



Evotec OAI AG, First Quarter Report 2004

**For further information
please contact:**

Anne Hennecke
Investor Relations,
Corporate Communications

+49.(0)40.560 81-286
+49.(0)40.560 81-333 Fax
anne.hennecke@evotecoai.com

Evotec OAI AG
Schnackenburgallee 114
D-22525 Hamburg
www.evotecoai.com

Dear shareholders,

Overall 2004 continues to progress in line with the forecasts as communicated in February. With respect to our Q1 results there are three key comments:

1. Q1 revenues were 19% lower than in 2003. This decline is due to the general difficult market conditions in 2003, adverse currency effects and a major single item sale in Q1 2003 in the amount of approximately EUR 3 million. Going forward we believe that we will benefit from the upturn we are observing in the contract research and outsourcing market, already resulting in significant order intake and strong deal flow.
2. Deal flow in Discovery and Development Services in Q1 has been strong. This is highlighted by new contracts with Panacos (US), Rib-X Pharmaceuticals (US), Toray (Japan) and Fujisawa (Japan) which have contributed positively towards building our order book for 2004.
3. We have made substantial progress in our Discovery Programs Division (DPD) strategy. We advanced three internal Metabolic Disease discovery projects into the hit-to-lead phase. Our subsidiary, Evotec Neurosciences (ENS) has continued to add value to its Central Nervous System pipeline by in-licensing of five

pre-clinical drug candidates from Roche. Additionally, ENS closed a first round of venture capital financing at the end of March raising EUR 25 million, which was the largest Series A financing of any European company since 2002. This is a strong validation of the Discovery Programs Division and gives ENS the financial stability to accelerate the execution of its strategy of building a strong product pipeline.

With a number of compounds progressing towards lead optimisation activity in our Metabolic Disease programme is now increasing. In line with our communicated strategy we are also committed to enter into and fund additional discovery programmes; which will allow our shareholders to benefit from their potential upside.

We remain consistent regarding the outlook for the Company's performance in 2004. We believe that we have now left behind us the bottom of the market down turn at the end of 2003. Our deal flow is encouraging and reflects an improving overall environment. We are currently seeing clear indications that pharma companies are increasing their outsourcing activities, reversing an 18 month negative trend. In addition, recent financings of biotech companies in the private and public equity markets, in particular in the US, are indicative of improving overall health in the sector. We therefore expect revenue growth for the full year of 2004, helping us to deliver another year of sound performance.

Highlights

Signs of recovery in the US ...

Deal flow in the first quarter of 2004 has been strong.

Medicinal chemistry collaborations initiated with Rib-X and Panacos

In January, Evotec OAI announced a medicinal chemistry collaboration with **Rib-X Pharmaceuticals, Inc.**, a privately held US biotechnology company focused on the design and development of the next generation of antibiotics to fight multidrug-resistant bacteria.

In March, we closed a medicinal chemistry agreement with **Panacos Pharmaceuticals, Inc.**, a US biotechnology company developing novel antiviral drugs for the treatment of Human Immunodeficiency Virus (HIV) infection and other major viral diseases. Panacos will take advantage of our full range of state-of-the-art medicinal chemistry capabilities to identify drug candidates for the treatment of HIV infection.

... and in Japan

Integrated medicinal chemistry, virtual screening and compound profiling agreements signed with Fujisawa and Toray

In Q1 Evotec OAI entered into integrated virtual screening and medicinal chemistry collaborations with two Japanese companies, **Fujisawa Pharmaceutical Co., Ltd.** and **Toray Industries, Inc.**, to identify, synthesise and optimise compounds that show biological activity against their respective drug targets.

We will use our drug discovery platform to identify molecules optimised in terms of their potency, selectivity, in vitro ADMET and pharmacokinetic profile, ready for subsequent progression into a lead optimisation programme.

Evotec OAI will receive fees for services carried out and milestone payments for the successful performance of these projects.

Evotec Neurosciences in-licenses five CNS drug candidates from Roche ...

In March, our subsidiary Evotec Neurosciences (ENS) announced the acquisition from **Roche** of an exclusive worldwide license to develop and market an extensive patent portfolio covering NMDA receptor NR2B subtype selective antagonists for the treatment of a variety of CNS disorders including Alzheimer's Disease, neuropathic pain and Parkinson's Disease. The novel compounds are in late pre-clinical development. They broaden the CNS portfolio of ENS significantly.

