
Annual Report and Financial Statements for the year ended 31 March 2003

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Directors

Jim Slater	(Chairman)
Terry Bond	(Managing Director)
Julian Viggars	(Became Non-Executive as from 1 June 2003)
Dr John Broome	
Dr Richard Dixey	(Non-Executive)
Christopher Slater	(Non-Executive)
Mark Tompkins	(Non-Executive)

Secretary and registered office

Mark Jones, Ashcombe Court, Woolsack Way, Godalming, Surrey GU7 1LQ

Nominated Adviser and Broker

Seymour Pierce Limited,
Bucklersbury House, 3 Queen Victoria Street, London EC4N 8EL

Auditors

BDO Stoy Hayward, 8 Baker Street, London W1U 3LL

Solicitors

Faegre Benson Hobson Audley LLP, 7 Pilgrim Street, London EC4V 6LB

Bankers

The Royal Bank of Scotland plc, 142-144 Princes Street, Edinburgh EH2 4EQ

Registrars

Northern Registrars Limited
Northern House, Woodsome Park, Fenay Bridge, Huddersfield HD8 0LA

Company number

3971582

Chairman's Statement

I am pleased to be able to report a satisfactory year of progress for BioProjects. In its first year as an AIM quoted company and against a background of market decline and negative sentiment towards technology shares, BioProjects has adhered to its principle of running winners and cutting losses.

In particular, we have added to our holding in ViaLogy Corp. and since the year end we have purchased further shares to bring our shareholding to 47.6%. ViaLogy has obtained several contracts with leading companies in their fields in both the USA and Germany. These contracts are to validate ViaLogy's technology on the customers' platforms and if successful could lead to ongoing royalties or service business.

During the year, we also added to our holding in Acolyte Biomedica by way of a new funding round in which we were joined by Dstl, the government-backed research body, and Partnerships UK, the public/private partnership development organisation.

In an interim funding round for The Acrobot Company our co-investors were Imperial College Innovations, Nikko Bank and a private investment group. We also made a small addition to our holding in Pivotal Machines.

BioProjects' Residual Portfolio

ViaLogy Corp. ViaLogy is an early-stage technology company which develops and sells advanced performance-enhancing products, derived from its signal processing technologies, to life science companies and original equipment manufacturers. With a rich pioneering discovery heritage from the NASA/Caltech Jet Propulsion Laboratory, ViaLogy discovered a breakthrough technology that increases signal detection capabilities by up to 10,000 times. The company intends to apply its technology to multiple markets in which it can enable equivalent breakthrough product developments. Initially, ViaLogy has applied its technology to the drug research biochip market where it can increase the rate of new drug discovery and development. Conceptually, the technology could also be used in remote sensing and defence applications and seismology. ViaLogy has recently obtained several validation contracts in the field of micro-arrays and is at an advanced stage of negotiations with other companies. As at 16 June 2003, BioProjects' total shareholding (assuming subscription rights for 250,000 shares are exercised) was 47.6% of the overall fully-diluted share capital of ViaLogy.

Acolyte Biomedica Ltd. This company, a spinout from The Defence Science Technology Laboratory (Dstl), has developed technology to replace the current approaches to the diagnosis and antibiotic treatment of infectious diseases. It has already developed tests for a panel of the most serious bacterial infections, including *Staphylococcus aureus* and *E.coli*, which give antibiotic sensitivity results in 90 minutes compared to the current practice of 18-24 hours. BioProjects has committed £2m for a 29.5% holding in Acolyte.

Chairman's Statement

The Acrobot Company Ltd. A spinout from Imperial College, London, Acrobot designs precision surgical systems to enable surgeons to perform safer, less invasive, higher quality orthopaedic procedures. Total knee replacement operations have already been successfully completed and a minimally-invasive prototype is now being developed. BioProjects has invested £600,000 for its 25.3% stake in Acrobot.

Pivotal Machines Inc. With an exclusive licence from the US National Institute of Standards and Technology, Pivotal is using a unique flow-injection process to develop a hand-held immunoassay device. It will enable fast and cost-effective detection of minute quantities of various biological substances and illness markers, particularly suitable for use in point-of-care applications. BioProjects has invested US\$905,000 for a 48.8% stake in Pivotal.

