BIOPROSPECT LIMITED

ABN: 58 008 130 336

ASX Half Yearly Report
to 31 December 2003

Lodged with the ASX under Listing Rule 4.2A

The Information provided in this Half Yearly Report should be read in conjunction with the Company's 2003 Annual Financial Report.

RESULTS FOR ANNOUNCEMENT TO THE MARKET

SUMMARY RESULTS FOR THE 6 MONTHS TO 31 DECEMBER 2003

The following is a summary of the financial results for the 6 months ended 31 December 2003 (previous corresponding period 31 December 2002).

1. SUMMARY RESULTS TO 31 DECEMBER 2003

	Increase/ (Decrease) %	Six months ended 31 December 2003 $	Six months ended 31 December 2002 $
Revenue from ordinary activities	641%	151,253	20,407
Profit/(Loss) before Interest, Tax, Depreciation and Amortisation **(EBITDA)** from ordinary activities	(48%)	(572,247)	(1,109,247)
Profit/(Loss) before Interest and Tax **(EBIT)** from ordinary activities	(53%)	(765,418)	(1,616,818)
Net Profit/(Loss) for the period attributable to members (**NPAT)**	(50%)	(765,926)	(1,541,209)

2. COMMENTARY

The financial performance for the current period represents a significant improvement from the same period last year. It demonstrates that the expenditure management program has been successful.

The significant events that have occurred during the period are as follows: changes to agreements with Southern Cross University, establishment of Tradewyns and a restructuring of the business.

3. DIVIDENDS

No interim dividend is declared for the reporting period.

4. EARNINGS PER SHARE (EPS)

	31 December 2003 ¢	31 December 2002 ¢
Basic earnings per share	(0.6) cps	(1.5) cps
Weighted average number of shares used in the calculation of basic EPS	130,759,869	102,415,554

The amount used in the numerator in calculating basic EPS is the same as the net loss reported in the statement of financial performance.

5. NET TANGIBLE ASSET BACKING

	31 December 2003 ¢	31 December 2002 ¢
Net tangible asset backing per ordinary share	1.4 cents	1.06 cents

6. COMPLIANCE STATEMENT

The accounts (attached) are not subject to audit dispute or qualification. The attached auditor review statement includes an 'emphasis of matter' paragraph. This report is based on accounts that have been subject to an audit review. The entity has a formally constituted audit committee.

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Tony King
Chief Financial Officer/Company Secretary

Date: [ ] 2004

BIOPROSPECT LIMITED

A.B.N. 58 008 130 336

INTERIM FINANCIAL REPORT

31 DECEMBER 2003

Provided in accordance with Section 320 of The Corporation Act.

BIOPROSPECT LIMITED

ABN 58 008 130 336

CONTENTS

Page

CORPORATE DIRECTORY

DIRECTORS
Mr Jeremy Shervington (Executive Chairman)
Mr Ian Macliver (Non Executive Director)
Dr Michael Quinlan (Non Executive Director)
Mr Selwyn Snell (Chief Executive Officer)

COMPANY SECRETARY
Mr Tony King (Chief Financial Officer)

REGISTERED OFFICE
945 Wellington Street
West Perth WA 6005
Ph: (08) 9322 7600
Fax: (08) 9322 7602

HEAD OFFICE
Suite 17, Level 9
320 Adelaide Street
Brisbane QLD 4000
Ph: (07) 3229 5755
Fax: (07) 3229 4655

AUDITORS
Ernst & Young
Chartered Accountants
Tel: (07) 3011 3333
Fax: (07) 3011 3344

SHARE REGISTRY
Computershare Investor Services
Level 2, Reserve Bank Building
45 St Georges Terrace
Perth WA 6000
Tel: (08) 9323 2000
Fax: (08) 9323 2033

DIRECTORS' REPORT

The Directors present their report together with the consolidated financial report of BioProspect Limited, being the Company and its controlled entities, for the half year ended 31 December 2003.

DIRECTORS

The names of the Directors who held office during or since the end of the half year:

Mr Jeremy Shervington

Mr Ian Macliver

Dr Michael Quinlan

Mr Selwyn Snell

All Directors shown were in office from the beginning of the half-year until the date of this report.

