

HALF-YEAR 2010

CONSOLIDATED FINANCIAL STATEMENTS

Revenues from continuing activities

At June 30, 2010, Cerep earned sales revenue from continuing service activities of EUR 11.64 million, down 5.7 % from EUR 12.34 million in 2009 (-7.5% at constant currency rate).

The activity is particularly affected in the dollar zone (-19.6% in North America) where competition is the strongest. Sales revenue is strongly growing in Japan (+21.1% in Asia) and in Europe (+7.8%).

(kEUR)	06.30.10				06.30.09		12.31.09	
	Amount		Changes in H1 2010/2009		Amount	%	Amount	%
Europe	5,414	46.5%	391	7.8%	5,023	40.7%	10,989	41.8%
Of which, France	1,594	13.7%	43	2.8%	1,551	12.6%	3,566	13.6%
North, America	5,228	44.9%	-1,276	-19.6%	6,504	52.7%	13,804	52.5%
Asia	946	8.1%	165	21.1%	781	6.3%	1,405	5.3%
Other	47	0.4%	15	46.9%	32	0.3%	101	0.4%
Total	11,635	100.0%	-705	-5.7%	12,340	100.0%	26,299	100.0%

Group Result

Earnings before interests, taxes, depreciation and amortization (EBITDA)

During the first half 2010, consolidated EBITDA from continuing activities was negative at EUR -0.52 million compared to EUR -0.82 million at June 30, 2009.

Operating result

Consolidated operating result from continuing activities during the first half of 2010 is a loss of EUR 1.40 million compared to a loss of EUR 1.82 million for the same period in 2009.

Financial result

Consolidated financial result of continuing activities is a loss of EUR 0.82 million compared to a loss of EUR 0.15 million for the same period in 2009.

The loss reflects a decrease of profits from exchange transactions due to an increase of the dollar with regard to the euro during the period as well as an important change on the fair value of hedging instruments. It also reflects the expenses related to interest-bearing debts of EUR 0.17 million.

Net result

For the first six months of 2010, consolidated net result of continuing activities is a loss of EUR 2.33 million compared to a loss of EUR 1.93 million for the same period of 2009.

Result of discontinued activities

The net result of discontinued activities for the first six months of 2010 is a loss of EUR 0.32 million compared to a loss of EUR 0.46 million for the first half of 2009.

Key figures

(kEUR)	06.30.10	06.30.09	Change	12.31.09
CONTINUING ACTIVITIES				
Net sales revenues	11,635	12,340	-6%	26,299
EBITDA	-519	-820		301
Operating result	-1,400	-1,817		-1,712
Financial result	-823	-153		-206
Net tax benefit/expense	103	-36		-515
Net result of continuing activities	-2,326	-1,934		-1,403
DISCONTINUED ACTIVITIES				
Net result of discontinued activities	-322	-464		-766
Consolidated net result	-2,648	-2,398		-2,169

Research and Development

Research and Development (R&D) expenses amounted to EUR 2.30 million compared to EUR 2.84 million recorded for the same activities and for the same period in 2009.

During the first half of 2010, the Group developed nearly 60 in vitro profiling assays which will expand Cerep offer or replace existing models. R&D efforts also focused on the development of new in vitro cellular models intended to predict toxic effects of molecules on specific organs (liver, immune system, cardiovascular system).

Cash position

The Group cash and cash equivalent (excluding treasury shares) was EUR 11.21 million at June 30, 2010 compared to EUR 13.90 million at March 31, 2010.

Cash flow linked to the financing of continuing activities amounted to EUR -1.99 million and is mainly consisting in reimbursements of loans and real estate lease.

The continuing activities have generated a net cash flow of EUR -3.32 million.

Investments of continuing activities during the period generated a cash flow of EUR -0.01 million at June 30, 2010; the Group acquisition of immobilization was worth EUR 0.07 million

Cash flow of discontinued activities was EUR 0.71 million, mainly consisting of a net cash flow linked to financing operation of EUR -0.61 million (EUR 0.39 of reimbursement of loans and EUR 0.22 million of interests).

Significant events in Half year 2010

Continuing activities

- Cerep has extended in the beginning of 2010 its major service agreements.
- On March 3, 2010, Cerep SA received approval ("business licence") from Chinese authorities to establish a subsidiary – Cerep Limited – in Shanghai (China) aiming to provide pre-clinical services for pharmaceutical companies. Since 2009, the Company rents offices in Shanghai.
- Since March 19, 2010, the Company's shares have been subject to a change of market place. Cerep shares have been transferred from NYSE Euronext Paris to NYSE Alternext.
- In June 2010, Cerep signed a Listing Sponsor agreement with Exane BNP Paribas.

