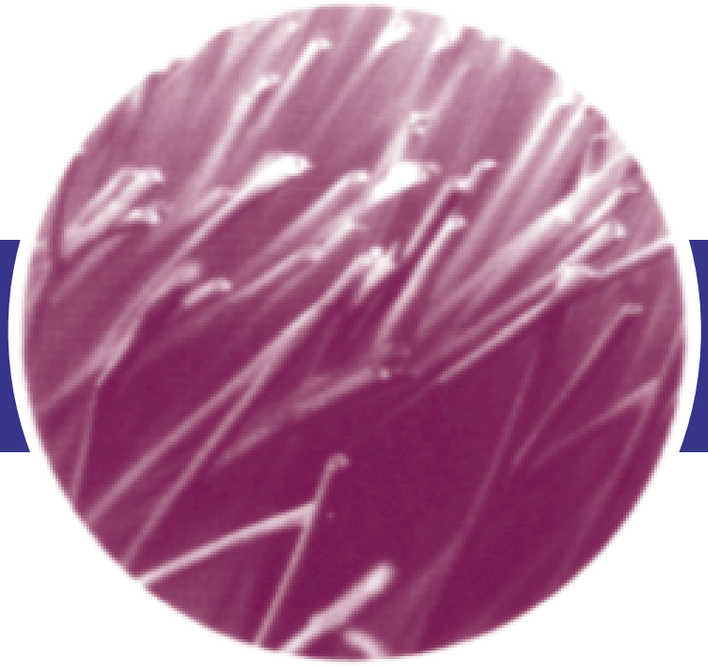
34581 BioProjects A4 Report 30/7/04 3:47 pm Page 1

Report & Financial Statements

Year Ended 31st March 2004



BioProjects
INTERNATIONAL PLC

BioProjects
INTERNATIONAL PLC

Annual Report and Financial Statements for the year ended 31 March 2004

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Directors and Advisers

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Directors and Advisers

Directors

Jim Slater	(Chairman)
Terry Bond	(Managing Director)
Dr John Broome	
Dr Richard Dixey	(Non-Executive)
Julian Viggars	(Non-Executive)

Secretary and Registered Office

M 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 LLP, 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, Edinburgh West End Office,
142-144 Princess Street, Edinburgh, EH2 4EQ.

Registrars

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

Company Number

3971582

BioProjects
INTERNATIONAL PLC

Chairman's Statement

I am pleased to report on the financial results and the progress of BioProjects International PLC (BioProjects) for the financial year ended 31 March 2004.

When we introduced the company to the Alternative Investment Market in May 2002 we explained to potential shareholders that we were specialising in an exciting but volatile industry. Biotechnology, which harnesses the science of genetics to develop medicines and treat illnesses, has more commercial failures than successes. BioProjects' objective was to concentrate on giving financial support to early-stage companies. This is potentially the most lucrative but arguably the riskiest area of the sector.

Your Board has adhered to a set of investment rules aimed at minimising the risks and maximising the use of shareholder funds. These rules include such safeguards as insistence on a board seat on all investee companies and restricting our investments to technologies that have their origins in such respected organisations as universities or government establishments. An inviolate rule is to cut losses in under-performing companies and provide continuing support for potential winners.

We have now arrived at the end of our third full year of operation with over 96 per cent of our current book value of investments in just two companies, ViaLogy Corp and Acolyte Biomedica. They are the bedrock of our investment portfolio and we have continued to support their development to the point where hopefully commercial success is in sight.

BIOPROJECTS' PRINCIPAL INVESTMENTS

Acolyte Biomedica Limited (Acolyte)

Acolyte's technology was initially developed at the UK Ministry of Defence laboratory at Porton Down in Wiltshire. It was first used to monitor airborne bacteria for bioweapon detection in the battlefield. Acolyte, which is based at Porton, has refined the testing process to speed up the identification of antibiotic-resistant bacteria in hospitals. This will mean quicker treatment for patients and reduce the spread of infections.