PRINCIPAL ACTIVITIES

The principal activities of the consolidated entity during the half-year were the development and commercialisation of its natural insecticide, Qcide, its bioprospecting and drug discovery businesses, and the provision of high-level plant chemistry scientific services.

REVIEW OF OPERATIONS

The financial performance of the business during the reporting period demonstrated a significant improvement over the same period for the previous year. This reflects a shift in expenditure management particular in the area of research and development and third party chemistry services, where the company has targeted and reviewed specific projects and activities to move forward.

The establishment of Tradewyns to create a distribution platform for the company's proprietary products will give the company more control over the distribution of these two new important products as they are commercialised and will deliver greater rewards to the company. The new division is managed by two experienced managers from the Agrichemical Industry.

During the reporting period the company moved to stage two with its development agreement with Apath (USA Bio-Tech Company) in its research for Hepatitis C. Six compounds are currently under evaluation.

Collections and services to Diversa (USA) continued to provide revenue to the company.

LOOKING FORWARD

Specific focus will remain on the further development and commercialisation of Qcide and AP778, and other products in the natural plant extract portfolio.

The establishment of Tradewyns, the new Agrichemical Division has been timely as climatic conditions across Australia provide relief for growers from the drought conditions of the last two years. Grower demand for products will significantly increase for the coming season.

RESULTS

During the six months to 31 December 2003, the Company recorded a loss after tax of $765,926 (2002: loss of $1,541,209).

Signed in accordance with a resolution of the Board of Directors:

Selwyn J Snell

Director

Date 26th February 2004

Brisbane Queensland Australia

CONDENSED STATEMENT OF FINANCIAL PERFORMANCE
FOR THE HALF-YEAR ENDED 31 DECEMBER 2003

	Notes	Consolidated Entity 31 December 2003 $	31 December 2002 $
Revenue from ordinary activities	2	151,253	20,407
Expenses from ordinary activities	3	(723,500)	(1,129,654)
Loss before borrowing costs, tax, depreciation and amortisation (EBITDA)		(572,247)	(1,109,247)
Depreciation and amortisation	3	(193,171)	(507,571)
Borrowing cost expenses	3	(508)	(4,164)
Loss from ordinary activities before income tax expense		(765,926)	(1,620,982)
Income tax expense		-	-
Loss from ordinary activities after income tax expense		(765,926)	(1,620,982)
Net loss attributable to outside equity interest		-	(79,773)
Net loss attributable to the members of BioProspect Limited	5	(765,926)	(1,541,209)
Total changes in equity other than those resulting from transactions with owners as owners		(765,926)	(1,541,209)
Basic loss per share (cents per share)		(0.6)	(1.5)
Diluted earnings per share (cents per share)		(0.6)	(1.5)

The statement of financial performance is to be read in conjunction with the notes to the half-year financial statements set out on pages 7 to 10.

CONDENSED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2003

	Notes	Consolidated Entity 31 December 2003 $	30 June 2003 $
Current Assets			
Cash assets		1,862,970	469,153
Receivables		25,792	359,871
Inventories		-	-
Other assets		7,030	7,030
Total Current Assets		1,895,792	836,054
Non Current Assets			
Receivables		107,211	-
Property, plant & equipment		72,673	86,654
Intangible assets		4,113,138	4,285,501
Research and development costs		263,822	229,699
Total Non Current Assets		4,556,844	4,601,854
Total Assets		6,452,636	5,437,908
Current Liabilities			
Payables		131,372	233,375
Interest bearing liabilities		11,620	10,995
Provisions		16,617	20,305
Total Current Liabilities		159,609	264,675
Non Current Liabilities			
Interest bearing liabilities		16,961	22,908
Total Non Current Liabilities		16,961	22,908
Total Liabilities		176,570	287,583
Net Assets		6,276,066	5,150,325
Equity			
Contributed equity	4	15,872,284	13,980,617
Accumulated losses	5	(9,596,218)	(8,830,292)
Total Equity		6,276,066	5,150,325

This statement of financial position is to be read in conjunction with the notes to the half-year financial statements set out on pages 7 to 10.

