

EXONHIT THERAPEUTICS - ACHIEVEMENTS FOR FIRST HALF 2008

Paris (France), Gaithersburg (MD, United States), July 29, 2008 - ExonHit Therapeutics S.A. (ALTERNEXT-NYSE EURONEXT : ALEHT ; ISIN : FR0004054427), a drug and diagnostic discovery company, today presents its achievements for first half 2008, posted on June 30.

First half 2008 - Key Events:

- **In the development of the EHT 0202 molecule for the treatment of Alzheimer's disease:**
 - Success in the Phase 1 program on healthy volunteers of molecule EHT 0202: analysis of scopolamine's detrimental effects on cognition in humans;
 - Recruitment of the first patients in the multi-center Phase IIa study in France to assess the tolerability of two doses of the molecule EHT 0202 in 135 Alzheimer's patients as a primary endpoint, and cognition as a secondary endpoint.
- **In the development of blood diagnostics for Alzheimer's disease**
 - Collection of more than 75% of the 300 blood samples in the EHT AD/002 study from Alzheimer's patients, controls and patients with other dementia and new patient fillings in this project.
- **In the genomic services**
 - Increase of our product offering with the commercial launch of the ExonHit "Rat Genome Wide SpliceArray™".
- **At the management level**
 - Appointment of Loïc Maurel, M.D. as CEO by the Supervisory Board on July 28, 2008.
- **In terms of financial resources**
 - Consolidated cash and cash equivalent position at € 25.5 million on June 30, 2008 and cash burn from operations for the first half 2008 at € 5.4 million ;
 - Total revenues amounted to € 2,1 million and R&D expenses increasing by 14% to € 4.7 million as a result of important clinical research efforts.

Loïc Maurel, CEO of ExonHit Therapeutics, declared: *"During this six-month period, ExonHit Therapeutics achieved crucial breakthroughs in its therapeutic and diagnostic activities. The additional clinical data that we collected for the drug candidate EHT 0202 for the treatment of the Alzheimer's disease reinforce our belief in its potential. The recruitment of new patients for our study of Phase IIa proceeds according to plan. In addition, our strategic partner Allergan continues to expand its clinical and preclinical programs. In the field of the molecular diagnostics, we are waiting impatiently for the last data of EHT Dx21 test designed to detect Alzheimer's disease in the blood. In fact, we enter with enthusiasm the preliminary stage to its request for recording and certification by the medical & health authorities. ExonHit Therapeutics begins its second half 2008 with optimism to successfully launch in 2009 our first diagnostic product. The year 2009 will be busy for our programs in the Alzheimer's disease program as we also expect the results from our Phase IIa on the EHT 0202 molecule for the fall. Finally, our financial situation remains sound with a consolidated cash position of 25.5 million euros at the end of June and a burn rate according to our budget for the first half. "*

Overview of ExonHit Therapeutics' activities

ExonHit has made significant progress in its marketing activities and its clinical trials both in the diagnostics and therapeutics fields. ExonHit will be present in 2008 in its three fields of expertise: drugs, diagnostics and genomic services, and will continue its balanced investment strategy, with resources allocated both on internal and partnership programs. These three fields have distinct risks and returns on investment.

- **Development of new therapeutics**

We intend to continue to develop our therapeutic pipeline by using our R&D engine based on the analysis of alternative splicing events and their role on the onset of disease, both in on our own resources and within our strategic alliance with Allergan.

- Significant progresses have been achieved with the EHT 202 project. In a functional Phase I study, we could measure the effects of the molecule EHT 0202 on the transitory disorders induced by scopolamine on human. Lastly, we initiated the study of Phase IIa with the inclusion of the first patients in this study during the first six months.

- The research in partnership with Allergan continues to be successful. The clinical trials of the first molecule resulting from the collaboration continue and other active chemical series on therapeutic targets validated by the researchers of the two groups are improved in order to offer new discoveries to clinicians in each single field of this collaboration.

- **Development of new diagnostics**

ExonHit intends to ensure the development of its diagnostic pipeline by exploiting changes in alternative RNA splicing associated with various pathologies. ExonHit intends to develop and commercialize its own products while still working in collaboration for specific applications. Besides the intensive use for its own research programs, ExonHit plans on offering its genomic solutions in order to spread the technology and seize the opportunities brought up while offering these solutions.

A new signature and patents were filed for the blood diagnostic program in the Alzheimer's disease. The clinical study EHTAD/002 was initiated to recruit 300 blood samples for patients suffering from Alzheimer's dementias, other types of dementias and controls. In parallel, we continue working with bioMerieux in the framework of the strategic partnership signed in October 2005.

- Genomic services

After producing a new map of the human genome expression and the tools for its study in 2007, our researchers have designed a new "Genome Wide SpliceArray™", a micro-array that gathers all elements for an optimal detection of all expressed rat genes in the various healthy and diseased tissues. Our researchers continue to develop new products to even better serve the needs of the biomedical community.