In line with the strategy that we made clear at flotation, we have continued to sell holdings which have failed to meet our investment criteria. These sales resulted in losses of £378,783 which, combined with our policy of conservatively valuing our core portfolio, account for a total loss of £2,395,923. At the year end we retained a strong cash balance of £2,436,537.

To preserve our capital, to invest further in those core holdings which continue to justify our support, we have made substantial reductions in our overhead expenditure which is now running at approximately £300,000 per annum.

We approach the year ahead with confidence. We are hopeful that our policy of focusing on companies that, in our opinion, have the potential to become major successes will result in at least one star performer that will recoup earlier losses and make worthwhile capital gains for our shareholders.

J. D. Slater
Chairman

18 July 2003

Report of the Directors for the year ended 31 March 2003

The Directors present their report together with the audited financial statements for the year ended 31 March 2003.

Results and dividends

The profit and loss account is set out on page 10 and shows the loss for the year.

The Directors do not recommend a final dividend for the year (2002-£Nil).

Principal activities, trading reviews and future developments

The main aim of the Company is to invest in biotechnology and biotech-related companies and other such companies or corporations which the Directors consider to be connected to biotechnology. A detailed review of the business is given in the Chairman's Statement.

Treasury policy

The Company's current account is swept at the end of each day into a short term money market account. A US dollar account is retained for any US investment opportunities which may arise. The money is placed on weekly deposit.

The Company does not trade in financial instruments.

Payments to suppliers

The Company agrees terms and conditions under which business transactions with suppliers are conducted. It is Company policy that, provided a supplier is complying with the relevant terms and conditions, including the prompt and complete submission of all specified documentation, payment will be made within a reasonable period of the invoice being received and in any case within the agreed payment period. The number of days' purchases outstanding at 31 March 2003 for the Company was 11 days (2002 - 6 days).

Going concern

Following a review of the Company's financial plans, the Board has a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Accordingly the financial statements set out on pages 10 to 22 have been prepared on a going concern basis.

Report of the Directors for the year ended 31 March 2003 (continued)
Directors and their interests

The Directors of the Company during the year and their interests in the ordinary share capital, warrants and share options of the Company were:

	Ordinary shares of 1p each		Warrants		Share options	
	2003	2002	2003	2002	2003	2002
J. D. Slater	22,985,000	16,235,000	4,000,000	1,000,000	2,500,000	-
T. Bond	7,675,000	7,425,000	6,000,000	6,000,000	2,500,000	-
J. G. Viggars	-	-	2,000,000	2,000,000	3,000,000	-
Dr J. D. Broome	10,000,000	10,000,000	2,500,000	2,500,000	1,500,000	-
Dr R. Dixey	3,400,000	3,400,000	3,500,000	2,500,000	-	-
C. J. Slater	15,535,000	7,550,000	5,000,000	5,000,000	-	-
M. Tompkins	3,500,000	1,500,000	2,500,000	1,000,000	-	-

Notes:

1. Jim Slater's interests include interests in 5,000,000 Ordinary Shares beneficially owned by his wife, 7,985,000 Ordinary Shares owned by the Gladerange Executive Pension Scheme in which he has a beneficial interest and a non-beneficial interest in 7,000,000 Ordinary Shares held by the Slater Foundation.
2. Terry Bond's interests include interests in 1,800,000 Ordinary Shares beneficially owned by his wife and 625,000 Ordinary Shares beneficially owned by Arbroath Investments Inc in which Mr Bond has a non-beneficial interest.
3. Christopher Slater's interests include interests in 1,700,000 Ordinary Shares beneficially owned by his wife, 4,550,000 Ordinary Shares in which his wife and children are interested and 7,985,000 Ordinary Shares owned by the Gladerange Executive Pension Scheme in which he has a beneficial interest.
4. Mark Tompkins interests include interests in 3,300,000 Ordinary Shares held in family trusts.

Substantial shareholdings

Excluding Directors whose shareholdings are set out above, the following had declared an interest of 3% or more in the Company's issued ordinary share capital at 31 March 2003. No other shareholder had declared an interest of 3% or more in the Company's issued ordinary share capital by 26 June 2003.

Name	Ordinary Shares	Percentage of Ordinary Shares
Atlas Capital S.A.	14,700,000	5.8%
European Technology Fund	9,000,000	3.6%
Northglen Investments Limited	8,800,000	3.5%
Mountcashel Plc	8,400,000	3.3%

None of the Directors is aware of any interest, apart from those listed above, which represents 3% or more of the issued share capital of the Company or which directly or indirectly, jointly or severally, exercises or could exercise control of the Company.