The obvious first targets for the test are the notorious 'Superbugs' – methicillin-resistant *Staphylococcus aureus* (MRSA) and others such as Vancomycin-resistant *Enterococci* (VRE). The escalation of these infections has caused widespread public alarm around the world, and in the UK alone costs the National Health Service £1 billion a year.

The Acolyte test tracks and identifies the infection by purifying it using magnetic beads, then detecting it by using the bacteria's own enzymes to produce light. During the year the company participated in a UK Treasury/Department of Health contract to study the benefits of rapid screening for MRSA. The tests will be tried out in hospitals shortly and plans are for a product to be generally available next year. Acolyte is also in the product development stage of a four-hour screening test to identify bacterial septicemia (blood poisoning).

As at 31 March 2004 BioProjects' 27 per cent holding in Acolyte was carried at £1,749,628 in the financial statements.

ViaLogy Corp. (ViaLogy)

ViaLogy develops and markets active signal processing software solutions that are applicable to a wide variety of high technology industries. It employs a revolutionary process, Quantum Resonance Interferometry (QRI), which detects and discriminates, with very high sensitivity and specificity, data obscured by background noise. This enables researchers to reliably identify and understand signal events that have hitherto been impossible to reveal using commercially available signal processing.

Chairman's Statement (*Continued*)

This year ViaLogy launched its first product, an analysis service for DNA microarray chip data. Rigorous trials were carried out using microarrays from a number of leading international pharmaceutical companies and in all cases the test results were outstanding. ViaLogy is already generating revenues from contracts with two major customers and negotiations are in hand to establish commercial relationships with several other global organisations. In addition discussions are being held with a leading microarray vendor to integrate ViaLogy's software into its products.

The second QRI application, planned for introduction in the fourth quarter of 2004, is for the analysis of mass spectrometry data. In 2005 the QRI program will be applied to wafer inspection, electron microscopy, elemental analysis and medical imaging.

As at 31 March 2004 BioProjects had invested a total of £3,335,056 for a 47.6 per cent (fully diluted) holding in ViaLogy.

ADDITIONAL INVESTMENTS

The Acrobot Company Limited (Acrobot)
Acrobot develops computer-aided navigation and robotic technologies to assist surgeons in the accurate implantation of hip and knee prostheses. It is a spin-out company from the engineering department of Imperial College, London. The company has reached the stage of having produced a prototype machine which has been successfully used in Middlesex Hospital, London, in a series of six knee replacement operations.

Acrobot is now working on developing its technology commercially. As part of this process the company has signed a collaboration agreement with the Corin Group PLC, a publicly-quoted company which manufactures and distributes worldwide a wide range of orthopaedic devices. Funding for future Acrobot development is coming from Corin, and also from a £500,000 grant receivable over three years from Health Technology Devices.

As at 31 March 2004 the 25.3 per cent holding BioProjects has in Acrobot was carried at £200,000 in the Company's financial statements.

Pivotal Machines Inc. (Pivotal)
Pivotal is developing a flow-injection process to develop a hand-held immunoassay device which, if successful, will enable fast and cost effective detection of minute quantities of biological substances. Despite diligent efforts by manufacturers both in Britain and the US, the company continues to experience difficulties in perfecting the delivery device. For this reason we have ascribed a nil value to the investment in the BioProjects' accounts.

OUTLOOK

Going forward, we intend to concentrate on assisting ViaLogy and Acolyte to realise what we believe to be their significant potential. We have supported them from their early beginnings and we are delighted that Acolyte is now making such good progress and that ViaLogy's technology is beginning to attract the attention of global companies and institutions.

J D Slater
Chairman

30 July 2004

Report of the Directors for the year ended 31 March 2004

The Directors present their report together with the audited financial statements for the year ended 31 March 2004.

Results and dividends

The profit and loss account is set out on page 9 and shows the loss for the year.

The Directors do not recommend a final ordinary dividend for the year (2003 - £Nil).

