 24.3% increase compared to the same 2009 period.

Our Canadian pre-clinical operations (“LAB Canada”) posted revenues of \$7.8 million during the second quarter of 2010, up 15.5% compared to the \$6.8 million achieved in the second quarter of 2009, and up 23.8% compared to the \$6.3 million achieved in the first quarter of 2010. Using constant foreign exchange currencies, total revenues would have reached \$8.4 million during the second quarter of 2010, a 23.8% increase compared to the same 2009 period. The increase is mainly attributable to a change of estimate in revenue recognition for the Canadian site and higher contract signings in 2010.

Our Danish subsidiary (“LAB Denmark”) posted revenues of \$5.5 million for the second quarter of 2010, similar to the \$5.6 million for the second quarter of 2009, and down 6.8% compared to the \$5.9 million achieved during the first quarter of 2010. The slight reduction between the second and first quarter of 2010 is due to a much stronger Canadian dollar against worldwide currencies. In domestic currencies, revenues in Denmark increased by 19.6% during the second quarter of 2010 compared to the same 2009 period. Despite soft market conditions, the request for proposal activity from clients has increased significantly during 2010 resulting in higher contract signings. Contract signings increased by approximately 46.9% during the first 6 months of 2010 compared to the same 2009 period.

Our Hungarian subsidiary (“LAB Hungary”) posted revenues of \$1.9 million for the second quarter of 2010, an increase of 24.5% compared to the \$1.5 million achieved during the second quarter of 2009 and similar to those generated during the first quarter of 2010. In domestic currencies, revenues in Hungary increased by 48.7% during the second quarter of 2010 compared to the same 2009 period. The revenue increase is due to more contract signings from Japanese clients, the positive impact of our new business development platform and the expansion of the biotech/pharma clientele following the site GLP-recertification in late 2008.

The Company’s gross margin was 31.7% for the second quarter of 2010 compared to 29.5% for the second quarter of 2009 and 25.7% for the first quarter of 2010. The gross margin of LAB Hungary increased from 20.3% in the second quarter of 2009 to 34.7% in the second quarter of 2010 due to higher revenues. The gross margin of LAB Denmark also increased from 18.1% in the second quarter of 2009 to 23.8% for the second quarter of 2010 due to higher revenues and cost control initiatives. These increases were offset by a decrease in gross margin of LAB Canada from 40.3% during the second quarter of 2009 to 36.5% for the second quarter of 2010. The decrease is due to the North American adverse pricing environment and a shift in the mix of customers. Management expects to see the North American market to continue to be impacted by a difficult pricing environment for the remainder of 2010.

Selling, general and administrative (“SG&A”) expenses stood at \$3.1 million for the second quarter of 2010 compared to \$2.6 million for the same period of 2009, representing 20.2% and 19.0% of our revenues respectively. The increase in SG&A expenses is due to international business development initiatives and higher commissions.

EBITDA stood at \$1.4 million for the second quarter of 2010 compared to \$2.4 million for the second quarter of 2009. Our Adjusted EBITDA, excluding foreign exchange, for the second quarter of 2010 amounted to \$1.9 million compared to \$1.3 million in 2009, representing 12.3% and 9.7% of revenue respectively for the second quarters of 2010 and 2009. The year-over-year EBITDA variance is mainly attributable to the recording of an unrealized foreign exchange loss of \$0.4 million in 2010 versus an unrealized gain of \$1.1 million in the prior year.

Our amortization expense was \$1.7 million for the second quarter of 2010, compared to \$1.6 million for the same 2009 period. This increase is due to additional amortization of deferred

financing fees following the closing of a series of financings in 2009 aimed at strengthening the Company's balance sheet.

Our net interest expense was \$0.5 million for the second quarter of 2010 compared to \$0.6 million for the same 2009 period. The positive variance of \$0.1 million is attributable to a lower average long-term debt balance for 2010 compared to 2009 offset by higher borrowing costs.

We recognized a \$0.4 million foreign exchange loss for the second quarter of 2010, compared to a foreign exchange gain of \$1.1 million for the same 2009 period. In 2009, as a result of the Euro depreciating significantly against the Canadian dollar, the foreign exchange gain from the consolidation of our European operations resulted in the recording of an unrealized gain on the conversion of our long-term debt denominated in Euro.

Income tax expense was \$0.8 million for the second quarter of 2010, compared to an income tax recovery of \$0.1 million in the same period of 2009.

The net loss for the second quarter of 2010 amounted to \$1.8 million compared to net earnings of \$0.3 million in the same 2009 period. Our loss per share for the second quarter of 2010 was \$0.03 on the basis of 52,711,417 weighted average shares outstanding compared to earnings per share of \$0.02 for the same 2009 period on the basis of 18,089,360 weighted average shares outstanding. The increase of the number of shares outstanding was triggered by the issuance of 34.6 million shares related to the Rights Offering.