The market price of the Company's shares at the end of the financial year was 2.13p; the highest and lowest share prices during the year were 6.25p and 2.13p respectively.

Report of the Directors for the year ended 31 March 2003 (continued)**Biographies of Directors****Executive****Jim Slater (aged 74)**

Jim Slater is a Chartered Accountant. In 1953-5 he was General Manager of a group of metal finishing companies. From 1955-8 he was Secretary of Park Royal Vehicles Ltd before becoming a Director of AEC Ltd in 1959. He was Deputy Sales Director of the Leyland Motor Corporation from 1961-3 and subsequently became a non-executive Director of BLMC from 1969-75. From 1964-75 Jim Slater was Chairman of Slater Walker Securities which began as a small shell company and became a substantial industrial conglomerate. In 1969 it developed into an investment bank, which failed when it became a victim of the 1974-5 secondary banking crisis. From 1976 to date he has been a professional investor in both shares and property. He has written several best-selling investment books and also devised Really Essential Financial Statistics (REFS) with Hemmington Scott, the publisher.

Terry Bond (aged 64)

During the 1960's Terry Bond was Managing Director of a public relations consultancy. Throughout the 1970's he was Sir Chay Blyth's business partner and Managing Director of Chay Blyth Supersail. In 1980 Terry Bond was appointed Managing Director of International Property Marketing Limited ('IPM') and in 1987 he was appointed Sales and Marketing Director for Wimpey Leisure. In 1995, he joined the Board of ProShare (UK) Ltd and was responsible for overseeing the development of the investment club movement in Britain which has grown from 350 clubs to over 12,000. He is the author of a book on investment clubs and is the British Director of the World Federation of Investors.

Julian Viggars (aged 35)

Julian Viggars is a Chartered Accountant and has a BSc in geology/chemistry. He was previously with the London-based accountancy firm Smith & Williamson, latterly as an Associate Partner. During his time with Smith & Williamson he spent some five years dealing with private equity transactions and completed an 18 month secondment at Barclays Ventures.

Julian Viggars became a Non-Executive Director on the 1 June 2003

Dr John Broome (aged 71)

Dr John Broome is currently Professor of Pathology, New York University School of Medicine. He is a member of The Society for Experimental Biology and Medicine, The American Society for Investigative Pathology and The Association for University Pathologists. Dr Broome is the author or co-author of numerous published papers on subjects in the field of cancer research and is resident in the USA.

Report of the Directors for the year ended 31 March 2003 (continued)**Biographies of Directors (continued)****Non-Executive****Dr Richard Dixey (aged 50)**

Dr Richard Dixey has a BA (Hons) in physiological sciences (Oxford, 1973), a PhD in biophysics (London, 1984) and an MSc in history and philosophy of science (London, 1988). He founded the Bioelectronic Research unit at St. Bartholemew's Hospital, London in 1979 and became the Director of the unit in 1984. In 1990, he became a founding Director of Phytopharm Limited and its Vice Chairman in 1992. In 1994, he became Chief Executive Officer of the company and led its flotation as Phytopharm plc in 1996. In 1989, he founded Chakra Limited, an investment company, of which he remains a Director.

Christopher Slater (aged 35)

Christopher Slater founded a property investment company in 1990 which he took to AIM in 1995 as Arion Properties PLC. In 1997, Arion Properties PLC was the subject of a reverse takeover, and was readmitted to AIM under the name Coffee Republic PLC. He is a Director of Headstart Nursery Schools Limited which owns and operates children's nursery schools in Edinburgh.

Mark Tompkins (aged 62)

Mark Tompkins has a Masters Degree in Natural Science and Economics from Cambridge University and a Masters Degree in Business Administration from INSEAD. He is a private investor and adviser arranging debt, equity and management assistance for emerging growth companies in Europe and the USA. His prior experience includes investment banking, management consulting and investment advice on an international basis. He currently serves, inter alia, on the board of Sodexo Alliance, the Paris listed food service and facilities management company, and Health Care Enterprise Group plc. In the past, he has served on the boards of two New York Stock Exchange listed healthcare companies, Abbey Healthcare Group Inc. and Apria Healthcare Group Inc. He is resident in Paris, France.