... and closes the biggest private European first round financing for two years

In March, ENS closed a € 25 million first round of venture capital financing with **TVM Techno Venture Management** (Munich, Germany) being the lead and 3i plc (London, UK) and MVM (London, UK) the co-lead investors. The first tranche of the Series A financing dilutes the Evotec OAI ownership of ENS to 42%, and the subsidiary's financials will be consolidated as non-operating result ("at equity") in Evotec OAI's financial statements. This substantial funding will allow ENS to build a broad and balanced portfolio of CNS drug candidates and accelerate development of its proprietary and in-licensed compounds.

Evotec Technologies continues to build its bench-top business

Evotec Technologies (ET) continued to build its business with bench-top equipment. In Q1 2004, two Opera cell analysers and two Clarina II screening devices were delivered and site accepted. ET's Pfizer project is progressing to plan. In Q1 2004 ET achieved a milestone for the development of technology which allows improved efficiency of compound use on the EVOscreen® platform.

Important events after the end of the first quarter

Strategic chemistry partnership with Roche

Evotec OAI enters into strategic worldwide chemistry agreement with Roche

Share in ProPharma increased

Evotec OAI increased its share in its ProPharma subsidiary from 61% to 81%.

Financial Report

Revenue

Evotec OAI revenues for the first quarter of 2004 were EUR 14.4 million (2003: EUR 17.8 million). The quarterly decline year on year is a result of three specific effects which supports our belief that it is not indicative of the expected full year performance.

1. Q1 sales in the previous year included approximately EUR 3 million revenues from the delivery of an EVOscreen® Mark III system to Pfizer. We expect to sell one or two such systems per year and the resulting revenue may fall into any quarter with a resulting distorting effect.
2. The strong Euro continued to affect our sales recognised in US-Dollars. At constant 2003 currencies, revenues in Q1 2004 would have been EUR 0.8 million higher.
3. In addition, the difficult market conditions in 2003 still affected our revenues in Q1 2004, since there is a time lag between customer funding, outsourcing decisions, contract signatures and revenue recognition.

Adjusting for the EVOscreen® revenue effect in the previous year and adjusting for currency, our sales would have increased by 2%.

Our **Discovery and Development Services Division (DDS)** achieved revenues of EUR 11.1 million (2003: EUR 13.9 million) in the first quarter of 2004. These include deliveries of EUR 1.0 million to the DeveloGen JV. Development chemistry revenues for the first quarter were adversely affected due to a significant delivery being delayed until Q2.

Revenues in our **Discovery Programs Division (DPD)** amounted to EUR 0.9 million (2003: EUR 0.0 million), resulting from the agreement Evotec Neurosciences signed with Takeda in August 2003. These revenues consist of FTE based R&D payments and the allocation of a target database access fee, which is spread over the four-year contract period. Due to the reduction of our shareholding in ENS following the venture capital round closed in March, ENS revenues will no longer be consolidated after Q1 2004.

For the three months to 31 March 2004, our **Tools and Technologies Division “Evotec Technologies”** achieved revenues of EUR 3.6 million (2003: EUR 4.5 million). Adjusting for the effect of the delivery of an EVOscreen® Mark III instrument to Pfizer in Q1 2003 shows that the instrumentation and consumable business (bench-top systems, excluding EVOscreen® systems) has again grown significantly (137%) from EUR 1.5 million in 2003.

Evotec OAI recorded 46% of total revenues in Europe, 36% in the United States, and 18% in Japan and Rest of World.

Operating cost structure

Cost of revenue for the first quarter of 2004 was EUR 9.0 million (2003: EUR 11.0 million). The decline in gross margins to 37.3% (2003: 38.3%) is a result of the continued unfavourable US-Dollar exchange rate against the Euro and Sterling which strongly impacted our DDS segment. If last year's US-dollar exchange rates were applied, the Q1 gross margin would have exceeded last year's level by 2% points.

R&D expenses for the first quarter of 2004 amounted to EUR 3.9 million (2003: EUR 4.4 million). R&D costs declined mainly because research activities directed towards our Alzheimer programme within ENS have been converted into contract research for Takeda. Research activities directed towards our Metabolic Disease discovery programme with DeveloGen increased as planned. The corresponding EUR 1.0 million expenses are shown as net loss from equity investments under non-operating expenses.

SG&A costs for the first quarter of 2004 were EUR 5.0 million (2003: EUR 4.6 million). The increase in SG&A cost for the three months resulted from further strengthening our marketing and sales team in Discovery and Development Services as well as from enhanced marketing and sales activities of Evotec Technologies in the US.

