CELSIS INTERNATIONAL PLC

Preliminary Results For The Year Ended 31st March 2003

Celsis International plc, is a world leading manufacturer of rapid diagnostic systems used to detect and measure microbial contamination for many of the major international pharmaceutical, personal care, beverage and dairy companies. The Company is also a leading US supplier of cGMP analytical services for the pharmaceutical industry.

Highlights:

- Profits before tax of $3.94 million [£2.54 million] (2002: loss of $5.67 million [£3.98 million])
- Group Revenue increased 8.5% to $27.1 million [£18.52 million] at constant rate of exchange (2002: $25.0 million [£17.54 million] on continuing operations)
- Strong cash position as of 31 March 2003 with $6.55 million [£4.15 million] cash at bank and in short term investments (2002: $2.55 million [£1.79 million])
- Functional currency changed to US$ providing more accurate accounting of business growth
- Product Group revenues up 8.5% to $12.2 million (2002: $11.24 million)
- Product Group Personal Care and Pharmaceutical revenues up 24% to $7.3 million (2002: $5.9 million)
- Laboratory Group revenues up 8.5% to $14.9 million (2002: $13.7 million)
- Order book remains strong for both Product and Laboratory Group
- Healthy growth in new customers including recently announced agreement with Boots Manufacturing

Jay LeCoque, Chief Executive Officer of Celsis, commented:

"I am pleased to announce that Celsis has achieved significant increase in profits as well as solid revenue growth during this important year for our business. We have achieved growth in all market segments and continue to lead our respective industries in technology innovation and customer care. Our Personal Care and Pharmaceutical customer base now represents 82% of our revenues and the synergies between the Product Group and Laboratory Group are increasingly being realised."

Christian Madrolle, Finance Director of Celsis, added:

"By reporting in US$, we shall eliminate a substantial amount of currency-related volatility from our reported results. Taking Asia into account, we generate more than 85 % of our revenue in US$. It makes it sensible to report in this currency, which underlines the dedication of the Executive Directors and the Board to the development of a spirit of transparency, accountability and integrity."

22 May 2003

ENQUIRIES:

Celsis International plc	**Tel: 01638 600151**
Jay LeCoque, Chief Executive Officer	Today: 020 7457 2020
Christian Madrolle, Finance Director	Today: 020 7457 2020
College Hill	**Tel: 020 7457 2020**
Nicholas Nelson	

Financial Review

Introduction

Following the requirements of UK GAAP (SSAP 20) we have regarded the US dollar as our functional currency from 1 April 2002. This will provide the investment community with a more accurate measurement of the performance of the Company and how it creates value.

Celsis' largest market is the Americas, which accounted for 76% of total sales in 2002-2003, whilst Europe and Asia accounted for 24%. The US$ being the currency of the primary economic environment in which Celsis operates, and it is also the currency in which the majority of cash is generated and expended by both the Products and Laboratories Group.

Celsis has historically measured and presented the financial statements in Sterling. Effective from 1 April, 2002, the Financial Statements will be presented in US$ and all comparative figures have been reclassified to conform to the current year's presentation. The Interim Results at 30 September 2002 have been presented in Sterling, but comparative figures from the previous year's annual accounts are reported in US$.

Results

Total revenues for the year ended 31 March 2003 were up 7.5% at $27.10 million against $25.21 million in the year ended 31 March 2002.

Profit before taxation was $3.94 million [£2.54 million] and 14.53% of revenues compared with a loss of $5.67 million [£3.98 million] the previous year. The return on capital has reached 25%, based on average net assets during the year.

Earnings and Taxation

Celsis has accumulated over the years a significant amount of tax losses carried forward and is now in a position to recognise the fact that these tax losses represent an asset, which, it is considered likely, will be recoverable in the foreseeable future.

As we expect existing tax losses will begin to be utilised by future profits, we have, in accordance with UK GAAP, recognised an amount of $1.22 million as a deferred tax asset. The situation of the tax losses carried forward will be reviewed at each subsequent balance sheet date to ascertain if some or all of the remaining unrecognised balance should be recognised then.

The group's retained profit after tax was $5.16 million [£3.32 million] to be compared with a loss of $5.54 million [£3.898 million] in the previous year. The Product Group and the Laboratory Group both contributed to the total earnings growth.