CONDENSED STATEMENT OF CASH FLOWS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2003

	Consolidated Entity	
	31 December 2003	**31 December 2002**
Cash Flows from operating activities		
Receipts from customers	20,221	65,795
Payments to suppliers and employees	(641,804)	(1,387,726)
Interest received	18,176	10,344
Interest and other costs of finance paid	(508)	(15,239)
Research & development expenditure	(245,902)	(231,306)
Income tax rebate	320,974	-
Grant income	123,843	-
Net cash used in operating activities	(405,000)	(1,558,132)
Cash Flows from investing activities		
Purchase of property and plant	(6,825)	(12,567)
Proceeds from sale of property plant and equipment	-	52,100
Net cash provided by /(used in) investing activities	(6,825)	39,533
Cash Flows from financing activities		
Proceeds from the issue of securities	1,891,667	1,080,789
Finance lease principal repaid	(4,813)	(6,659)
Loans to other entities	(81,212)	-
Net cash provided by financing activities	1,805,642	1,074,130
Net increase /(decrease) in cash held	1,393,817	(444,469)
Cash at the beginning of the financial period	469,153	927,231
Cash at the end of the financial period (i)	1,862,970	482,762
(i) Reconciliation of Cash		
Cash On hand (current asset)	1,862,970	482,762
Cash at the end of the financial period	1,862,970	482,762

The statement of cash flows is to be read in conjunction with the notes to the half-year financial statements set out on pages 7 to 10.

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE HALF-YEAR ENDED 31 DECEMBER 2003

1 (a) BASIS OF PREPARATION OF HALF YEAR FINANCIAL STATEMENTS

The general purpose half year consolidated financial statements have been prepared in accordance with the requirements of the Corporations Act (2001), Accounting Standard 1029 "Interim Financial Reporting", and other mandatory professional reporting requirements.

It is recommended that this financial report be read in conjunction with the 30 June 2003 Annual Financial Statements and Reports and any public announcements by the Company during the half year in accordance with continuous disclosure obligations arising under the Corporations Act.

They have been prepared on the basis of historical costs and except where stated, do not take into account changing money values or current valuations of non current assets.

The accounting policies have been consistently applied by the entities in the consolidated entity and are consistent with those of the previous financial year (30 June 2003).

The carrying amount of non current assets are reviewed to determine whether they are in excess of their recoverable amount at the end of the half year. If the carrying amount of a non current asset exceeds the recoverable amount, the asset is written down to the lower amount. In assessing recoverable amounts the relevant cash flows have not been discounted to their present value.

For the purpose of preparing the half year financial statements, the half year has been treated as a discrete reporting period.

The half year report does not include full disclosure of the type usually included in an annual financial report and therefore cannot be expected to provide as full an understanding of the financial position and financial performance and financing and investing activities of the consolidated entity as the full financial statements.

(b) GOING CONCERN

The financial report has been prepared on the going concern basis. The ability of the company and consolidated entity to pay their debts as and when they fall due is dependant on the consolidated entity generating sufficient income to cover costs, and the completion of further capital raisings to source new funds. In addition the consolidated entity has acquired a trading business called Tradewyns Pty Ltd which is anticipated to achieve positive cash flows in the second half of the 2004 calendar year, hence reducing the reliance on future capital raising activities. The Directors believe there is no reason to doubt that these sources of funds will become available. However, should these sources of funding not become available there will be significant uncertainty as to whether the company and consolidated entity will continue as going concerns and therefore whether they will realize their assets and extinguish their liabilities in the course of normal business at amounts stated in the financial report. The financial report does not include any adjustments related to the recoverability or classification of recorded asset amounts or to the amounts or classification of liabilities that might be necessary should the company and the consolidated entity not be able to continue as going concerns.

		Consolidated Entity	
		31 December 2003	31 December 2002
		$	$
2.	**Revenue**		
	Revenue from sales and services	9,234	10,063
	Other revenues		
	Operating activities		
	Grant income received	123,843	-
	Interest received/receivable – other persons	18,176	10,344
	Total other revenues	142,019	10,344
	Total revenue	151,253	20,407
3.	**Loss from Ordinary Activities**		
	Loss from ordinary activities before income tax has been determined after including the following items:		
(a)	**Expense from Ordinary Activities**		
	Cost of sales exchange loss	(1,219)	-
	Sales and marketing expenses	(7,883)	-
	Employee benefits expense	(249,567)	(484,256)
	Consultant expenses	(116,575)	(163,453)
	General and administrative expenses	(184,994)	(210,266)
	Research & development expenses	(163,262)	(20,401)
	Loss on disposal of fixed assets	-	(73,500)
	Provision for diminution of investments	-	(177,778)
		(723,500)	(1,129,654)
(b)	**Depreciation and Amortisation**		
	Depreciation plant and equipment	(11,839)	(4,853)
	Depreciation motor vehicles	(8,968)	(7,000)
		(20,807)	(11,853)
	Amortisation of goodwill	(155,073)	(495,718)
	Amortisation of licenses	(17,291)	-
		(172,364)	(495,718)
		(193,171)	(507,571)