As at June 30, 2010, the Company was in a net overdraft position of \$2.0 million, compared to a net cash position of \$0.5 million as at December 31, 2009.

As at June 30, 2010, our backlog stood at \$25.7 million, a decrease of \$9.8 million or 27.2% compared to our December 31, 2009 contract backlog. On a year-over-year basis, the backlog decreased by \$2.4 million or 8.4% but would have increase by 5.9% when using constant foreign exchange currencies.

2010 Outlook

“We expect the overall market environment to remain challenging for the balance of 2010. However, we expect to continue making market share gains through the continuous promotion of our new services, increased scientific expertise and capabilities. We also remain dedicated to the continuous sequential improvement of our respective sites as well as consolidated financial performance.” stated Mr. Luc Mainville, President and CEO of LAB Research.

Forward-Looking Statements

Certain statements in this document are forward looking and prospective. By their nature, forward-looking statements require us to make assumptions and are subject to inherent risks and uncertainties. There is significant risk that predictions and other forward-looking statements will not prove to be accurate. Readers of this document are cautioned not to place undue reliance on our forward-looking statements as a number of factors could cause future

results, conditions, actions, or events to differ materially from the operating target, expectations, estimates, or intentions expressed in the forward-looking statements. For additional information on these and other factors, see the reports filed by LAB Research with Canadian securities regulators.

Forward-looking statements reflect our current views with respect to future events and are based upon what we believe are reasonable assumptions and subject to risks and uncertainties. These forward-looking statements represent our estimates and assumptions only as at the date of this document. We undertake no obligation and do not intend to update or revise these forward-looking statements, unless required by law.

About LAB Research Inc.:

LAB Research is a Canadian global non-clinical contract research organization that provides contract research services to the pharmaceutical, biotechnology, agro-chemical, petro-chemical and industrial markets. LAB Research supports the development of its customers' products from three state-of-the-art facilities located in Canada, Denmark and Hungary.

LAB Research's shares trade on The Toronto Stock Exchange ("TSX") under the symbol "LRI", with 52.7 million shares outstanding.

This news release contains certain forward-looking statements that reflect the current views and/or expectations of LAB Research Inc. with respect to its performance, business and future events. Such statements are subject to a number of risks, uncertainties and assumptions. Actual results and events may vary significantly.

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PRESS RELEASE

APPENDIX 1

Non-GAAP Measures

We use certain non-GAAP measures, including Book to Bill ratio, Backlog, Active Backlog, Earnings before Interest, Income Taxes, Depreciation and Amortization ("EBITDA"), Adjusted EBITDA, Adjusted EBITDA Margin, Adjusted net loss, Adjusted net loss per share and Gross margin as financial performance indicators. The Company believes such measures provide meaningful information on its performance and operating results. However, readers are cautioned that non-GAAP measures do not have a standardized meaning under GAAP and, thus, they are unlikely to be comparable to similar measures presented by other issuers.

(a) EBITDA

The following table reconciles our net loss to EBITDA and to Adjusted EBITDA for the three-month and six-month periods ended June 30, 2010 and 2009.

	<u>Three months ended</u>		<u>Six months ended</u>	
	<u>June 30,</u>		<u>June 30,</u>	
	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>
<i>(in thousands of dollars)</i>	\$	\$	\$	\$
Net earnings (loss) for the period	(1,767)	316	(4,492)	(2,645)
Adjustments for:				
Income taxes (recovery)	774	(148)	1,661	(234)
Interest, net	753	641	1,394	1,354
Amortization	1,662	1,609	3,395	3,208
EBITDA	1,422	2,418	1,958	1,683
Foreign exchange	444	(1,070)	517	442
Adjusted EBITDA	1,866	1,348	2,475	2,125
Adjusted EBITDA margin	12.3%	9.7%	8.5%	7.9%

(b) Gross margin

Gross margin refers to revenues less direct costs. Direct costs do not include depreciation expense of assets used in our direct operations.

The following table presents our gross margins by reporting periods.

	<u>Three months ended</u>		<u>Six months ended</u>	
	<u>June 30,</u>		<u>June 30,</u>	
	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>
<i>(in thousands of dollars)</i>	\$	\$	\$	\$
Revenues	15,199	13,885	29,262	26,872
Direct costs	10,383	9,790	20,833	19,395
Gross margin	4,816	4,095	8,429	7,477
Gross margin %	31.7%	29.5%	28.8%	26.0%

LAB Research Inc.