We believe the recognised deferred tax asset of $1.22 million, signals confidence in the ability of the company to deliver future earnings and, in the absense of a dividend, which cannot be distributed with our current tax losses carried forward, benefits shareholders with significant strengthening of shareholder funds.After recognising the deferred tax asset, equity shareholders' funds have grown 43% from $12.98 million to $18.58 million

Fully diluted earnings for the year were 4.82 cents a share compared to a loss of 4.27 cents per share the previous year.

Gross Margin

Gross margins for 2003 have shown a remarkable resilience amid a generally depressed global economic environment and have remained at 61.5%, the same level as the previous year.

Operating Expenses

As a result of the rationalisation and restructuring efforts made in the previous year, our operating costs have been significantly reduced from $16.99 million to $12.69 million this year. More effective sales and marketing expenses represented 33.9% of revenues, against 41.9% the previous year, and administrative expenses 9.6% of revenues, against 21.1% the previous year.

In line with our strategy of focusing our research & development efforts on rapid microbial detection systems and following the disposal of our hygiene monitoring division last year and the subsequent discontinuation of research and development in hygiene monitoring, our overall R&D expenses have been decreased from $1.1 million to $891,000. However, the funding being focused on the Product Group's core and continuing finished product screening business, has increased quite substantially.

The restructuring costs provision of $1.07 million [£750,000] which had been made at the end of last year, has been fully utilised and the benefits in costs reduction have begun to flow through. Further benefits of this restructuring exercise are anticipated for the coming years.

Cash Flow

Cash generation has continued to be strong across the group with $5.07 million of operating cash flow for 2003, significantly higher than in 2002, when it was $2.20 million. Higher profits before depreciation contributed $5.23 million whilst a marginal working capital outflow of $162,000 brought the cash flow from operations to $5.07 million.

Capital expenditure for the year to 31 March 2003 was $611,000, compared with the previous year's figure of $788,000; the total cash position increased by $4.36 million during the year to reach total net funds at the end of the period of $6.10 million against $1.74 million at the end of the previous year.

Group cash balances are invested in short term money market instruments exclusively in the UK. With a substantial proportion of the Group's revenue and profits earned in US$, and the decision to adopt the US$ as the group's functional currency, we are no longer subject to any significant foreign currency transaction exposure.

Balance Sheet

Our stock value has decreased from $3.57 million the previous year to $3.09 million this year. Most of this decrease can be attributed to better management of stock levels and reordering procedures. Trade debtors increased from $4.19 million to $5.06 million reflecting the last quarter increased trading activity. Current liabilities decreased from $3.57 million to $3.31 million and long term liabilities from $1.51 million to $451,000. The creditors/cash ratio (acid test ratio) has continued to improve to 0.51 (2002: 1.40). The group's net assets have increased 43% during the year moving from $12.98 million to $18.58 million.

With a very strong balance sheet structure, no debt, and growing free cash generation, we are well positioned to capture any adequate acquisition opportunities in the near future and continue to increase earnings and shareholder's funds.

Operational Review

Celsis has achieved significant profit growth on solid sales increases and is now in a position to build upon a stable and sustainable business model. Our Product Group continues to develop leading edge microbial detection systems coupled with a lowest cost to manufacture, forming a lethal combination to ensure a leadership position in this business. Our Global Corporate Account Management (GCAM) programmes are demonstrating results in existing and new areas of our business development, with our business expanding in every region of the globe. Our Laboratory Group is implementing a leading edge and paperless data management system that offers complete information sharing and data integration with our Pharmaceutical customer base. In addition, we are also implementing a new quality management system focusing on the "cost of quality" and "price of non-conformance" to our operational performance. Both of these new initiatives help underscore our overall strategy to insure we retain our leadership position in the analytical services arena.

Product Group

The Products Group, which represents 45% of group revenues, increased 8.5% to $12.2 million and has been developing according to plan. While there was some softness in capital equipment spending, our reagent growth and global customer expansions have more than outweighed this and contributed to the increase in revenues this past year. Reagents represented 75% of Product Group revenues this past year, although with the anticipated increase in capital equipment spending in the coming year we expect our instrument sales to offset that percentage in the coming year.

As mentioned in our recent interim statement, we are seeing an increased adoption of our newest testing system utilizing Adenylate Kinase (AK) among our key global Personal Care and Pharmaceutical customers. Celsis has an exclusive licence for AK from the Defence and Scientific Testing Laboratories (Dstl) division of the UK Ministry of Defence and we are working on additional enhancements to AK that will dramatically reduce testing times further.

