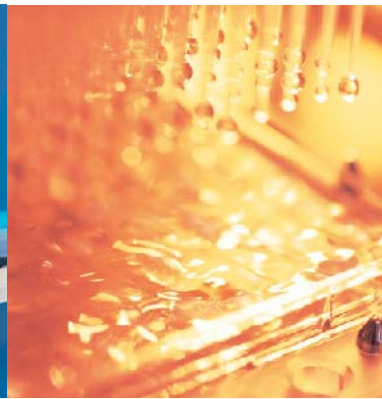
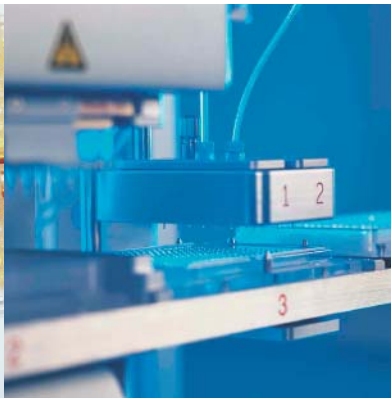
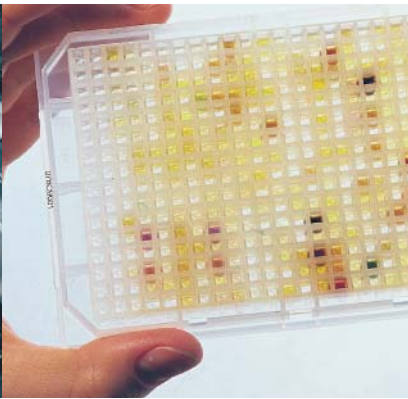




I n t e r i m   R e p o r t   2 0 0 3



research and technology for life

## Preface



Dear shareholders,  
dear business partners,

CyBio has used the first half of this year to strengthen its position as a supplier to the pharmaceutical industry and to broaden its product range. The Company is focusing its core competencies in liquid handling, plate handling, plate imaging and data handling on microplate based automation solutions for middle and high throughput customers. We have significantly expanded our team of specialists in the CyBio Screening GmbH increasing customer applications support and screening services providing a one-stop-shopping approach to the pharmaceutical drug discovery market. We have recently signed a second contract with Euroscreen SA, which provides CyBio Screening GmbH the worldwide use of their patented Aequoreen™ cell lines, assays and membrane preparations. The Agreement allows CyBio to significantly expand its service business offerings. These new endeavors will have a significant impact on companies development in the second half of 2003 as well as in subsequent years.

In spite of these positive moves forward we had difficult first half year. However, our results mirrored the unsatisfactory results reported by a number of automation suppliers to the pharmaceutical industry. Although profits in the pharmaceutical industry are increasing and there is a renewed focus on research and development, suppliers are still suffering from the lack R&D investment in the last year. CyBio has suffered from this weak investment phase resulting in turnover being behind from the same period of the previous year. (4.6 Mio. EUR (p. y. 6.0 Mio. EUR). All sales regions world wide have been influenced by this delayed investment. We expect, that turnover will pick up in the second half, but do see that achieving the salesplan of 18 Mio. EUR for the year as not realistic.

Jena, in August 2003

Sonja Strauß  
CEO

### Basis of the Interim Report

Like the audited financial statement of December 31, 2002, the consolidated statement of June 30, 2003 was prepared in accordance with the USA's accounting principles (US-GAAP). Besides the figures of the parent company CyBio AG, the report includes the earnings of the following active subsidiaries:

CyBio Screening GmbH  
CyBio Systems GmbH

CyBio U.S. Inc.  
CyBio Northern Europe Ltd.  
CyBio France S.a.r.l.

# Group Management Report

## Sales and Earnings

Half-year-sales of 4.6 Mio. EUR (p. y. 6.0 Mio. EUR) fell below expectations. The weak economy, lack of spending in Pharmaceutical R&D and export business, burdened by the current currency exchange effects, impacted first half results. Increasing price pressures were also a contributing factor. We have taken measures to strengthen sales in the second half but results in the upcoming quarters will be hard to predict. We are expecting to increase turnover in the second half of the year, but we do not expect to hit our plan of 18 Mio. EUR.