Consolidated Balance Sheets

June 30, 2010 and December 31, 2009

(in thousands of Canadian dollars)

	As at June 30, 2010 (Unaudited) \$	As at December 31, 2009 (Audited) \$
ASSETS		
Current assets:		
Cash and cash equivalents	109	1,031
Accounts and other receivables	8,238	9,534
Work in progress	3,602	3,399
Income taxes receivable	2,838	3,329
Prepaid expenses	2,159	1,971
Future income taxes	108	108
	<hr/>	<hr/>
	17,054	19,372
Property and equipment	69,775	75,658
Intangible assets	3,014	3,759
Other assets	10,645	10,645
Future income taxes	3,375	3,375
	<hr/>	<hr/>
	103,863	112,809
LIABILITIES		
Current liabilities:		
Bank indebtedness	2,065	499
Accounts payable and accrued liabilities	12,762	11,915
Deferred revenue	6,607	8,709
Current portion of long-term debt	4,484	3,593
Future income taxes	316	356
	<hr/>	<hr/>
	26,234	25,072
Long-term debt	46,942	51,110
Other long-term liabilities	32	43
Future income taxes	3,320	3,670
	<hr/>	<hr/>
	76,528	79,895
SHAREHOLDERS' EQUITY:		
Share capital	78,156	78,156
Warrants	575	575
Additional paid-in capital	1,798	1,545
Accumulated other comprehensive loss	(2,101)	(761)
Deficit	(51,093)	(46,601)
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	(53,194)	(47,362)
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	27,335	32,914
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	103,863	112,809

LAB Research Inc.

Consolidated Statements of loss

For the periods ended June 30, 2010 and 2009

(in thousands of Canadian dollars, except per share data)

	Three months ended June 30,		Six months ended June 30,	
	2010 \$	2009 \$	2010 \$	2009 \$
Revenue	15,199	13,885	29,262	26,872
Operating expenses:				
Direct costs	10,383	9,790	20,833	19,395
Selling, general and administrative	2,826	2,632	5,700	5,124
Stock-based compensation	124	115	253	228
Amortization of property and equipment	1,283	1,452	2,658	2,907
Amortization of intangible assets	239	140	499	283
Amortization of deferred financing fees	140	17	239	18
Interest, net	753	641	1,394	1,354
Foreign exchange loss (gain)	444	(1,070)	517	442
	16,192	13,717	32,093	29,751
(Loss) earnings from operations before income taxes	(993)	168	(2,831)	(2,879)
Income taxes (recovery):				
Current	806	(111)	1,729	(159)
Future	(32)	(37)	(68)	(75)
	774	(148)	1,661	(234)
Net (loss) earnings for the period	(1,767)	316	(4,492)	(2,645)
(Loss) earnings per share:				
Basic and diluted	(0.03)	0.02	(0.09)	(0.15)

LAB Research Inc.

Consolidated Statements of Cash Flows
For the periods ended June 30, 2010 and 2009
(in thousands of Canadian dollars)

	Three months ended June 30,		Six months ended June 30,	
	2010 \$	2009 \$	2010 \$	2009 \$
Operating activities:				
Net (loss) earnings for the period	(1,767)	316	(4,492)	(2,645)
Adjustments for:				
Amortization of property and equipment	1,283	1,452	2,658	2,907
Amortization of intangible assets	239	140	499	283
Investment tax credits	-	(1,049)	-	(2,019)
Foreign exchange loss (gain)	129	(510)	94	(69)
Stock-based compensation	124	115	253	228
Future income taxes	(32)	(37)	(68)	(75)
Amortization of deferred financing fees	140	17	239	18
Accretion of interest	(5)	(5)	(11)	(11)
Other	18	28	36	46
Net change in non-cash working capital items	(2,160)	(895)	580	(1,517)
	(2,031)	(428)	(212)	(2,854)
Financing activities:				
Proceeds from issuance of shares	-	-	-	10
Deferred financing fees	(86)	-	(86)	-
Proceed from issuance of capital leases	-	-	-	1,188
Proceeds from issuance of long-term debt, net of cost	21	2,288	111	2,339
Repayment of long-term debt	(835)	(562)	(1,254)	(1,385)
Repayment of capital leases	(69)	(164)	(154)	(340)
Increase (decrease) in bank indebtedness	2,065	(361)	1,566	1,051
	1,096	1,201	183	2,863
Investing activities:				
Additions to property and equipment, net of grant	(839)	36	(892)	(86)
Additions to intangible assets	(54)	(15)	(100)	(61)
Other	-	(90)	-	(117)
	(893)	(69)	(992)	(264)
Effect of foreign exchange rate changes on cash and cash equivalents	174	(704)	99	153
Decrease in cash and cash equivalents	(1,654)	-	(922)	(102)
Cash and cash equivalents, beginning of period	1,763	-	1,031	102
Cash and cash equivalents, end of period	109	-	109	-