Report of the Directors for the year ended 31 March 2003 (continued)

Directors' responsibilities

Company law requires the Directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that year. In preparing those 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 accounting standards have been followed, subject to any 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 will continue in business.

The Directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company 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.

Financial statements are published on the Company's website in accordance with legislation in the United Kingdom governing the preparation and dissemination of financial statements, which may vary from legislation in other jurisdictions. The maintenance and integrity of the Company's website is the responsibility of the Directors. The Directors' responsibility also extends to the ongoing integrity of the financial statements contained therein.

Auditors

BDO Stoy Hayward have expressed their willingness to continue in office and a resolution to re-appoint them will be proposed at the Annual General Meeting.

On behalf of the Board

T. Bond

Director

18 July 2003

Report of the Independent Auditors

To the shareholders of Bioprojects International PLC

We have audited the financial statements of BioProjects International PLC for the year ended 31 March 2003 on pages 10 to 22 which have been prepared under the accounting policies set out on page 13.

Respective responsibilities of Directors and Auditors

The Directors' responsibilities for preparing the annual report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the Directors' Report is not consistent with the financial statements, if the Company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding Directors' remuneration and transactions with the Company is not disclosed.

We read other information contained in the annual report and consider whether it is consistent with the audited financial statements. The other information comprises only the Chairman's Statement and the Report of the Directors. We consider the implications for our report if we become aware of any apparent misstatements, or material inconsistencies with the financial statements. Our responsibility does not extend to any other information.

Our report has been prepared pursuant to the requirements of the Companies Act 1985 and for no other purpose. No person is entitled to rely on this report unless such a person entitled to rely upon this report by virtue of and for the purpose of the Companies Act 1985 or has been expressly authorised to do so by our prior written consent. Save as above, we do not accept responsibility for this report to any other person or for any other purpose and we hereby expressly disclaim any and all such liability.

Basis of audit opinion

We conducted our audit in accordance with United Kingdom Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the Directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion the financial statements give a true and fair view of the state of the Company's affairs as at 31 March 2003 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

BDO STOY HAYWARD
Chartered Accountants and Registered Auditors, London

18 July 2003

Profit and Loss Account for the year ended 31 March 2003

	Note	2003 £	2002 £
Turnover	2	25,084	47,249
Administration expenses		499,748	222,082
		<hr/>	<hr/>
Operating loss	5	(474,664)	(174,833)
Provision for diminution in value of investments	10	(1,633,742)	(750,485)
Loss on disposal of fixed asset investment		(378,783)	(38,815)
		<hr/>	<hr/>
Loss on ordinary activities before interest and other income		(2,487,189)	(964,133)
Interest receivable		91,281	79,288
Interest payable and similar charges		(15)	-
		<hr/>	<hr/>
Loss on ordinary activities before taxation		(2,395,923)	(884,845)
Taxation credit on loss on ordinary activities	6	-	(800)
		<hr/>	<hr/>
Loss on ordinary activities after taxation		(2,395,923)	(884,045)
		<hr/> <hr/>	<hr/> <hr/>
Loss per share			
Basic and diluted	7	(1.0p)	(0.5p)
		<hr/> <hr/>	<hr/> <hr/>

All amounts relate to continuing activities.

All recognised gains and losses are included in the profit and loss account.

The notes on pages 13 to 22 form part of these financial statements.

Balance Sheet at 31 March 2003

	Note	2003 £	2003 £	2002 £	2002 £
Fixed assets					
Intangible assets	8		187		170
Tangible assets	9		2,725		1,719
Investments	10		3,573,567		3,338,824
			3,576,479		3,340,713
Current assets					
Debtors	11	16,139		10,826	
Cash at bank and in hand	21	2,436,537		953,345	
		2,452,676		964,171	
Creditors: amounts falling due within one year					
	12		44,213		39,444
Net current assets			2,408,463		924,727
Total assets less current liabilities			5,984,942		4,265,440
Capital and reserves					
Called up share capital	14	2,530,000		1,770,000	
Share premium account	16	6,684,725		3,311,800	
Share scheme reserve	16	87,500		87,500	
Warrants reserve	16	83,740		101,240	
Profit and loss account	16	(3,401,023)		(1,005,100)	
Shareholders' funds-equity			5,984,942		4,265,440

The financial statements were approved by the Board on 18 July 2003

T. Bond
Director

The notes on pages 13 to 22 form part of these financial statements.

