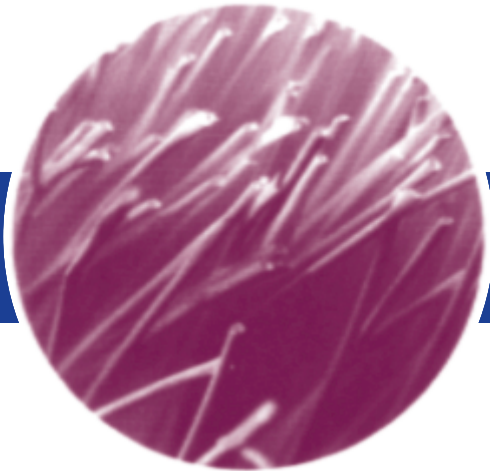


Interim Report 2003



BioProjects International PLC interim results for the six months ended 30 September 2003

Highlights

Core investments

- Additional investments totalling £1,383,954 for preferred and common stock in ViaLogy. Total holding now 47.6%.
- Additional investment of £199,585 in Acolyte 'A' shares during the period to 30th September 2003 with a further investment of £150,114 in October 2003. Total holding now 32.3% (27.3% on a fully diluted basis).
- Additional investment of US\$125,000 in Pivotal Machines. Total holding now 48.2%.

Non-core investments

- Planned programme for the sale of all non-core investments completed.

Plus

- High calibre investors such as Dr. Karl Tschira and Partnerships UK became shareholders in BioProject's core investments.
- Directors' fees and other costs reduced.

Chairman's Statement

Since BioProjects International was admitted to AIM in May 2002, world financial markets have experienced a prolonged period of uncertainty followed this year by a tentative upturn in investor confidence. This has not been the ideal climate for companies which seek to identify and invest in early-stage biotechnology prospects. Nevertheless we are confident that BioProjects' basic philosophy of backing winners and cutting losses is the right approach. We have therefore continued to support the management of those core investments that we believe will succeed in commercialising their technologies. We have also maintained our programme of reducing our overheads.

BioProjects' two major investments, ViaLogy Corp. and Acolyte Biomedica, continue to justify our faith by achieving significant milestones in their technological development and we expect both companies to make commercial progress in 2004. These two companies account for 94% of the value of our current portfolio valuation.

During the period under review BioProjects sold its shareholding in Bionex Investments at its written down book value because this investment no longer met our criteria.

Current Portfolio

ViaLogy Corp. (ViaLogy)

ViaLogy's performance-enhancing software products are attracting interest and a number of international companies are now working with ViaLogy scientists at the company's headquarters in California to adapt and validate the technology for their specific applications. The patented techniques use advanced mathematical and signal-processing methods to capture and identify ultra-weak signals embedded in complex 'background noise'.

ViaLogy continues to concentrate on pharmaceutical applications in the fields of genomics, proteomics, drug screening, molecular diagnosis and biosensors. There is substantial potential for licensing and royalty income from these sources and in

addition the company is establishing an 'in-house' service for the reworking of microarray results already obtained by other analytical software. The aim is to have a 24-hour turn-around of data from customers.

A long-term strategy for developing the quantum physics-based ViaLogy technology for use in other industries is in hand and among the applications being examined are medical imaging, mass spectrometry, silicon wafers and seismology.

During the period under review BioProjects invested a further £1,383,954 in ViaLogy and our total holding in the company is now 47.6%.

Acolyte Biomedica Limited (Acolyte)

Superbugs – or to give them their technical title, hospital-acquired infections (HAI) - affect one in every ten hospital patients in the developed world and in the UK alone they cause 5,000 deaths and cost the NHS more than £1 billion annually. Yet it still takes between two and three days to identify an HAI and the right drug to treat it. Acolyte's technology is designed to reduce this period of superbug identification to under four hours.

The potential of the Acolyte technology has been recognized by the recent award of a UK Treasury/DoH contract to provide an MRSA test to study the benefits of rapid HAI screening. Acolyte is also in the product development stage for a four-hour screening test to identify bacterial septicemia (blood poisoning). This is scheduled for launch in 2004. Licensing discussions and partnership arrangements with US and European clinical diagnostics manufacturers are already under way.

During the period under review Acolyte successfully achieved the technical milestones agreed with its current investors. Alongside other major investors BioProjects invested a further £199,585 in Acolyte. Since the 30th September Acolyte achieved a further milestone which resulted in BioProjects investing an additional £150,114. BioProjects currently holds 32.3% (27.3% on a fully diluted basis) of Acolyte's equity.

The Acrobot Company (Acrobot)

The Acrobot robot was created in the mechanical engineering department of Imperial College, London and has been developed to enhance the accuracy of such major surgical operations as knee and hip replacement. The machine is controlled by the surgeon and, pre-programmed using patented software to operate within planned parameters. With six minimally-invasive procedures having been successfully completed at The Middlesex Hospital the data is at present being evaluated by the Medicines and Health Products Regulatory Agency.