Compared to the first six months of the prior year sales weakened in Northern Europe and North America and Asia, while sales in Germany remained unchanged. Excluding the effects from currency changes, sales in the US-market were level to prior years sales for the same period. In Northern Europe sales in the prior years first half was significantly higher due to a single large customer order.

Despite the lower sales volume CyBio's group result from normal operations has significantly improved. The first half of the year 2003 was closed with a result before interest and tax (EBIT) of -2.5 Mio. EUR while the previous half year was closed at -3.2 Mio. EUR. This improvement is mainly a consequence out of the restructuring and cost saving program implemented for whole CyBio Group that showed its positive effects beginning in the second half of 2003. For the upcoming quarters we expect increasingly better results.

## Segment information

The company is managed as one business segment (SFAS Nr. 131 "Disclosures about Segments of an Enterprise and Related Information").

Sales of CyBio Group by geographic regions as of June 30, 2003 according to US-GAAP, unaudited, are shown in Mio. EUR:

	June 30, 2003	in percent	June 30, 2002	in percent
<b>Total sales</b>	<b>4.605</b>	<b>100%</b>	<b>6.022</b>	<b>100%</b>
Germany	772	16,8%	863	14,4%
Europe excluding Germany	1.782	38,7%	2.416	40,1%
USA	1.642	35,6%	2.072	34,4%
Asia	409	8,9%	671	11,1%

## Sales and Administrative Cost

Our sales and marketing as well as administration cost (3.5 in 2003 and 4.5 Mio. EUR in 2002) declined by 23 % over last year due to the mentioned restructuring and cost saving program.

## Liquidity and Liabilities

Liquid funds of the CyBio Group as of June 30, 2003 amount to 5.7 Mio. EUR, slightly increased over last year (p. y. 5.4 Mio. EUR). For the third quarter of 2003 we expect a slightly lower level of liquid funds since the introduction of new products will temporarily tie up cash.

## Research and Development

Compared to prior year costs for research and development have been reduced by 23% in consequence of the restructuring of the CyBio Group, without negatively influencing our core competency (2003: 1.3 Mio. EUR; 2002: 1.7 Mio. EUR). Our product portfolio will further be focused on dispensing technology, specially in nanoliter dispensing as well as in solutions combining reading and liquid handling. First products have been exposed on important international trade shows.

## Stock and Subscription Rights

### Stock Option Program

CyBio has set up two stock option programs so far. The first program expired on July 7, 2002, without any options being exercised. Therefore, no more cost have incurred in 2003 and will also not incur in the future. In June 2002 the comparable result had to carry about 0.1 Mio. EUR out of this program.

The second stock option program expired on May 27, 2003. The program was not carried out due to the high exercising barrier of 120.14 EUR. The result was not effected by this program throughout the entire duration.

### CyBio AG Director's Dealings

	Share Holdings	Share Options
<b>CEO</b>		
Sonja Strauß	14.000	0
<b>Supervisory Board</b>		
Prof. Dr. Heinz-Dieter Assmann	0	0
Prof. Dr. Michael Bamberg	590	0
Jürgen Latza	0	0

As of: June 30, 2003

### Shareholding Structure and Stock Buy-Back Program

The shareholder structure has not changed in comparison to the year end 2002. CyBio is still holding 9.94% of its own shares. 5.13% of the share are being hold by the SuedKapitalanlagegesellschaft mbH. The freefloat as of June 30th, 2003 accounts to 84.93%.

## Business Development and Outlook

### Focus on Service portfolio

CyBio AG was able to sign another agreement with Euroscreen SA during the period under report. Both companies profit from using their competencies in the fields of the worldwide patented AequoScreen™ cell lines and the CyBi™-Lumax reader technology. With this agreement CyBio has made a strategice step to broaden its service portfolio in the area of drug discovery for pharmaceutical applications. CyBio Screening GmbH is becoming a worldwide acting service provider. AequoScreen™ technology can greatly be combined with products like CyBi™-SIENA and CyBi™-Natural Products, to complete the service offerings. CyBio thus is establishing itself as a one-stop-shop service provider in drug discovery.

### Outlook

With new products and a seasonal tendency we are expecting better sales and results in the third and forth quarter. From today's standpoint we have to realize, that the sales increase for 2003 will not be achieved. The net earnings (EBIT) will be better in the second half of the year but will not make entirely up for the loss of the first half in 2003

### Human Resources

As of June 30, 2003 the CyBio Group employed 139 employees (p. y. 140). The average number of employees was 136 in 2003 and 160 in 2002. The reduction of our staff was part of our re-focussing program implemented in 2002. We believe to be able to cover certain growth with the existing staff. In our personnel development program we put emphasis on know how that fits to the changing needs of our customer groups.

