FORM 10-Q

Quarterly report pursuant to sections 13 or 15(d)

Filing Date: **2003-05-14** | Period of Report: **2003-03-30**
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FILER

SEROLOGICALS CORP

CIK:**767673**| IRS No.: **582152225** | State of Incorp.:**DE** | Fiscal Year End: **1227**
Type: **10-Q** | Act: **34** | File No.: **000-26126** | Film No.: **03698147**
SIC: **2836** Biological products, (no disgnostic substances)

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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, DC 20549

FORM 10-Q

(Mark One)

☒ QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the quarterly period ended March 30, 2003

OR

☐ TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the transition period from to .

Commission file Number: 0-26126

SEROLOGICALS CORPORATION

(Exact Name of Registrant as Specified in its Charter)

Delaware	58-2142225
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification Number)
5655 Spalding Drive Norcross, Georgia	30092
(Address of principal executive offices)	(Zip Code)

(678) 728-2000
(Registrant' s Telephone Number Including Area Code)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past (90) days. Yes ☒ No ☐

Indicate by check mark whether the registrant is an accelerated filer (as defined in Exchange Act Rule 12b-2). Yes ☒ No ☐

Indicate the number of shares outstanding of each of the issuer' s classes of common stock, as of the latest practicable date:

Class	Outstanding at April 15, 2003
Common Stock, $.01 par value per share	24,471,330

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SEROLOGICALS CORPORATION AND SUBSIDIARIES

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PART I.

Item 1. Financial Statements

SEROLOGICALS CORPORATION AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS
(Unaudited and in thousands)

	March 30, 2003	December 29, 2002
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	**$ 21,146**	$ 12,850
Trade accounts receivable, net	**26,019**	35,868
Inventories	**29,889**	26,305
Other current assets	**5,786**	6,692
Total current assets	**82,840**	81,715
PROPERTY AND EQUIPMENT, net	**56,795**	55,461
OTHER ASSETS:		
Goodwill	**39,226**	39,226
Patents and proprietary know-how, net	**10,512**	10,704
Intangible assets, net	**3,138**	3,508
Other, net	**1,817**	551
Total other assets	**54,693**	53,989
Total assets	**$ 194,328**	$ 191,165
LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES:		
Current maturities of long-term debt and capital lease obligations	**$ 199**	$ 385
Accounts payable	**3,728**	5,361
Accrued liabilities	**11,747**	9,833
Deferred revenue	**675**	668
Total current liabilities	**16,349**	16,247
LONG-TERM DEBT AND CAPITAL LEASE OBLIGATIONS, less current maturities	**39**	39

DEFERRED INCOME TAXES	**4,407**	4,116
OTHER LIABILITIES	**353**	393
STOCKHOLDERS' EQUITY:		
Preferred stock	**–**	–
Common stock	**277**	277
Additional paid-in capital	**118,264**	118,116
Retained earnings	**74,233**	72,211
Accumulated other comprehensive loss	**753**	113
Less: common stock held in treasury	**(20,347)**	(20,347)
Total stockholders' equity	**173,180**	170,370
Total liabilities and stockholders' equity	**$ 194,328**	$ 191,165

The accompanying notes are an integral part of these consolidated financial statements.

SEROLOGICALS CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF INCOME
(Unaudited and in thousands, except share and per share amounts)

	Quarter Ended	
	March 30, 2003	**March 31, 2002**
Net sales	**$ 30,168**	$ 31,470
Costs and expenses:		
Cost of sales	**16,449**	15,987
Selling, general and administrative expenses	**7,866**	10,218
Research and development	**1,026**	996
Special charges	**1,339**	–
Operating income	**3,488**	4,269
Other expense, net	**315**	179
Interest expense (income), net	**62**	(76)
Income before income taxes	**3,111**	4,166
Provision for income taxes	**1,089**	1,458
Net income	**$ 2,022**	$ 2,708
Net income per common share:		
Basic	**$ 0.08**	$ 0.11
Diluted	**$ 0.08**	$ 0.11
Weighted average shares:		
Basic	**24,453,634**	24,267,077
Diluted	**24,776,054**	24,823,061

The accompanying notes are an integral part of these consolidated financial statements.

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SEROLOGICALS CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited and in thousands)

	Quarter Ended	
	March 30, 2003	**March 31, 2002**
Operating activities:		
Net income	**$ 2,022**	$ 2,708
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	**1,954**	1,520
Non-cash special charges	**653**	–
Deferred and other compensation	**19**	48
Tax benefit from exercise of stock options	**3**	449
Changes in operating assets and liabilities:		
Trade accounts receivable, net	**9,849**	3,563
Inventories	**(3,655)**	(2,474)
Income tax receivable and payable	**953**	796
Other current assets	**126**	118
Accounts payable	**(1,633)**	645
Accrued liabilities	**1,741**	(1,719)
Deferred revenue	**7**	519
Other, net	**(1,219)**	(253)
Total adjustments	**8,798**	3,212
Net cash provided by operating activities	**10,820**	5,920
Investing activities:		
Purchases of property and equipment	**(2,330)**	(2,425)
Other	–	(125)
Net cash used in investing activities	**(2,330)**	(2,550)
Financing activities:		
Payments on long-term debt and capital leases	**(185)**	(674)
Proceeds from stock plans	**126**	684
Payment of debt issuance costs	**(135)**	–
Purchase of common stock	–	(347)
Net cash used in financing activities	**(194)**	(337)
Net increase in cash and cash equivalents	**8,296**	3,033
Cash and cash equivalents, beginning of period	**12,850**	10,780
Cash and cash equivalents, end of period	**$ 21,146**	$ 13,813

Supplemental Disclosures:				
Interest paid, net of amounts capitalized	**$**	**15**	$	–
Income taxes paid	**$**	**214**	$	258
Non-Cash Investing and Financing Activities:				
Contingent consideration payable	**$**	–	$	450
Stock acquired by employees in lieu of cash bonus	**$**	**138**	$	212

The accompanying notes are an integral part of these consolidated financial statements.

SEROLOGICALS CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
MARCH 30, 2003
(UNAUDITED)

1. ORGANIZATION AND BASIS OF PRESENTATION

Organization

Serologicals Corporation, a Delaware corporation, (together with its subsidiaries, the "Company" or "Serologicals") is a global provider of biological products and enabling technologies to life science companies. The Company' s products are essential for the research, development and manufacturing of biologically based life science products. The Company' s products and technologies are used in a wide variety of applications within the areas of oncology, hematology, immunology, cardiology and infectious diseases, as well as in the study of molecular biology. The Company' s customers include many of the leading life sciences companies throughout the world.

The Company conducts its manufacturing operations at facilities located in North America and Europe. The Company operates protein fractionation facilities located in Kankakee, Illinois and in Toronto, Ontario. These facilities provide a variety of proteins used in diagnostic reagents and cell culture media components for use as additives in biotech products. The Company also operates a monoclonal antibody manufacturing facility in Scotland that is engaged in the development, manufacturing and sale of monoclonal antibody products for use in diagnostic products such as blood typing reagents, and in controls for tests used for diagnosing certain infectious diseases. The Company operates a facility in Milford, Massachusetts that includes a central product distribution facility, as well as operations related to the Company' s human-sourced polyclonal antibody business and the production of substrates for use in diagnostic assays. The Company conducts its therapeutic operations (or blood plasma operations) through a national network of 10 donor centers that specialize in the collection of specialty human antibodies.

Effective April 1, 2003, Serologicals completed the acquisition of Chemicon International, Inc. ("Chemicon"), a privately-owned company based in Temecula, California. Chemicon has manufacturing and distribution operations in Temecula, California, Australia and the United Kingdom. Chemicon provides a broad range of specialty reagents, kits, antibodies and molecular biology tools to biotech, pharma and academic research customers working in the areas of neuroscience, infectious disease, drug discovery, cancer research, stem cell research and proteomics. Chemicon is also a leading supplier of monoclonal antibodies, conjugates, antibody blends and kits for use in the diagnostic laboratory. The acquisition of Chemicon greatly expands the Company' s range of products and customers within the research market. The purchase price of $95 million was funded with the proceeds from an $82.5 million five-year term loan and cash on hand. The results of operations of Chemicon will be included in the Company' s financial statements beginning April 1, 2003.

Basis of Presentation

The accompanying unaudited consolidated financial statements include the accounts of Serologicals and its subsidiaries. All significant intercompany accounts and transactions have been eliminated in consolidation. The accompanying statements have been prepared in accordance with accounting principles generally accepted in the United States for interim financial information and the instructions to Form 10-Q. Accordingly, they do not include all of the information and footnotes required by accounting principles generally accepted in the United States for complete financial statements. In the opinion of management, the accompanying unaudited consolidated financial statements reflect all adjustments, which are of a normal recurring nature, to present fairly Serologicals' financial position, results of operations and cash flows at the dates and for the periods presented. Interim results of operations are not necessarily indicative of results to be expected for the full year. The interim

financial statements should be read in conjunction with the audited consolidated financial statements as of December 29, 2002 and the notes thereto included in the Company' s Annual Report on Form 10-K for the year ended December 29, 2002.

Certain prior year amounts have been reclassified to conform to the current year presentation.

