



2009

CONSOLIDATED FINANCIAL STATEMENTS

Consolidated results and selected information for the last five operating periods

at December 31

CAPITAL INFORMATION

Share capital (kEUR)

Number of shares issued and outstanding at period end

Number of preferred (non-voting) shares issued

Weighted average number of shares

Maximum potential number of shares to be issued:

. from conversion of bonds

. from exercise of stock subscription rights

Weighted average number of potentially dilutive shares to be issued:

. potentially dilutive shares to be issued from exercise of stock options

. total weighted average number of shares outstanding and potentially dilutive shares used in diluted per share calculations

REVENUES AND RESULTS FOR THE PERIOD (kEUR) ON CONTINUING ACTIVITIES

Net sales revenue

Current operating result

Operating result

Operating income before tax, amortization, depreciation, and provisions

Income tax expense (negative number indicates an income tax profit)

Net income

Result of discontinued activities and activities held for sale

Net consolidated result

BASIC PER SHARE RESULTS (EUR)

Current operating result

Operating result

Basic income before tax, amortization, depreciation, and provisions per share

Net income

Result on discontinued activities

DILUTED EARNING PER SHARE (EUR)

Current operating result

Operating result

Basic income before tax, amortization, depreciation, and provisions per share

Net income

Result on discontinued activities

PERSONNEL

Average headcount for the period

Total payroll expense (kEUR)

Social security and employee benefit (kEUR)

¹ Following changes to the R&D tax credit presentation method in 2008, the 2007 published items have been restated accordingly for easier comparison

| | 2005 | 2006 | 2007 | 2007 | 2008 | 2009 |
|--|------------|------------|----------------|--|------------|------------|
| | IFRS | IFRS | published IFRS | IFRS comparative restated in 2008 ¹ | IFRS | IFRS |
| | 3,753 | 3,768 | 3,784 | 3,784 | 3,784 | 3,784 |
| | 12,509,625 | 12,559,675 | 12,611,875 | 12,611,875 | 12,611,875 | 12,611,875 |
| | N/A | N/A | N/A | N/A | N/A | N/A |
| | 12,373,581 | 12,541,258 | 12,609,700 | 12,609,700 | 12,611,875 | 12,611,875 |
| | N/A | N/A | N/A | N/A | N/A | N/A |
| | 1,174,040 | 1,062,416 | 915,550 | 915,550 | 518,500 | 500,000 |
| | 170,929 | 52,608 | - | - | - | - |
| | 12,373,581 | 12,541,258 | 12,609,700 | 12,609,700 | 12,611,875 | 12,611,875 |
| | 52,887 | 30,906 | 31,400 | 31,400 | 30,799 | 26,299 |
| | -4,175 | 2,828 | 3,039 | 3,302 | 1,950 | -1,712 |
| | -5,908 | 2,636 | 3,039 | 3,302 | 1,950 | -1,712 |
| | -1,172 | 4,718 | 5,743 | 6,006 | 4,282 | 211 |
| | 274 | -20 | 341 | 581 | 342 | -515 |
| | -6,692 | 2,266 | 2,665 | 2,665 | 1,918 | -1,403 |
| | - | -19,202 | 6,497 | 6,497 | -4,063 | -766 |
| | -6,692 | -16,936 | 9,162 | 9,162 | -2,145 | -2,169 |
| | -0.34 | 0.23 | 0.24 | 0.26 | 0.15 | -0.14 |
| | -0.48 | 0.21 | 0.24 | 0.26 | 0.15 | -0.14 |
| | -0.12 | 0.38 | 0.43 | 0.43 | 0.31 | 0.06 |
| | -0.54 | 0.18 | 0.21 | 0.21 | 0.15 | -0.11 |
| | | -1.53 | 0.52 | 0.52 | -0.32 | -0.06 |
| | -0.34 | 0.23 | 0.24 | 0.26 | 0.15 | -0.14 |
| | -0.48 | 0.21 | 0.24 | 0.26 | 0.15 | -0.14 |
| | -0.12 | 0.38 | 0.43 | 0.43 | 0.31 | 0.06 |
| | -0.54 | 0.18 | 0.21 | 0.21 | 0.15 | -0.11 |
| | | -1.53 | 0.52 | 0.52 | -0.32 | -0.06 |
| | 518 | 285 | 315 | 315 | 290 | 278 |
| | 22,184 | 9,906 | 9,906 | 9,906 | 10,564 | 10,067 |
| | 7,899 | 4,187 | 4,116 | 4,116 | 4,432 | 4,267 |

