CELSIS INTERNATIONAL PLC

Interim Results for 6 months to 30 September 2002

Celsis International plc ("Celsis"), a leading supplier of rapid microbial testing products and analytical laboratory services. Its diagnostic systems detect and measure contamination for leading companies in the pharmaceutical, personal care, dairy and beverage industries. The Company today announces its Interim Results for the 6 months to 30 September 2002.

- Significant earnings growth in the period :
  - Profit before tax at £1.16 million (2001 profit on continued operations: £40,000)
  - EPS 1.09p (2001 eps on continued operations: 0.05p)

- Total revenues at constant rate of exchange increase 5% to £8.95 million (2001: £8.52 million)

- Gross margin up to 61% (2001: 60%)

- Financial and operational benefits from recent restructuring being realised and helping deliver strong recovery of profitability

- Strong improvement in Operating Cash Flow with £2.38 million cash in hand at the end of the period (2001: £840,000). No debt.

- New proprietary enzyme technology: Adenylate Kinase, will provide competitive edge and currently being adopted by global customer base

- Newly developed dairy product assays offer enhanced sensitivity with lower cost to manufacture

Jay LeCoque, Chief Executive of Celsis, commented:

"The financial and operational benefits from our recent restructuring are now being realized. This year's first half marked the beginning of a new era for Celsis. With our restructuring now completed, we have transformed our Products Group into not just the leading rapid microbial testing company in our respective industries, but also one that is determined to delivering our customers the highest quality products combined with superior customer service."

"Our business fundamentals have remained strong even in this current difficult economic environment. Our Laboratories services business continues to grow and provide profits according to plan and our Products business is now delivering profitable growth. We are confident in our ability to achieve this year's profit forecast and remain focused on delivering sustained earnings growth."

7th November 2002

ENQUIRIES:

Celsis International plc — *See our new website at* **www.celsis.com**

Jay LeCoque , Chief Executive Officer — **Tel : 01638 600151**

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Nicholas Nelson

CELSIS INTERNATIONAL PLC
INTERIM RESULTS FOR 6 MONTHS TO 30 SEPTEMBER 2002

CHAIRMAN'S & CHIEF EXECUTIVE'S STATEMENT

On March 26 of this year, we announced the completion of our management review and the significant restructuring of our Products business. The announcement marked the end of over 18 months of hard work and focused energy from our employees resulting in a truly global Products business, with the size, scope and as importantly, the "sense of urgency" to continuously meet the needs of our growing global customers.

More importantly, this announcement marked the beginning of a new era for our company. With our restructuring now completed, we have transformed Celsis into not just the leading rapid microbial testing company in our respective industries, but also one that is determined to deliver the highest quality products, combined with superior customer service at a competitive cost compared to any alternative testing method while maintaining or even improving our margins.

We have effectively rationalised our cost structure to allow lower cost manufacturing of rapid microbial assays and testing systems. We have consolidated and optimized our product lines across regions to benefit from these economies of scale in manufacturing but also to manage more effectively our global service and logistical functions. We intend to further increase the quality vs cost ratio with our customers to enhance the value of Celsis rapid microbial testing systems versus traditional agar plates or alternative testing systems.

Our R&D group newly based in Nettetal, Germany has engineered a new assay kit with enhanced sensitivity for our dairy customers. This kit was developed in record time and at less cost to manufacture, allowing both savings to our customers while at the same time improving our future operating margins. We have also continued to invest in both the R&D and manufacturing capacity of new proprietary testing technologies, such as Adenylate Kinase (AK) where Celsis holds an exclusive license in our respective industries from the Defence and Scientific Testing Laboratories (Dstl) division of the British Government. We have strategically invested in R&D partnerships with our key customers across industries to insure that we remain the supplier of choice.

In addition to completing the restructuring, we also had an impressive first six months operationally. Despite the weak economic environment, Profits after Tax have increased significantly on growing revenues in both our Products and Laboratory services businesses. In addition, we have greatly improved our cash position, which underscores the success of our revenue recognition policy implemented 18 months ago.

Financial Review

Group Turnover for the 6 months to 30 September 2002 at constant rate of exchange, (after elimination of the impact of the US dollar weakening against sterling) was up 5% to £8.95 million (2001: £8.52 million continued operations). Sterling has strenghtened against the US dollar from \$1.43/£1 at the start of the period to \$1.57/£1 at the end of the period, and turnover reflected in the financial statements for the 6 months is £8.56 million.