Result

As a result of the revenue decline and the negative currency impact on gross profit, the Evotec OAI group **operating loss** for Q1 2004 increased by 22% to EUR (7.1) million (2003: EUR (5.8) million). Excluding amortisation charges, losses from operations for the first three months amounted to EUR (4.5) million (2003: EUR (3.0) million).

Net loss increased to EUR (6.2) million (2003: EUR (5.0) million) due to the decline in operating results and the research activities in the DeveloGen JV. It was positively impacted by total tax income increasing to EUR 1.6 million mainly due to the new tax regime in the UK. Deferred tax benefits in the UK (EUR 0.9 million) added to deferred tax benefits from the amortisation of merger-related non-goodwill intangible assets (EUR 0.7 million).

Net income per share was EUR (0.17) (2003: EUR (0.14)).

Earnings before interest and taxes, depreciation and amortisation (**EBITDA**) amounted to EUR (2.7) million (2003: EUR (0.3) million).

Segment reporting
Discovery and Development Services

Euro in thousands	01-03/2004	01-03/2003	Δ in %
Total revenues	11,085	13,846	(19.9)
– Thereof 3rd party	9,996	13,349	(25.1)
Gross profit	3,736	5,517	(32.3)
Gross margin	33.7%	39.8%	
- Research and development expense	2,389	1,884	26.8
- Selling, general and administrative expenses	3,464	2,984	16.1
- Other operating expenses	946	849	11.4
- Amortisation of goodwill amongst other things	2,458	2,681	(8.3)
Operating income (loss)	(5,521)	(2,881)	(91.6)
Operating income (loss) before amortisation and impairment	(3,063)	(200)	-

Discovery Programs Division

Euro in thousands	01-03/2004	01-03/2003	Δ in %
Total revenues	927	3	-
– Thereof 3rd party	925	-	100.0
Gross profit	348	1	-
Gross margin	37.6%	19.9%	
- Research and development expense	713	1,290	(44.7)
- Selling, general and administrative expenses	559	433	29.1
- Other operating expenses	-	-	-
- Amortisation of goodwill amongst other things	59	17	247.1
Operating income (loss)	(983)	(1,739)	43.5
Operating income (loss) before amortisation and impairment	(924)	(1,722)	46.3

Tools and Technologies

Euro in thousands	01-03/2004	01-03/2003	Δ in %
Total revenues	3,602	4,519	(20.3)
– Thereof 3rd party	3,440	4,469	(23.0)
Gross profit	1,938	1,753	10.6
Gross margin	53.8%	38.8%	
- Research and development expense	1,569	1,673	(6.2)
- Selling, general and administrative expenses	1,039	675	53.9
- Other operating expenses	-	-	-
- Amortisation of goodwill amongst other things	201	254	(20.9)
Operating income (loss)	(871)	(849)	(2.6)
Operating income (loss) before amortisation and impairment	(670)	(595)	(12.6)

Capital expenditure

In Q1 2004 we invested EUR 0.6 million in fixed assets which mainly comprised laboratory equipment. For the full year 2004 we expect the Company's capital expenditure to be significantly lower than that of the previous year since a major part of last year's investments was targeted at the fit out of our new laboratory building in the UK.

Cash flow and cash equivalents

In Q1 2004 cash flow from operating activities amounted to EUR (2.7) million (2003: EUR (0.3) million). The decline in operating cash flow is mainly a result of increased operating loss and an increase in inventories mainly in our Development Services. Expenses relating to our DeveloGen JV are not included in operating cash flow but in cash flow from investing activities.

Net cash flow from financing activities totalled EUR 0.9 million (2003: EUR 2.3 million). We have drawn down bank loans for the financing of capital expenditures.

Cash and cash equivalents at the end of the first quarter amounted to EUR 16.3 million.

Employees and management

As of 31 March 2004, Evotec OAI employed 632 people. The reported reduction compared to the end of 2003 was due to the deconsolidation of ENS, effective 31 March 2004. At the same time, we added capacity in development chemistry and Evotec Technologies, reflecting anticipated growth.

In February, Evotec OAI re-organised and strengthened its Executive Management Team:

Dr Mark Ashton was promoted to President, Drug Discovery Services. In his new role he leads Evotec OAI's discovery chemistry and biology

operations ranging from library design, assay development and screening through to medicinal chemistry and the identification of pre-clinical drug candidates. Before, Dr Ashton was Director, Discovery Chemistry.