Inventories

Inventories are stated at the lower of cost or market, cost being determined on a first-in, first-out basis. Market for product inventories is net realizable value and for supplies is replacement cost. The components of inventories are stated as follows (in thousands):

	March 30, 2003	December 29, 2002
Raw materials	**$ 4,480**	$ 4,167
Work in process	**5,125**	4,132
Finished goods	**20,284**	18,006
Total	**$ 29,889**	$ 26,305

Earnings per Share

Basic earnings per share are calculated by dividing net income by the weighted average number of common shares outstanding during the period. The calculation of diluted earnings per share is similar to basic earnings per share, except the weighted average number of shares includes the dilutive effect of stock options, stock awards and similar instruments.

The following table sets forth the calculation of basic and diluted earnings per share (in thousands, except per share amounts):

	Quarter Ended	
	March 30, 2003	March 31, 2002
Basic earnings per share:		
Net income	**$ 2,022**	$ 2,708
Weighted average shares of common stock outstanding	**24,454**	24,267
Net income per share	**$ 0.08**	$ 0.11
Diluted earnings per share:		
Net income	**$ 2,022**	$ 2,708
Weighted average shares of common stock outstanding	**24,454**	24,267
Effect of dilutive securities:		
Stock options	**306**	543
Common stock awards	**16**	13
Weighted average shares of common stock outstanding, including dilutive instruments	**24,776**	24,823

Net income per share	**$ 0.08**	$ 0.11

For the quarters ended March 30, 2003 and March 31, 2002, the effect of diluted shares totaling approximately 1.3 million and 0.4 million shares, respectively, were excluded from the calculation of diluted shares outstanding as the option price exceeded the average market price for the Company' s stock during the period and thus their effect was anti-dilutive.

Stock-Based Compensation Plan

At March 30, 2003, the Company has one stock-based employee compensation plan. The Company accounts for this plan under the recognition and measurement principles of Accounting Principles Board ("APB") Opinion No. 25, "Accounting for Stock Issued to Employees," and related interpretations. No stock-based employee compensation cost is reflected in net income, as all options granted under this plan had an exercise price equal to the market value of the underlying common stock on the date of grant. The following table illustrates the effect on net income and earnings per share if the Company had applied the fair value recognition provisions of SFAS No. 123, "Accounting for Stock-Based Compensation," to stock-based employee compensation (in thousands, except per share amounts):

	Quarter Ended	
	March 30, 2003	**March 31, 2002**
Net income, as reported	**$ 2,022**	$ 2,708
Deduct: Total stock-based employee compensation expense determined under fair value based method for all awards, net of related tax effects	**488**	280
Pro forma net income	**$ 1,534**	$ 2,428
Earnings per share:		
Basic − as reported	**$ 0.08**	$ 0.11
Basic − pro forma	**0.06**	0.10
Diluted − as reported	**$ 0.08**	$ 0.11
Diluted − pro forma	**0.06**	0.10

Under SFAS No. 123, the fair value of stock-based awards is calculated through the use of option-pricing models, even though such models were developed to estimate the fair value of freely tradable, fully transferable options without vesting restrictions, which differ significantly from the Company' s stock option grants. These models also require subjective assumptions, including future stock price volatility and expected lives of each option grant.

Comprehensive Income

The following table sets forth the calculation of comprehensive income for the periods indicated below (in thousands):

	Quarter Ended	
	March 30, 2003	**March 31, 2002**
Net income, as reported	**$ 2,022**	$ 2,708
Other comprehensive loss (income), net of tax:		
Foreign currency translation adjustments	**640**	(204)
Comprehensive income	**$ 2,662**	$ 2,504

2. SPECIAL CHARGES

During the first quarter 2003 the Company closed three of its thirteen donor centers, located in Birmingham, Alabama; Washington D.C.; and Provo, Utah. The donor base for the Provo center will be integrated into the Company' s Salt Lake City, Utah center. As a result of these closings, the Company recorded a charge of $0.8 million. The components of the charge included approximately $0.3 million for employee termination costs, $0.3 million for lease termination costs and $0.2 million related to write-off of certain long-

lived assets. The employee termination costs covered approximately 46 employees. Employee termination costs and lease termination costs are expected to be paid by the end of 2003. The employee termination and headcount also includes employees terminated at the Company' s central testing laboratory.

During the first quarter 2003 the Company also incurred special charges of approximately $0.5 million. Subsequent to notifying the lender of our intent to terminate the existing credit facility the Company recorded a charge of approximately $0.4 million related to the write-off of debt issuance costs. Additionally, the Company recorded a charge of $0.1 million related to a loss associated with an equipment failure at the Toronto facility and other termination costs. These termination benefits are expected to be paid by the end of the first quarter 2004.

The following table summarizes the activity in the accrual for termination benefits and other costs for the first quarter ended March 30, 2003:

Description	Balance, 12/29/02	Expenses	Expenses Incurred	Balance, 3/30/03
Employee termination costs	$ 1,026	$ 365	$ (441)	$ 950
Lease termination costs	325	244	(17)	552
Asset impairment	–	653	(653)	–
Other	–	77	(77)	–

The remaining accrual of $1.5 million is included in "Accrued liabilities" in the Consolidated Balance Sheets. All of these amounts are expected to be paid in 2003 and 2004.

3. LONG-TERM DEBT AND CAPITAL LEASE OBLIGATIONS

Long-term debt and capital lease obligations at March 30, 2003 and December 29, 2002 consisted of the following (in thousands):

	March 30, 2003	December 29, 2002
Capital lease obligations at varying interest rates and terms, maturing in 2004	**$ 238**	$ 424
	238	424
Less: current maturities	**199**	385
	$ 39	$ 39

On April 7, 2003, the Company entered into a new $82.5 million five-year term loan. This term loan, combined with a new revolving credit facility (the "Revolver") of $35 million, replaced the Company' s existing $65 million facility. The credit facility bears interest at a floating rate of interest determined by reference to a base rate or to Eurodollar interest rates, plus a margin. The margin on base rate loans is 3.25% and 2.75% for the term loan and Revolver, respectively. The margin on Eurodollar loans is 4.25% and 3.75% for the term loan and Revolver, respectively. The Company is required to pay a commitment fee ranging from .5% to .75%, depending on the Company' s leverage and amounts borrowed under the revolving credit facility. The applicable margins and commitment fees on the unused portion of the Revolver are subject to adjustment on future adjustment dates based on the consolidated leverage ratio of the Company. The term loan and Revolver are secured by substantially all of the assets of the Company. The term loan and Revolver contain certain financial covenants that require the

maintenance of a minimum interest coverage ratio, a fixed charge coverage ratio and earnings before interest, taxes, depreciation and amortization and that also provide for a maximum leverage ratio and limitations on capital expenditures. Furthermore, under the terms of the term loan and Revolver, there are covenants dealing with acquisitions, repurchasing common stock and on the Company' s ability to pay dividends. The following table reflects the principal payments under the term loan (in thousands):

2003	$	500
2004		4,625
2005		12,375
2006		26,813
2007		22,187
2008		16,000
	$	82,500

The Company capitalizes interest on borrowings during the active construction period of major capital projects. During the first quarter of 2002, the Company capitalized approximately $0.2 million in connection with various projects. During the first quarter 2003, the Company capitalized an immaterial amount of interest.

4. SEGMENT INFORMATION

Statement of Financial Accounting Standards No. 131, "Disclosure about Segments of an Enterprise and Related Information" ("SFAS No. 131"), requires the reporting of information about operating segments in annual financial statements and requires selected information in interim financial reports. Beginning in 2003, for management purposes the operations of the Company' s subsidiaries are organized into four primary operating segments: Cell Culture Products ("Cell Culture"), Diagnostic Products ("Diagnostics"), Research Products ("Research") and Therapeutic Products ("Therapeutics"). These segments are based primarily on the differing nature of the ultimate end use of the Company' s products, the differing production, manufacturing and other value-added processes performed by the Company with respect to the products and, to a lesser extent, the differing customer bases to which each reportable segment sells its products. During 2002, the Company reported only three operating segments, Biotechnology and Molecular Biology Products, Therapeutic Products and Diagnostic Products. As a result of the Chemicon acquisition, as well as the increased significance of the Company' s Research products, the Company has developed a significant portfolio of products used in applications within the research and development fields.

The Cell Culture segment products consist of cell culture media and supplements for drug development, biomanufacturing and life science research. The Company' s flagship product within this segment is EX-CYTE®. Other key products within the Cell Culture segment include bovine serum albumin ("BSA"), recombinant insulin and other products used principally in mammalian cell culture. The key products within the Diagnostic segment are monoclonal antibodies used in blood typing reagents and diagnostic antibodies and certain human-sourced polyclonal antibodies. The activities of the Research segment primarily include manufacturing and sales of antibodies and molecular biology products. The operating results of Chemicon will be reported in this segment beginning in the second quarter of 2003. The key products within the Therapeutic segment are specialty antibodies, including Anti-D immune globulin ("anti-D"), Anti-Hepatitis B immune globulin ("anti-HBs"), Vaccinia immune globulin ("vaccinia") and Anti-Rabies immune globulin ("anti-rabies"). All of the comparisons discussed below reflect the restatement of the prior year segments so that they are consistent with the current year presentation.