Cash Flow Statement for the year ended 31 March 2003

	Note	2003 £	2003 £	2002 £	2002 £
Net cash outflow from operating activities	19		(417,552)		(104,996)
Returns on investments and servicing of finance					
Interest received		91,281		79,841	
Interest paid		(15)		(305)	
			91,266		79,536
Taxation					
UK corporation tax refunded/(paid)			127		(800)
Capital expenditure and financial investment					
Payments to acquire intangible fixed assets		(17)		(170)	
Payments to acquire tangible fixed assets		(1,805)		(1,986)	
Payments to acquire fixed asset investments		(2,523,023)		(3,449,739)	
Receipts from sale of fixed asset investments		275,755		449,055	
			(2,249,090)		(3,002,840)
Management of liquid resources					
Cash outflow from increase in liquid resources			(337,197)		-
Cash outflow before financing			(2,912,446)		(3,029,100)
Financing					
Cash inflow from issue of shares (net of issue costs)			4,115,425		385,000
Increase/(decrease) in cash	21		1,202,979		(2,644,100)

The notes on pages 13 to 22 form part of these financial statements.

Notes forming part of the Financial Statements for the year ended 31 March 2003

I Accounting policies

The financial statements have been prepared under the historical cost convention and are in accordance with applicable accounting standards. The following principal accounting policies have been applied:

Turnover

Turnover represents sales to outside customers at invoiced amounts less value added tax.

Depreciation

Depreciation is provided to write off the cost, less estimated residual values, of all fixed assets, evenly over their expected useful lives. It is calculated at the following rates:

Office Equipment - 20% per annum.

Valuation of investments

Investments held as fixed assets are stated at cost less any provision for permanent diminution in value.

Deferred taxation

During the year the Company adopted FRS 19 "Deferred Tax".

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the balance sheet date except that the recognition of deferred tax assets is limited to the extent that the Company anticipates to make sufficient taxable profits in the future to absorb the reversal of the underlying timing differences.

No adjustment arose as a result of the adoption of FRS 19.

Options and warrants

Options issued to employees and Directors have been valued at the fair value of the options to which they relate at the date the options were issued. In accordance with UITF 17, a charge for the difference between the warrants are recorded at the fair value of the consideration received.

Foreign currency

Foreign currency transactions of individual companies are translated at the rates ruling when they occurred. Foreign currency monetary assets and liabilities are translated at the rates ruling at the balance sheet dates. Any differences are taken to the profit and loss account.

2 Turnover

Turnover is wholly attributable to the consultancy activity provided by Directors of the Company to trade investments and arises within the United Kingdom (except for \$4,000 relating to the United States).

Notes forming part of the Financial Statements for the year ended 31 March 2003
(continued)
3 Employees

	2003	2002
	£	£
Staff costs consist of:		
Wages and salaries	171,534	38,541
Social security costs	17,161	3,295
	<u>188,695</u>	<u>41,836</u>

The average number of employees, including Directors, during the year was 9 (2002 - 7).

4 Directors' remuneration

The remuneration received by each Director was as follows:

	Salary/fees	Salary/fees
	2003	2002
	£	£
Jim Slater	27,083	-
Terry Bond	27,083	-
Julian Viggars	84,042	73,743
Dr John Broome	11,042	-
Dr Richard Dixey	5,416	-
Christopher Slater	5,416	-
Mark Tompkins	5,416	-
	<u>165,498</u>	<u>73,743</u>

5 Operating loss

	2003	2002
	£	£
This has been arrived at after charging:		
Depreciation of tangible fixed assets	799	430
Auditors' remuneration - audit services	9,595	4,625
- non audit services	3,000	-
Foreign exchange differences	56,984	902
	<u>69,178</u>	<u>5,957</u>

Notes forming part of the Financial Statements for the year ended 31 March 2003
(continued)
6 Taxation on profit from ordinary activities