Principal activities, trading review 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 2004 for the Company was 33 days (2003 - 11 days).

Going concern

Following its 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 9 to 21 have been prepared on a going concern basis.

Directors and their interests

The Directors of the Company at the year end and their interests (including beneficial interests) in the ordinary share capital, warrants and share options of the Company were:

	Ordinary shares of 1p each		Warrants		Share options	
	2004	**2003**	**2004**	**2003**	**2004**	**2003**
Jim Slater (note 1)	25,485,000	22,985,000	4,000,000	4,000,000	2,500,000	2,500,000
Terry Bond (note 2)	7,925,000	7,675,000	6,000,000	6,000,000	2,500,000	2,500,000
Dr John Broome	10,000,000	10,000,000	2,500,000	2,500,000	1,500,000	1,500,000
Dr Richard Dixey	3,400,000	3,400,000	3,500,000	3,500,000	-	-
Julian Viggars	100,000	-	2,000,000	2,000,000	3,000,000	3,000,000

Mark Tompkins and Christopher Slater both resigned as directors on 29 September 2003.

Report of the Directors for the year ended 31 March 2004 (*Continued*)

Directors and their interests (Continued)

Note 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, 2,500,000 Ordinary Shares owned by Artemis Management Services Limited in which he has a beneficial interest and a non beneficial interest in 7,000,000 Ordinary Shares held by the Slater Foundation.

Note 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.

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 2004. No other shareholder had declared an interest of 3% or more in the Company's issued ordinary share capital by 8 July 2004.

Name	Ordinary shares	Percentage ordinary shares
Atlas Capital S.A.	14,700,000	5.5%
Christopher Slater (note 1)	13,310,000	5.0%
Jenny Damaskos (note 2)	10,235,000	3.9%
Mark Jones (note 3)	8,810,000	3.3%
Northglen Investments Limited	8,800,000	3.3%
Clare Brydon (note 4)	8,285,000	3.1%
Gladerange Executive Pension Scheme	7,985,000	3.0%

Note 1: Christopher Slater's interests include interests in 1,365,000 Ordinary Shares beneficially owned by his wife, 3,960,000 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.

Note 2: Jenny Damaskos' interests include 7,985,000 Ordinary Shares owned by the Gladerange Executive Pension Scheme in which she has a beneficial interest.

Note 3: Mark Jones' interests include interests in 300,000 Ordinary Shares beneficially owned by his wife, and 7,985,000 Ordinary Shares owned by the Gladerange Executive Pension Scheme in which he has a beneficial interest.

Note 4: Clare Brydon's interests include interests in 300,000 Ordinary Shares beneficially owned by her son and 7,985,000 Ordinary Shares owned by the Gladerange Executive Pension Scheme in which she has a beneficial interest.

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 5.5p; the highest and lowest share prices during the year were 9.25p and 2.12p respectively.

Report of the Directors for the year ended 31 March 2004 (*Continued*)

Biographies of Directors

EXECUTIVE

Jim Slater (aged 75)

Jim Slater is a Chartered Accountant. 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 66)

During the 1960s Terry Bond was Managing Director of a public relations consultancy. Throughout the 1970s he was Sir Chay Blyth's business partner and Managing Director of Chay Blyth Supersail. In 1980 Terry 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 newly published book on investment clubs and is the British Director on the World Federation of Investors.

Dr John Broome (aged 72)

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.

NON-EXECUTIVE

Dr Richard Dixey (aged 51)

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 Bartholomew'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.

Julian George Viggars (aged 36)

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.

Report of the Directors for the year ended 31 March 2004 (*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 the 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

On 31 December 2003, BDO Stoy Hayward, the company's auditors, transferred its business to BDO Stoy Hayward LLP, a limited liability partnership incorporated under the Limited Liability Partnerships Act 2000. Accordingly BDO Stoy Hayward resigned as auditors on that date and the directors appointed BDO Stoy Hayward LLP as its successor. A resolution to re-appoint BDO Stoy Hayward LLP as auditors will be proposed at the next annual general meeting.