	Quarter Ended	
	March 30, 2003	March 31, 2002
Net sales:		
Cell Culture Products	**$ 13,766**	$ 15,190
Diagnostic Products	**7,169**	6,701
Research Products	**1,048**	1,010
Therapeutic Products	**8,185**	8,569
Total	**$ 30,168**	$ 31,470
Gross profit:		
Cell Culture Products	**$ 7,079**	$ 7,861
Diagnostic Products	**3,873**	3,675
Research Products	**817**	397
Therapeutic Products	**1,950**	3,550
Total	**13,719**	15,483
Reconciling items:		
Selling, general and administrative	**7,866**	10,218
Research and development	**1,026**	996
Special charges	**1,339**	–
Other expense, net	**315**	179
Interest expense (income), net	**62**	(76)
Income before income taxes	**$ 3,111**	$ 4,166

5. OTHER SUBSEQUENT EVENTS

During April 2003, the Company decided to transfer the responsibility for manufacturing and distribution of its research products from Gaithersburg, Maryland to the Chemicon division. This transfer is expected to provide a more competitive focus for the manufacturing, sales and distribution of these products and is anticipated to be complete by the end of the third quarter of 2003. In addition, during April 2003, the Company continued to review its resources related to supporting other areas of the Company to ensure that it is focused on primary growth areas related to its strategic plan. As a result of these efforts, including its ongoing product rationalization initiatives, the Company has reduced its workforce at various locations including the Kankakee facility, the Milford facility and the corporate office. In total, the Company reduced its workforce by approximately 50 positions during the second quarter. The Company is in the process of estimating the cost of these events, pending the disposition of its lease at the Gaithersburg facility, which runs through 2009, and determining which fixed assets will be relocated to Chemicon. The Company expects to record special charges related to termination benefits, asset impairments and lease commitments associated with the relocation of research products from Gaithersburg, Maryland to Chemicon during the remainder of 2003.

Forward Looking Statements

This Quarterly Report on Form 10-Q contains certain "forward looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995, which generally can be identified by the use of forward looking terminology such as "may," "will," "expect," "anticipate," "intend," "estimate," "plan," "believe," or "continue" or the negative thereof or other variations thereon or similar terminology. These forward-looking statements include, without limitation, sales expectations for certain of the Company' s products, particularly, Therapeutic Products; the level of capital expenditures during 2003; the sufficiency of capital and liquidity to fund operations, capital expenditures, and acquisitions; the timing of completing the transfer of the Gaithersburg products to the Chemicon division; expectations that the Chemicon acquisition will be slightly accretive to 2003 earnings; the ability to meet demand for plasma products through the Company' s 10 remaining collection centers; expectations for full year revenues and earnings per share; and the possibility of reporting special charges in future quarters and the materiality of such charges. These forward looking statements are subject to certain risks and uncertainties, such as changes in the economy or market conditions; changes in financial, banking and capital markets; changes in customers' needs or abilities to manufacture products; changes in government policy or regulations; the ability to attract and retain qualified donors; the Company' s ability to successfully integrate the operations of Chemicon; the Company' s ability to service its substantial level of indebtedness following the Chemicon acquisition; the Company' s ability to maintain and expand its customer base; increased competition for donors, which may affect the Company' s ability to attract and retain qualified donors; the Company' s ability to comply with various regulatory, customer and other standards; the impact of competition; changes in government and industry mandated regulations or customer specifications; changes in the markets or customers' demand for the Company' s products and services; the ability of the Company to complete construction and validation of its new EX-CYTE® manufacturing facility during the first half of 2004; and the ability of the Company to identify new product opportunities that it can successfully commercialize and other factors discussed in Part I of the Company' s Annual Report on Form 10-K for the year ended December 29, 2002, which could cause actual results to differ materially.

Forward-looking statements are only predictions and are not guarantees of performance. Forward-looking statements are based on current expectations of future events. The forward-looking statements contained in this Quarterly Report on Form 10-Q are based on the Company' s current views and assumptions regarding future events and operating performance. These assumptions could prove inaccurate, or unknown risks or uncertainties materialize, which could cause the Company' s actual results to differ materially from the Company' s expectations or predictions. Many of these factors are beyond the Company' s ability to control or predict.

Item 2. Management' s Discussion and Analysis of Financial Condition and Results of Operations

Overview

Serologicals Corporation, a Delaware corporation, (together with its subsidiaries, the "Company" or "Serologicals") is a global provider of biological products and enabling technologies to life science companies. The Company' s products are essential for the research, development and manufacturing of biologically based life science products. The Company' s products and technologies are used in a wide variety of applications within the areas of oncology, hematology, immunology, cardiology and infectious diseases, as well as in the study of molecular biology. The Company' s customers include many of the leading life sciences companies throughout the world.

The Company conducts its manufacturing operations at facilities located in North America and Europe. The Company operates protein fractionation facilities located in Kankakee, Illinois and in Toronto, Ontario. These facilities provide a variety of proteins used in diagnostic reagents and cell culture media components for use as additives in biotech products. The Company also operates a monoclonal antibody manufacturing facility in Scotland that is engaged in the development, manufacturing and sale of monoclonal antibody products for use in diagnostic products such as blood typing reagents, and in controls for tests used for diagnosing certain infectious diseases. The Company operates a facility in Milford, Massachusetts that includes a central product

distribution facility, as well as operations related to the Company' s human-sourced polyclonal antibody business and the production of substrates for use in diagnostic assays. The Company conducts its therapeutic operations (or blood plasma operations) through a national network of 10 donor centers that specialize in the collection of specialty human antibodies.

Effective April 1, 2003, Serologicals completed the acquisition of Chemicon International, Inc. ("Chemicon"), a privately-owned company based in Temecula, California. Chemicon has manufacturing and distribution operations in Temecula, California, Australia and the United Kingdom. Chemicon provides a broad range of specialty reagents, kits, antibodies and molecular biology tools to biotech, pharma and academic research customers working in the areas of neuroscience, infectious disease, drug discovery, cancer research, stem cell research and proteomics. Chemicon is also a leading supplier of monoclonal antibodies, conjugates, antibody blends and kits for use in the diagnostic laboratory. The acquisition of Chemicon greatly expands the Company' s range of products and customers within the research market.The purchase price of $95 million was funded with the proceeds from an $82.5 million five-year term loan and cash on hand. The results of operations of Chemicon will be included in the Company' s financial statements beginning April 1, 2003.

Beginning in 2003, for management purposes the operations of the Company' s subsidiaries are organized into four primary operating segments: Cell Culture Products ("Cell Culture"), Diagnostic Products ("Diagnostics"), Research Products ("Research") and Therapeutic Products ("Therapeutics"). These segments are based primarily on the differing nature of the ultimate end use of the Company' s products, the differing production, manufacturing and other value-added processes performed by the Company with respect to the products and, to a lesser extent, the differing customer bases to which each reportable segment sells its products. During 2002, the Company reported only three operating segments, Biotechnology and Molecular Biology Products, Therapeutic Products and Diagnostic Products. As a result of the Chemicon acquisition, as well as the increased significance of the Company' s Research products, the Company has developed a significant portfolio of products used in applications within the research and development fields.

The Cell Culture segment includes operations at the Company' s protein fractionation facilities. Cell Culture products consist of cell culture media and supplements for drug development, biomanufacturing and life science research. The Company' s flagship product within this segment is EX-CYTE®. Other key products within Cell Culture include bovine serum albumin ("BSA"), human recombinant insulin and other products used principally in mammalian cell culture. The activities of the Diagnostic segment include the operations of the Company' s monoclonal antibody manufacturing facility and certain human-sourced polyclonal antibodies. The products within the Diagnostic segment are used in blood typing reagents and diagnostic test kits. The activities of the Research segment primarily include manufacturing and sales of antibodies and molecular biology products. The operating results of Chemicon will be reported in this segment beginning second quarter 2003. The activities of the Therapeutic segment include the collection and sale of specialty human antibodies that are used as active ingredients in therapeutic products for the treatment and management of various human diseases. The key products within the Therapeutic segment are specialty antibodies, including Anti-D immune globulin ("anti-D"), Anti-Hepatitis B immune globulin ("anti-HBs"), Vaccinia immune globulin ("vaccinia") and Anti-Rabies immune globulin ("anti-rabies"). All of the comparisons below reflect the restatement of the prior year segment so that they are consistent with the current year presentation.

Critical Accounting Policies

The consolidated financial statements are presented on the basis of accounting principles that are generally accepted in the United States of America, which require management to make estimates that affect the amount of revenues, expenses, assets and liabilities reported. The following are five critical accounting policies that are both very important to the portrayal of the Company' s financial condition and results of operations and required management' s most difficult, subjective, or complex judgments. The accounting for these matters were based on current facts and circumstances which, in management' s judgment, hold potential for change which could affect management' s future estimates. Therefore, future financial results could differ materially from current financial results based on management' s current estimates.

Revenue recognition

The Company recognizes revenue in accordance with SEC Staff Accounting Bulletin No. 101, "Revenue Recognition in Financial Statements" ("SAB 101"). SAB 101 requires that four basic criteria must be met before revenue can be recognized: (1) persuasive evidence of an arrangement exists; (2) delivery has occurred; (3) the selling price is fixed and determinable; and (4) collectibility is reasonably assured. Determination of criteria (3) and (4) are based on management' s judgments regarding the fixed nature of the selling prices of the products delivered and the collectibility of those amounts. The Company has negotiated volume pricing discounts with certain customers that provide for a discount if certain volumes of the Company' s products are purchased. The Company defers any revenue subject to refund if the volumes are met under these arrangements until such time that the Company and the customer jointly determine that the volumes required for discount will not be achieved. If the amount of revenue deferred were to be inaccurate, the Company may have over or under stated revenue and accounts receivables, accordingly.

