

Cerep reports consolidated sales for the second quarter 2003

Service revenue increased by 9%

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Second quarter and first half 2003 consolidated sales

■ Second quarter 2003

For the second quarter 2003, service activities of Cerep (Nouveau Marché : Cerep) generated sales worth M€ 6.11 compared to M€ 5.60 for the same period of 2002, an increase of 9.1%. Based on the dollar/euro exchange rate for the second quarter of last year, service sales for the period would have increased by 23.0%. Revenues from the contract signed with Lilly in late December grew in the second quarter compared to the first three months of the year, and will further increase during the last two quarters.

Sales for strategic partnerships amounted to M€ 0.92 for the quarter, down 60.5% (-59.4% at a constant dollar rate) compared to the M€ 2.33 for the same period of last year. The decrease is essentially due to the termination of the payments by Bristol-Myers Squibb, concomitant to the ending of the research phase as provided by the terms of the drug discovery agreement signed in 1999.

Consolidated sales for the second quarter totalled M€ 7.03 against a figure of M€ 7.93 in 2002, a decrease of 11.4%. At constant dollar rate, the total sales for the period would have been slightly down (-1.2%) compared to 2002.

■ First half 2003

For the first half of the year, service activities generated sales of M€ 12.87, against M€ 11.56 in 2002, up 11.3%. At a constant dollar rate, the growth would have been 24.6%.

For the same period, sales for strategic partnerships totalled M€ 2.05, down 50.1% (-47.2% at a constant dollar rate) compared to the M€ 4.10 figure in 2002.

At June 30, 2003, total sales were M€ 14.91 compared to M€ 15.66 in 2002, a decrease of 4.7%. At a constant dollar rate, the sales for the period would have grown by 5.8%.

Exchange hedging set up at the end of 2002 will partially offset the negative exchange difference recorded for the first half of 2003 compared to the same period of 2002. The corresponding revenues are to be reported under financial income.

Operating income

Operating income for the second quarter 2003 was a loss of M€ 1.52, compared to a profit of M€ 0.37 in 2002. Operating expenses for the second quarter are slightly below those recorded for the first quarter, as an impact of the measures undertaken during the first six months of the year to reduce costs.

At June 30, 2003, Cerep reported an operating loss of M€ 2.28 compared to a profit of M€ 1.01 for the first six months of 2002. During the first half of 2003, Cerep maintained a sustained R&D effort.

Cash position

Net consolidated cash and cash equivalents (excluding treasury shares and related cash equivalents) was M€ 20.75 at June 30, 2003, compared to M€ 22.30 at March 31, 2003 and M€ 19.44 at June 30, 2002.

Sales by activity and operating result

EUR, in thousands	2 nd Quarter			1 st Half		
	2003	2002	Change %	2003	2002	Change %
Sales revenue						
Services	6,109	5,598	9.1%	12,868	11,560	11.3%
Strategic partnerships	920	2,331	-60.5%	2,046	4,099	-50.1%
Total	7,029	7,929	-11.4%	14,914	15,659	-4.8%
Operating result	-1,525	374	-	-2,280	1,012	-

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 service 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 290 pharmaceutical and biotechnological companies worldwide including most of the top pharmaceutical firms.

Cerep's drug 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.

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