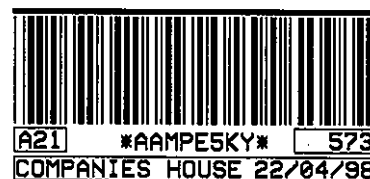


BIOHYBRIDS INTERNATIONAL LIMITED

DIRECTORS' REPORT AND ACCOUNTS

FOR YEAR ENDED 31 JULY 1997



Company No. 3226346

BIOHYBRIDS INTERNATIONAL LIMITED

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BIOHYBRIDS INTERNATIONAL LIMITED

COMPANY INFORMATION

Director	Professor P.D.S. Caligari
Secretary	Mr. K. Lobley
Company Number	3226346
Registered Office	42 Chelwood Road Earley Reading Berkshire RG6 5QG

BIOHYBRIDS INTERNATIONAL LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31st JULY 1997

The Directors present their report together with the accounts for the year ended 31st July 1997.

Principal Activities

The Company's principal activity is that of developing, producing, growing, manufacturing, servicing and marketing of plants, plant products, plant processes, and materials.

Results

The results for the year are set out in the Profit and Loss Account on page 4.

Directors

The Directors who served during the year and their beneficial interests in the Company's issued share capital were :

	Ordinary shares of £1 each	
	31st July 1997	17th July 1996
Professor P.D.S. Caligari	90	90

Directors' Responsibilities

Company law requires the Directors to prepare accounts for each financial year which give a true and fair view of the state of the Company's affairs and of the profit or loss for that year. In preparing these accounts the Directors are required to :

Select suitable accounting policies and then apply them consistently;

Make judgements and estimates that are reasonable and prudent;

Prepare the accounts on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

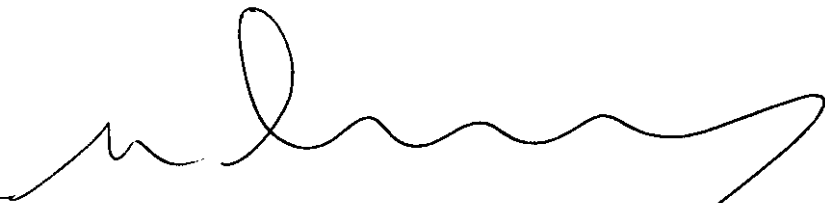
The Directors are responsible for keeping proper accounting records which disclose, with reasonable accuracy at any time, the financial position of the Company and enable them to ensure that the accounts comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

BIOHYBRIDS INTERNATIONAL LIMITED

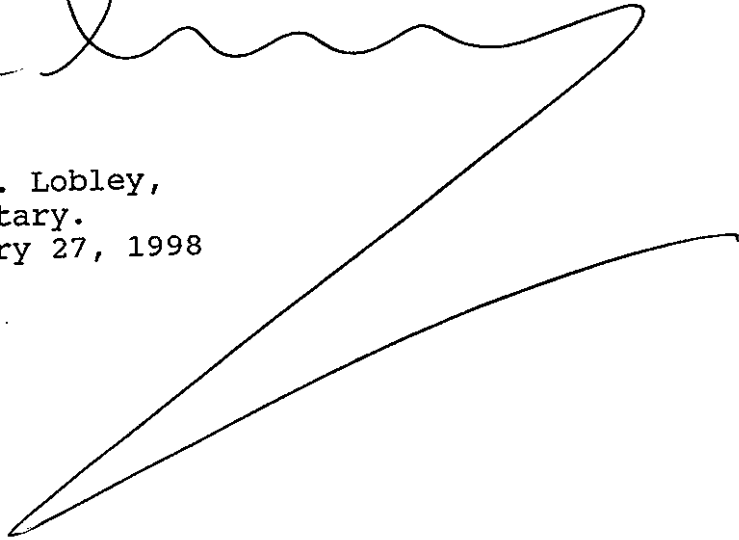
DIRECTORS' REPORT

FOR THE YEAR ENDED 31st JULY 1997

This report was approved by the Board on 13th January 1998, taking advantage of the exemptions conferred by Part II of Schedule 8 of the Companies Act 1985 and signed on it's behalf.



Mr. K. Lobley,
Secretary.
January 27, 1998



BIOHYBRIDS INTERNATIONAL LIMITED
PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31st JULY 1997

	Notes	1997
		£
Turnover	6	4,740
Cost of Sales		1,899
Gross Profit		<u>2,841</u>
Administrative Expenses		<u>1,152</u>
Operating Profit		1,689
Tax on Profit on Ordinary Activities		<u>400</u>
Profit for the Financial Year		1,289
Retained Profit Carried Forward		<u><u>1,289</u></u>

All amounts relate to continuing activities.