	2003	2002
	£	£
<i>Current tax</i>		
UK corporation tax on profits for the year	-	-
Over provision in prior years	(127)	(800)
	<u>(127)</u>	<u>(800)</u>
Loss on ordinary activities before tax	(2,395,923)	(884,845)
	<u>(2,395,923)</u>	<u>(884,845)</u>
Loss on ordinary activities at the standard rate of corporation tax in the UK of 30% (2002 - 30%)	(718,777)	(265,454)
	<u>(718,777)</u>	<u>(265,454)</u>
Effects of:		
Expenses not deductible for tax purposes	2,518	28,912
Capital allowances for year in excess of depreciation	(349)	(247)
Provisions not deductible for tax purposes	490,123	225,145
Capital losses carried forward to future periods	113,635	11,644
Excess management expenses carried forward	112,850	-
	<u>112,850</u>	<u>-</u>
Current tax charge for year	-	-
	<u>-</u>	<u>-</u>

Factors that may affect future tax charges

Deferred tax assets relating to excess management expenses and capital losses of £450,000 and £440,000 respectively (2002-£140,000, £65,000) have not been recognised as these losses can only be offset against future taxable profits and at present there is insufficient evidence to justify recognition.

7 Loss per share
Basic

The calculation of loss per share is based on the loss for the year £2,395,923 (2002-£884,045) and on 241,898,630 (2002-177,000,000) ordinary shares, being the weighted average number of ordinary shares in issue during the year.

Diluted

The effect of all potential ordinary shares is anti-dilutive.

Notes forming part of the Financial Statements for the year ended 31 March 2003
(continued)
8 Intangible fixed assets

	Internet domain names
	£
<i>Cost or valuation</i>	
At 1 April 2002	170
Additions	17
	<hr/>
At 31 March 2003	187
	<hr/> <hr/>

9 Tangible assets

	Office equipment
	£
<i>Cost</i>	
At 1 April 2002	2,190
Additions	1,805
	<hr/>
At 31 March 2003	3,995
	<hr/>
<i>Depreciation</i>	
At 1 April 2002	471
Provided for the year	799
	<hr/>
At 31 March 2003	1,270
	<hr/>
<i>Net book value</i>	
At 31 March 2003	2,725
	<hr/> <hr/>
At 31 March 2002	1,719
	<hr/> <hr/>

Notes forming part of the Financial Statements for the year ended 31 March 2003
(continued)
10 Investments

	Listed investments £	Unlisted investments £	Total £
<i>Cost</i>			
At 1 April 2002	479,468	3,609,841	4,089,309
Additions	-	2,523,023	2,523,023
Disposals	(479,468)	(175,070)	(654,538)
Transfers	250,000	(250,000)	-
At 31 March 2003	250,000	5,707,794	5,957,794
<i>Provisions</i>			
At 1 April 2002	-	750,485	750,485
Provisions for the year	198,801	1,434,941	1,633,742
At 31 March 2003	198,801	2,185,426	2,384,227
<i>Net book value</i>			
At 31 March 2003	51,199	3,522,368	3,573,567
At 31 March 2002	479,468	2,859,356	3,338,824
		2003	2002
		£	£
<i>Listed investments</i>			
Market value		75,000	585,184

The principal undertakings in which the Company had an interest at the year end are as follows:

	Class of share capital held	% of share capital held
<i>Participating interest:</i>		
Bionex Investments plc	Ordinary	6.4
The Acrobot Company Limited	Ordinary	25.3
Pivotal Machines Inc	Ordinary	14.5
ViaLogy Corp.	Ordinary	27.4
International Interstitial Technologies Limited	Ordinary	32.7
Acolyte Biomedica Limited	Ordinary	27.2

The investment in Bionex Investments Plc includes 1,250,000 warrants exercisable at 2.5p each, at any time before 31 December 2006 and 1,250,000 warrants exercisable at 2.5p each at any time from 1 January 2007 to 31 December 2010.

The investment in ViaLogy Corp. includes 250,000 warrants to purchase further Series A-I shares at US\$ 0.5658 per share, exercisable on or before 5 December 2004.

Notes forming part of the Financial Statements for the year ended 31 March 2003
(continued)
11 Debtors

	2003	2002
	£	£
Trade debtors	8,774	8,205
Corporation tax recoverable	673	800
Other debtors	6,692	1,821
	<u>16,139</u>	<u>10,826</u>

All amounts shown under debtors fall due for payment within one year.

12 Creditors: amounts falling due within one year

	2003	2002
	£	£
Trade creditors	21,142	3,942
Taxation and social security	2,170	5,584
Other creditors	316	529
Accruals and deferred income	20,585	29,389
	<u>44,213</u>	<u>39,444</u>

13 Financial assets

The interest rates applying to the Company's financial assets are:

	Fixed Rate		Floating Rate	
	2003	2002	2003	2002
Sterling	-	-	2,156,323	936,187
US\$	280,213	17,158	-	-

At the balance sheet date the fixed rate assets were held on a one week deposit. The floating rate assets were held in a money market account earning interest on a LIBOR based rate.