Income statement

| (kEUR) | 12.31.09 | 12.31.08 |
|---|---------------|---------------|
| CONTINUING ACTIVITIES | | |
| Net sales revenues | 26,299 | 30,799 |
| Other revenues | 540 | 790 |
| Total current revenues | 26839 | 31,589 |
| Purchase of raw materials, supplies and change in inventory of materials and products | 6,369 | 6,653 |
| Other supplies and external expenses and services | 4,729 | 5,066 |
| Tax and related charges | 774 | 712 |
| Wages | 10,067 | 10,564 |
| Payroll taxes and benefits | 4,267 | 4,432 |
| Net provision expense for pension benefit obligation | 51 | 17 |
| Fixed assets depreciation and amortization | 1,884 | 1,983 |
| Impairment of assets | -12 | 65 |
| Other expenses | 422 | 147 |
| Total net current expenses | 28,551 | 29,639 |
| Current operating result | -1,712 | 1,950 |
| Other operating income and expenses | - | - |
| Operating result | -1,712 | 1,950 |
| Expenses related to interest-bearing debts | -542 | -627 |
| Net income from investments | 168 | 350 |
| Net foreign exchange result | -60 | -135 |
| Other financial expenses or revenue | 228 | 722 |
| Financial result | -206 | 310 |
| Consolidated net result | -1,918 | 2,260 |
| Current income tax expense | -466 | 90 |
| Deferred income tax expense | -49 | 252 |
| Consolidated net result of continuing activities | -1,403 | 1,918 |
| DISCONTINUED ACTIVITIES | | |
| Net result of discontinued activities | -766 | -4,063 |
| Net result | -2,169 | -2,145 |
| Basic earning per share (EUR) | -0.17 | -0.17 |
| Continuing activities | -0.11 | 0.15 |
| Discontinued activities | -0.06 | -0.32 |
| Diluted earning per share (EUR) | -0.17 | -0.17 |
| Continuing activities | -0.11 | 0.15 |
| Discontinued activities | -0.06 | -0.32 |

Statement of net result and gain/loss recorded directly to shareholders' equity

| (kEUR) | 12.31.09 | 12.31.08 |
|--|---------------|---------------|
| Net result | -2,169 | -2,145 |
| Translation adjustments | -30 | 150 |
| Revaluation of hedging derivatives | -340 | -484 |
| Revaluation of financial assets available for sale | | |
| Revaluation of fixed assets | | |
| Actuarial gain/loss on defined benefit plans | -27 | 34 |
| Share of gain/loss recorded directly to shareholders' equity of companies put in equivalence | - | - |
| Total gain/loss recorded directly to shareholders' equity | -397 | -300 |
| Net result and gains/loss recorded directly to shareholders' equity | -2,566 | -2,445 |

The amounts above are net of taxes.

