

Cerep Announces 6 Months Financial Results

Paris, France, 28 September 1998 - Cerep, SA (Nouveau Marché, CEREP) the French Drug Discovery Company, today announced financial results for the six months ended June 30, 1998. The results released include only the operations of Cerep S.A. and not the results of Cerep Inc., Cerep's wholly owned U.S. subsidiary which is still in the pre-operating stage and has not yet commenced sales activities.

Cerep reported total revenues of FF 31.5 million (\$5.3 million) for the first six months ended June 30, 1998, an increase of 65% compared to total revenues of FF 19.1 million (\$3.4 million) for the six months ended June 30, 1997 (1). Contract service revenues comprised FF 22.9 million (\$4.4 million) or 73% of total revenues. Additional service revenues of FF 3.4 million (\$0.6 million), were realized from a Drug Discovery collaboration signed in December 1997 with Sanofi, a French pharmaceutical firm. Product revenues amounted to FF 5.2 million (\$0.9 million). The increase in revenues for the first six months ended June 30, 1998, was due primarily to the increase of fee-for-service activities in High Throughput Profiling (HTP).

Cerep's operating expenses increased 59% to FF 30.6 million (\$5.0 million) for the first six months of 1998 compared to the same period in 1997. This increase was due to higher raw material requirements to meet the increase in sales, as well as additional salary and other employee expenses related to hiring, notably in management and support positions.

As of June 30, 1998, Cerep had cash and cash equivalents of approximately FF 78 million (\$13 million), compared to FF 2.2 million (\$0.4 million) at December 31, 1997. The increase reflects the initial proceeds raised from the Company's initial public offering on the Nouveau Marché in February 1998.

Cerep's income before taxes and exceptional loss was FF 1.9 million (\$0.3 million) for the six months ended June 30, 1998, compared to a loss of FF 0.2 million (\$0.03 million) in the same period in 1997. The Company reported a net loss of FF 1.6 million (\$0.2 million) compared to a loss of FF 0.6 million (\$0.1 million) for the six months ended June 30, 1997. The net exceptional loss was FF 4.6 million (\$0.8 million) compared to an exceptional loss of FF 0.4 million (\$0.1 million) for the six months ended June 30, 1997. The 1998 loss includes, notably, a provision of FF 3.1 million (\$0.5 million) on a loan made to Cerep Inc. The provision was made to cover the losses of Cerep Inc. which is currently in the start-up phase. Other exceptional charges were made for costs related to the Initial Public Offering, employee separation payments, and for other items.

Thierry Jean, Chief Executive Officer of Cerep commented "Cerep's six months results reflect the Company's continuing efforts in implementing its business strategy. As demonstrated by the figures, Cerep's fee-for-service activities continue to grow and provide the Company with its short-term cash needs as well as valuable information on future industry trends, thus allowing Cerep to adapt and broaden its technology platform. This in turn will provide the Company with competitive assets in order to secure high value drug discovery collaborative agreements and to develop a low risk and highly efficient in-house drug discovery program."

HIGHLIGHTS

Corporate Development

* In February, Cerep completed its IPO on the Nouveau Marché raising a total FF90 million (US\$15 million).

Drug Discovery Collaborative agreements

* Cerep entered a collaborative agreement worth up to FF190 million (\$33 million) in payments and royalties with Sanofi, the French pharmaceutical company.

Drug discovery platform

* The Company solidified its leadership position in pharmacological profiling through a licensing agreement with Xenometrix, which adds the gene profiling capability to the Company's range of technologies.

Organisational changes in its research operations

The Company created two new management positions in order to address the rapid development and expansion of its research operations:

* Head of Technology Development, which will address the integration and continuous development of the Company's various technologies.

* Head of Drug Development, which will manage Cerep's in house drug discovery and drug development programs.

Investment in human resources and research facilities

* Recruitment of five senior scientists for the Company's wholly owned US subsidiary, Cerep Inc.

* Cerep Inc. has been outfitted with "state of the art" technology to maintain its leadership position in the High Throughput Lead Development (HTLD).

Based in Paris, France, Cerep is a drug discovery Company that integrates high-throughput profiling of lead candidates into the iterative process of screening libraries, selecting hits, and generating optimised libraries. Cerep has created a profitable business based on the supply of combinatorial libraries and a pharmacological profiling service to over 100 pharmaceutical laboratories world-wide. In addition, the Company is developing corporate partnerships with pharmaceutical companies for lead identification, and intends to pursue its own drug discovery program.

(1)Erratum: in La Tribune on August 14, 1998, six month 1997 sales had been reported as being FF18.3 million (\$3.0 million).

Statements included in this press release which are not historical in nature are intended to be, and are hereby identified as, "forward-looking statements" for purposes of the safe harbor provided by Section 21E of the Securities Exchange Act of 1934, as amended by the Private Securities Litigation Reform Act of 1995. Forward-looking statements may be identified by words including "anticipates", "believes", "intends", "estimates", "expects" and similar expressions. The Company cautions readers that forward-looking statements, including without limitation those relating to the Company's future operations and business prospects, are subject to certain risks and uncertainties that could cause actual results to differ materially from those indicated in the forward-looking statements. Factors that may affect future operations and business prospects include, but are not limited to, clinical and scientific results and developments concerning corporate collaborations and the Company's proprietary rights and other factors described in the prospectus relating to the Company's recent public offering. Cerep cautions readers not to place undue reliance upon any such forward-looking statements, which speak only as of the date made. Cerep expressly disclaims any obligation or undertaking to release publicly any updates or revisions of such statements to reflect any changes in Cerep's expectations or any change in events, conditions or circumstances on which any risk statement is based.

Editor's note: An exchange rate of FF 5.9 = \$1 has been used as approximation for the figures noted in parentheses.