Dr Mario Polywka, has been appointed President, Chemical and Pharmaceutical Development. He oversees all aspects of development services including chemical process research and development, custom preparation and pilot plant manufacture. He is also responsible for preparing the formulation subsidiary ProPharma Ltd for the next phase of its expansion. Dr Polywka is returning to Evotec OAI after a period as an industry consultant and part time CEO in a number of University start-up companies.

Both changes were effective 1 March 2004.

Dr Ian Hunneyball, member of the Management Board and formerly President, Discovery and Development Services, has become President of Evotec OAI's Discovery Programs Division as of 1 March and will become CSO as of 1 July 2004.

Dr Timm Jessen, Chief Scientific Officer and President, Discovery Programs Division, until February 2004 will leave the Company as of 30 June 2004 and will serve as CSO until then. After 6 years with Evotec OAI he has decided to pursue an entrepreneurial career building his own business to support biotech and academia in marketing their scientific assets.

Stock options programme

In Q1 2004 Evotec OAI issued 34,200 stock options to management at an exercise price of EUR 5.97. As of 31 March 2004, the total number of options that were available for future exercise amounted to 2,444,060 or approximately 7% of the currently issued shares. Options are accounted for under the APB 25 pricing model.

Order book and outlook

Our order book for 2004 continues to build positively both in quality as well as in quantity. As of April, it totalled EUR 47 million. The sales order book for the year is currently lower than in the comparable period of 2003 (EUR 61 million) but the volume of contracts in late stage negotiations significantly increased. This mainly reflects the market recovery we are experiencing for outsourced Discovery and Development Services. It also gives us confidence that we will achieve revenue growth for the remainder of the year. Consistent with our previous guidance, we believe we will at current exchange rates exceed 2003 revenues for the full year 2004 and grow by approx. 3%.

We have built a world class drug discovery platform and a reputation for delivering to our customers. We have successfully started internal

programmes in Central Nervous Systems and Metabolic Diseases and validated this concept by partnering with Takeda and putting together a significant financing for Evotec Neurosciences. These achievements are a very strong basis to implement our strategy of expanding our internal programmes within our Discovery Programs Division with the objective to provide higher returns for Evotec OAI shareholders over the longer term through substantial milestone and royalty payments. We are rapidly developing our discovery projects within our DeveloGen joint venture and we are exploring opportunities for additional programmes, Evotec OAI-internal or in partnership with pharma companies.

In summary, we continue to be consistent in our view of the performance expected in 2004. Despite the tough market environment in 2003 which limited the growth of our Company in the first quarter of this year, we expect to deliver good operational performance for the full year. We are encouraged to believe that the upturn currently observed in the pharmaceutical market, as evidenced by enhanced deal flow, will translate into stronger growth in the medium-term.

Shareholdings of the Boards of Evotec OAI AG

	Number of shares	Share options
Management Board		
Joern Aldag	286,556	172,600
Dr Dirk H. Ehlers	0	81,500
Dr Ian M. Hunneyball	0	61,500
Dr Timm-H. Jessen	136,172	104,732
Bernard Questier	0	40,000
Supervisory Board		
Prof Dr Heinz Riesenhuber	110,400	0
Peer Schatz	3,892	0
Dr Pol Bamelis	1,500	0
Dr Karsten Henco	1,306,356	26,732
Dr Edwin Moses	313,058	15,000
Michael Redmond	1,000	0

31 March 2004

Pursuant to §15a of the German Securities Trading Act (Wertpapierhandelsgesetz), the above table lists separately for each member of our Management and Supervisory Board, the number of Company shares held, and rights for such shares granted to each board member as of 31 March 2004.

Segment reporting according to US GAAP

Evotec OAI AG and Subsidiaries

Euro in thousands	Discovery and Development Services	Discovery Programs Division	Tools and Technologies	Consolidation
Revenue:				
– Drug discovery products & development of technologies	16	-	3,602	(162)
– Drug discovery services	11,069	927	-	(1,091)
Total revenue	11,085	927	3,602	(1,253)
– Cost of revenue	7,349	579	1,664	(591)
Gross Profit	3,736	348	1,938	(662)
– Research and development expenses	2,389	713	1,569	(760)
– Selling, general and administrative expenses	3,464	559	1,039	(27)
– Amortisation of goodwill amongst other things	2,458	59	201	(198)
– Other operating expenses	946	-	-	-
Operating income (loss)	(5,521)	(983)	(871)	323