Discontinued activities

- In 2006, two former employees of Anceris initiated an action in a civil court, claiming damages of EUR 9 million. The Court (Paris Tribunal de Grande Instance) rendered its judgment on March 2010 and dismissed Anceris employees' claim, which was judged unfounded.
- During the first half, the company Averion has not been able to pay Cerep the interests of the debt contracted as part of the sale of Hesperion in 2007. Averion has approached Cerep to initiate a re-negotiation of the debt enabling them to meet their financial commitments. Discussions are ongoing.

Outlook

Although the Group has maintained its relationships with all its major partners, its main customers have reduced their budgets in 2010, affecting markedly year sales revenue. These budgets should however be re-allocated to other projects and contribute to the recovery of Cerep sales revenue in the future. Some discussions are in progress but it is not possible, given the market uncertainties, to precisely determine the time needed to conclude such agreements.

The cost reduction efforts achieved during 2009 and continued in 2010 will lower the impact of sales revenue decrease on the Group result.

Income statement

(kEUR)	06.30.10	06.30.09	12.31.09
CONTINUING ACTIVITIES			
Net sales revenues	11,635	12,340	26,299
Other revenues	238	314	540
Total current revenues	11,873	12,654	26,839
Purchase of raw materials, supplies and change in inventory of materials and products	2,968	2,762	6,369
Other supplies and external expenses and services	2,243	2,571	4,729
Tax and related charges	289	389	774
Wages	4,731	5,327	10,067
Payroll taxes and benefits	2,079	2,301	4,267
Net provision expense for pension benefit obligation	37	39	51
Fixed assets depreciation and amortization	881	997	1,884
Impairment of assets	-	-36	-12
Other expenses	45	121	422
Total net current expenses	13,273	14,471	28,551
Current operating result	-1,400	-1,817	-1,712
Other operating income and expenses	-	-	-
Operating result	-1,400	-1,817	-1,712
Expenses related to interest-bearing debts	-170	-220	-542
Net income from investments	20	116	168
Net foreign exchange result	-772	-173	-60
Other financial expenses or revenue	99	124	228
Financial result	-823	-153	-206
Consolidated net result	-2,223	-1,970	-1,918
Current income tax expense	-	-	-466
Deferred income tax expense	-103	-36	-49
Consolidated net result of continuing activities	-2,326	-1,934	-1,403
DISCONTINUED ACTIVITIES			
Net result of discontinued activities	-322	-464	-766
Net result	-2,648	-2,398	-2,169
Basic earning per share (EUR)	-0.21	-0.19	-0.17
Continuing activities	-0.18	-0.15	-0.11
Discontinued activities	-0.03	-0.04	-0.06
Diluted earning per share (EUR)	-0.21	-0.19	-0.17
Continuing activities	-0.18	-0.15	-0.11
Discontinued activities	-0.03	-0.04	-0.06

Statement of net result and gain/loss recorded directly to shareholders' equity

(kEUR)	06.30.10	06.30.09	12.31.09
Net result	-2,648	-2,398	-2,169
Translation adjustments	183	23	-30
Revaluation of hedging derivatives	-173	-230	-340
Revaluation of financial assets available for sale	-	-	-
Revaluation of fixed assets	-	-	-
Actuarial gain/loss on defined benefit plans	-	-	-27
Share of gain/loss recorded directly to shareholders' equity of companies put in equivalence	-	-	-
Total gain/loss recorded directly to shareholders' equity	-10	-207	-397
Net result and gains/loss recorded directly to shareholders' equity	-2,638	-2,605	-2,566

The amounts above are net of taxes.