Gross Profit increased to £5.24 million (2001: £5.13 million continued operations) and the Gross Margin increased from 60.2% to 61.1 % in spite of increased price pressure in our European Dairy Sector. This increase was the result of the successful focus on higher margin business opportunities in both our Product and Lab businesses.

Operating, Administration and R&D costs were reduced to £4.07 million versus £5.08 million last year that included a refocus of R&D priorities on projects with the highest returns to the business. Operating Profit rose significantly to £1.16 million (2001: £56,000 on continued operations) and the Profit Before Tax increased strongly to £1.16 million (2001: £40,000 on continued operations). Earnings per share are 1.09p (2001: 0.05p)

Net Operating Cash inflow has increased five fold at £1.04 million (2001: £182,000) and the Balance Sheet has continued to be strengthened notably with lower trade debtors of £3.46 million (2001: £7.30 million).

We have greatly improved our cash position at £2.39 million (2001: £843,000) whilst Creditors have been reduced to £1.98 million (2001: £3.7 million). The Creditors/Cash ratio (acid test ratio) has improved dramatically to 0.73 (2001: 4.0).

The main loan between group companies is a US dollar denominated balance and the group has previously experienced exchange gains and losses which have been shown in the profit and loss account. This loan has now been formalised into a long-term agreement and it is appropriate to show exchange gains and losses as a reserve movement.

With no debt and an increasingly strong cash position the Company is making substantial progress and as mentioned in the Financial Review of the 2002 Annual Report the initial benefits of our restructuring last year are being seen in the current period with a return to profitability, and no exceptional write offs.

Products Group

Our Products business delivered a healthy sales increase of 5.3% using constant rate of exchange and 2.3% after accounting for the 8% decline in the dollar versus the pound. The revenue growth mix within the Products Group varies by industry and by region with more growth coming from our more profitable business segments. Our Products Group sales force is being deployed accordingly to maximize these business opportunities.

Revenues in our Personal Care and Pharmaceutical Products business was up 23% with much growth coming from the continued expansion of Celsis systems implementation by our global customers. Testing volumes increased in all regions but were especially strong in our Asian markets where testing volumes increased a combined 45%.

Our proprietary next generation testing system utilizing AK technology is being adopted by our large global customers. Colgate-Palmolive, is now implementing AK in their global manufacturing sites, and we are working closely with Unilever on a joint development effort utilizing AK technology to dramatically reduce testing times even further. Other global customers are in the process of implementing AK and we will continue to support these implementations with dedicated validation support from our Laboratory Group. The migration to AK reinforces our long-term strategy to remain the leading supplier of rapid methods technologies to these important market segments.

Revenues in our Dairy Products business registered some decline primarily due to European pricing pressure. We remain very confident that with the implementation of our new cost structure, we can now offer our customers new and competitively higher value products while maintaining or even improving our operating margins.

Our Beverage business has expanded to also include an AK product offering. While Beverage is still a relatively small part of our overall Products business, Pepsi-Cola is one recent convert to AK technology. We are also working with several other large global beverage customers who are currently in the final stages of evaluating our AK or other beverage testing products.

We have recently employed our highly successful Global Corporate Account Management (GCAM) strategy with global beverage companies. This strategy provides the most efficient management of global customer needs, as evidenced by our successes in our global personal care and pharmaceutical accounts.

Laboratory Group

Our Laboratory services business in the United States saw sales increase 5.5% in US dollars. As with the Products business, the revenue mix of services varies by market segment and we are allocating our resources to maximize the business potential of our services offering.

Services to medium and small pharmaceutical companies that have been well funded during this economic downturn increased 55% while sales to large generic pharmaceutical customers declined somewhat due to the intense cost pressure exerted from Health Maintenance Organizations (HMOs) and other heath insurance managers.

We have recently developed a workload financial model to better communicate the financial benefits of contracting laboratory services to a targeted group of lab services customers. We have co-developed this model with two of our established customers and expect this new “value sell” approach to strengthen our sales position moving forward.

Summary

We are very pleased with the progress of our newly restructured company. The marketplace available to Celsis is significant and we are now acutely focused on developing solid business expansion while delivering sustained earnings growth.

Our results to date have been ahead of plan and we look forward to reporting our continued progress throughout the year. We are very grateful to all of our employees for their individual contributions toward making our restructured company a success, and we thank you, our shareholders for your continued support of the new Celsis.