Condensed consolidated statements of operations according to US GAAP

Evotec OAI AG and Subsidiaries

Euro in thousands except share data and per share data

	01-03/2004	01-03/2003	Δ in %
Revenue:			
– Drug discovery products & development of technologies	3,456	4,470	(22.7)
– Drug discovery services	10,905	13,350	(18.3)
Total revenue	14,361	17,820	(19.4)
– Cost of revenue	9,001	10,996	(18.1)
Gross profit	5,360	6,824	(21.5)
– Research and development expenses	3,911	4,429	(11.7)
– Selling, general and administrative expenses	5,035	4,582	9.9
– Amortisation of goodwill amongst other things	2,520	2,754	(8.5)
– Other operating expenses	946	849	11.4
Operating income (loss)	(7,052)	(5,790)	(21.8)
– Interest income (expense)	3	46	(93.5)
– Income from investments and participations	-	-	-
– Net loss from equity investments ¹	(1,072)	(36)	-
– Foreign currency exchange gain (loss), net	45	(96)	146.9
– Other non-operating income, net	252	310	(18.7)
Result before income taxes and minority interests	(7,824)	(5,566)	(40.6)
Income tax benefit	1,583	614	157.8
Extraordinary income (expenses)	-	-	-
Result before minority interests	(6,241)	(4,952)	(26.0)
Minority interests	62	(46)	234.8
Net income / loss	(6,179)	(4,998)	(23.6)
Net loss per share (basic)	(0.17)	(0.14)	
Net loss per share (diluted)	-	-	
Weighted average common share outstanding (basic)	35,510,130	35,510,130	
Weighted average common share outstanding (diluted)	-	-	
Depreciation of property, plant and equipment included in total operating expense	2,533	2,556	(0.9)

¹ In 2003: Income (expense) from associated companies

Condensed consolidated balance sheets according to US GAAP Evotec OAI AG and Subsidiaries

Euro in thousands	31/03/2004	31/12/2003	Δ in %
Assets			
Current assets:			
– Cash and cash equivalents	16,335	18,763	(12.9)
– Marketable securities, at fair value	-	708	(100.0)
– Trade accounts receivable, net	7,889	7,714	2.3
– Accounts receivable due from associated companies	1,643	-	100.0
– Accounts receivable due from related parties	246	506	(51.4)
– Inventories	12,478	10,225	22.0
– Deferred tax assets	79	76	4.0
– Current tax receivables	1,134	2,754	(58.8)
– Prepaid expenses and other current assets	2,430	2,246	8.2
Total current assets	42,234	42,992	(1.8)
Long-term investments	3,897	677	475.6
Property, plant and equipment, net	63,168	62,051	1.8
Intangible assets, excluding goodwill, net	15,398	18,731	(17.8)
Notes receivable / loans	-	-	-
Goodwill, net	102,100	96,418	5.9
Deferred taxes	-	-	-
Other non-current assets	50	50	-
Total assets	226,847	220,919	2.7
Liabilities and stockholders' equity			
Current liabilities:			
– Current portion of capital lease obligations	645	615	4.9
– Current maturities of long-term loans	1,531	1,590	(3.7)
– Trade accounts payable	4,794	5,510	(13.0)
– Accounts payable to related parties	-	18	(100.0)
– Advanced payments received	933	917	1.7
– Accrued expenses	6,450	7,794	(17.2)
– Deferred revenues	3,202	4,545	(29.6)
– Current tax payables	62	62	-
– Deferred taxes	-	-	-
– Other current liabilities	2,424	1,479	63.9
Total current liabilities	20,041	22,530	(11.1)
Long-term loans	11,971	10,758	11.3
Long-term capital lease obligations	1,943	1,777	9.3
Deferred tax liabilities	10,328	11,329	(8.8)
Deferred revenues	943	1,661	(43.2)
Other non-current liabilities	101	98	3.1
Minority interests	603	665	(9.3)

Stockholders' equity:			
– Share capital	35,510	35,510	-
– Additional paid-in capital	545,515	540,035	1.0
– Treasury stock	-	-	-
– Retained earning/accumulated deficit	(369,427)	(363,248)	1.7
– Accumulated other comprehensive loss	(30,681)	(40,196)	(23.7)
Total liabilities and stockholders' equity	226,847	220,919	2.7