Balance sheet

| (kEUR) | 12.31.09 | 12.31.08 |
|---|---------------|---------------|
| Goodwill | – | – |
| Intangible assets | 333 | 667 |
| Fixed assets | 8,212 | 9,316 |
| Long-term assets (more than 1 year) | 1,030 | 1,126 |
| Deferred tax assets | 50 | |
| Non-current assets | 9,625 | 11,109 |
| Long-term assets (less than 1 year) | 106 | 101 |
| Materials and products in progress and inventories | 4,503 | 4,028 |
| Trade receivables and related | 4,629 | 7,992 |
| Prepaid expenses | 382 | 367 |
| Other receivables | 4,057 | 5,022 |
| Financial instruments held for transactions | 15,851 | 19,320 |
| Derivative financial instruments | 68 | 220 |
| Cash deposits | 1,318 | 2,977 |
| Current assets | 30,914 | 40,027 |
| Non-current assets held for sale | 3,770 | 3,770 |
| Total assets | 44,309 | 54,906 |
| Share capital | 3,784 | 3,784 |
| Paid-in capital | 31,587 | 32,273 |
| Treasury shares | -120 | -120 |
| Legal, regulated and other reserves | 765 | 765 |
| Foreign currency cumulative translation adjustment | -268 | -236 |
| Income and expenses recognized directly to equity | -371 | -4 |
| Group reserves and retained deficit | -14,304 | -12,846 |
| Amounts recorded directly to shareholder's equity relating to non-current assets held for sale | | |
| Net income for the year | -2,169 | -2,145 |
| Shareholders' equity | 18,904 | 21,471 |
| Borrowings and debt with financial institutions (non-current portion) | 4,856 | 7,141 |
| Retirement benefit obligation and similar | 495 | 360 |
| Deferred tax liabilities | – | 151 |
| Non-current liabilities | 5,351 | 7,652 |
| Borrowings and debt with financial institutions (current portion) | 2,723 | 3,948 |
| Provision for risk and contingency due within one year | 21 | 682 |
| Deposits and advances from customers | 689 | 1,567 |
| Deferred revenue | 932 | 2,026 |
| Trade payables and related | 1,916 | 2,905 |
| Tax, payroll and related payable | 2,646 | 3,135 |
| Other liabilities | 113 | 104 |
| Derivative financial instruments | 626 | 259 |
| Current liabilities | 9,666 | 14,626 |
| Liabilities related to non-current assets held for sale | 10,388 | 11,157 |
| Total shareholders' equity and liabilities | 44,309 | 54,906 |

Statement of cash flows

| (kEUR) | 12.31.09 | 31.12.08 |
|--|---------------|---------------|
| Net result of continuing activities | -1,403 | 1,918 |
| Adjustments | | |
| Depreciation and amortization | 1,884 | 1,983 |
| Impairment of assets | -6 | 65 |
| Interest expense | 411 | 635 |
| Tax expense | -49 | 100 |
| Change in fair value of financial instruments* | -515 | -484 |
| Change in retirement benefit obligations | 135 | 17 |
| Income tax paid | - | -570 |
| Loss on sales of assets | 367 | -36 |
| Cash flow from operations excluding interest and taxes | 824 | 3,628 |
| Net change in assets and liabilities | | |
| Net change in inventory | -476 | 57 |
| Net change in receivables | 3,636 | 1,080 |
| Net change in payables | -1,528 | 230 |
| Net change in current provisions (including restructuring) | -679 | -921 |
| Net change in financial instruments | 518 | 896 |
| Prepaid expenses and deferred revenue | -1,110 | -87 |
| Net change in working capital | 361 | 1,255 |
| Cash flow from operating activities | 1,185 | 4,883 |
| Purchase of fixed assets | -797 | -1,582 |
| Sale and disposal of fixed assets | 13 | 8 |
| Increase in deposits and long-term assets | 90 | 87 |
| Change in scope | -1 | - |
| Cash flow from investing activities | -695 | -1,487 |
| Issuance of shares | - | - |
| Proceeds from borrowings | 244 | 329 |
| Repayment on borrowings | -3,772 | -4,005 |
| Interests paid | 374 | -611 |
| Cash flow from financing activities | -3,902 | -4,287 |
| Cash flow from discontinued activities | -1,726 | 392 |
| Change in cash flows and cash equivalents | -5,138 | -499 |
| Effect of changes in exchange rates on cash at beginning of the year | -21 | 41 |
| Change in fair value of financial instruments held for transactions | - | - |
| Cash and cash equivalent at beginning of the year | 22,257 | 22,715 |
| Cash and cash equivalent at end of the year | 17,098 | 22,257 |

