

3rd quarter 2004

Sales revenues and operating result

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■ Consolidated sales revenues

Third quarter 2004

Cerep (French Nouveau Marché: Cerep) third quarter 2004 consolidated sales revenues reached EUR 12.33 million, reflecting an increase of 48.3% compared to EUR 8.31 million for the same quarter last year, and an increase of 10.9% compared to EUR 11.12 million pro forma including Hesperion¹.

Assuming constant euro/US dollar and euro/Swiss franc exchange rates from third quarter 2003, the increase in sales revenues for the period would have been 53.9% (15.0% pro forma).

During the third quarter 2004, Drug Discovery Services and Collaboration activities generated sales revenues of EUR 8.88 million, reflecting an increase of 6.9% compared to EUR 8.31 million earned during the same quarter in 2003. On a constant euro/US dollar basis, the increase in sales revenues in these activities would have been 12.6%.

Sales revenues from Clinical services for the third quarter 2004 were EUR 3.45 million, compared to EUR 2.81 million in 2003, showing an increase of 22.7% (+22.2% on a constant euro/Swiss franc basis).

9 months 2004

During the nine months ended September 30, 2004, Cerep had sales revenues from Drug Discovery Services and Collaboration activities of EUR 26.73 million, compared to EUR 23.22 million for the same period in 2003, reflecting an increase of 15.1%. On a constant US dollar basis, this increase would have been 21.2%.

During this period, Clinical services activities produced sales revenues of EUR 9.75 million, an increase of 17.9% compared to EUR 8.27 million pro forma 2003 (+20.8% on a constant euro/Swiss franc basis).

Total sales revenues for the nine months ended September 30, 2004, were EUR 36.48 million, an increase of 57.1% compared to EUR 23.22 million for the same period in 2003, and an increase of 15.8% compared to EUR 31.49 million pro forma 2003. On a constant euro/US dollar and euro/Swiss franc basis, sales revenues for the period would have increased 64.3% (+21.1% pro forma).

■ Operating result

Third quarter consolidated operating result was a profit of EUR 0.52 million, compared to a loss of EUR 0.21 million for the same period in 2003.

Consolidated operating result for the nine months ended September 30, 2004, was a profit of EUR 1.33 million compared to a loss of EUR 2.49 million for the same period in 2003.

Material consumptions, which amounted to 24.11% of sales revenues during first quarter 2003, represent 20.39% for the third quarter 2004, as a result of the company's efforts on production costs. Cerep maintains these efforts and expects to further improve these numbers.

Thierry Jean, President and CEO commented: "We are very pleased with these results which position us as the leader in our segment² both in Europe and in the United States, in terms of revenues growth and operating results, in spite of an adverse euro/US dollar rate of exchange. We are also one of the few companies of the segment that maintained a high level of R&D, confident in the potential of our research programs and ongoing clinical trials³".

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

2. Companies of the segment are technology companies known to Cerep to have a dual business model (service and drug discovery activities) essentially similar to Cerep's, in Europe and in the United States.

3. Cerep's portfolio of drug candidates includes a compound in phase I in the area of inflammation. With the acquisition of MEL, Cerep has also a product in phase I /II in the field of cancer.

■ Cash position

The Group's net cash and cash equivalents (including Hesperion – excluding Cerep shares held and related cash) were EUR 17.86 million at September 30, 2004, compared to EUR 18.66 million at June 30, 2004, and to EUR 20.15 million at September 30, 2003.

■ Breakdown of consolidated sales revenues and operating results

Sales revenues (euro thousands)	3rd Quarter					Nine months				
	2004	2003		Change		2004	2003		Change	
		pro forma	actual	pro forma	actual		pro forma	actual	pro forma	actual
Drug discovery services and collaborations	8,879	8,309	8,309	6.9%	6.9%	26,733	23,223	23,223	15.1%	15.1%
Clinical services	3,447	2,810		22.7%		9,748	8,269		17.9%	
Total	12,326	11,119	8,309	10.9%	48.3%	36,481	31,492	23,223	15.8%	57.1%
Operating result	527	-257	-213			1,334	-2,488	-2,493		

■ Significant events of the quarter

Expansion of Hesperion

Hesperion, Cerep's wholly-owned subsidiary, acquired ChapelPharma, a company specialized in regulatory services based in Hungerford, UK. This acquisition enhances Hesperion's expertise and regulatory activities and offers a base for the development of its clinical trial activities in the UK. The acquisition, paid in cash during the fourth quarter, will not significantly impact the cash position of the last quarter of 2004.

In addition, Hesperion established a new subsidiary, Hesperion Sarl, in Strasbourg, France. This subsidiary will conduct the activities of clinical development in France and form an additional center for management and analysis of clinical data.

Acquisition of MEL

The acquisition of MEL will be achieved in January 2005, by exchange of MEL shares against Cerep shares, conditional to approval by the shareholders' meeting. Should the General assembly of Cerep shareholders not vote the approval, Cerep reminds that it will pay for the acquisition in cash.

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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