**Condensed consolidated
statements of cash flows according to US GAAP**
Evotec OAI AG and Subsidiary

Euro in thousands	31/03/2004	31/03/2003
Cash flows from operating activities:		
Net loss	(6,179)	(4,998)
Adjustments to reconcile net loss to net cash used in operating activities	4,450	4,857
Change in assets and liabilities	(978)	(119)
Net cash (used in) provided by operating activities	(2,707)	(260)
Cash flows from investing activities:		
Purchase of marketable securities	-	-
Purchase of long-term investments	(1,006)	-
Purchase of property, plant and equipment	(593)	(1,723)
Purchase of intangible assets	(1)	-
Proceeds from sale of property, plant and equipment	3	-
Proceeds from sale of shares in long-term investments	-	-
Proceeds from sale of marketable securities	732	-
Net cash (used in) provided by investing activities	(865)	(1,723)
Cash flows from financing activities:		
Net proceeds from capital increase	-	-
Net proceeds from increase of bank loan	1,864	2,843
Repayment of bank loan	(993)	(590)
Net cash (used in) provided by financing activities	871	2,253
Net increase (decrease) in cash and cash equivalents	(2,701)	270
Exchange rate difference	273	(591)
Cash and cash equivalents at beginning of year	18,763	21,308
Cash and cash equivalents at end of the first quarter	16,335	20,987
Cash, cash equivalents and marketable securities at end of the first quarter	16,335	20,987

Consolidated statements of changes in stockholders' equity according to US GAAP
Evotec OAI AG and Subsidiaries

Euro in thousands except share data

	Share capital Shares	Share capital Amount	Additional paid-in capital	Unearned compen- sation	Other comprehen- sive loss	Unrealised gains (losses) on securities	Retained deficit	Total stock- holders' equity
Balance at December 31, 2002	35,510,130	35,510	536,908	(345)	(27,660)	-	(349,006)	195,407
Share capital increase	-	-	-	-	-	-	-	-
Stock option plan	-	-	3	72	-	-	-	75
Comprehensive loss:								
- Foreign currency translation	-	-	-	-	(7,084)	-	-	(7,084)
- Net unrealised holding losses on available-for-sale securities	-	-	-	-	-	-	-	-
- Net loss	-	-	-	-	-	-	(4,998)	(4,998)
Total comprehensive loss	-	-	-	-	-	-	-	(12,082)
Balance at March 31, 2003	35,510,130	35,510	536,911	(273)	(34,744)	-	(354,004)	183,400
Balance at January 1, 2004	35,510,130	35,510	540,035	(150)	(40,046)	-	(363,248)	172,101
Share capital increase	-	-	-	-	-	-	-	-
Stock option plan	-	-	5	26	-	-	-	31
Share capital in ENS	-	-	5,475	-	-	-	-	5,475
Comprehensive loss:								
- Foreign currency translation	-	-	-	-	9,612	-	-	9,612
- Net unrealised holding losses on available-for-sale securities	-	-	-	-	-	-	-	-
- Net loss	-	-	-	-	-	-	(6,179)	(6,179)
Total comprehensive loss	-	-	-	-	-	-	-	3,433
Balance at March 31, 2004	35,510,130	35,510	545,515	(124)	(30,434)	-	(369,427)	181,040

Basis of presentation

The accompanying unaudited consolidated financial statements of Evotec OAI AG have been prepared in accordance with United States generally accepted accounting principles (US GAAP) for interim financial information. The accounting policies used to prepare interim information are the same as those used to prepare the audited financial statements for the year ended 31 December 2003. The basis of consolidation changed as of 31 March 2004. EVOTEC NeuroSciences GmbH is since then consolidated at equity. Therefore the balance sheet is not fully comparable to the one of 31 December 2003. In the opinion of management, all adjustments, consisting of normal recurring adjustments, considered necessary for a fair presentation have been included.

The consolidated financial statements do not include all of the information and footnotes required by generally accepted accounting principles for complete financial statements. As a result, these financial statements should be read along with the audited consolidated financial statements and notes thereto for the year ended 31 December 2003.

Forward looking statements

This press release contains forward-looking statements that involve risks and uncertainties. The forward-looking statements contained herein represent the judgement of Evotec OAI as of the date of this release. These forward-looking statements are no guarantees for future performance, and the forward-looking events discussed in this press release may not occur. Evotec OAI disclaims any intent or obligation to update any of these forward-looking statements.