

Cerep reports consolidated results for first half 2002

Rueil-Malmaison, France, October 1, 2002 – press release 2002/8

Sales revenue

For the six months ended June 30, 2002, consolidated sales revenue for the Group was EUR 15.659 million, reflecting an increase of 23.9% from EUR 12.643 million for the same period last year. The parent company's net sales were EUR 14.667 million for the first half of 2002 compared to EUR 12.103 million for the first half of 2001. Service activities represented consolidated sales revenues of EUR 11.560 million for the six months ended June 30, 2002, a 29.3% increase from EUR 8.937 million for the first six months of last year. During the same period, consolidated revenue from strategic collaborations increased 10.6% to EUR 4.099 million from EUR 3.706 million for the same period last year.

Results

Consolidated net operating result for the first half of 2002 is an operating profit of EUR 1.012 million, compared to a profit of EUR 0.950 million for the first half-year 2001. For the same period, the parent company reported an operating profit of EUR 1.257 million compared to a profit EUR 1.743 million for the first half of 2001.

Net financial result for the Group is a loss of EUR 0.551 million for the first half of 2002, compared to a gain of EUR 0.376 million for the same period in 2001. This net financial loss includes a net foreign exchange loss of EUR 0.676 million.

For the six months ended June 30, 2002, the Group reported a consolidated net income of EUR 0.483 million, compared to a consolidated net income of EUR 0.937 million for the six months ended June 30, 2001. The parent Company's net result for the period was a net profit of EUR 1.362 million compared to a profit of EUR 0.351 million for the same period last year.

The following is an extract of key consolidated figures:

kEUR	1 st half year 2002	1 st half year 2001
Net sales revenue	15,659	12,643
Operating result	1,012	950
Financial result	<551>	376
Net income before exceptional and tax	461	1,326
Exceptional result	11	<517>
Net income	483	937

Cash position

At June 30, 2002, Group cash and cash equivalents (which includes marketable securities) amounted to EUR 19.44 million, compared to EUR 20.26 million at March 31, 2002, and EUR 19.03 million at December 31, 2001. Operating activities for the first half of 2002 provided cash flows of EUR 2.878 million, compared to cash flows provided of EUR 1.606 million for the same period in 2001. Fixed and intangible assets acquired during the period were financed on the Group's funds in the amount of EUR 2.808 million, along with financial leases of EUR 0.280 million.

Research and development – tax credit

R&D costs for the six months ended June 30, 2002 are EUR 5.462 million compared to EUR 5.338 million for the same period in 2001.

Tax credit of EUR 0.077 million is essentially a research and development credit which compares to EUR 0.120 for the first half of 2001.

Outlook

Ongoing commercial efforts and current discussions with potential partners allow Cerep to maintain its revenue expectation announced earlier this year of EUR 37 million for the twelve-months, while its takes notice of the uncertainties of the economic environment, most particularly within the pharmaceutical industry.

Significant events since January 1, 2002

- During the first half of the year, the scientific direction of the Group and the operational management of all sites were assigned to Frederic Revah, Chief Scientific Officer, who joined Cerep at the beginning of 1999. Michael Entzeroth, VP Technology Development, left the Group to pursue other activities.
- On January 28, 2002, Cerep and Sanofi-Synthélabo renewed their strategic collaboration agreement for 2002. Efforts and resources of both parties will now focus on two of the most advanced projects. Cerep and Sanofi-Synthélabo also agreed to initiate high throughput screening and lead optimization programs on two novel targets of therapeutic interest.
- On May 3, 2002, the Company announced the success of two research programs within its partnership with Bristol-Myers-Squibb. The first patent application that Cerep and Bristol-Myers Squibb filed jointly in December 2000 was published on June 6, 2002. It relates to the use, in the treatment of inflammation and immune diseases, of a family of compounds resulting from the joint research program that act through an original mechanism of action involving adhesion molecules ICAM and LFA-1.
- On July 1, 2002, the Company also announced the signing of two research service agreements with Sanofi-Synthélabo. The first agreement is for the production of a compound library using Cerep's combinatorial chemistry platform, and the second provides Sanofi-Synthélabo access to Cerep's high-throughput profiling technology.
- The Company's patent filed as part of its internal drug discovery research programs, and relating to a family of molecules actives on 5HT4 – a target involved in particular in the treatment of gastro-intestinal disorders, anxiety and certain cardiac diseases – was published in August 2002.

Cerep's mission is to build a pipeline of drug candidates aimed to be licensed out at the beginning of clinical phases. The drug discovery effort is financed through profitable fee for services activities.

Cerep provides solutions allowing faster and cost effective drug discovery by identifying at early stages the most promising drug candidates as well as eliminating those compounds likely to fail in development. Cerep's integrated platform encompasses a complete range of technologies including chemistry, biology, and informatics.

Cerep's technologies benefit to more than 200 pharmaceutical and biotechnological companies worldwide including most of the top pharmaceutical firms.

Cerep's drugs pipeline includes collaborative drug candidates developed with Bristol-Myers Squibb, Sanofi-Synthélabo and Sepracor, as well as products discovered on its own.

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 company's Document de référence.

Contact

Thierry Jean, President and CEO
Jean-Yves Latombe, Chief Financial Officer
Tel : + (33) 1 55 94 84 00
fincom@cerep.fr
Code Euroclear France : 6179 – Nouveau Marché

► **Thierry Jean, Chairman and CEO of Cerep, will speak at the UBS Warburg Global Life Sciences Conference on October 8 in New York City.**

The public is welcome to participate in the conference through an audio webcast on the UBS Warburg website. The audio transmission will be available live (8:00 am local time ; 12:00 am GMT ; 2:00 pm Paris time) and by replay. The replay will begin 3 hours after presentation time and will be available until November 10, 2002.

To access the audio webcast, go to www.ubswarburg.com ; find the UBS Warburg Conferences link in the lower right hand side of the page ; click on link. Follow link to Live Audio under the Global Life Sciences Conference heading.