Accounts receivable

The Company performs ongoing credit evaluations of its customers and adjusts credit limits based upon payment history and the customer' s current credit worthiness, as determined by review of current credit information. The Company monitors collections and payments from its customers and maintains a provision for estimated credit losses based upon historical experience and any specific customer collection issues that have been identified. These estimates may prove to be inaccurate, in which case the Company may have over or under stated the reserve required for uncollectible accounts receivables and selling, general and administrative expense, accordingly.

Inventory

Inventories are carried at the lower of cost or market. Cost includes materials, labor and overhead. Market, with respect to all inventories, is replacement cost or net realizable value. Management frequently reviews inventory to determine the necessity of reserves for excess, obsolete or unsaleable inventory. These reviews require management to assess customer and market demand as well as age of inventory on-hand. These estimates may prove to be inaccurate, in which case the Company may have over or under stated the reserve required for excess, obsolete or unsaleable inventory and its cost of goods sold, accordingly.

Valuation of goodwill and other intangible assets

The Company periodically evaluates its goodwill and intangibles for potential impairment whenever events or changes occur that indicate the carrying value may no longer be recoverable. Evaluations are based on estimated discounted future cash flows from the use and eventual disposition of the underlying assets. In the first quarter of 2002, the Company adopted Statement of Financial Standard No. 142, "Goodwill and Other Intangible Assets" ("SFAS No. 142"). Additionally in accordance with SFAS 142, the Company performs an annual impairment review of its intangible assets as of the end of the second quarter. The estimates used to evaluate the fair value of goodwill and other intangibles assets may prove to be inaccurate, in which case the Company may have over stated goodwill and other intangible assets.

Deferred income taxes

The Company recognizes deferred tax assets and liabilities based on differences between the carrying amount in the financial statements and the tax bases of assets and liabilities. The Company regularly reviews its deferred tax assets for recoverability. If the Company determines that the recoverability of its deferred tax assets is not probable, a valuation allowance is recorded against these assets. The estimates used to evaluate the recoverability of deferred tax assets may prove to be inaccurate, in which case the Company may have over or under stated income tax valuation allowances and its provision for income taxes, accordingly.

The Company uses a combination of historical results, anticipated future events and detailed assessment of relevant facts and circumstances to estimate and make assumptions relating to its critical accounting policies. Actual results could differ from those estimates.

Results of Operations

The following discussion and analysis of Serologicals' financial condition and results of operations should be read in conjunction with the Condensed Consolidated Financial Statements and Notes thereto.

The following table sets forth certain operating data of Serologicals as a percentage of net sales for the periods indicated below.

	Quarter Ended	
	March 30, 2003	March 31, 2002
Net sales	**100.0%**	100.0%
Gross profit	**45.5 %**	49.2 %
Selling, general and administrative expenses	**26.1 %**	32.5 %
Research and development	**3.4 %**	3.2 %
Income before income taxes	**10.3 %**	13.2 %

Quarters Ended March 30, 2003 and March 31, 2002

NET SALES

Consolidated

Consolidated net sales decreased approximately $1.3 million or 4%, from $31.5 million during the first quarter of 2002 to $30.2 million during the first quarter of 2003. The decrease was principally due to declines in sales of Cell Culture products, primarily because one of the Company' s major customers deferred its shipments until the second half of 2003.

Cell Culture Products

Net sales of Cell Culture Products declined $1.4 million or 9% from $15.2 million in the first quarter of 2002 to $13.8 million in the first quarter of 2003. The decrease was principally due to lower sales of EX-CYTE®, primarily because one of the Company' s major customers deferred its shipments until the second half of 2003. Sales of EX-CYTE® declined approximately $1.3 million from $5.9 million in the first quarter of 2002 to $4.6 million in the first quarter of 2003. Sales of BSA increased approximately $1.0 million or 29% from $3.4 million in the first quarter of 2002 to $4.3 million in the first quarter of 2003. The increase in BSA is largely due to the Toronto plant coming on line in January 2003. Sales of media supplements remained stable at $3.3 million in the first quarter of 2002 and $3.4 million in the first quarter of 2003. The increase in BSA was offset by declines in other Cell Culture Products.

Diagnostic Products

Net sales of Diagnostic Products increased approximately $0.5 million, or 7%, from $6.7 million in the first quarter of 2002 to $7.2 million in 2003. Sales of monoclonal antibodies and related products increased from $3.9 million in the first quarter of 2002 to $5.3 million in the current year quarter due to increased demand and price increases. The Company expects sales to continue to be strong for the monoclonal antibodies and related products in particular due to new blood typing regulations in Europe. This increase was partially offset by decreased sales of disease state antibodies, detection products and other diagnostic products.

Research Products

Net sales of Research Products remained constant at $1.0 million in the first quarter of 2002 and in the first quarter of 2003.

Therapeutic Products

Net sales of Therapeutic Products declined from $8.6 million in the first quarter of 2002 to $8.2 million in the first quarter of 2003. Sales of vaccinia antibodies totaled $5.6 million in the first quarter of 2003 compared to no sales in the prior year quarter, as this product was introduced in the third quarter of 2002. The incremental revenue from the vaccinia product was offset by declines in sales of the Company' s other therapeutic plasma products, with the most significant decline coming from anti-hepatitis antibodies, which declined approximately $5.0 million or 88% from $5.7 million in the first quarter of 2002 to $0.7 million in the first quarter of 2003.

GROSS PROFIT

Consolidated

Consolidated gross profit decreased approximately $1.8 million, or 12%, from $15.5 million in the first quarter of 2002 to $13.7 million in 2003. Gross margins were 46% for the first quarter of 2003 versus 49% in the same period in 2002. The decrease is primarily attributable to the significantly lower margins on Therapeutic Products as well as the impact of EX-CYTE® representing a lower percentage of total sales in the first quarter of 2003 versus first quarter of 2002.

Cell Culture Products

Gross profit from Cell Culture Products decreased $0.8 million, or 10%, from $7.9 million in the first quarter of 2002 to $7.1 million in the first quarter of 2003. The decrease was principally due to declines in sales of EX-CYTE®, primarily because one of the Company' s major customers deferred its shipments until the second half of 2003. Gross margins on Cell Culture Products were relatively unchanged at 52% in the first quarter of 2002 compared with 51% in the first quarter of 2003.

Diagnostic Products

Gross profit from Diagnostic Products increased $0.2 million, or 5% from $3.7 million in the first quarter of 2002 to $3.9 million in the first quarter of 2003. The increase was attributable to increased sales of monoclonal antibodies and related products partially offset by decreased sales of disease state antibodies, detection products and other diagnostic products. Gross margins on Diagnostic Products were 55% for the first quarter of 2002, compared with 54% in the current year quarter.

Research Products

Gross profit from Research Products increased $0.4 million from $0.4 million in the first quarter of 2002 to $0.8 million in the first quarter of 2003. Gross margins on Research Products were 39% in the first quarter of 2002 and 78% in the first quarter of 2003. The improved gross margin is largely due to higher royalty income from licensed products in the current year period.

Therapeutic Products

Gross profit from Therapeutic Products decreased approximately $1.6 million, or 45%, from $3.6 million in the first quarter of 2002 to $2.0 million in the first quarter of 2003. Gross margins on Therapeutic Products decreased from 41% in the first quarter of 2002 to 24% in the first quarter of 2003. Therapeutic gross margins have been negatively impacted by excess production capacity in the donor centers. This excess capacity has resulted in a higher cost of production, which resulted in a writedown to net realizable value during the quarter of approximately $0.5 million. The Company addressed this excess

capacity by closing an additional three centers during the first quarter. However, based on current order volume the Company expects it may continue to experience excess capacity, which could result in additional net realizable value adjustments during the remainder of 2003. The Company will continue to analyze demand and adjust capacity accordingly.

SELLING, GENERAL AND ADMINISTRATIVE EXPENSES

Consolidated selling, general and administrative expenses decreased approximately $2.3 million, or 23%, in the first quarter of 2003, from $10.2 million in the first quarter of 2002 to $7.9 million in the current year. The decline was primarily attributable to the prior year quarter including costs related to operation of the former Intergen headquarters, integration costs related to the Intergen acquisition and professional fees related to the operational assessment and optimization of the Company' s plasma operations.

RESEARCH AND DEVELOPMENT

Research and development expenses remained stable at $1.0 million in the first quarter of 2002 and 2003. The Company expects 2003 research and development expenditures to represent approximately 3.5% of sales, and that the investment in this area may increase over the next several years.

The Company' s research and development activities are focused on developing new products and applications for the markets it serves, particularly in the areas of therapeutics and cell culture media supplements. The therapeutic activities are focused on the development of new indications for hyper-immune plasma products related to identified bio-terrorism targets and infectious diseases for which there are no or insufficient treatment opportunities. Additionally, a longer term objective is to leverage the knowledge and expertise existing in the Company to develop monoclonal antibodies for therapeutic purposes. With respect to cell culture media supplements, the Company is performing studies related to EX-CYTE® that should lead to more defined derivatives and specifically targeted compounds. In addition, research efforts include the study and development of new recombinant supplements.