On behalf of the Board

Jim Slater
Director

30 July 2004

BioProjects
INTERNATIONAL PLC

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 2004 on pages 9 to 21 which have been prepared under the accounting policies set out on page 12.

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 is 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.

Report of the Independent Auditors (*Continued*)

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 2004 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

BDO STOY HAYWARD LLP
Chartered Accountants
and Registered Auditors
London

30 July 2004

BioProjects INTERNATIONAL PLC

Profit and Loss Account for the year ended 31 March 2004

	Note	2004 £	2003 £
Turnover	2	**46,947**	25,084
Administrative expenses		**370,414**	499,748
Operating loss	5	**(323,467)**	(474,664)
Provision for diminution in value of investments	10	**(111,407)**	(1,633,742)
Loss on disposal of investments		**-**	(378,783)
Loss on ordinary activities before interest and other income		**(434,874)**	(2,487,189)
Interest receivable		**31,387**	91,281
Interest payable and similar charges		**(41)**	(15)
Loss on ordinary activities before and after taxation	6	**(403,528)**	(2,395,923)
Loss per share			
Basic and diluted	7	**(0.2p)**	(1.0p)

All amounts relate to continuing activities.
All recognised gains and losses are included in the profit and loss account.

The notes on pages 12 to 21 form part of these financial statements.

BioProjects INTERNATIONAL PLC

Balance Sheet at 31 March 2004

	Note	2004 £	2004 £	2003 £	2003 £
Fixed assets					
Intangible assets	8		**-**		187
Tangible assets	9		**2,180**		2,725
Investments	10		**5,284,684**		3,573,567
			5,286,864		3,576,479
Current assets					
Debtors	11	**159,641**		16,139	
Cash at bank and in hand	20	**449,628**		2,436,537	
		609,269		2,452,676	
Creditors: amounts falling due within one year	12	**54,514**		44,213	
Net current assets			**554,755**		2,408,463
Total assets less current liabilities			**5,841,619**		5,984,942
Capital and reserves					
Called up share capital	14		**2,650,000**		2,530,000
Share premium account	15		**6,824,930**		6,684,725
Share scheme reserve	15		**87,500**		87,500
Warrant reserve	15		**83,740**		83,740
Profit and loss account	15		**(3,804,551)**		(3,401,023)
Shareholders' funds - equity	16		**5,841,619**		**5,984,942**

The financial statements were approved by the Board on 30 July 2004.

Jim Slater
Director

The notes on pages 12 to 21 form part of these financial statements.

BioProjects INTERNATIONAL PLC

Cash Flow Statement for the year ended 31 March 2004

	Note	2004 £	2004 £	2003 £	2003 £
Net cash outflow from operating activities	18		**(447,985)**		(417,552)
Returns on investments and servicing of finance					
Interest received		**31,387**		91,281	
Interest paid		**(41)**		(15)	
			31,346		91,266
Taxation					
UK corporation tax refunded			**673**		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 assets investments		**(1,873,723)**		(2,523,023)	
Receipt from sale of fixed asset investments		**51,199**		275,755	
			(1,822,524)		(2,249,090)
Management of liquid resources					
Cash inflow/(outflow) from decrease/(increase) in liquid resources			**271,463**		(337,197)
Cash outflow before financing			**(1,967,027)**		(2,912,446)
Financing					
Cash inflow from issue of shares		**264,000**		4,510,001	
Issue costs incurred on issue of shares		**(3,795)**		(394,576)	
			260,205		4,115,425
(Decrease)/increase in cash	20		**(1,706,822)**		1,202,979

The notes on pages 12 to 21 form part of these financial statements.

Notes forming part of the Financial Statements for the year ended 31 March 2004

1 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, reducing balance

Valuation of investments

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

Deferred taxation

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.

