CeNeS Strengthens Cognition Division Through Acquisition

Cambridge UK, 3rd July, 2001 – CeNeS Pharmaceuticals plc (LSE: CEN) announced today that it has acquired Management Dynamics Cambridge (MDC) – a specialist organisational psychology company – and merged it with its own cognition division.

MDC, a specialist organizational psychology company, will be fully merged within CeNeS' cognition division, which markets CANTAB, a world leading computerized cognitive assessment tool. The new company will be named Cambridge Cognition Limited (Cambridge Cognition) and will be a significant specialist healthcare and organizational psychology business.

Based in Cambridge, UK, Cambridge Cognition will be managed separately from CeNeS' main CNS- and pain-focused business. The new company combines CeNeS' CANTAB technology and MDC's occupational psychological testing expertise to offer a broad range of services in medical research, drug development and organisational psychology. The new company will be managed by the existing senior management, headed up by Dr Jean Hammond as Chief Executive Officer. MDC will receive a 13% stake in Cambridge Cognition as consideration.

Daniel Roach, Chief Executive Officer of CeNeS, commented;

"CeNeS Pharmaceuticals' primary focus is on the research, development and sale of pharmaceutical products. Since 1997 we have developed considerably the CANTAB system and grown sales worldwide. The creation of Cambridge Cognition will allow further development of the technology in the pharmaceutical field but will also exploit its potential in other areas. By retaining the ability to use the system for our own drug development purposes and a majority shareholding in the new venture, CeNeS will continue to benefit from its investment in this technology."

Dr Hammond, Chief Executive Officer of Cambridge Cognition, commented;

"Cambridge Cognition will have a unique mix of scientific credibility, proprietary technology and commercial acumen. The company will have a broad range of existing cognitive services with a valuable pipeline of new products such as risk assessment for professional decision makers. Cognitive science is concerned with the way people process information. Our mission is to make these measures available in the world of work and health care where they can make a real difference. For example our technology provides early screening of Alzheimer's allowing for earlier intervention and thereby improved quality of life in sufferers and a reduction in the time they need to

spend in specialist care; studies of vigilance in train drivers help us understand what steps to take to reduce human error. Our work in such areas of social and commercial sensitivity provides objective information to support difficult decisions."

Management Dynamics is a specialist organisational psychology consultancy. It provides services in assessments, organisation development, managerial effectiveness and consumer research. Since it was established in 1988, Management Dynamics has become one of the most respected providers of professional psychological services in the UK. Clients have included the National Health Service, Nokia, ARM, Philips, EDS, McDonnell Douglas, Leica, British Sugar, Thomas Cook, Edexcel and scores of other private and public-sector organisations.

CeNeS is a biopharmaceutical company specializing in the development and commercialization of drugs for CNS disorders and pain control. The company currently markets three products, and has a research and development pipeline targeting stroke, schizophrenia, addiction, sleep disorders, Parkinson's Disease and multiple sclerosis. CeNeS also has a cognitive division, which markets CANTAB, a computerized cognitive test, and a drug delivery division. In addition it has a range of platform technologies including AutoPatch™ its unique automated patch clamping technology. The group has around 130 staff working from modern research and manufacturing facilities in Cambridge, England, Irvine, Scotland and Boston, USA.

Cambridge, July 3rd 2001

For further information:

Daniel Roach
CeNeS Pharmaceuticals plc
Phone +44 (0) 1223 266 466
Fax +44 (0) 1223 266 467
Daniel.Roach@cenes.co.uk
www.cenes.com

Douglas Pretsell, PhD
Julia Phillips
Noonan Russo Ltd
Phone +44 (0) 20 7726 4452
Fax +44 (0) 20 7726 4453

NOTES TO EDITORS

Cognition is the science of human information processing. A popular way of defining it is to think of the brain as the hardware. Cognition is the brain's software. This software is the system responsible for acquiring and manipulating information about the world. Central to it is the study of areas such as perception, memory, learning, reasoning and language. The goal of cognitive psychology is to infer how the brain's software works. It does this by systematically manipulating the input and monitoring the output (whether verbal or motor) paying special attention to errors and latencies. Cambridge Cognition is in the business of applying cognitive science to the worlds of work and health care. By promoting the commercial application of *cognitive* psychology, Cambridge Cognition successfully exploits a number of different areas, such as:

- Neuropsychology (pharmaceuticals, brain injury, stroke, sleep, vigilance and other applications)
- Any aspect of "human information processing" (attention, memory, reasoning, judgement, decision-making, problem-solving, risk assessment)
- Ability testing (verbal, numeric, abstract, mechanical, dyslexia)
- Ergonomics (man/machine interfaces)
- Cognitive development (pseudo games software to stimulate children)
- Economic psychology (including consumer psychology, product design and usability issues)

CANTAB is a sensitive computer-based neuropsychological testing system that is widely used in medical research and drug development to assess the cognitive effects of brain disorders and the efficacy of drugs aimed at treating them. Recent research published in the *Journal of Dementia and Geriatric Cognitive Disorders* shows that the CANTAB-PAL system can screen for the early stages of Alzheimer's disease. This 10 minute computer-based test, can distinguish between normal aging, Alzheimer's disease and other neuropsychiatric conditions with 98% accuracy.