Jack Rowell, Non-Executive Chairman
Jay LeCoque, Chief Executive

CELSIS INTERNATIONAL PLC
INTERIM RESULTS FOR 6 MONTHS TO 30 SEPTEMBER 2002

UNAUDITED CONSOLIDATED PROFIT AND LOSS ACCOUNT

£'000	Notes	Total Unaudited Six months to 30 Sept 2002	Continuing operations Unaudited Six months to 30 Sept 2001	Dis-continuing operations Six months to 30 Sept 2001	Total Six months to 30 Sept 2001	Total Audited Year to 31 March 2002
Turnover		**8,562**	**8,515**	**150**	**8,665**	**17,703**
Cost of Sales		(3,327)	(3,383)	(100)	(3,483)	(6,812)
Gross profit		**5,235**	**5,132**	**50**	**5,182**	**10,891**
Overheads						
Sales & marketing expenses		(2,784)	(3,725)	(314)	(4,039)	(7,411)
Administrative expenses		(985)	(983)	-	(983)	(3,739)
Research & development expenditure		(303)	(368)	(44)	(412)	(778)
Operating profit/(loss)		**1,163**	**56**	**(308)**	**(252)**	**(1,037)**
Exceptional items			-	(1,543)	(1,543)	(2,918)
Profit/(loss) before interest		**1,163**	**56**	**(1,851)**	**(1,795)**	**(3,955)**
Interest receivable & similar income		65	58	-	58	58
Interest payable		(71)	(74)	-	(74)	(83)
Profit/(loss) before taxation		**1,157**	**40**	**(1,851)**	**(1,811)**	**(3,980)**
Taxation		(5)				88
Retained profit/(loss) for the period		**1,152**	**40**	**(1,851)**	**(1,811)**	**(3,892)**

UNAUDITED CONSOLIDATED PROFIT AND LOSS ACCOUNT

£'000	Notes	Total Unaudited Six months to 30 Sept 2002	Continuing operations Unaduited Six months to 30 Sept 2001	Dis-continuing operations Six months to 30 Sept 2001	Total Six months to 30 Sept 2001	Total Audited Year to 31 March 2002
Earnings per Ordinary Share						
Before exceptional costs		1.09p	0.05p	(0.29p)	(0.24p)	(0.91)p
Exceptional costs		-	-	(1.50p)	(1.50p)	(2.73p)
Earnings per Ordinary Share	1	1.09p	0.05p	(1.79p)	(1.74p)	(3.64)p
IIMR earnings per Ordinary Share		1.09p	0.05p	(1.79p)	(1.74p)	(3.64)p
Diluted earnings per share	1	1.09p	0.05p	(1.79p)	(1.74p)	(3.64)p

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

Profit /(Loss) for the financial period	1,152			(1,811)	(3,892)
Currency translation differences on foreign currency net investments	(687)			(273)	(169)
Prior year adjustment	-			-	-
Total (losses)/profit recognised since last annual report	**465**			**(2,084)**	**(4,061)**

UNAUDITED CONSOLIDATED BALANCE SHEET
AT 30 SEPTEMBER 2002

£'000	Notes	At 30 Sept 2002	At 30 Sept 2001	At 31 March 2002
		Unaudited		Audited
Fixed Assets				
Intangible assets		1,015	1,312	1,048
Tangible assets		2,557	3,298	2,964
Investments		4	5	4
		3,576	**4,615**	**4,016**
Current Assets				
Stocks		2,271	2,021	2,505
Debtors : amounts falling due after one year		155	530	162
Debtors : amounts falling due within one year		3,307	6,766	4,211
Cash at bank and in hand		2,386	843	1,790
		8,119	**10,160**	**8,668**
Creditors - due within one year		(1,741)	(3,382)	(2,505)
Net Current Assets		**6,378**	**6,778**	**6,163**
Total Assets less Current Liabilities		9,954	11,393	10,179
Creditors - due after more than one year		(237)	(299)	(315)
Provision for liabilities and charges		(135)	-	(747)
Net Assets		**9,582**	**11,094**	**9,117**
Capital and Reserves:				
Called up share capital		1,071	1,071	1,071
Share premium account		14,564	14,564	14,564
Profit and loss account	5	(7,094)	(5,582)	(7,559)
Reserve arising on consolidation		1,041	1,041	1,041
Equity shareholders' funds		**9,582**	**11,094**	**9,117**