First half 2008 - Consolidated financial results

Income statement

Consolidated revenues for first half 2008 amounted to 2.1 million euros, a 6% decrease compared to 2.3 million euros for the same period last year. This decrease is due to the evolution of the euro-dollar exchange rate between these two periods. At constant exchange rate between the two periods, revenues would have been up by 5% instead of the 6% recorded decrease. In fact, 90% of the company's revenues are labeled in US dollars.

Research and Development expenses for first half 2008 reach 4.7 million euros, an increase of 14% compared to € 4.2 million euros posted a year before. This growth is mainly due to increased subcontracting expenses, inherent to the maturation of therapeutic and diagnostic products.

Marketing and sales expenses amounted 0.55 million euros, an increase of 7% as compared to 0.52 million euros for the same period last year. This increase mainly comes from the recruitment of new employees in this department, partly compensated by a favorable exchange rate. The majority of the new employees joined ExonHit Inc.

General and administrative expenses amounted to 2.3 million euros for first half 2008, an increase of 70% (1.4 million euros for the same period in 2007). This great increase is mainly due to a strong raise of the expenses to defend the patents. The complaint in counterfeit brought by the company against Jivan Bilogics continues.

In total, the Group's operating expenses amounted 7.6 million euros, an increase of 26% compared to the 6.0 million euros registered last year during the first six month.

The Group allocated 62% of its operating expenses to R&D versus 69% for the same period in 2007.

The Group posted an operating loss of 5,5 million euros for first half 2008, a 45% increase as compared to the 3.8 million euros posted for the same period last year.

Interest expenses increased to 0.3 million euros for first half 2008, as compared to 0.2 million euros for first half 2007. At the same time, gains increased from 0.53 million euros for the first six months of 2008 against 0.51 million euros for the same period in 2007. As a consequence, we posted a net financial income of 0.2 million euro for the first half 2008 versus 0.3 million euros for the same period in 2007. Since the depreciation of the dollar towards the euro, the Group also posted an exchange loss of 0.3 million euros for the first six month of 2008 compared to a loss of 0.1 million euro at the same period in 2007. These exchange loss or gain are mainly non realized as the Group keeps both cash and cash equivalents in euros and US dollars and it is not the Company's policy to convert from one currency to another.

The "Crédit Impôt Recherche" reform (research tax credit reform) that carries from 10 to 30% the part of this credit calculated on the expense volume basis plays a positive role for ExonHit Therapeutics. No provision had been calculated during the first half of 2007. During the first six month of 2008, the credit reaches 1.2 million euros.

As a consequence, ExonHit Therapeutics' consolidated net loss amounted to 4.3 million euros for first half 2008, as compared to the loss of 3.6 million euros posted for first half 2007.

Balance sheet

As of June 30, 2008, the consolidated cash balance amounted to € 25.5 million, against € 31.3 million on December 31, 2007 and € 32.4 million on June 30, 2007. Our cash is only invested in high quality funds which liquidity is reasonably guaranteed.

As a result of the various capital increases that took place during first half 2008 (exercise of warrants and stock-options) as well as issuance of free shares granted in 2006, the total shareholders' equity increased to 70.7 million euros on June 30, 2008 against 70.4 million euros on December 31, 2007.

Cash flow statement

During first half 2008, ExonHit Therapeutics' net use of cash due to operating activities was 5.4 million euros compared to 2.8 million euros used during first half 2007 and 4.9 million euros for the year 2007, reflecting the net loss and the strong decrease of the research tax credit refunding.

The conversion of our service laboratories to GLP standards started in our service laboratory in the United States and in the same time that our construction works of our quarters in Paris were initiated to gather all our French teams on the same site, explaining mainly the investments carried out in the first half of 2008.

The partial exercise of warrants issued in November 2005 and stock options scheme, made it possible for the Company to reinforce its own capital stocks with a net amount of 0.3 million euros in the first six month of 2008.

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About ExonHit Therapeutics

www.exonhit.com

ExonHit Therapeutics is the world's leader in the analysis of alternative RNA splicing, a process which when deregulated plays a key role in the onset of various diseases.

ExonHit has a multi-component commercial strategy to capture the maximum value from its leadership in alternative splicing. The Company is already generating revenues from a new generation of microarrays, "SpliceArrays," that enable life science researchers to detect crucial disease-associated information. These products are marketed worldwide in conjunction with Agilent and Affymetrix. In the field of diagnostics, ExonHit has a major collaboration with bioMérieux to develop completely novel predictive blood-based cancer diagnostics, which could play a key role in improving the treatment of breast cancer and other major cancers.

In parallel, ExonHit is developing its own therapeutic pipeline in the field of neurodegenerative diseases and cancer. The Company has advanced drug candidates into clinical trials and is evaluating several promising pre-clinical compounds. ExonHit also has a strategic partnership with Allergan, to discover and develop new therapeutics in the areas of pain, neurological diseases and ophthalmology. This collaboration provides on-going research funding to ExonHit.

Founded in 1997, ExonHit is headquartered in Paris, France and has a U.S. facility in Gaithersburg, Maryland. The Company is listed on the Alternext market of Euronext Paris (ticker: ALEHT; ISIN: FR0004054427) since November 17, 2005.