# Consolidated Balance Sheet

For June 30, 2003  
and December 31, 2002

	June 30, 2003	Dec. 31, 2002
	EUR	EUR
<b>ASSETS</b>		
<b>Current Assets:</b>		
Cash and cash equivalents	5.689.525,85	9.174.978,64
Available for sale securities	2.852.074,07	3.110.445,19
Accounts receivable (net of valuation allowance of EUR 12.365,18 for 30.06.2003 und EUR 41,073.41 for 31.12.2002)	1.584.870,67	4.548.936,15
Inventories, net	5.791.634,75	4.714.578,44
Prepaid expenses and other current assets	806.634,26	484.993,28
Deferred tax asset	70.837,19	572.340,40
	<b>16.795.576,79</b>	<b>22.606.272,10</b>
<b>Intangible assets</b>		
Goodwill	2.143.816,66	2.502.119,05
Property, plant and equipment, net	1.086.198,44	1.086.198,44
	<b>2.479.425,92</b>	<b>2.892.478,68</b>
	<b>22.505.017,81</b>	<b>29.087.068,27</b>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
<b>Current Liabilities:</b>		
Accounts Payable	1.395.682,69	1.541.288,69
Short term borrowing	3.851.299,40	6.356.001,39
Accrued expenses	1.845.046,84	2.257.217,92
Deferred revenues	466.162,88	411.836,14
Income tax payable	30.700,22	136.026,41
Other current liabilities	434.495,53	576.210,78
	<b>8.023.387,56</b>	<b>11.278.581,33</b>
<b>Minority Interests</b>		
	16.849,89	160.529,08
<b>Shareholders' equity:</b>		
Share capital	4.000.000,00	4.000.000,00
Treasury stock	-1.058.155,98	-1.058.155,98
Additional paid-in capital	35.572.515,25	35.572.515,25
Retained deficit	-24.501.046,39	-21.579.424,50
Foreign currency translation adjustment	257.493,09	520.348,44
Unrealized holding gains on marketable securities	193.974,39	192.674,65
	<b>14.464.780,36</b>	<b>17.647.957,86</b>
	<b>22.505.017,81</b>	<b>29.087.068,27</b>

# Consolidated Statements of Operations

For June 30, 2003  
and June 30, 2002

	June 30, 2003	June 30, 2002
	EUR	EUR
Net Sales	4.604.844,54	6.022.297,54
Cost of Sales	-1.878.528,41	-2.271.552,10
<b>Gross Profit on sales</b>	<b>2.726.316,13</b>	<b>3.750.745,44</b>
Selling and marketing expenses	-2.310.186,36	-2.602.867,52
General and administrative expenses	-1.169.871,01	-1.925.009,27
Research and development expenses	-1.301.441,03	-1.690.242,02
Non-cash charges associated with stock option grants	0,00	-48.406,74
Other operating income / expense, net	300.897,43	199.900,65
Amortization of goodwill	0,00	-54.468,60
Depreciation of property, plant and equipment and intangible assets	-784.069,45	-833.681,73
<b>Loss from operation</b>	<b>-2.538.354,29</b>	<b>-3.204.029,79</b>
Interest income	165.925,43	182.409,65
Interest expense	-73.861,72	-148.434,82
Realized gains from the sale of marketable securities	7.873,90	164.596,93
Loss before income taxes and minority interests	<b>-2.438.416,68</b>	<b>-3.005.458,03</b>
Income tax expense (benefit)	-491.884,40	-83.187,51
<b>Loss before minority interests</b>	<b>-2.930.301,08</b>	<b>-3.088.645,54</b>
Minority interests	8.679,19	-9.338,31
<b>Net loss</b>	<b>-2.921.621,89</b>	<b>-3.097.983,85</b>
<b>Net loss per ordinary share (EUR)</b>		
Basic	-0,81	-0,78
Diluted	-0,81	-0,78
<b>Weighted average number of shares outstanding</b>		
Basic	3.602.390	3.949.684
Diluted	3.602.390	3.949.684