Options and warrants

Where options are issued to employees and directors a profit and loss account charge is made equal to the difference between the fair value of shares at the date the award was made and the exercise price of the options. The charge is spread in accordance with UITF17. Warrants issued by the company are recorded at the fair value of the consideration received and are reported in the reconciliation of movement in shareholders' funds in the period in which they are issued.

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 $12,000 (2002 - $4,000) relating to the United States). Turnover is recognised when the consultancy services are provided.

Notes forming part of the Financial Statements for the year ended 31 March 2004 (*Continued*)

3 Employees

	2004 £	2003 £
Staff costs consist of:		
Wages and salaries	**153,751**	171,534
Social security costs	**12,888**	17,161
	166,639	188,695

The average number of employees, including Directors, during the year was 9 (2003 - 9).

4 Directors' remuneration

The remuneration received by each Director was as follows:

	Salary/fees 2004 £	Salary/fees 2003 £
Jim Slater	**41,250**	27,083
Terry Bond	**35,417**	27,083
Julian Viggars	**55,834**	84,042
Dr John Broome	**12,917**	11,042
Dr Richard Dixey	**10,000**	5,416
Christopher Slater (resigned 29 September 2003)	**10,000**	5,416
Mark Tompkins (resigned 29 September 2003)	**10,000**	5,416
	175,418	165,498

5 Operating loss

	2004 £	2003 £
This has been arrived at after charging:		
Depreciation of tangible fixed assets	**545**	799
Auditors' remuneration - audit services	**18,550**	9,595
- non audit services	**3,100**	3,000
Foreign exchange differences	**8,624**	56,984

Notes forming part of the Financial Statements for the year ended 31 March 2004 (*Continued*)

6 Taxation on profit from ordinary activities

	2004 £	2003 £
Current tax		
UK corporation tax on profits of the year	**-**	-
Over provision in prior years	**-**	(127)
	-	(127)
Loss on ordinary activities before tax	**(403,528)**	(2,395,923)
Loss on ordinary activities at the standard rate of corporation tax in the UK of 30% (2003 – 30%)	**(121,058)**	(718,777)
Effects of:		
Expenses not deductible for tax purposes	**56**	2,518
Capital allowances for year in excess of depreciation	**82**	(349)
Provisions not deductible for tax purposes	**33,422**	490,123
Capital losses carried forward to future periods	**-**	113,635
Excess management expenses carried forward	**87,498**	112,850
Current tax charge for year	**-**	-

Factors that may affect future tax charges

Deferred tax assets relating to excess management expenses and capital losses of £804,000 and £642,000 respectively (2003 - £512,000, £440,000) 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 of £403,528 (2003 – £2,395,923) and on 257,426,229 (2003 -241,898,630) 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 2004 *(Continued)*

8 Intangible fixed assets

	Internet domain names £
Cost	
At 1 April 2003	187
Amortisation in the year	(187)
At 31 March 2004	-

9 Tangible assets

	Office equipment £
Cost	
At 1 April 2003 and at 31 March 2004	**3,995**
Depreciation	
At 1 April 2003	1,270
Provided for the year	545
At 31 March 2004	**1,815**
Net book value	
At 31 March 2004	**2,180**
At 31 March 2003	2,725

Notes forming part of the Financial Statements for the year ended 31 March 2004 *(Continued)*

10 Investments

	Listed investments £	Unlisted investments £	Total £
Cost			
At 1 April 2003	250,000	5,707,794	5,957,794
Additions	-	1,873,723	1,873,723
Disposals	(250,000)	-	(250,000)
At 31 March 2004	-	**7,581,517**	**7,581,517**
Provisions			
At 1 April 2003	198,801	2,185,426	2,384,227
Provisions made during the year	-	111,407	111,407
Disposals	(198,801)	-	(198,801)
At 31 March 2004	**-**	**2,296,833**	**2,296,833**
Net book value			
At 31 March 2004	**-**	**5,284,684**	**5,284,684**
At 31 March 2003	51,199	3,522,368	3,573,567