Our Personal Care and Pharmaceutical Products business was up 24% to $7.3 million and continues to expand as more products are validated with the help of our Laboratory Group facilities. By supporting the validation of additional product ranges for our customers, we can effectively eliminate one of the key barriers to adoption of any new technology and we intend to use this approach for other parts of our growing Products business. Our European Personal Care and Pharmaceutical business surpassed our European Dairy business in revenues for the first time this past year. This highlights both the relative decline in European Dairy but also the success and portability of our GCAM customer focus and value-selling approach into the newly restructured selling regions of our business.

Revenues in our Dairy Products business registered some decline primarily due to European pricing pressure. That being said, the new strategy of providing superior products at competitive prices is indeed securing results as we see have seen new business being developed with several large European dairy companies. We remain very confident that with the implementation of our new manufacturing processes and team, we can continue to offer our customers new and competitively higher value products while maintaining or even improving our operating margins.

Our current R&D activities in partnership with some of our global customers in both personal care and pharmaceuticals, is developing new rapid methods technologies beyond our existing ATP bioluminescence (ATP) technology, and is allowing Celsis to further expand its presence into the realm of leveraging new developments for AK, antibodies, DNA probes and other leading detection technologies. The common objectives for all R&D projects is to develop rapid detection systems that are more sensitive in detection capability, more affordable and more easily validated by our global customer base.

Our Beverage business, while relatively small in current revenue terms, remains a focus and we are actively growing this business. Leading customer gains are happening and we have taken the approach to retain some confidentiality over this new customer base thus protecting Celsis' competitive position.

We intend to implement more customer facing and customer care programmes into our Products business to more effectively highlight the value of superior manufacturing quality systems with ISO 9001 credibility, CFR Part 11 compliant software (that is now the global standard in laboratory instrumentation), and unmatched reagent technology for continued advancement of detection capabilities. Following the internally focused disruptions to our business that occurred during its substantial restructuring over the past two years, we now are in a position, with the cash in hand and the human resources available, to focus on our customers in ways that have yet to be seen.

Celsis Laboratory Group

The Laboratory Group, which represents 55% of group revenues, increased revenues by 8.5% to $14.9 million, in a year of significant slowdown in global pharmaceutical industry spending. Healthy revenue growth was seen in our stronger service areas of microbiology and chemistry, with a decline of business in our biology arena. We are strategically evaluating the potential of broadening our services capabilities and marketing activities into in-vitro toxicology services as a way to strengthen our position in the Biology testing arena.

The Laboratory Group has initiated a Customer Care Programme (CCP) offered to existing key customers that provides enhanced service performance information and quality metrics. This Programme also enables our Laboratory Group better access to renewal and new business opportunities within the same customer site or sites to more effectively meet the needs of these important customers. This has also allowed the creation of a new business development team that is exclusively focused on securing new business from new customers for the Laboratory Group.

Our Laboratory Group is implementing NuGenesis software, an enterprise-wide Scientific Data Management System that is 21 CFR Part 11 compliant, will allow paperless data management of most testing regimens, and direct linkage and integration with our pharmaceutical customers' allowing them seamless FDA submissions, data maintenance and storage. The FDA has established 21 CFR Part 11 as a way for companies to file for drug approvals electronically and there are strict controls over how data can be captured and manipulated within the operations of pharmaceutical R&D and manufacturing environments as a direct result. NuGenesis offers our Laboratory Group the opportunity to truly partner with its customer base, many of which have already installed NuGenesis as their Scientific Data Management System. The FDA and US Pharmacopoeia have also installed and implemented NuGenesis systems as well.

As a management team, we are proactively implementing the Philip Crosby Quality System, which uses "price of non-conformance" and "cost of quality" metrics into both our New Jersey and St Louis operations. The growth of the Laboratory Group from two privately owned and relatively smaller enterprises to one leading US analytical services company has meant that these quality metrics are increasingly important factors in managing both the quality, as well as the profitability of our operations. Implementation of an updated quality system into our Product Group manufacturing facility will be Phase II of this quality focus initiative.

We are also increasingly co-branding the Laboratory Group and Product Group as a way to more effectively utilize marketing spend but also establish a "One Celsis" brand to our growing customer base. Leveraging the respective strengths of our Product and Laboratory Groups into one stronger entity is a key strategy in our corporate development. This 1+1=3 approach means not only more effective use of sales and marketing spend, but it also allows our customers to more effectively manage their vendor relationships. Customer care remains a top priority for every Celsis employee and we will continue to leverage relationships from both sides of our respective businesses to augment to successes of the other.

