

Half year 2004 consolidated sales revenues Sustained growth with increasing operating profit

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■ **Second quarter and half-year 2004 sales revenues (consolidated)**

Second quarter 2004

Cerep (French Nouveau Marché : Cerep) second quarter 2004 consolidated sales revenues reached EUR 12.58 million, compared to EUR 7.03 million for the same quarter last year, reflecting an increase of 78.9%, and compared to EUR 9.76 million pro forma including Hesperion*, an increase of 28.9%.

Assuming constant euro/US dollar and euro/Swiss franc exchange rates from second quarter 2003, the increase in sales revenues for the period would have been 83.0% (31.8% pro forma).

During the second quarter of 2004, drug discovery services and collaboration activities generated sales revenues of EUR 9.42 million, reflecting an increase of 34.0% compared to EUR 7.03 million earned during the same period in 2003. On a constant euro/US dollar basis, the increase in sales revenues in these activities would have been 37.5%.

Sales revenues from clinical services for the second quarter of 2004 were EUR 3.16 million, compared to EUR 2.73 million in 2003, showing an increase of 15.9% (+17.4% on a constant Swiss franc basis).

Half-year 2004

During the six months ended June 30, 2004, Cerep earned sales revenues from drug discovery services and collaboration activities of EUR 17.85 million, compared to EUR 14.91 million for the same period in 2003, reflecting an increase of 19.7%. On a constant US dollar basis, this increase would have been 26.1%.

During this period, clinical services activities totaled sales revenues of EUR 6.30 million, an increase of 15.4% (+20.2% on a constant Swiss franc basis) from EUR 5.46 million incurred in 2003.

Total sales revenues for the six months ended June 30, 2004 were EUR 24.16 million, which when compared to EUR 14.91 million in 2003, show a growth of 62.0%, and an increase of 18.6% compared to EUR 20.37 million pro forma 2003. On a constant euro/US dollar and euro/Swiss franc basis, sales revenues for the period would have increased 70.0% (+24.5% pro forma).

■ **Operating result**

Second quarter 2004 consolidated operating results were a profit of EUR 0.69 million compared to a loss of EUR 1.52 million for the same period in 2003.

Consolidated operating results for the six months ended June 30, 2004 were a profit of EUR 0.81 million, compared to a loss of EUR 2.28 million for the first half of 2003. This good performance reflect notably the impact of efforts initiated in 2003 aimed at improving productivity of Drug Discovery Services activities.

Cerep maintained significant R&D efforts throughout these six months.

■ **Cash position**

The Group's net cash and cash equivalents (including Hesperion – excluding Cerep shares held and related cash) were EUR 18.55 million at June 30, 2004 compared to EUR 20.89 million at June 30, 2003, and to EUR 17.53 million at March 31, 2004.

* Swiss subsidiary acquired by Cerep in the beginning of 2004.

■ Breakdown of consolidated sales revenues and operating results

Sales revenue (euro thousands)	2nd Quarter 2004		2nd Quarter 2003		Change		1st half Year 2004		1st half Year 2003		Change	
	Pro forma	Actual	Pro forma	Actual	Pro forma	Actual	Pro forma	Actual	Pro forma	Actual	Pro forma	Actual
Drug discovery services and collaborations	9,417	7,029	7,029		34.0%	34.0%	17,854	14,914	14,914		19.7%	19.7%
Clinical services	3,159	2,726	-		15.9%	-	6,301	5,459	-		15.4%	-
Total	12,576	9,755	7,029		28.9%	78.9%	24,155	20,373	14,914		18.6%	62.0%
Operating result	+692	-1,492	-1,525				+807	-2,231	-2,280			

Cerep's mission is to provide pharmaceutical companies with high quality services in drug discovery and drug development as well as drug candidates from proprietary and partnered R&D programs.

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. With the acquisition of Hesperion, finalized in February 2004, the Group adds Clinical development services to its platform.

Cerep's technologies benefit to more than 300 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, 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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