Balance sheet

(kEUR)	06.30.10	06.30.09	12.31.09
Goodwill			
Intangible assets	388	449	333
Fixed assets	7,771	9,164	8,212
Long-term assets (more than 1 year)	982	1,078	1,030
Deferred tax assets	41	-	50
Non-current assets	9,182	10,691	9,625
Long-term assets (less than 1 year)	108	103	106
Materials and products in progress and inventories	4,450	4,520	4,503
Trade receivables and related	4,876	6,344	4,629
Prepaid expenses	623	593	382
Other receivables	4,464	3,670	4,057
Financial instruments held for transactions	9,087	16,924	15,851
Derivative financial instruments		195	68
Cash deposits	2,234	2,039	1,318
Current assets	25,842	34,388	30,914
Non-current assets held for sale	3,770	3,770	3,770
Total assets	38,794	48,849	44,309
Share capital	3,784	3,784	3,784
Paid-in capital	31,587	32,273	31,587
Treasury shares	-120	-120	-120
Legal, regulated and other reserves	765	765	765
Foreign currency cumulative translation adjustment	-84	-213	-268
Income and expenses recognized directly to equity	-544	-234	-371
Group reserves and retained deficit	-16,474	-14,991	-14,304
Amounts recorded directly to shareholder's equity relating to non-current assets held for sale	-	-	-
Net income for the year	-2,648	-2,398	-2,169
Shareholders' equity	16,266	18,866	18,904
Borrowings and debt with financial institutions (non-current portion)	4,544	5,525	4,856
Retirement benefit obligation and similar	533	399	495
Deferred tax liabilities		-	-
Non-current liabilities	5,077	5,924	5,351
Borrowings and debt with financial institutions (current portion)	1,549	3,736	2,723
Provision for risk and contingency due within one year	21	164	21
Deposits and advances from customers	293	1,261	689
Deferred revenue	82	2,374	932
Trade payables and related	1,707	2,333	1,916
Tax, payroll and related payable	2,493	2,663	2,646
Other liabilities	258	73	113
Derivative financial instruments	1,243	428	626
Current liabilities	7,646	13,032	9,666
Liabilities related to non-current assets held for sale	9,805	11,027	10,388
Total shareholders' equity and liabilities	38,794	48,849	44,309

Statement of cash flows

(kEUR)	06.30.10	06.30.09	12.31.09
Net result of continuing activities	-2,326	-1,934	-1,403
Adjustments			
Depreciation and amortization	881	997	1,884
Impairment of assets	-2	-62	-6
Interest expense	171	250	411
Tax expense	104	-35	-49
Change in fair value of financial instruments*	-259	-344	-515
Change in retirement benefit obligations	37	39	135
Income tax paid	-	-	-
Loss on sales of assets	-1	28	367
Cash flow from operations excluding interest and taxes	-1,395	-1,061	824
Net change in assets and liabilities			
Net change in inventory	61	-523	-476
Net change in receivables	-367	2,923	3,636
Net change in payables	-968	-1,146	-1,528
Net change in current provisions (including restructuring)	-266	-607	-679
Net change in financial instruments	685	193	518
Prepaid expenses and deferred revenue	-1,072	123	-1,110
Net change in working capital	-1,927	963	361
Cash flow from operating activities	-3,322	-98	1,185
Purchase of fixed assets	-65	-492	-797
Sale and disposal of fixed assets	-	5	13
Increase in deposits and long-term assets	55	11	90
Change in scope	-	-	-1
Cash flow from investing activities	-10	-476	-695
Issuance of shares	-	-	-
Proceeds from borrowings	-	146	244
Repayment on borrowings	-1,821	-1,999	-3,772
Interests paid	-171	-227	374
Cash flow from financing activities	-1,992	-2,080	-3,902
Cash flow from discontinued activities	-714	-727	-1,726
Change in cash flows and cash equivalents	-6,038	-3,381	-5,138
Effect of changes in exchange rates on cash at beginning of the year	153	73	-21
Change in fair value of financial instruments held for transactions	-	-	-
Cash and cash equivalent at beginning of the year	17,098	22,257	22,257
Cash and cash equivalent at end of the year	11,213	18,949	17,098

Change in shareholders' equity

(kEUR)	Share capital	Paid-in capital	Legal reserve	Other reserves	Treasury shares	Foreign currency cumulative transition adjustment	Retained deficit	Income and expenses recognized directly to equity	Amounts recorded directly to shareholder's equity relating to discontinued activities	Net income for the year	Shareholders' equity
01.01.09	3,784	32,273	315	450	-120	-236	-12,846	-4	-	-2,145	21,471
Income and expenses recognized directly to equity						23		-230			-207
Result for the year										-2,398	-2,398
Income and expenses for the year						23		-230		-2,398	-2,605
Allocation of net income							-2,145			2,145	
Change in scope											
Capital increase											
Other movements		-686					686				
06.30.09	3,784	31,587	315	450	-120	-213	-14,305	-234	-	-2,398	18,866
Income and expenses recognized directly to equity						-53		-137			-190
Result for the year										229	229
Income and expenses for the year						-53		-137		229	39
Allocation of net income											
Change in scope						-1					-1
Capital increase											
Other movements											
12.31.09	3,784	31,587	315	450	-120	-267	-14,305	-371	-	-2,169	18,904
Income and expenses recognized directly to equity						183		-173			10
Result for the year										-2,648	-2,648
Income and expenses for the year						183		-173		-2,648	-2,638
Allocation of net income							-2,169			2,169	
Change in scope											
Capital increase											
Other movements											
06.30.10	3,784	31,587	315	450	-120	-84	-16,474	-544	-	-2,648	16,266

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