Outlook

The many tough decisions taken last year have significantly reduced our operational cost structure but have not impacted our abilities this year to interface with our customers or to provide superior products and services to our growing customer base. We are very grateful to all of our employees for their individual contributions toward making this year a success, and we thank you, our shareholders for your continued support of the new Celsis.

We are acutely aware of the many undervalued business opportunities in our respective sectors that could benefit from the synergies Celsis can now offer and we will look to pursue these opportunities as they present themselves. The marketplace available to Celsis continues to expand both in breadth as well as in depth and we remain confident that we have established a sound foundation on which to deliver sustained earnings growth for the foreseeable future.

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

Consolidated Profit and Loss Account (Unaudited)
for the year ended 31 March 2003

	Notes	Total Year to 31 March 2003 $000	Continuing operations Year to 31 March 2002 $000 (1)	Discontinued operations Year to 31 March 2002 $000 (1)	Total Year to 31 March 2002 $000 (1)
Turnover		27,107	24,980	231	25,211
Cost of Sales		(10,445)	(9,550)	(151)	(9,701)
Gross profit		**16,662**	**15,430**	**80**	**15,510**
Overheads					
Sales & marketing expenses		(9,191)	(9,551)	(1,003)	(10,554)
Administrative expenses		(2,604)	(3,090)	-	(3,090)
Exceptional administrative expenses - bad debts		-	(2,486)	-	(2,486)
Exceptional administrative expenses - foreign exchange		-	252	-	252
Total administrative expenses		(2,604)	(5,324)	-	(5,324)
Research & development expenditure		(891)	(1,045)	(63)	(1,108)
Total operating expenses		(12,686)	(15,920)	(1,066)	(16,986)
Operating profit/(loss) before fundamental restructuring		**3,976**	**(490)**	**(986)**	**(1,476)**
Costs of fundamental restructuring		-	(579)	(3,577)	(4,156)
Profit/(loss) on ordinary activities before interest		**3,976**	**(1,069)**	**(4,563)**	**(5,632)**
Interest receivable and similar income		97	83	-	83
Interest payable and similar charges		(133)	(118)	-	(118)
Profit/(loss) on ordinary activities before taxation		**3,940**	**(1,104)**	**(4,563)**	**(5,667)**
Taxation		1,220	125	-	125
Retained profit/(loss) for the year		**5,160**	**(979)**	**(4,563)**	**(5,542)**
Earnings/(loss) per Ordinary Share					
Earnings/(loss) per Ordinary Share	2	4.82c	(0.91c)	(4.27c)	(5.18c)
Diluted eamings/(loss) per share	2	4.82c	(0.91c)	(4.27c)	(5.18c)

Statement of group total recognised gains and losses

	2003	2002
Profit/(loss) for the financial period	5,160	(5,542)
Currency translation differences on foreign currency net investments	435	(241)
Total profit/(losses) recognised since last annual report	**5,595**	**(5,783)**

(1) The comparative figures have been translated into US$ at a rate of $1.4241 / £. See note 1.

Consolidated Balance Sheet (Unaudited)
at 31 March 2003

	Notes	At 31 March 2003 $000	At 31 March 2002 $000 (1)
Fixed Assets			
Intangible assets		1,403	1,492
Tangible assets		3,889	4,221
Investments		11	6
		5,303	5,719
Current Assets			
Stocks		3,088	3,567
Debtors : amounts falling due after one year		150	231
Debtors : amounts falling due within one year		7,249	5,997
Short-term investments		4,896	-
Cash at bank and in hand		1,653	2,549
		17,036	12,344
Creditors - amounts falling due within one year		(3,310)	(3,567)
Net Current Assets		13,726	8,777
Total Assets less Current Liabilities		19,029	14,496
Creditors - amounts falling due after more than one year		(349)	(449)
Provision for liabilities and charges		(102)	(1,064)
Net Assets		**18,578**	**12,983**
Capital and Reserves:			
Called up share capital		1,525	1,525
Share premium account		20,741	20,741
Profit and loss account	6	(5,170)	(10,765)
Reserve arising on consolidation		1,482	1,482
Equity shareholders' funds		**18,578**	**12,983**

(1) The comparative figures have been translated into US$ at a rate of $1.4241 / £. See note 1.