SPECIAL CHARGES

During the first quarter 2003 the Company closed three of its thirteen donor centers, located in Birmingham, Alabama; Washington D.C.; and Provo, Utah. The donor base for the Provo center will be integrated into the Company' s Salt Lake City, Utah center. As a result of these closings, the Company recorded a charge of $0.8 million. The components of the charge included approximately $0.3 million for employee termination costs, $0.3 million for lease termination costs and $0.2 million related to write-off of certain long-lived assets. The employee termination costs covered approximately 46 employees. Employee termination costs and lease termination costs are expected to be paid by the end of 2003. The employee termination and headcount also includes employees terminated at the Company' s central testing laboratory.

During the first quarter 2003 the Company also incurred special charges of approximately $0.5 million. The components of this charge included approximately $0.4 million related to the write-off of debt issuance costs associated with its existing revolving credit facility that was replaced on April 7, 2003, $0.1 million related to loss associated with an equipment failure at the Toronto facility and other termination costs. These termination benefits are expected to be paid by the end of the first quarter 2004.

OTHER EXPENSE, NET

Other expense, net consists primarily of amortization of definite-lived intangible assets and gains and losses from foreign currency transactions. Amortization expense was unchanged between years at $0.2 million in the first quarter of 2002 and 2003. Foreign currency gain (loss) was immaterial during the first quarter of 2002 and 2003.

INTEREST (INCOME) EXPENSE, NET

Interest (income) expense, net remained relatively constant at $(0.1) million in the first quarter of 2002 and $0.1 million in the first quarter of 2003.

Liquidity and Capital Resources

The following table sets forth certain indicators of financial condition and liquidity as of March 30, 2003 and December 29, 2002 (in thousands):

	March 30, 2003	December 29, 2002
Cash and cash equivalents	**$ 21,146**	$ 12,850
Working capital	**66,491**	65,468
Total long-term debt and capital lease obligations	**238**	424
Stockholders' equity	**173,180**	170,370
Total debt to equity ratio	**0.1 %**	0.2 %

Serologicals has three principal sources of near-term liquidity: (1) existing cash and cash equivalents; (2) cash generated by operations, and (3) available borrowing capacity under the new revolving credit facility (the "Revolver"), which provides for a maximum borrowing capacity of $35 million. As of May 6, 2003, the Company had $33.0 million of borrowing capacity under the Revolver. Management believes the Company's liquidity and capital resources are sufficient to meet its working capital, capital expenditure and other anticipated cash requirements over the next twelve months.

Net cash provided by operating activities in the first quarter of 2003 was $10.8 million as compared to net cash provided of $5.9 million in the first quarter of 2002. This increase was primarily attributable to incremental decline in accounts receivable and increase in accrued liabilities of $6.3 million and $3.5 million, respectively, offset by lower net income of $0.7 million and incremental increases in inventories and decreases in accounts payable of $1.2 million and $2.3 million, respectively. Accounts receivable historically decline in the first quarter of each year due to the fourth quarter of each year being the strongest sales quarter of the year. Accounts receivable declined more in the first quarter of 2003 than in first quarter of 2002 due to the incremental sales growth in the fourth quarter of 2002 compared to the fourth quarter of 2001. Additionally, inventories historically rise in the first quarter of each year, but this year rose more than in 2002 due to the delays in EX-CYTE® shipments as discussed earlier.

Net cash used in investing activities in the first quarter of 2003 was $2.3 million, compared with $2.6 million in the first quarter of 2002. Capital expenditures for the first quarter of 2003 consisted primarily of the following items: 1) construction of the Company's new EX-CYTE® manufacturing facility in Lawrence, Kansas, 2) leasehold improvements associated with the relocation of certain human plasma donor centers and 3) completion of the Company's Enterprise Resource Planning system. The Company anticipates capital expenditures for the remainder of the year to total approximately $27.0 million to $31.0 million. The most significant expenditure anticipated for the remainder of 2003 is the construction of the Company's new EX-CYTE® manufacturing facility.

Net cash used in financing activities in the first quarter of 2003 was $0.2 million, compared with net cash used in financing activities of $0.3 million in the first quarter of 2002. Financing activities in the first quarter of 2003 consisted of the repayment of borrowings on a note payable and certain capital lease obligations and payment of debt issuance costs associated with the Company's new credit facility, offset partially by proceeds from the exercise of stock options.

There have been no material changes regarding Serologicals' contractual obligations from the information provided in our Annual Report on Form 10-K for the fiscal year ended December 29, 2002, other than as discussed below. The contractual obligations are discussed under the caption "Liquidity and Capital Resources" in Item 7−Management' s Discussion and Analysis of Financial Condition and Results of Operations, contained in the Form 10-K.

On April 7, 2003, the Company entered into a new $82.5 million five-year term loan. This term loan, combined with a new revolving credit facility (the "Revolver") of $35 million, replaced the Company' s existing $65 million facility. The credit facility bears interest at a floating rate of interest determined by reference to a base rate or to Eurodollar interest rates, plus a margin. The margin on base rate loans is 3.25% and 2.75% for the term loan and revolving credit facility, respectively. The margin on Eurodollar loans is 4.25% and 3.75% for the term loan and revolving credit facility, respectively. The Company is required to pay a commitment fee ranging from .5% to .75%, depending on the Company' s leverage and amounts borrowed under the revolving credit facility. The applicable margins and commitment fees on the unused portion of the Revolver are subject to adjustment on future adjustment dates based on the consolidated leverage ratio of the Company on the adjustment dates. The term loan and Revolver are secured by substantially all of the assets of the Company. The term loan and revolving credit facility contain certain financial covenants that require the maintenance of a minimum interest coverage ratio, a fixed charge coverage ratio and earnings before interest, taxes, depreciation and amortization and that also provide for a maximum leverage ratio and limitations on capital expenditures. Furthermore, under the terms of the term loan and Revolver, there are covenants dealing with acquisitions, repurchasing common stock and on the Company' s ability to pay dividends. The following table reflects the principal payments under the term loan (in thousands):

2003	$	500
2004		4,625
2005		12,375
2006		26,813
2007		22,187
2008		16,000
	$	82,500

The Company has no off-balance sheet financing arrangements and has not created any special purpose entities. Additionally, the Company does not undertake any trading activities within its business with respect to non-exchange traded contracts accounted for at fair value.

Item 3. Quantitative and Qualitative Disclosures about Market Risk

There have been no material changes regarding Serologicals' market risk position from the information provided in our Annual Report on Form 10-K for the fiscal year ended December 29, 2002. The quantitative and qualitative disclosures about market risk are discussed under the caption "Market Risk" in Item 7−Management' s Discussion and Analysis of Financial Condition and Results of Operations, contained in the Form 10-K.

Item 4. Controls and Procedures

a. Evaluation of disclosure controls and procedures.

As required by SEC rules, the Company has evaluated the effectiveness of the design and operation of its disclosure controls and procedures within 90 days of the filing of this quarterly report. This evaluation was carried out under the supervision and with the participation of the Company' s management, including its principal executive officer and principal financial officer. Based on this evaluation, these officers have concluded that the design and operation of the Company' s disclosure controls and procedures are effective. There were no significant changes to the Company' s internal controls or in other factors that could significantly affect internal controls subsequent to the date of their evaluation.

Disclosure controls and procedures are the Company' s controls and other procedures that are designed to ensure that information required to be disclosed by the Company in the reports that it files or submits under the Exchange Act is recorded, processed, summarized and reported, within the time periods specified in the SEC' s

rules and forms. Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed by the Company in the reports that the Company files under the Exchange Act is accumulated and communicated to the Company' s management, including its principal executive officer and principal financial officer, as appropriate, to allow timely decisions regarding required disclosure.

b. Changes in internal controls.

N/ A

PART II.

Item 1. Legal Proceedings

The Company is involved in certain litigation arising in the ordinary course of business. In management' s opinion, the ultimate resolution of these matters will not have a material adverse effect on the Company' s financial position or results of operations.

Item 6. Exhibits and Reports on Form 8-K

a. Exhibits (numbered in accordance with Item 601 of Regulation S-K):

3.1	Amended and Restated Certificate of Incorporation (Exhibit 3.1 to the Company' s Annual Report on Form 10-K for the period ending December 29, 2002 is hereby incorporated by reference.)
3.2	Amended and Restated By-laws (Exhibit 3.4 to the Company' s Registration Statement on Form S-1 (File No. 33-91176), effective June 14, 1995, is hereby incorporated by reference).
4.1	Specimen Common Stock Certificate (Exhibit 4.1 to the Company' s Registration Statement on Form S-1 (File No. 33-91176), effective June 14, 1995, is hereby incorporated by reference).
4.2	Specimen Form of Rights Certificate (Exhibit 2.1 of the Company' s Registration Statement on Form 8-A (File No.000-26126) filed August 10, 1999, is hereby incorporated by reference).
4.3	Form of Rights Agreement, dated as of August 2, 1999, between the Company and State Street Bank & Trust Company, N.A. (Exhibit 2.2 of the Company' s Registration Statement on Form 8-A (File No. 000-26126) filed August 10, 1999, is hereby incorporated by reference).
4.4	Form of Certificate of Designation, Preferences and Rights of Series B Preferred Stock (Exhibit 2.3 of the Company' s Registration Statement on Form 8-A (File No. 000-26126) filed August 10, 1999, is hereby incorporated by reference).
4.5	Summary of Rights Plan (Exhibit 2.4 of the Company' s Registration Statement on Form 8-A (File No. 000-26126) filed August 10, 1999).
10.1	Severance Agreement between the Company and Keith J. Thompson.
10.2	Revised Employment Agreement between the Company and Jeffrey D. Linton.
99.1	Certification of the Chief Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of Sarbanes-Oxley Act of 2002.
99.2	Certification of the Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of Sarbanes-Oxley Act of 2002.