Discussions are now taking place with potential partners to determine the most effective way to proceed with the commercial development of the robot. BioProjects' 25% holding in The Acrobot Company is now valued at £200,000.

Pivotal Machines Inc. (Pivotal)

The company has an exclusive licence from the US National Institute of Standards and Technology to develop a unique hand-held device which will detect minute quantities of various biological substances and illness markers. The aim is to market the device, which uses a flow-injection immunoassay process, to local surgeries and hospitals.

Technical difficulties in producing the internal cartridges for the device have delayed development progress but the company believes that these will be overcome. During the period under review BioProjects invested a further US\$125,000 in Pivotal Machines and now holds 48.2% of the equity.

Future prospects

By adhering to our policy of cutting losses and reducing our overheads, we have been able to support the companies in our core portfolio. This is particularly important because it helps to maintain our position as a major shareholder and encourages other investors to participate alongside us. In this context, we are delighted that Dr. Klaus Tschira, the co-founder of one of the world's leading software companies, SAP, has joined the board of ViaLogy and Aeris Holdings AG, a Swiss-based company in

which Dr.Tschira has a significant interest, has acquired an 11.4% shareholding in the company. It is also very pleasing that Partnerships UK, which is supported by the UK Government, has made a substantial investment in Acolyte.

In 2004, for BioProjects much depends on the performance of the management of ViaLogy and Acolyte. We will continue to do our best to help them to develop their companies to their full exciting potential.

Jim Slater, Chairman

19 December 2003

Independent Review Report to BioProjects International PLC

Introduction

We have been instructed by the company to review the financial information for the six months ended 30 September 2003 set out on pages 8 to 12. We have read the other information contained in the interim report and considered whether it contains any apparent misstatements or material inconsistencies with the financial information.

Our report is made solely to the company in accordance with the terms of our engagement to assist the company in meeting the requirements of the rules of the London Stock Exchange for companies trading securities on the Alternative Investment Market. Our review has been undertaken so that we might state to the company those matters we are required to state to it in this report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company for our review work, for this report, or for the conclusions we have reached.

Directors' responsibilities

The interim report, including the financial information contained therein, is the responsibility of, and has been approved by the directors. The directors are responsible for preparing the interim report in accordance with the rules of the London Stock Exchange for companies trading securities on the Alternative Investment Market which require that the accounting policies and presentation applied to the interim figures should be consistent with those applied in preparing the preceding annual accounts except where any changes, and the reasons for them, are disclosed.

Review work performed

We conducted our review in accordance with guidance contained in Bulletin 1999/4 issued by the Auditing Practices Board for use in the United Kingdom. A review consists principally of making enquiries of management and applying analytical procedures to the financial information and underlying financial data and based

thereon, assessing whether the accounting policies and presentation have been consistently applied unless otherwise disclosed. A review excludes audit procedures such as tests of controls and verification of assets, liabilities and transactions. It is substantially less in scope than an audit performed in accordance with United Kingdom Auditing Standards and therefore provides a lower level of assurance than an audit. Accordingly we do not express an audit opinion on the financial information.

Review conclusion

On the basis of our review we are not aware of any material modifications that should be made to the financial information as presented for the six months ended 30 September 2003.

BDO Stoy Hayward
Chartered Accountants
London

19 December 2003

BIOPROJECTS INTERNATIONAL PLC

Unaudited Profit and Loss Account for the six months ended 30 September 2003

	<i>Note</i>	Unaudited 6 months to 30-Sep-03 £	Audited Year to 31-Mar-03 £
Turnover		38,240	25,084
Administration expenses		232,221	499,748
Operating loss		(193,981)	(474,664)
Provision for diminution in value of investments		-	(1,633,742)
Loss on disposal of fixed asset investment		-	(378,783)
Loss on ordinary activities before interest and other income		(193,981)	(2,487,189)
Other interest receivable and similar income		18,496	91,281
Interest payable and similar charges		-	(15)
Loss on ordinary activities before taxation		(175,485)	(2,395,923)
Taxation on loss on ordinary activities		-	-
Retained loss on ordinary activities after taxation for the period/year		(175,485)	(2,395,923)
Loss per ordinary share			
Basic	2	(0.07p)	(1.00p)
Diluted	2	(0.07p)	(1.00p)

BIOPROJECTS INTERNATIONAL PLC

Unaudited Balance Sheet as at 30 September 2003

	<u>Note</u>	Unaudited 30-Sep 2003 £	Unaudited 30-Sep 2003 £	Audited 31-Mar 2003 £	Audited 31-Mar 2003 £
Fixed assets					
Intangible assets			187		187
Tangible assets			2,453		2,725
Fixed asset investments	3		<u>5,185,315</u>		<u>3,573,567</u>
			5,187,955		3,576,479
Current assets					
Debtors and prepayments		62,198		16,139	
Cash at bank and in hand		<u>616,151</u>		<u>2,436,537</u>	
		678,349		2,452,676	
Creditors : amounts falling due within one year					
			<u>56,847</u>	<u>44,213</u>	
Net current assets					
			621,502		2,408,463
Total assets less current liabilities					
			<u>5,809,457</u>		<u>5,984,942</u>
Capital and reserves					
Called up share capital			2,530,000		2,530,000
Share premium account			6,684,725		6,684,725
Share scheme reserve			87,500		87,500
Warrants reserve			83,740		83,740
Profit and loss account			(3,576,508)		(3,401,023)
Equity shareholders' funds					
	4		<u>5,809,457</u>		<u>5,984,942</u>