The narrative disclosures required by Financial Reporting Standard No. 13 are provided in the Directors report on page 4.

Notes forming part of the Financial Statements for the year ended 31 March 2003
(continued)
14 Share capital

	Authorised			
	2003	2002	2003	2002
	Number	Number	£	£
Ordinary shares of 1p each	<u>500,000,000</u>	<u>500,000,000</u>	<u>5,000,000</u>	<u>5,000,000</u>
	Allotted, called up and fully paid			
	2003	2002	2003	2002
	Number	Number	£	£
Ordinary shares of 1p each	<u>253,000,000</u>	<u>177,000,000</u>	<u>2,530,000</u>	<u>1,770,000</u>

All shares issued carry the same level of voting rights.

On 21 May 2002 the Company issued 75,000,000 shares for cash consideration of £4,105,424 (net of issue costs). On 27 January 2003, the Company issued 1,000,000 shares in satisfaction of 1,000,000 warrants for a cash consideration of £10,000. These funds have been used to strengthen the Company's cash position and finance additions to its investment portfolio.

The Company also issued 5,500,000 warrants during the year (2002 - 4,000,000). These warrants allow the holder to purchase Ordinary Shares in the Company at 6p per share from 31 May 2004 until 7 May 2012.

Share options

At 31 March 2003, the following share options were outstanding in respect of ordinary shares.

Number of shares	Exercise period	Exercise price
10,500,000	May 2005 to May 2012	6p

Warrants

At 31 March 2003, the following warrants were outstanding in respect of ordinary shares.

Number of shares	Exercise period	Exercise price
24,000,000	July 2002 to July 2005	1p
3,000,000	December 2002 to July 2005	3p
1,000,000	December 2003 to July 2005	5p
5,500,000	May 2004 to May 2012	6p
<u>33,500,000</u>		

Notes forming part of the Financial Statements for the year ended 31 March 2003
(continued)
15 Reconciliation

	2003	2002
	£	£
Loss for the year	(2,395,923)	(884,045)
New share capital subscribed	760,000	77,000
Premium on shares issued during the year	3,355,425	308,000
Warrants issued	-	94,160
	<hr/>	<hr/>
Net additions to/(reduction in) shareholders' funds	1,719,502	(404,885)
Opening shareholders' funds	4,265,440	4,670,325
	<hr/>	<hr/>
Closing shareholders' funds	5,984,942	4,265,440
	<hr/> <hr/>	<hr/> <hr/>

16. Reserves	Share premium account	Share scheme reserve	Warrant account	Profit and loss account
	£	£	£	£
At 1 April 2002	3,311,800	87,500	101,240	(1,005,100)
Premium on shares issued during the year (net of issue costs)	3,355,425	-	-	-
Loss for the year	-	-	-	(2,395,923)
Exercise of warrants	17,500	-	(17,500)	-
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 March 2003	6,684,725	87,500	83,740	(3,401,023)
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

The Company incurred issue costs of £394,576 in relation to the issue of 75,000,000 shares on 21 May 2002. These costs have been set against the share premium account.

17 Capital commitments

The Company is committed to investing a further £413,188 in Acolyte Biomedica Limited following the achievement of certain pre-determined milestones by that company.

Notes forming part of the Financial Statements for the year ended 31 March 2003
(continued)

18 Related party disclosures

Related party transactions and balances

The Company pays £500 per month (2002 - £500 per month) contributions towards general office expenses to Artemis Management Services Limited, a company in which J. D. Slater is a Director and in which both J. D. Slater and C. J. Slater have an interest. The amount outstanding at the year end was £500 (2002 - £1,000).

The Company utilises the secretarial services of an employee of Headstart Nursery Schools Limited, a company in which C. J. Slater, Director, has an interest. The Company paid a fee to Headstart Nursery Schools Limited of £11,429 (2002 - £8,957). The amount outstanding at the year end was £NIL (2002 - £NIL).