b. Reports on Form 8-K filed during the quarter ended March 30, 2003:

1) Form 8-K announcing the agreement to purchase Chemicon on February 11, 2002.
2) Form 8-K filing the Company' s fourth quarter 2002 earnings release on February 21, 2003.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

SEROLOGICALS CORPORATION
(Registrant)

Date: May 14, 2003

BY: /s/ HAROLD W. INGALLS

Harold W. Ingalls
Duly Authorized Officer of the Registrant, Vice President, Finance and Chief Financial Officer (Principal Financial Officer)

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CERTIFICATION OF CHIEF EXECUTIVE OFFICER

I, David A. Dodd, certify that

1. I have reviewed this Quarterly Report on Form 10-Q of Serologicals Corporation;

2. Based on my knowledge, this Quarterly Report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this Quarterly Report;

3. Based on my knowledge, the financial statements and other financial information included in this Quarterly Report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this Quarterly Report;

4. The registrant' s other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-14 and 15d-14) for the registrant and we have:

   (a) designed such disclosure controls and procedures to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this Report is being prepared;

   (b) evaluated the effectiveness of the registrant' s disclosure controls and procedures as of a date within 90 days prior to the filing date of this Quarterly Report (the "Evaluation Date"); and

   (c) presented in this Quarterly Report our conclusions about the effectiveness of the disclosure controls and procedures based on our evaluation as of the Evaluation Date;

5. The registrant' s other certifying officers and I have disclosed, based on our most recent evaluation, to the registrant' s auditors and the audit committee of registrant' s board of directors (or persons performing the equivalent function):

   (a) all significant deficiencies in the design or operation of internal controls which could adversely affect the registrant' s ability to record, process, summarize and report financial data and have identified for the registrant' s auditors any material weaknesses in internal controls; and

   (b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant' s internal controls; and

6. The registrant' s other certifying officers and I have indicated in this Quarterly Report whether there were significant changes in internal controls or in other factors that could significantly affect internal controls subsequent to the date of our most recent evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

Date: May 14, 2003

/s/ DAVID A. DODD

David A. Dodd
President, Chief Executive Officer and Director

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CERTIFICATION OF CHIEF FINANCIAL OFFICER

I, Harold W. Ingalls, certify that

1. I have reviewed this Quarterly Report on Form 10-Q of Serologicals Corporation;

2. Based on my knowledge, this Quarterly Report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this Quarterly Report;

3. Based on my knowledge, the financial statements and other financial information included in this Quarterly Report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this Quarterly Report;

4. The registrant' s other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-14 and 15d-14) for the registrant and we have:

   a. designed such disclosure controls and procedures to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this Quarterly Report is being prepared;

   b. evaluated the effectiveness of the registrant' s disclosure controls and procedures as of a date within 90 days prior to the filing date of this Quarterly Report (the "Evaluation Date"); and

   c. presented in this Quarterly Report our conclusions about the effectiveness of the disclosure controls and procedures based on our evaluation as of the Evaluation Date;

5. The registrant' s other certifying officers and I have disclosed, based on our most recent evaluation, to the registrant' s auditors and the audit committee of registrant' s board of directors (or persons performing the equivalent function):

   a. all significant deficiencies in the design or operation of internal controls which could adversely affect the registrant' s ability to record, process, summarize and report financial data and have identified for the registrant' s auditors any material weaknesses in internal controls; and

   b. any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant' s internal controls; and

6. The registrant' s other certifying officers and I have indicated in this Quarterly Report whether there were significant changes in internal controls or in other factors that could significantly affect internal controls subsequent to the date of our most recent evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

Date: May 14, 2003

/s/ HAROLD W. INGALLS

Harold W. Ingalls
Vice President, Finance and Chief Financial Officer

MARCH 31, 2003

SEROLOGICALS LIMITED

and

KEITH THOMPSON

SEPARATION AGREEMENT

THIS AGREEMENT is made the 31st day of March 2003

BETWEEN:

(1) SEROLOGICALS LIMITED registered in Scotland with registered number 12833 is at Fleming Road, Kirkton Campus, Livingston, EH54 7BN (the "COMPANY"); and

(2) KEITH THOMPSON of 115 Caiyside, Fairmilehead, Edinburgh EH10 7HR (the "EXECUTIVE").

RECITALS:

(A) The Company has employed the Executive since 1 May 1985 most recently under the terms of a contract of employment dated the 2 January 1998 as subsequently amended.

(B) The Executive's employment will terminate on 31 March 2003.

THIS AGREEMENT PROVIDES:

1. DEFINITIONS AND INTERPRETATION

1.1 In this Agreement and the Schedule the following expressions, unless otherwise expressly stated, have the following respective meanings:

1.1.1 "BOARD" means the directors for the time being of the Company present at a duly convened quorate meeting of the directors or a committee of the directors duly appointed for the purpose in question;

1.1.2 "EUROPEAN UNION RIGHT" means any right which the may have under any treaty to which the United Kingdom is a party in connection with or arising out of its membership of the European Union or under any Directive, Regulation, Recommendation or Decision of any body directly or indirectly made pursuant to any such treaty;

1.1.3 "GROUP" means the Company, any holding company or companies for the time being of the Company and any subsidiary or subsidiaries for the time being of the Company or of any such holding company; "HOLDING COMPANY" and "SUBSIDIARY" have the meanings assigned to them respectively by section 736 of the Companies Act 1985, as amended by the Companies Act 1989. For the avoidance of doubt "Group" includes Serologicals Corporation and any of its subsidiaries. The expressions "GROUP COMPANY" and "GROUP COMPANIES" shall be construed accordingly;

1.1.4 "PENSION SCHEME" means the pension scheme to which the Company has made contributions on the Executive's behalf in the month prior to the Termination Date;

1.1.5 "RELEVANT INDEPENDENT ADVISER" has the meaning contained in Section 9 of the Employment Rights (Dispute Resolution) Act 1998;

1.1.6 "RELEVANT STATUTES" means the Equal Pay Act 1970, Sex Discrimination Act 1975, Race Relations Act 1976, Trade Union and Labour Relations (Consolidation) Act 1992,

Employment Rights Act 1996, Disability Discrimination Act 1995 and Working Time Regulations 1998;

1.1.7 "SERVICE AGREEMENT" means the contract of employment between the Executive and the Company dated 2 January 1998 as amended;

1.1.8 "STATUTORY CLAIMS" means without limitation, all and any claims under the Relevant Statutes or any delegated legislation made under the authority of the Relevant Statutes or the European Communities Act 1972; and

1.1.9 "TERMINATION DATE" means 31 March 2003.

1.2 The Schedules form part of and are incorporated in this Agreement.

2. TERMINATION OF EMPLOYMENT

2.1 The Executive's employment will terminate on the Termination Date.

3. OBLIGATIONS OF EXECUTIVE

3.1 The Executive agrees that he will:

3.1.1 co-operate fully with the Company and continue to perform his duties to the best of his ability up to and including the Termination Date. In particular the Executive agrees to undertake an orderly transition of any projects or work with which he has been involved to those employees identified by the Company.

3.1.2 on or before the Termination Date resign from office as a director of the Company and from all other offices and positions which he holds by virtue of his employment pursuant to the Service agreement (including any position in any Group Company); and

3.1.3 no later than 5pm on 31 March 2003 return all property of the Company including, without limitation, correspondence, documents, papers, magnetic discs or tapes or other software storage media or any other property as is described in a schedule to be provided to the Executive on or about the Termination Date belonging to the Company which may be in the Executive's possession or under his control (with the exception of the property identified in clause 4.2.5 below).

4. OBLIGATIONS OF COMPANY

4.1 The Company will pay to the Executive his basic salary and the Executive will continue to receive his other contractual benefits up to and including the Termination Date. For the avoidance of doubt the Company has paid to the Executive the sum of L19,579.00 in relation to his entitlement to a bonus award in respect of 2002. The Executive will receive a payment in lieu of any outstanding accrued but untaken holiday for the current year. All of these payments will be subject to tax, national insurance and pension contributions. The Executive's P45 will be issued to him.

4.2 The Company will (without any admission of liability), subject to this Agreement (including the Certificate attached as Schedule Two) being executed and returned to the Company by 4 April 2003:

4.2.1 pay to the Executive an ex gratia payment of L30,000 as compensation for loss of employment (which includes his entitlement to a statutory redundancy payment of L4,940) within 14 days of the date on which this Agreement (including the Certificate attached as Schedule Two) is

executed and returned to the Company or within 14 days of the Termination Date (whichever is the later); and

4.2.2 pay to the Executive the sum of L105,000.00 as damages in respect of the Executive's entitlement to receive 9 months notice to be paid in two equal instalments as follows:

(a) L52,500.00 within 14 days of the date on which this Agreement (including the Certificate attached as Schedule Two) is executed and returned to the Company or within 14 days of the Termination Date (whichever is the later); and

(b) L52,500.00 on or before 4 months after the Termination Date.