# Consolidated Statements of Cash Flows

For June 30, 2003 and  
June 30, 2002

	June 30, 2003	June 30, 2002
	EUR	EUR
Cash Flows from operating actives		
Net loss	-2.921.621,89	-3.097.983,85
Adjustments to reconcile net loss to net cash used in operating actives:		
Stock option expense	0,00	48.406,74
Depreciation and amortization	784.069,45	888.150,33
Realized net gains from the sale of marketable securities	-7.873,90	-164.596,93
Net gains on disposal of fixed assets	1.190,69	49.181,56
Net loss on disposal of financial assets	0,00	9.999,00
Unrealized holding losses or gains on marketable securities	1.299,74	-151.206,02
Reduction of financial liabilities by currency changes	-980.389,36	-645.113,56
Minority interests	8.679,19	9.338,31
Deferred taxes	501.503,21	-61.963,40
Changes in operating assets and liabilities:		
Decrease/Increase in accounts receivable	2.964.065,48	-640.852,38
Increase/Decrease in inventory	-1.077.056,31	82.386,30
Increase in prepaid expenses and other assets	-321.640,98	-21.354,25
Increase in accounts payable	12.358,66	448.381,48
Decrease in accrued expenses and other liabilities	-757.244,16	-2.772.759,55
<b>Net cash used in operating activities</b>	<b>-1.792.660,18</b>	<b>-6.019.986,22</b>
<b>Cash flows from investing activities</b>		
Repayment of loan receivable	0,00	14.643,40
Proceeds from sale of marketable securities	266.245,02	5.073.698,91
Proceeds from sale of furniture and fixtures	67.326,15	58.749,86
Purchases of intangible assets	-140.605,27	-140.605,27
Proceeds from the sale of shares in affiliated companies	0,00	1,00
Purchases of property and equipment	-112.162,48	-161.627,96
<b>Net cash used in (provided by) investing activities</b>	<b>80.803,42</b>	<b>4.844.859,94</b>
<b>Cash flows from financing activities</b>		
Acquisition of treasury stock	0,00	-166.589,20
Change in short-term borrowing	-1.524.312,63	-836.780,93
Principle payments on capital leases	0,00	-36.648,37
<b>Net cash used in financing activities</b>	<b>-1.524.312,63</b>	<b>-1.040.018,50</b>
Effect of exchange rate differences	-249.283,40	-466.560,84
Net decrease in cash	-3.485.452,79	-2.681.705,62
Cash, beginning of reporting period	9.174.978,64	11.549.889,61
Cash, end of reporting period	5.689.525,85	8.868.183,99

## Consolidated Statements of Stockholder's Equity

	Common Stock		Treasury Stock	Additional Paid-in Capital	Retained Earnings (Deficit)	Deferred Compensation	Accumulated Other Comprehensive Income	Total Shareholder's Equity	Comprehensive Income
	Shares	Amount							
		TEUR							
Balance at December 31, 2000	4,000,000	4,000	0	42,584	-1,603	-7,050	-128	37,803	
Net Loss					-15,790			-15,790	-15,790
Acquisition of treasury stock	-40,000		-209					-209	
Forfeiture of stock options issued to employees				-6,070		6,070		0	
Amortization of deferred stock option compensation						-9		-9	
Dividends paid					-1,360			-1,360	
Foreign currency translation adjustment							308	308	308
Unrealized holding gains on marketable securities, net of tax							183	183	183
Total Comprehensive Income									-15,299
Balance at December 31 2001	3,960,000	4,000	-209	36,514	-18,753	-989	363	20,926	
Net Loss					-2,827			-2,827	-2,827
Acquisition of treasury stock	-357,610		-849					-849	
Forfeiture of stock options issued to employees				-941		941		0	
Amortization of deferred stock option compensation						48		48	
Foreign currency translation adjustment							333	333	333
Unrealized holding gains on marketable securities, net of tax							17	17	17
Total Comprehensive Income									-2,477
Balance at December 31 2002	3,602,390	4,000	-1,058	35,573	-21,580	0	713	17,648	
Net Loss					-2,922			-2,922	-2,922
Foreign currency translation adjustment							-263	-263	-263
Unrealized holding gains on marketable securities, net of tax							1	1	1
Total Comprehensive Income									-3,184
Balance at June, 30 2003	3,602,390	4,000	-1,058	35,573	-24,502	0	451	14,464	