J. D. Slater gave a personal guarantee for up to US\$1.5 million to underwrite the cost of the Company's additional investment in ViaLogy Corp. He received 3,000,000 warrants in exchange for this guarantee. On 21 May 2002, the Company issued 75,000,000 shares for net cash consideration of £4.1 million. These funds were partly used to finance the additional investment in ViaLogy Corp. and this extinguished the personal guarantee previously provided.

19 Reconciliation of operating loss to net cash outflow from operating activities

	2003	2002
	£	£
Operating loss	(474,664)	(174,833)
Loss on sale of intangible fixed assets	-	80
Depreciation of tangible fixed assets	799	430
Increase in debtors	(5,440)	(10,026)
Increase/(decrease) in creditors	4,769	(14,807)
Warrants issued for non-cash consideration	-	94,160
Foreign exchange movements	56,984	-
	<hr/>	<hr/>
Net cash outflow from operating activities	(417,552)	(104,996)
	<hr/> <hr/>	<hr/> <hr/>

Notes forming part of the Financial Statements for the year ended 31 March 2003
(continued)
20 Reconciliation of net cash inflow to movement in net funds

	2003	2002
	£	£
Increase/(decrease) in cash	1,202,979	(2,644,100)
Increase in liquid resources	337,197	-
Foreign exchange movements	(56,984)	-
Opening net funds	953,345	3,597,445
	<hr/>	<hr/>
Closing net funds	2,436,537	953,345
	<hr/> <hr/>	<hr/> <hr/>

21 Analysis of net funds

	At	Foreign	Cash	At
	1 April	exchange	flow	31 March
	2002	movements	£	2003
	£	£	£	£
Cash at bank and in hand	953,345	-	1,202,979	2,156,324
Liquid resources	-	(56,984)	337,197	280,213
	<hr/>	<hr/>	<hr/>	<hr/>
	953,345	(56,984)	1,540,176	2,436,537
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

22 Post balance sheet events

On 19 May 2003, the Company paid US\$125,000 to increase its holding in Pivotal Machines Inc. to 48.8%.

On 21 May 2003, the Company disposed of its entire holding in Bionex Investments Plc for an amount equal to the balance sheet carrying value.

On 22 May 2003, the Company paid US\$1,750,000 to increase its holding in ViaLogy Corp. to 44.6% and on 23 June 2003 paid a further US\$489,222 to increase its holding to 47.6%.

NOTICE OF ANNUAL GENERAL MEETING

BIOPROJECTS INTERNATIONAL PLC

Notice is hereby given that the Annual General Meeting of BioProjects International PLC will be held at Seymour Pierce Limited, Bucklersbury House, 3 Queen Victoria Street, London EC4N 8EL at 11.00 a.m. on 27 August, 2003 for the following purposes:

1. To receive the Company's Report and Accounts for the year ended 31 March 2003.
2. To re-elect Dr. J. Broome, who retires by rotation, as a Director.
3. To re-elect Dr. R. Dixey, who retires by rotation, as a Director.
4. To re-appoint BDO Stoy Hayward as auditors of the Company and to authorise the Directors to determine their remuneration.

By order of the Board

Mark Jones
Company Secretary

Registered Office:
Ashcombe Court
Woolsack Way
Godalming
Surrey
GU7 1LQ

18 July 2003

Notes:

1. A member entitled to attend and vote is entitled to appoint a proxy to attend and, on a poll, to vote instead of him. The proxy need not be a member of the Company.
2. To be effective Forms of Proxy must be duly completed and returned so as to reach Northern Registrars Limited, Northern House, Woodsome Park, Fenay Bridge, Huddersfield HD8 0JQ not less than 48 hours before the time appointed for the holding of the Meeting.
3. Depositing a form of proxy shall not preclude a member from attending and voting in person at the meeting or any adjournment thereof instead of the proxy.
4. To be entitled to attend and vote at the meeting (and for the purposes of the determination by the Company of the number of votes they may cast), members must be entered in the Register of members at 6.00 p.m. on 25 August 2003 ("the specified time"). If the meeting is adjourned to a time not more than 48 hours after the specified time applicable to the original meeting, that time will also apply for the purpose of determining the entitlement of members to attend and vote (and for the purpose of determining the number of votes they may cast) at the adjourned meeting. If however the meeting is adjourned for a longer period then, to be so entitled, members must be entered on the Company's Register of Members at the time which is not less than 48 hours before the time fixed for the adjourned meeting or, if the Company gives notice of the adjourned meeting, at the time specified in that notice.