4.2.3 pay the sum of L6,200.00 to the Pension Scheme on the Executive's behalf; within 14 days of the date on which this Agreement (including the Certificate attached as Schedule Two) is executed and returned to the Company or within 14 days of the Termination Date (whichever is the later); and

4.2.4 pay the Executive's outplacement costs incurred for 3 months up to a maximum of L3,000 plus VAT on production of an appropriate invoice addressed to the Executive and expressed to be payable by the Company. The Company will bear the cost of any tax relating to the provision of the outplacement services in accordance with this clause 4.2.4; and

4.2.5 permit the Executive to retain in perpetuity the fax machine which is in his possession but is the property of the Company.

4.3 The Company undertakes and agrees that it will not commence any action or proceedings against the Executive in respect of his employment with the Company and the holding of any office by him to the extent permitted by S310 Companies Act 1985.

5. TAX

5.1 The sum in Clause 4.2.1 is paid in connection with the termination of employment. The parties acknowledge that the sum in clause 4.2.1 should be capable of being paid without deductions for income tax and national insurance contributions pursuant to the exemptions contained in section 148 and schedule 11 of the Income and Corporation Taxes Act 1988 and no such deductions will be made before payment.

5.2 The sum in Clause 4.2.2 will be subject to deductions of tax.

6. INDEMNITY

6.1 The Executive will promptly and effectively indemnify the Company in respect of any income or other tax and employee national insurance contributions (except in respect of any tax or employee national insurance deductions made by the Company in accordance with this Agreement) for which the Company is obliged to account to the Inland Revenue or any other agency, and any interest, penalties, or tax which may be levied thereon pursuant to Clause 4 and or the provision of any of the other benefits to the

Executive under this Agreement with the exception of any interest penalties imposed as a result of fault or delay on the part of the Company.

7. SHARE OPTIONS

7.1 The Executive has been issued with stock options under the Stock Options Agreements between the Executive and Serologicals Corporation dated 9 December 1997, 31 December 1998, 14 September 1999, 31 December 1999, 12 November 2001 and 15 May 2002. The Executive may exercise the options which have vested on or prior to the Termination Date in accordance with the rules of the various schemes within the time limits as set out below.

<TABLE>
<CAPTION>

	Grant Date	Option Price (US $)	Options Vested but still to Exercise	Time limit for exercising
<S>	<C>	<C>	<C>	<C>
	09.12.1997	As adjusted for a 2:1 stock split $15.42 (Original Price $23.125)	21,750 (Original Issue 14,500 options)	Due to expire 9.12.2003
	31.12.1998	$30.00	50,000	1 year from the Termination Date
	14.09.1999	$5.00	175,000	1 year from the Termination Date
	31.12.1999	$6.00	15,000	1 year from the Termination Date
	12.11.2001	$16.71	4,375	3 months from the Termination Date
	15.05.2002	$21.10	0	3 months from the Termination Date

</TABLE>

8. CONFIDENTIALITY AND POST EMPLOYMENT RESTRICTIONS

8.1 For the purposes of this Clause 8 the following words have the following meanings:

8.1.1 "Confidential Information" means all and any information (in whatever form and whether recorded or not) which amounts to a trade secret or any other confidential or secret information which is not known or accessible by the public relating to the business, finances, dealings, affairs, technical processes or operations of the Company (or any Group Company) or of any of its or their donors, customers, clients, suppliers, agents or distributors and includes but is not limited to the following:

(a) information relating to the Company's or any Group Company's donors, customers, clients, suppliers, agents and distributors (including, but not limited to, donor, customer or supplier lists, individual contacts and contact details);

(b) information relating to the terms of business agreed or the subject of negotiation between the Company or any Group Company and its or their actual or prospective customers, clients, suppliers, agents and distributors, including, but not limited to, trading terms, pricing structures and customer requirements;

(c) information relating to the development, manufacture and marketing of the Company's services and products (and planned services and products) including, but not limited to, business plans, technical information, formulae, specifications, applications, component lists, know-how, research and development, marketing plans, marketing surveys and research reports, market share, mailing lists, price lists and discount arrangements;

(d) information relating to the Company's sales and projects, including but not limited to sales and project figures, fee levels, pricing policies, commissions, financial projections, sales targets, budgets, accounts and forecasts;

(e) any information relating to the property of the Company

including any idea, invention, modification, improvement, process, formula, material, knowhow, design, model, prototype, mark, sketch, drawing, plan, computer program, computer scripts, software, computer systems or other matter; and

8.1.2 "Prior Period" means the period of 12 months prior to the Termination Date.

8.2 In consideration for the acknowledgement and agreement by the Executive contained in this Clause 8 the Company will pay to the Executive L5,000 (less appropriate deductions of tax and national insurance) to be paid in four equal instalments as follows:

8.2.1 L1,250 within 14 days of the date on which this Agreement (including the Certificate attached as Schedule Two) is executed and returned to the Company or within 14 days of the Termination Date (whichever if the later); and

8.2.2 L1,250 on or before 3 months after the Termination Date;

8.2.3 L1,250 on or before 6 months after the Termination Date;

8.2.4 L1,250 on or before 9 months after the Termination Date.

8.3 The Executive understands and acknowledges that his senior position with the Company and the Group has given him:

8.3.1 access to and the benefit of the Confidential Information which is vital to the continued success of the Company and the Group;

8.3.2 influence over and connection with the Company's customers, clients, suppliers, distributors, agents, employees and directors and those of the Group with whom the Executive has had dealings or contact.

8.4 The Executive acknowledges and confirms that he agrees that the provisions appearing in Clauses 8.6 and 8.7 below are reasonable in their application to him and necessary but no more than sufficient to protect the interests of the Company and the Group.

8.5 In the event that any restriction contained in Clauses 8.6 or 8.7 below shall be found to be void, but would be valid if some part of the relevant restriction were deleted, the relevant restriction shall apply with such modifications as may be necessary to make it valid and effective.

8.6 The Executive shall not at any time after the Termination Date, for any reason use, disclose to any person or cause or permit (whether deliberately or recklessly) another to disclose:

8.6.1 any Confidential Information which the Executive has obtained by virtue of his employment with the Company; and / or

8.6.2 the details of this Agreement, including, but not limited to, the sums paid by the Company pursuant to Clause 4 hereof.

8.6.3 Clause 8.6 shall not apply to Confidential Information disclosed pursuant to an order of any Court of competent jurisdiction or which is required to be disclosed by statute or any confidential information which, except through any breach of this or any other agreement by the Executive, is in the public domain. In addition the Executive shall be permitted to disclose the matters in Clause 8.6.2 for the purpose of taking professional advice or to the members of his immediate family. Nothing in this Agreement will prevent the Executive divulging to any prospective employer that his employment ended due to the fact that his role was relocated to the US.

8.7 The Executive shall not without the prior written consent of the Company (such consent to be withheld only so far as may reasonably be necessary

to protect the legitimate interests of the Company or any Group Company) during the period of 9 months from the Termination Date, whether alone or jointly with or as principal, partner, agent, director, employee or consultant of any other person, firm or corporation, and whether directly or indirectly, in competition with any of the businesses of the Company or any Group Company carried on at the Termination Date in which the Executive was engaged or involved as at the Termination Date or in the Prior Period:

8.7.1 solicit the services or custom of or otherwise deal with any person, firm or corporation who or which at the Termination Date or at any time during the Prior Period was a customer, client, supplier, agent or distributor or prospective customer or client of the Company or any Group Company in which the Executive was materially involved or was in the habit of dealing under contract with the Company or any Group Company and with whom or which the Executive was either personally concerned, involved or in contact during the Prior Period as identified in the attached list in Schedule One.

8.7.2 entice or endeavour to entice away from the Company or any Group Company or employ any person whose name is supplied to the Executive on or about the Termination Date being persons employed by the Company or any Group Company at the Termination Date who:

(a) was an employee or director of the Company or any Group Company holding the position of supervisor or above; and

(b) with whom the Executive was in direct regular contact during the Prior Period.

9. ANNOUNCEMENTS

9.1 Subject to Clause 9.2, the Executive confirms that he will not without the prior written consent of the Company make any statements, oral or written, touching upon or concerning his relationship with the Company or any Group Company, his appointment as a director of the Company or any Group Company or his resignation from office which would or might involve the disclosure of secret or confidential information about the Company or any Group Company as further defined in Clause 8 of this Agreement, or which might be detrimental to the interests of the Company or any Group Company. Consent for the purposes of this Clause shall be effective only if given by the Chief Executive of the Company.

9.2 If the Executive is required to make any such statement to comply with his legal and/or regulatory obligations he may do so without the Company's written consent and will not be deemed thereby to be in breach of this Clause.

9.3 Neither the Executive nor the Company will whether directly or indirectly make, publish or otherwise communicate any disparaging or derogatory statements, whether in writing or otherwise, concerning the other party to this Agreement. In the case of the Company this Sub-Clause shall include the Company and any Group Company or any of its or their officers, agents or employees.

10. REFERENCES

10.1 The Company will, on request supply a reference on Company headed notepaper in the form attached as Schedule Two to any prospective employer of the Executive and deal with all enquiries whether oral or in writing in a manner consistent with that reference.

11. LEGAL ADVICE

11.1 The Executive confirms that he has received advice from J Innes Clark of Morton Fraser solicitors (the "Independent Adviser") as to the nature and effect of this Agreement and, in particular, its effect on his ability to pursue his rights before an Employment Tribunal.