Change in shareholders' equity

| (kEUR) | Share capital | Paid-in capital | Legal reserve | Regulated reserves | Other reserves | Treasury shares | Foreign currency cumulative translation adjustment | Retained deficit | Income and expenses recognized directly to equity | Amounts recorded directly to shareholder's equity relating to discontinued activities | Net income for the year | Shareholders' equity |
|---|---------------|-----------------|---------------|--------------------|----------------|-----------------|--|------------------|---|---|-------------------------|----------------------|
| 01.01.08 | 3 784 | 32 273 | 241 | 74 | 450 | -120 | -378 | -22 016 | 446 | - | 9 162 | 23 916 |
| Income and expenses recognized directly to equity | - | - | - | - | - | - | 142 | 8 | -450 | - | - | -300 |
| Result for the year | - | - | - | - | - | - | - | - | - | - | -2,145 | -2,145 |
| Income and expenses for the year | - | - | - | - | - | - | 142 | 8 | -450 | - | -2,145 | -2,445 |
| Allocation of net income | - | - | - | - | - | - | - | 9,162 | - | - | -9,162 | - |
| Issuance of shares | - | - | - | - | - | - | - | - | - | - | - | - |
| 12.31.08 | 3,784 | 32,273 | 241 | 74 | 450 | -120 | -236 | -12,846 | -4 | - | -2,145 | 21,471 |
| Income and expenses recognized directly to equity | - | - | - | - | - | - | -30 | - | -367 | - | - | -397 |
| Result for the year | - | - | - | - | - | - | - | - | - | - | -2,169 | -2,169 |
| Income and expenses for the year | - | - | - | - | - | - | -30 | - | -367 | - | -2,169 | -2,566 |
| Allocation of net income | - | - | - | - | - | - | - | -2,145 | - | - | 2,145 | - |
| Change in scope | - | - | - | - | - | - | -1 | - | - | - | - | - |
| Issuance of shares | - | - | - | - | - | - | - | - | - | - | - | - |
| Other movements | - | -686 | - | - | - | - | - | - | - | - | - | - |
| 12.31.09 | 3,784 | 31,587 | 241 | 74 | 450 | -120 | -267 | -14,305 | -371 | - | -2,169 | 18,904 |

Significant events in 2009

Continuing activities

Cerep has extended for the year 2009 its major service agreements as well as its strategic collaborations signed in 2002 and 2003 with Pfizer and Eli Lilly & Company respectively.

The supply and co-marketing agreement signed with PerkinElmer, Inc. in April 2008 has been extended to kinases. One of the first successes of this extension is the signature with Eli Lilly & Company of a major kinase profiling agreement in June 2009.

During the second quarter 2009, Cerep announced the signature of a 3-year collaboration agreement with Servier for the discovery and optimization of new drugs.

In October 2009, Cerep announced the signature of a BioPrint® evaluation licence with Roche. Under the terms of the agreement Roche will be granted access to the BioPrint® database and related pharmacoinformatics tools. At the end of the evaluation period, Roche will have the option to subscribe a perpetual licence at a predetermined price.

Discontinued activities

At the end of 2006, Cerep decided to refocus all efforts on the development of profitable activities only; the Company had also announced, in early 2009, its decision to stop all expenses associated to its oncology program. Financial impacts of these decisions are totally reflected in the Group results.

As part of its annual portfolio review and arbitration, sanofi-aventis decided during the first half of the year, to discontinue the program on the NPY1 antagonist co-discovered by Cerep and sanofi-aventis.

In January 2009, Cerep announced the signature of a license agreement with Thea for the development of an LFA-1 antagonist. Several months of assays and research led Thea to the conclusion that the licensed product was not appropriate for the development in ophthalmology and thus decided to discontinue this program. The termination of the license agreement triggered the payment to Cerep of a termination fee paid in January 2010.

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