	2004 £	2003 £
Listed investments		
Market value	-	75,000

Notes forming part of the Financial Statements for the year ended 31 March 2004 *(Continued)*

10 Investments *(Continued)*

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

Participating interest:	Class of share capital held	Percentage of share capital held %
The Acrobot Company Limited	Ordinary	25.3
Pivotal Machines Inc	Ordinary	48.2
ViaLogy Corp.	Ordinary and Series A-1	47.6
International Interstitial Technologies Limited	Ordinary	32.7
Acolyte Biomedica Limited	Ordinary	27.0

The investment in ViaLogy Corp. includes 250,000 warrants to purchase Series A-1 shares at US$ 0.5658 per share, on or before 5 December 2004.

The company also holds 1,250,000 warrants in Bionex Investments plc 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 International Interstitial Technologies Limited has been written off in full. The company is currently in the process of being wound up.

11 Debtors

	2004 £	2003 £
Trade debtors	**4,653**	8,774
Corporation tax recoverable	**-**	673
Other debtors	**13,651**	6,692
Loans to investee company	**141,337**	-
	159,641	16,139

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

12 Creditors: amounts falling due within one year

	2004 £	2003 £
Trade creditors	**16,306**	21,142
Taxation and social security	**-**	2,170
Other creditors	**10,691**	316
Accruals and deferred income	**27,517**	20,585
	54,514	44,213

Notes forming part of the Financial Statements for the year ended 31 March 2004 *(Continued)*

13 Financial assets

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

	Fixed rate		Floating rate	
	2004	**2003**	**2004**	**2003**
Sterling	-	-	**449,502**	2,156,323
US$	-	280,213	**126**	-

The floating rate assets are held in a money market account earning interest on a LIBOR based rate.

Fair values

The fixed asset investments represent investments in unlisted companies and have a carrying value of £5,284,684. The fair value of these investments cannot be reliably estimated as the investee companies are involved in the specialist Biotech industry and are still at an early stage of their development. The fair value of the investments is dependent on a number of factors including the results of clinical trials, the emergence or activities of competitors, the availability of sufficient funding, the successful marketing of each investee company's technology and the development of a customer base.

The narrative disclosures required by Financial Reporting Standard No. 13 are provided in the Chairman's report on page 1 and the Directors' report on page 3.

14 Share capital

	Authorised			
	2004 Number	**2003 Number**	**2004 £**	**2003 £**
Ordinary shares of 1p each	**500,000,000**	500,000,000	**5,000,000**	5,000,000

	Allotted, called up and fully paid			
	2004 Number	**2003 Number**	**2004 £**	**2003 £**
Ordinary shares of 1p each	**265,000,000**	253,000,000	**2,650,000**	2,530,000

All shares issued carry the same level of voting rights.

On 18 November 2003, the Company issued 12,000,000 shares for cash consideration of £260,205 (net of issue costs). These funds have been used to strengthen the Company's cash position and finance additions to it's investment portfolio.

Share options

At 31 March 2004, 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

Notes forming part of the Financial Statements for the year ended 31 March 2004 *(Continued)*

14 Share capital *(Continued)*

Warrants

At 31 March 2004, the following warrants were outstanding in respect of ordinary shares.

Number	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
33,500,000		

15 Reserves

	Share premium account £	Share scheme reserve £	Warrant reserve £	Profit and loss account £
At 1 April 2003	6,684,725	87,500	83,740	(3,401,023)
Premium on shares issued during the year (net of issue costs)	140,205	-	-	-
Loss for the year	-	-	-	(403,528)
At 31 March 2004	**6,824,930**	**87,500**	**83,740**	**(3,804,551)**

The Company incurred issue costs of £3,795 in relation to the issue of 12,000,000 shares on 18 November 2003. These costs have been set against the share premium account.