		Consolidated Entity	
		31 December 2003	31 December 2002
		$	$
(c)	**Borrowing costs**		
	Other parties	(508)	(4,164)
		(508)	(4,164)
(d)	**Revenue and net gains**		
	Net gain/(loss) on disposal of property, plant and equipment	-	(73,500)
	Significant Revenues and Expenses		
	The following significant revenue and expense items are relevant in explaining financial performance:		
	Consideration on disposal of property, plant and equipment	-	52,100
	Written down value of property, plant and equipment	-	(125,600)
	Net gain/(loss) on disposal of property, plant and equipment	-	(73,500)

4. Contributed equity

	Consolidated Entity	
	31 December 2003	30 June 2003
	$	$
Issued and paid-up capital		
148,489,576 (June 2003:127,882,981) ordinary shares, fully paid	15,872,284	13,980,617

Movements during the period:

Shares and Options

During the half-year, the following movements in issued and paid-up capital occurred:

	Shares	Options	Funds raised $
(i) 22 September 2003 - Placement	3,715,970	3,715,970	371,970
(ii) 1 December 2003 – Fee	-	1,000,000	-
(iii) 16 December 2003 – Share Purchase Plan	10,516,692	-	946,500
(iv) 31 December 2003- Share Purchase Plan	6,373,933	-	573,197

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT (Cont'd)
FOR THE HALF-YEAR ENDED 31 DECEMBER 2003

		Consolidated Entity	
		Half- year ended 31 December 2003	**Year ended 30 June 2003**
		$	**$**
5.	**Accumulated Losses**		
	Accumulated losses at beginning of period	(8,830,292)	(5,528,733)
	Net profit loss attributable to members of the parent entity	(765,926)	(3,301,559)
	Accumulated losses at end of period	(9,596,218)	(8,830,292)

6. Segment Results

The consolidated entity only operates in one business sector being the biotechnology segment. All assets and results are attributable to this segment. The consolidated entity operates entirely in Australia.

7. Contingent Liabilities

There has been no change in contingent liabilities since the last annual report date.

8. Subsequent Events

There have been no events subsequent to the reporting date that would have an effect on the financial report other than:

- On 5 February 2004, the consolidated entity acquired 100% of the issued capital of Tradewyns Pty Ltd for $2 consideration. Tradewyns will continue to penetrate into the market place and establish itself as a player initially with 35 generic registered products and this will be increased to 50 by June 2004.

The financial effect of the above transaction has not been recognised in the financial report.

9. Controlled Entities

During the period the Consolidated Entity did not gain or dispose of control over any entities it controls.

10. Details Of Any Associates And Joint Ventures

The Consolidated Entity has no interest in associates or Joint Ventures.

DIRECTOR'S DECLARATION

In the opinion of the Directors of BioProspect Limited:

1. the financial statements and notes set out on page 4 to 10:

   (a) give a true and fair view of the financial position of the consolidated entity as at 31 December 2003 and of its performance for the half-year ended on that date: and

   (b) comply with the Accounting Standard AASB 1029 "Interim Financial Reporting": and the Corporations Regulations: and

2. In the Directors' opinion there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the Board of Directors:

Selwyn Snell
Chief Executive Officer

Dated at Brisbane this 26th February 2004

DIRECTORS' DECLARATION

In the opinion of the Directors of BioProspect Limited:

1. the financial report and notes of the consolidated entity:

   (a) give a true and fair view of the financial position of the consolidated entity as at 31 December 2003 and of its performance for the half-year ended on that date; and

   (b) comply with the Accounting Standard AASB 1029 "Interim Financial Reporting" and the Corporations Regulations 2001; and

2. there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the Board of Directors:

Selwyn J Snell

Director

DATED at Brisbane this 26th February 2004