UNAUDITED CASHFLOW STATEMENT

£'000	Six months to 30 Sept 2002	Six months to 30 Sept 2001	Year to 31 March 2002
	Unaudited		Audited
Net cash inflow from operating activities	**1,035**	**182**	**1,543**
Returns on investments and servicing of finance			
Interest received	65	59	9
Interest paid	(71)	(54)	(83)
Net cash (outflow)/inflow from returns on investments and servicing of finance	(6)	5	(74)
Taxation			
Corporation tax paid	(5)	-	(2)
	(5)	-	(2)
Capital expenditure and financial investment			
Purchase of tangible fixed assets	(187)	(415)	(553)
Sales of Hygiene Monitoring division	-	-	123
Net cash (outflow)/inflow from returns on investment and capital expenditure	(187)	(415)	(430)
Cash inflow/(outflow) before financing	**837**	**(228)**	**1,037**
Financing			
Repayment of principal under finance leases	(67)	(5)	(127)
Net cash (outflow) from financing	(67)	(5)	(127)
(Decrease)/increase in cash in the period	**770**	**(233)**	**910**

NOTES

1. Basic & diluted (loss)/profit per Ordinary Share

£'000	Six months to 30 Sept 2002	Six months to 30 Sept 2001	Year to 31 March 2002
	Unaudited		Audited
Profit/(loss) on ordinary activities after taxation	1,152	(1,811)	(3,892)
Basic weighted average number of Ordinary Shares in issue	106,985,918	103,226,366	106,985,918
Diluted weighted average number of Ordinary Share in issue	106,985,918	103,972,363	106,985,918

2. Reconciliation of operating (loss)/profit to net cash (outflow)/inflow from operating activities

Operating profit/(loss) before exceptional costs	1,163	(252)	(1,037)
Exchange gain/(loss)		31	-
Depreciation of tangible fixed assets	376	400	845
Provision for reduction in valuation of shares held by ESOT		-	1
Amortisation of intangible assets	32	23	87
Loss on disposal of tangible fixed assets		-	286
Loss/(profit) on disposal of tangible fixed assets		13	272
Decrease/(increase) in debtors	684	1,417	4,316
Decrease/(increase) in stocks	234	792	51
(Decrease)/increase in trade & other creditors	(842)	(699)	(984)
Costs of fundamental reorganisation provided – provision expended	(612)	(1,543)	(2,294)
Net cash inflow/(outflow) from continuing operating activities	**1,035**	**182**	**1,543**

3. Reconciliation of net cash flow to movement in net funds

Increase/(decrease) in cash in the period	**770**	**(233)**	**910**
Repayment of finance lease and loan obligations	67	5	127
Changes in net funds resulting from cashflows	837	(228)	1,037
New finance leases	(20)	-	(156)
Exchange adjustment	37	20	-
Movement in net funds in the period	854	(208)	881
Net funds at the beginning of the period	1,224	343	343
Funds at the end of the period	**2,078**	**135**	**1,224**

4. Analysis of net funds

£'000	At start of period	Cashflow	Non-cash changes	Exchange differences	At end of period
Six months ended 30 September 2002					
Cash at bank and in hand	1,790	596			2,386
Bank overdrafts	(174)	174			-
Finance leases	(392)	67	(20)	37	(308)
	1,224	**837**	**(20)**	**37**	**2,078**
Six months ended 30 September 2001					
Cash at bank and in hand	1,590	(755)	-	8	843
Bank overdrafts	(884)	522	-	-	(362)
Finance leases	(363)	5	-	12	(346)
	343	**(228)**	**-**	**20**	**135**
Year ended 31 March 2002					
Cash at bank and in hand	1,590	200			1,790
Bank overdrafts	(884)	710			(174)
Finance leases	(363)	127		(156)	(392)
	343	**1,037**	**-**	**(156)**	**1,224**

5. Profit and loss account

	Six months to 30 Sept 2002	Six months to 30 Sept 2001	Year to 31 March 2002
Retained (loss)/profit brought forward	(7,559)	(3,498)	(3,498)
At 1 April	(7,559)	(3,498)	(3,498)
Retained profit/(loss) for the period	1,152	(1,811)	(3,892)
Exchange difference	(687)	(273)	(169)
Retained loss carried forward	**(7,094)**	**(5,582)**	**(7,559)**