11.2 The Company agrees that subject to this Agreement (including the Certificate attached as Schedule Three) being executed and returned to the Company that it will pay direct to the Independent Adviser the Executive's legal costs incurred in obtaining advice as to the terms of this Agreement up to a maximum of L1,750.00 plus VAT on production of an appropriate invoice addressed to the Executive and expressed to be payable by the Company.

12. AGREEMENT AND WARRANTY

12.1 The parties confirm and agree that this Agreement satisfies the conditions regulating compromise agreements under the Relevant Statutes.

12.2 The Executive having received legal advice from the Independent Adviser warrants:

12.2.1 that he has or may have claims against the Company and any Group Company and any of its or their officers, agents, or employees of breach of contract and or unfair dismissal (the "Identified Claims");

12.2.2 that with the exception of the Identified Claims he has no Statutory Claims or other claims whatsoever against the Company and any Group Company and any of its or their officers, agents, or employees arising under the Service Agreement or in connection with his holding of office as a director of the Company and any Group Company or his resignation from office as director, or termination of his employment under the Service Agreement or otherwise in connection with his employment or its termination;

12.2.3 that he accepts the payment to be made in accordance with Clause 4 in full and final settlement of:

(a) the Identified Claims; and

(b) all other claims and rights of action howsoever arising against the Company and any Group Company and any of its or their officers, agents, or employees which he has, or may have, under the Service Agreement or in connection with his holding of office as a director of the Company and any Group Company or his resignation from office as director, or termination of his employment under the Service Agreement or otherwise in connection with his employment or its termination including any claim in respect of his entitlement to bonus or share options but with the exception of any claim in respect of personal injury (other than a claim which may be pursued before the Employment Tribunal) and or accrued pension rights and or any claim in relation to any breach by the Company of cause 7 of this Agreement in relation to vested share options as set out in that clause and provided that this clause shall not affect the Employee's rights to enforce the terms of this Agreement.

12.2.4 that he has been fully compensated in respect of his entitlement to receive 9 months notice under the Service Agreement and that the Company has no further obligations to him under the Service Agreement;

12.2.5 that he is not aware of any claim for personal injury and or accrued pension rights subsisting at the date of this Agreement;

12.2.6 that there are no matters of which he is aware relating to any acts or omissions of the Executive or any other director, employee or agent of the Company or any Group Company which if disclosed to the Company would or might affect the decision of the Company to make payment in accordance with Clause 4 or provide any other benefits under this Agreement;

12.2.7 that there are no circumstances or matters of which he is aware which would entitle the Company to bring any action or proceedings against him in relation to his employment with the Company and or the holding of any

office by him;

12.2.8 that he has not at the date on which he signs this Agreement either started other paid work (whether as an employee, independent contractor or in any other capacity) or been

offered such work to start at any time after that date or been given any indication that an offer of such work will be forthcoming;

12.2.9 that he has not presented an originating application to an office of the Employment Tribunals or issued civil proceedings in the High Court or County Court in respect of any claim in connection with his employment or its termination or otherwise, and will refrain from doing so;

12.2.10 that he undertakes to repay to the Company the payment in Clause 4.2.1 immediately upon demand in the event that he commences any action, claim or proceedings (with the exception of any claim to enforce his rights under this Agreement) in the Employment Tribunal, County Court or High Court or any other court against the Company and or any Group Company and or any of its or their officers, agents or employees in respect of any of the matters which are settled under the terms of Clause 12.2.3. The Executive agrees that in such circumstances the payment in Clauses 4.2.1 will be recoverable as a debt.

13. NOTICES

Any notice will be duly served under this Agreement if in the case of the Company it is handed to a director of the Company or sent by recorded or first class post to the Company at its registered office for the time being and if, in the case of the Executive, it is handed to the Executive or sent by recorded or first class post to the Executive at his address specified in this Agreement or such other address as he may notify to the Company. A notice sent by recorded or first class post will be deemed served on the second working day after posting.

14. GOVERNING LAW AND JURISDICTION

This Agreement shall be governed by Scots law and the parties hereby submit to the exclusive jurisdiction of the Scottish Courts. The Executive hereby agrees that service upon him at his address specified in this Agreement of any proceedings relating to this Agreement or to any document entered into pursuant hereto shall constitute good service upon the Executive.

15. BINDING AGREEMENT

Upon execution of this Agreement by both parties, the Agreement will, notwithstanding that it is marked without prejudice and subject to contract, be on the open record and shall be binding on both parties.

AS WITNESS the hands of the parties hereto the day and year first before written.

SIGNED by Alan Brown) /s/ Alan Brown

for and on behalf of)
SEROLOGICALS LIMITED)
in the presence of:) /s/ Gina Keevy.....

SIGNED by KEITH THOMPSON) /s/ Keith Thompson.....
in the presence of: James Clark) /s/ James Clark .....

SCHEDULE ONE

Ortho Clinical Diagnostics

Immucor

Centocor

Proliant

Sigma

Abbott

Diamed

Eli Lilly

Imclone Systems

Bio-Rad Laboratories

JRH Biosciences

Boehringer Ingelheim

Genentech

Baxter Healthcare

Lonza

Beckman Coulter

Dade Behring

Roche

GlaxoSmithKline

Invitrogen

Institute Jacques Boy

Scottish National Blood Transfusion Service

SCHEDULE TWO

REFERENCE

Keith Thompson was employed by Serologicals Limited from 1 May 1985 until 8 March 2003 as Vice President Global Manufacturing Operations for Serologicals Corporation, the parent company of Serologicals Limited.

His employment ended due to the fact that his role was relocated to the US.

It is our policy is to provide only the following information regarding former employees. This does not imply any comment negative or positive about the employee or the course of his employment with the company. In accordance with this policy this information is given in the strictest of confidence and without liability on behalf of the Serologicals Corporation, Serologicals Limited or any of its officers, agents or employees.

SCHEDULE THREE

CERTIFICATE

I, J Innes Clark, confirm the following:

I am a Relevant Independent Adviser.

I have advised Keith Thompson as to the terms and effect of this Agreement and, in particular, its effect on his ability to pursue his rights before an Employment Tribunal.

When I gave the advice there was a contract of insurance, or an indemnity provided for members of a profession or professional body in force covering the risk of a claim by Keith Thompson in respect of any loss arising in consequence of the advice I have given.

This Agreement satisfies the conditions regulating compromise agreements under the Relevant Statutes.

Signed: /s/ James Clark
J Innes Clark

Firm: Morton Fraser Solicitors
30-31 Queen Street
Edinburgh
EH2 1JX

Date: 4/4/03

EXHIBIT 10.2

25 April, 2003

Mr. Jeffrey D. Linton
414 Hickory Fairway Court
Woodstock, GA 30188

Dear Jeff-

This is to confirm your appointment as President of the Chemicon International Division and a Corporate Vice President of Serologicals Corporation effective April 1, 2003. This letter will serve to amend your current employment agreement dated September 28, 2000. Any terms not modified by this letter remain in effect as outlined in the original employment agreement.

Your new Base Salary will be $230,000 per year. The Base Salary shall continue to be payable to you in the manner and on the date(s) on which the Corporation pays its other executives.

At the closing of the Chemicon transaction, your Incentive Compensation will be earned through participation in our Subsidiary Annual Incentive Plan. You will be entitled to an annual bonus target of forty percent (40%) of your Base Salary in accordance with the Subsidiary Plan's provisions and achievement of Critical Success Factors to be developed and mutually agreed upon by you and the President and Chief Executive Officer of Serologicals Corporation. The Subsidiary Annual Incentive Plan is a created and paid at the sole discretion of the Serologicals Corporation Board of Directors or a Committee thereof and may be amended from time-to-time.

The Corporation will provide you and your family assistance in relocating from the Atlanta, Georgia area to the San Diego, California vicinity.

On behalf of the Board of Directors, we would like to congratulate you on your appointment and wish you much success in your new role.

Very truly yours,

SEROLOGICALS CORPORATION

By: /s/ David A. Dodd

        David A. Dodd
        President and CEO

ACKNOWLEDGED AND AGREED this 28th day of April, 2003.

/s/ Jeffrey D. Linton

Jeffrey D. Linton

EXHIBIT 99.1

CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350 AS ADOPTED PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

Pursuant to 18 U.S.C. ss. 1350, the undersigned officer of Serologicals Corporation (the "Company"), hereby certifies that the Company's Quarterly Report on Form 10-Q for the quarter ended March 30, 2003 (the "Report") fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 and that the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated: May 14, 2003

/s/ David A. Dodd

David A. Dodd
President, Chief Executive Officer
and Director

A signed original of this written statement required by Section 906 of the Sarbanes-Oxley Act of 2002 has been provided to Serologicals Corporation and will be retained by Serologicals Corporation and furnished to the Securities and Exchange Commission or its staff upon request.

EXHIBIT 99.2

CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350 AS ADOPTED PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

Pursuant to 18 U.S.C. ss. 1350, the undersigned officer of Serologicals Corporation (the "Company"), hereby certifies that the Company's Quarterly Report on Form 10-Q for the quarter ended March 30, 2003 (the "Report") fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 and that the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated: May 14, 2003

/s/ Harold W. Ingalls

Harold W. Ingalls
Vice President, Finance and Chief Financial Officer

A signed original of this written statement required by Section 906 of the Sarbanes-Oxley Act of 2002 has been provided to Serologicals Corporation and will be retained by Serologicals Corporation and furnished to the Securities and Exchange Commission or its staff upon request.