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This press release includes only summary information and does not purport to be comprehensive. The projections, forecast and estimates of ExonHit Therapeutics which may be contained herein are for illustrative purposes only and are based on management's current views and assumptions. Such projections, forecast and estimates involve known and unknown risks and uncertainties, as described at Section 4.2 "Facteurs de risque" (Risk Factors) of the Document de Base available on ExonHit Therapeutics' website (<http://www.exonhit.com/>), that may cause actual results, performance or events to differ materially from those anticipated in the summary information.

In addition, ExonHit Therapeutics, its shareholders, and its affiliates, directors, officers, advisors and employees have not verified the accuracy of, and make no representations or warranties in relation to, statistical data or predictions contained in this press release that were taken or derived from third party sources or industry publications, and such statistical data and predictions are used in this press release for information purposes only.

Finally, this press release may be drafted in the French and English languages. In an event of differences between the texts, the French language version shall prevail.

BALANCE SHEET
(amounts in thousands of euros)

ASSETS	June 30, 2008 <i>(unaudited)</i>	December 31, 2007 <i>(audited)</i>
Intangible assets, net	149	81
Property and equipment, net	2 047	1 929
Other long-term assets	2 848	1 664
Total long term assets	5 044	3 674
Inventory	146	63
Accounts and grants receivable	935	1 151
Other short-term assets	1 301	1 358
Cash and cash equivalents	25 527	31 341
Total short-term assets	27 909	33 914
TOTAL ASSETS	32 953	37 589
LIABILITIES AND SHAREHOLDERS' EQUITY		
Share capital	430	427
Additional paid-in capital	70 654	70 392
Accumulated deficit	<57 768>	<53 426>
Other	510	672
Shareholders' equity	13 826	18 066
Convertible bonds	13 522	13 522
Provision	278	157
Capital lease obligations less current portion	217	271
Long-term portion of deferred income	175	359
Total long-term liabilities	392	630
Current portion of long-term debt	1 159	920
Current portion of capital lease obligations	107	105
Accounts payable	1 343	1 096
Other short-term liabilities	2 326	3 093
Total short term liabilities	4 935	5 214
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	32 953	37 589

CONSOLIDATED INCOME STATEMENT
(in thousands of euros, except per share data)

	6 months June 30, 2008 <i>(unaudited)</i>	6 months June 30, 2007 <i>(unaudited)</i>	12 months December 31, 2007 <i>(audited)</i>
Research and development revenues	2 137	2 246	5 337
Research and development grants	8	23	48
Total revenues	2 145	2 269	5 385
Research and Development expenses	(4 742)	(4 161)	(8 609)
Marketing and selling expenses	(553)	(517)	(1 049)
General and Administrative expenses	(2 307)	(1 361)	(3 521)
Total operating expenses	(7 602)	(6 039)	(13 179)
Loss from operation	(5 457)	(3 770)	(7 794)
Interest expense	(286)	(240)	(785)
Interest income	534	505	1 264
Exchange gain (loss)	(320)	(126)	(700)
Loss before tax	(5 529)	(3 630)	(8 015)
Tax benefit	1 187	2	675
Net income (loss)	(4 342)	(3 629)	(7 340)
Weighted average number of shares outstanding	26 704 164	25 047 120	25 567 786
Net loss per share	(0,16)	(0,14)	(0,29)
Net loss per share (diluted)	(0,16)	(0,14)	(0,29)

CONSOLIDATED CASH FLOW STATEMENTS
(in thousands of euros)

	6 months ending June 30, 2008 <i>(unaudited)</i>	Year ending December 31, 2007 <i>(audited)</i>
OPERATING ACTIVITIES		
Net result	(4 342)	(7 340)
Depreciation and amortization of property and equipment	265	466
Depreciation intangible assets	36	70
Provision for pension liabilities	121	(11)
Interest on convertible bonds	239	-
Gain (loss) on sale of equipment	-	(37)
Increase (decrease) in cash from:		
Inventory	(87)	(27)
Accounts receivable	212	706
Grants receivable	-	16
Research tax credit receivable	(1 187)	1 449
Other current assets	54	(61)
Accounts payable and accrued expenses	260	463
Accrued compensation	(415)	(16)
Other current liabilities	-	-
Current portion of deferred income	(345)	(240)
Long-term portion of deferred income	(185)	(372)
Net cash used in operating activities	(5 374)	(4 934)
INVESTING ACTIVITIES		
Purchase of property and equipment	(535)	(1 051)
Sale of property and equipment	-	174
Net cash used in operating activities	(535)	(877)
FINANCING ACTIVITIES		
Capital increases (net of fees)	265	12 977
Issuance of convertible bonds	-	-
Repayment of Issuance (repayment) of loans and capital leases	(52)	345
Net cash provided by (used in) financing activities	213	13 322
Net increase(decrease) in cash and cash equivalents	(5 697)	7 511
Effect of exchange rate on cash	(118)	(141)
Cash and cash equivalents, beginning of period	31 342	23 972
Cash and cash equivalents, end of period	25 527	31 342