BIOPROJECTS INTERNATIONAL PLC

Unaudited Cash Flow Statement for the six months ended 30th September 2003

	Unaudited 30-Sep 2003 £	Unaudited 30-Sep 2003 £	Audited 31-Mar 2003 £	Audited 31-Mar 2003 £
<i>Note</i>				
Net cash outflow from operating activities	5	(217,863)		(417,552)
Returns on investments and servicing of finance				
Interest received	17,746		91,281	
Interest paid	-		(15)	
		17,746		91,266
Taxation				
Corporation tax paid/refunded	-		127	
		-		127
Capital expenditure and financial investment				
Payments to acquire intangible fixed assets	-		(17)	
Payments to acquire tangible fixed assets	-		(1,805)	
Payments to acquire fixed asset investments	(1,662,947)		(2,523,023)	
Receipts from sale of fixed asset investments	51,199		275,755	
		(1,611,748)		(2,249,090)
Management of liquid resources				
Cash outflow from increase in liquid resources		-		(337,197)
Cash outflow before financing		(1,811,865)		(2,912,446)
Financing				
Cash inflow from issue of shares (net of issue costs)		-		4,115,425
(Decrease)/increase in cash	6	(1,811,865)		<u>1,202,979</u>

BIOPROJECTS INTERNATIONAL PLC

NOTES TO THE INTERIM REPORT

1 Basis of preparation

These unaudited interim accounts, which were approved by the Board on 19 December, do not constitute the company's statutory accounts. The financial information presented for the year ended 31 March 2003 is extracted from the statutory accounts for that year then ended which have been filed with the Registrar of Companies. The auditors report on those statutory accounts was unqualified and did not contain a statement under S237 (2) or 237 (3) of the Companies Act 1985.

2 Loss per ordinary share

Loss per share is calculated as follows:

	Six months to 30 Sep 03	Year ended 31 Mar 03		
	Basic	Diluted	Basic	Diluted
	£	£	£	£
Loss attributable to shareholders	<u>(175,485)</u>	<u>(175,485)</u>	<u>(2,395,923)</u>	<u>(2,395,923)</u>
	Number	Number	Number	Number
Weighted average of ordinary shares in issue	253,000,000	253,000,000	241,898,630	241,898,630
Loss per ordinary share	<u>(0.07p)</u>	<u>(0.07p)</u>	<u>(1.00p)</u>	<u>(1.00p)</u>

3 Fixed asset investments

	Listed Investments	Unlisted Investments	Total
	£	£	£
<i>Cost</i>			
At 1 April 2003	250,000	5,707,794	5,957,794
Additions	-	1,662,947	1,662,947
Disposals	(250,000)	-	(250,000)
At 30 September 2003	-	7,370,741	7,370,741
<i>Provisions</i>			
At 1 April 2003	198,801	2,185,426	2,384,227
Disposals	(198,801)	-	(198,801)
At 30 September 2003	-	2,185,426	2,185,426
<i>Net book value</i>			
At 30 September 2003	-	5,185,315	5,185,315
At 31 March 2003	51,199	3,522,368	3,573,567

4 Reconciliation of movement in shareholders' funds

	Unaudited 30-Sep-03 £	Audited 31-Mar-03 £
Loss for the period/year	(175,485)	(2,395,923)
New share capital subscribed	-	760,000
Premium on shares issued during the period/year	-	3,355,425
Net additions to shareholders' funds	(175,485)	1,719,502
Opening shareholders' funds	5,984,942	4,265,440
Closing shareholders' funds	<u>5,809,457</u>	<u>5,984,942</u>

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

	Unaudited 30-Sep-03 £	Audited 31-Mar-03 £
Operating loss	(193,981)	(474,664)
Depreciation of tangible fixed assets	272	799
Increase in debtors	(46,059)	(5,440)
(Decrease)/increase in creditors	13,384	4,769
Foreign exchange movements	8,521	56,984
Net cash outflow from operating activities	<u>(217,863)</u>	<u>(417,552)</u>

6 Analysis of net funds

	At 1-Apr-03	Foreign exchange movements	Cash Flow	At 30-Sept-03
Cash at bank and in hand	2,156,324	-	(1,540,265)	616,059
Liquid resources	280,213	(8,521)	(271,600)	92
	<u>2,436,537</u>	<u>(8,521)</u>	<u>(1,811,865)</u>	<u>616,151</u>

BioProjects International PLC
Inglisfield, Gifford, East Lothian EH41 4HJ
Tel: +44 (0)1620 810183 Fax: +44 (0)1620 810167
www.bioprojects.com