There were no recognised gains and losses for 1997 other than those included in the profit and loss account.

BIOHYBRIDS INTERNATIONAL LIMITED

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BALANCE SHEET

AS AT 31st JULY 1997

	Notes	1997	
		£	£
Fixed Assets			
Tangible assets			-
Investments			-
Current Assets			
Debtors	2	1,019	
Cash at bank and in hand		<u>1,844</u>	
		2,863	
Creditors: Amounts Falling Due within One Year	3	<u>1,474</u>	
Net Current Assets			<u>1,389</u>
Total Assets Less Current Liabilities			<u>1,389</u>
Capital and Reserves			
Share Capital - Equity	4		100
Profit and Loss Account			<u>1,289</u>
Shareholders' Funds	5		<u>1,389</u>

The Directors are of the opinion that the Company is entitled to exemption from audit conferred by Subsection 1 of Section 249A of the Companies Act 1985 for the year ended 31st July 1997.

The Directors confirm that no member or members have requested an audit pursuant to Subsection 2 of Section 249B of the Companies Act 1985.

The Directors confirm that they are responsible for :
ensuring that the Company keeps accounting records which comply with Section 221 of the Companies Act 1985,
and preparing accounts which give a true and fair view of the state of the affairs of the Company as at the end of the financial year and of its results for the financial year in accordance with the requirements of Section 226 of the Companies Act 1985, and which otherwise comply with the requirements of this Act relating to accounts, so far as applicable to the Company.

The Directors have taken advantage, in the preparation of these accounts, of special exemptions applicable to small companies under Schedule 8 Part 1 of the Companies Act 1985 on the grounds that, in the opinion of the Directors, the Company qualifies as a Small Company and is entitled to make use of the special exemptions.

These accounts were approved by the Board on 13th January 1998 and signed on its behalf.

K. Lobley,
Company Secretary.

The notes on pages 6 to 7 form part of these accounts

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31st JULY 1997

1. Accounting Policies*Basis of Accounting*

The Accounts have been prepared in accordance with applicable Accounting Standards under the historical cost convention.

The Company has taken advantage of the exemptions in Financial Reporting Standard No. 1 from the requirement to produce a cash flow statement on the grounds that it is a Small Company.

Turnover

Turnover is the total amount receivable by the Company for goods supplied and services provided, excluding VAT and trade discounts.

Depreciation

Depreciation is calculated to write down the cost or valuation less estimated residual value of all tangible fixed assets other than freehold land by reducing balance method over their expected useful lives. The rates generally applicable are :

Fixture and fittings	25%
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Investments

Investments are included at cost less amounts written off. Profits or losses arising from disposals of fixed asset investments are treated as part of the result from ordinary activities.

Deferred Taxation

Deferred tax is provided for under the liability method using the tax rates estimated to arise when the timing differences reverse and is accounted for to the extent that it is probable that a liability or asset will crystallise. Unprovided deferred tax is disclosed as a contingent liability.

Debit balances arising in respect of advanced Corporation Tax on dividends payable or proposed are carried forward to the extent that they are expected to be recoverable.

Foreign Currencies

Transactions in foreign currencies are translated at the exchange rate ruling at the date of the transaction. Monetary assets and liabilities in foreign currencies are translated at the rates of exchange ruling at the Balance Sheet date. Where exchange differences result from the translation of foreign currency borrowings raised to acquire foreign assets they are taken to reserves and offset against the differences arising from the translation of those assets. All other exchange differences are dealt with through the Profit and Loss Account.

BIOHYBRIDS INTERNATIONAL LIMITED

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31st JULY 1997

2.	Debtors	1997 £
	Trade debtors	960
	Other debtors	<u>59</u>
		<u>1,019</u>
3.	Creditors : Amounts Falling Due Within One Year	
	Other creditors	<u>1,474</u>
	"Other Creditors" include £400 in respect of taxation	
4.	Share Capital	
	Authorised Equity Shares	
	Ordinary shares of £1.00 each	<u>100</u>
	Allotted Equity Shares	
	Allotted, called up and fully paid ordinary shares of £1.00 each	<u>100</u>
5.	Reconciliation of Shareholders' Funds	
	Profit for the financial year	1,289
	Opening Shareholders' funds	<u>100</u>
	Closing Shareholders' funds	<u>1,389</u>
6.	Turnover	
	The turnover was derived from the Company's principal activity which was carried out in the UK and Asia.	
7.	Contingent Liabilities	
	There were no known contingent liabilities at the Balance Sheet date.	
8.	Capital Commitments	
	There were no known capital commitments at the Balance Sheet date.	