Cashflow Statement (Unaudited)
for the year ended 31 March 2003

	Year to 31 March 2003 $000	Year to 31 March 2002 $000 (1)
Net cash inflow from operating activities	5,072	2,197
Returns on investments and servicing of finance		
Interest received	97	13
Interest paid	(133)	(118)
Net cash outflow from returns on investments and servicing of finance	(36)	(105)
Taxation		
Corporation tax paid	(25)	(3)
	(25)	(3)
Capital expenditure and financial investment		
Purchase of tangible fixed assets	(611)	(788)
Sale of hygiene monitoring division	-	175
Net cash outflow from capital expenditure and financial investment	(611)	(613)
Cash inflow before financing	**4,400**	**1,476**
Management of liquid resources		
Purchase of short-term investments	(4,896)	-
Financing		
Repayment of principal under finance leases	(215)	(181)
Net cash outflow from financing	(215)	(181)
(Decrease)/increase in cash in the year	**(711)**	**1,295**

(1) The comparative figures have been translated into US$ at a rate of $1.4241 / £. See note 1.

Notes to the Financial Statements (Unaudited)
for the year ended 31 March 2003

1. Rate of Exchange
The comparative figures have been translated into US$ at a rate of $1.4241 / £1.

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

	Year to 31 March 2003	**Year to 31 March 2002**
Profit/(loss) on ordinary activities after taxation	5,160,000	(5,542,000)
Basic weighted average number of Ordinary Shares in issue	106,946,566	106,946,566
Diluted weighted average number of Ordinary Share in issue	107,116,812	106,946,566

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

	$000	**$000 (1)**
Operating profit/(loss) before costs of fundamental reorganisation	3,976	(1,476)
Depreciation of tangible fixed assets	1,156	1,203
Movement in provision against shares held by ESOT	(5)	1
Amortisation of intangible assets	101	124
Loss on disposal of intangible fixed assets	-	407
Loss on disposal of tangible fixed assets	6	387
Decrease in debtors	185	6,146
Decrease in stocks	532	73
Increase/(decrease) in creditors	83	(1,401)
Costs of fundamental reorganisation provided – provision expended	(962)	(3,267)
Net cash inflow from continuing operating activities	**5,072**	**2,197**

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

	Year to 31 March 2003 $000	**Year to 31 March 2002 $000 (1)**
(Decrease)/increase in cash in the year	(711)	1,295
Purchase of short-term investments	4,896	-
Repayment of finance lease and loan obligations	215	181
Changes in net funds resulting from cashflows	4,400	1,476
New finance leases	(68)	(222)
Exchange adjustment	28	1
Movement in net funds in the year	4,360	1,255
Net funds at the beginning of the year	1,743	488
Net funds at the end of the year	**6,103**	**1,743**

(1) The comparative figures have been translated into US$ at a rate of $1.4241 / £. See note 1.

Notes to the Financial Statements (Unaudited)
Continued

5. Analysis of net funds

	At 1 April 2002	Cashflow	Non-cash changes	Exchange differences	At 31 March 2003
	$000	$000	$000	$000	$000
Cash at bank and in hand	2,549	(924)	-	28	1,653
Short-term investments	-	4,896	-	-	4,896
Bank overdrafts	(248)	213	-	-	(35)
Finance leases	(558)	215	(68)	-	(411)
	1,743	4,400	(68)	28	6,103

6. Profit and loss account

	Year to 31 March 2003 $000
At 1 April 2002	(10,765)
Retained profit for the year	5,160
Exchange difference	435
At 31 March 2003	**(5,170)**

7. Preparation of Preliminary Statement

The foregoing financial information, which has been prepared on the basis of the accounting policies set out in Celsis International plc's accounts for the year to 31 March 2003, does not amount to full accounts within the meaning of section 240 of the Companies Act 1985 (as amended).

The auditors reported on the statutory accounts for the year ended 31 March 2002; their report was unqualified and did not contain a statement under either section 237(2) or (3) of the Companies Act 1985. Comparative information in these financial statements has been restated for the effect of a change in functional currency from Sterling to US Dollar as from 1 April 2002. The Interim results of 30 September 2002 were published in Sterling. The statutory accounts for the year ended 31 March 2003 will be finalised on the basis of the financial information presented by the directors in this preliminary announcement and will be delivered to the Registrar of Companies following the Company's Annual General Meeting.

8. Dividend

The Directors have not declared a final dividend.

9. Annual Report and Accounts

Copies of the Annual Report and Accounts will be sent to holders of Celsis International plc's Ordinary Shares. Copies of this announcement and of the Annual Report and Accounts will be made available to the public at Celsis International plc's offices at Suite 15, Lyndon House, Kings Court, Newmarket, CB8 7SG, UK.