16 Reconciliation of movements in shareholders' funds

	2004 £	2003 £
Loss for the year	**(403,528)**	(2,395,923)
New share capital subscribed	**120,000**	760,000
Premium on shares issued during the year (net of issue costs)	**140,205**	3,355,425
Net (reduction in)/additions to shareholders' funds	**(143,323)**	1,719,502
Opening shareholders' funds	**5,984,942**	4,265,440
Closing shareholders' funds	**5,841,619**	5,984,942

Notes forming part of the Financial Statements for the year ended 31 March 2004 *(Continued)*

17 Related party transactions

Related party transactions and balances

The Company utilised the secretarial services of an employee of Headstart Nursery Schools Limited, a company in which Christopher Slater, a former director and a substantial shareholder, has an interest. The Company paid a fee to Headstart Nursery Schools Limited of £9,396 (2003 - £11,429) for the period to January 2004. The amount outstanding at the year end was £3,023 (2003 - £Nil).

The Company pays £500 per month (2003 - £500 per month) contribution towards general office expenses to Artemis Management Services Limited, a company in which Jim Slater is a director and in which he has a beneficial interest. The Company also accrued for a fee for two months secretarial and administration services from February 2004 of £1,660 (2003 - £Nil). The amount outstanding at the year end was £4,010 (2003 £500).

During the year the Company made a loan of $250,000 to ViaLogy Corp. a company in which it owns 47.6% of the share capital and has Jim Slater and Dr John Broome as common directors.

Of the 12,000,000 shares issued at 2.2p on 18 November 2003 directors interests increased by following number of shares:

Jim Slater	2,500,000
Terry Bond	250,000
Julian Viggars	100,000

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

	2004	**2003**
	£	**£**
Operating loss	**(323,467)**	(474,664)
Depreciation of tangible fixed assets	**545**	799
Amortisation of intangible fixed assets	**187**	-
Increase in debtors	**(144,176)**	(5,440)
Increase in creditors	**10,302**	4,769
Foreign exchange movements	**8,624**	56,984
Net cash outflow from operating activities	**(447,985)**	(417,552)

Notes forming part of the Financial Statements for the year ended 31 March 2004 (*Continued*)

19 Reconciliation of net cash inflow to movement in net funds

	2004 £	2003 £
(Decrease)/increase in cash	**(1,706,822)**	1,202,979
(Decrease)/increase in liquid resources	**(271,463)**	337,197
Foreign exchange movements	**(8,624)**	(56,984)
Opening net funds	**2,436,537**	953,345
Closing net funds	**449,628**	2,436,537

20 Analysis of net funds

	At 1 April 2003 £	Foreign exchange movements £	Cash flow £	At 31 March 2004 £
Cash in hand and at bank	2,156,324	-	(1,706,822)	**449,502**
Liquid resources	280,213	(8,624)	(271,463)	**126**
	2,436,537	(8,624)	(1,978,285)	**449,628**

21 Post balance sheet events

On 12 July 2004 the Company made a loan of $525,000 to ViaLogy Corp. Jim Slater agreed, prior to the placing, to guarantee this loan and the Company has agreed to pay him a fee of 0.5% for providing this guarantee.

On 14 July 2004 the Company raised £1,000,000 before costs by issuing 22,222,223 shares at 4.5p per share.

BioProjects
INTERNATIONAL PLC

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 Bucklersbury House, 3 Queen Victoria Street, London EC4N 8EL at 11.00 a.m. on the 1 September, 2004 for the following purposes:

1. To receive the Company's Report and Accounts for the year ended 31 March 2004.

2. To re-elect Mr. J. Viggars, who retires by rotation, as a Director.

3. To re-elect Mr. T Bond, who retires by rotation, as a Director.

4. To re-appoint BDO Stoy Hayward LLP as auditors of the Company and to authorise the Directors to determine their remuneration.

By order of the Board

Mark Jones
Secretary

30 July, 2004

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

Notes:

1. A member entitled to attend and vote is entitled to appoint a proxy or proxies 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 Capita Registrars, Proxy Department, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4BR 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 purpose of the determination by the Company of the number of votes they may cast), members must be entered in the Register of members at 6.00pm on 30 August 2004 ("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.