



## **METabolic EXplorer in 2009: progress on the road to stronger manufacturing skills, additional strengths in technology marketing**

**Clermont-Ferrand, March 22<sup>nd</sup>, 2010** – METabolic Explorer, a green chemistry company that specializes in the development of bioprocesses for the production of chemical compounds used in a wide range of everyday products (paints, solvents, animal feed supplements, adhesives, textile fibres, resorbable surgical thread, etc.), today reported on business activity in 2009.

### **Highlights**

FY2009 saw the construction and launch of the industrialisation pilot and the production of the first samples of PDO (1,3 Propanediol), one of the products at the most advanced stage of development. The pilot, which was developed using the company's proprietary engineering approach for an investment of 6.5 million euros (of which €5.6 million was paid out by end-2009), generated strong interest from the manufacturers who were shown over the site. As of December 31<sup>st</sup>, 2009, cash and cash equivalents stood at a high €48.8 million.

The launch of the pilot plant and the production of the first samples of PDO helped to speed talks to set up a first joint venture and accelerated the practical analysis of opportunities for in-house development of the technologies. Despite the crisis both these marketing avenues are highly active and testify to widespread interest in the process.

FY2009 also saw the launch of the first tests of products developed in conjunction with Roquette. These advances bring METabolic EXplorer even closer to the commercial stage it is aiming for.

The information given below has been detailed in company press releases throughout 2009. METabolic EXplorer only provides outlines here as full information is available for consultation on the [www.metabolic-explorer.com](http://www.metabolic-explorer.com) website in the "News & Events" pages.

### **Human resources, manufacturing infrastructure, products**

#### **Human resources organisation now tailored to cope with forecast manufacturing needs**

To help the company gear up to mass produce its technology, the company workforce has again been stepped up, and now stands at 104. Its objectives are unchanged:

- provide research and manufacturing teams with additional resources to help them continue their innovative programmes;
- move towards ever more horizontal ties between the research, manufacturing and business development departments.

**Industrial-scale pilot launched to deadline with a production capacity of several dozen metric tons a year.**

The industrial-scale pilot launched in late 2009 took in-house production of PDO, one of the company's three proprietary products, to the pilot phase. Samples of PDO manufactured using METEX technology are currently being tested by manufacturers. Developed using proprietary engineering processes, the pilot facility now combines the different production stages, from initial bacterial strain to finished product, in a continuous process. The multi-purpose pilot plant was also designed to manufacture other products currently in pre-industrial pilot stages.

**Products: sustained rate of advancement from pre-industrial to industrial pilot and significant progress with Roquette**

In addition to the three products in the proprietary portfolio that are all either in the pre-industrial pilot (MPG and Butanol) or industrial pilot (PDO) stages, the two products being developed under an exclusive licence with manufacturer Roquette also saw substantial technological advances:

- the glycolic Acid programme saw technological advances in the pre-industrial pilot phase, confirming the performance level of the METEX process, whose main application is in bio-sourced plastics;
- the L-Methionine programme, with the launch of the first zootechnical tests on poultry, along with the parallel launch of regulatory approval tests.

### **Industrial property and sales**

**Industrial property: patent portfolio substantially enhanced, with over 300 patents filed worldwide to date**

METabolic EXplorer considerably strengthened process protection, filing 122 new patent applications in 2009 (67% up on the 2008 figure), and 12 new families of patents, (41% up on end-2008).

**Sales activity: a shared determination to set up first sustainable joint venture with a major industry player**

METabolic EXplorer has completed the key stages in its discussions to set up a first benchmark partnership, but is still seeking to ascertain that all guarantees for creating the value expected by shareholders over time are effectively in place.

### **Shareholders, management, corporate governance**

**Shareholders: expected exit of historic seed capital provider, and loyalty of reference shareholders**

- Sofimac Partners, whose 1999 investment had reached the end of its cycle, wished to realise its capital gains after a noteworthy constant presence of almost ten years alongside METEX;
- Crédit Agricole Private Equity and Seventure, which have respectively owned equity stakes since 2002 and 2000, continue to be represented on the Supervisory Board.

### **Management: two appointments to strengthen Management Board**

- the Management Board was strengthened with the appointment of two new managers with proven industrial profiles and careers: Jean-Claude Lumaret, Vice President, Strategy and Innovation, and Olivier Nore, Vice President, Industrialisation;
- a successful transition with the deployment of a strengthened administrative and financial organisation in the run-up to the February 2010 appointment of a new Chief Financial Officer.

### **Corporate governance: Supervisory Board now comprises three independent members. Accounts Committee appointed.**

- Ms Cécile Thébault of Sofimac Partners was replaced by Mr Jérôme Dupas, Corporate Finance, BNP Paribas, who will contribute his broad-based financial expertise;
- The 2-member Accounts Committee is chaired by Mr Jérôme Dupas.

### **Annual Results 2009**

#### **Cash and equivalent: a strong cash position notably enabled the company to see its major investment programmes through to completion, with the construction of the industrial pilot and the addition of new skills resources**

At €5.8 million, 2009 operating expenses were fully under control and in line with the company's road map. They were partly offset by revenues from activity amounting to €2.0 million (of which €1.5 million derived from licensing income from the two products developed under partnership), €1.5 million in net interest income, and €0.7 million in tax refunds. The outcome was a net loss of €1.6 million.

For the record, since the closing of accounts for 2008, and as a result of changes in accounting doctrine, the fraction of the research tax credit relative to non-current assets and project subsidies is no longer recorded in the income statement. In 2009, the net impact on the income statement and on shareholders' equity amounted to €3.3 million. This has no material impact on the cash and cash equivalent position, however.

In 2009, METabolic EXplorer invested €5.6 million in building its industrial pilot plant. The balance of the investment, around €1.0 million, will be disbursed in 2010. In parallel, the group has finalised the purchase and extension of its premises at a cost of around €3.4 million, including €1.0 million for 2009, taking the occupied surface area to 4,300m<sup>2</sup>.

The major investments carried out in 2009, which strengthened the product portfolio, have not weakened the company financially. As of December 31<sup>st</sup>, 2009, METabolic EXplorer had €72.0 million in shareholders' equity, €48.8 million in available cash and equivalent, and €39.8 million in cash and cash equivalent net of financial debt.

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About METabolic EXplorer - [www.metabolic-explorer.com](http://www.metabolic-explorer.com)

METabolic EXplorer is a biological chemistry company which was incorporated in 1999. Its goal is to help industrial businesses deal with the heralded "end of oil", so that they can continue to manufacture but in a sustainable way.

Based on the tried and tested principle of industrial fermentation, METabolic Explorer's solutions circumvent the problems posed by today's burdensome and expensive petrochemical processes via the use of a wide range of renewable, sustainable raw materials. By optimizing the metabolic yield of non-pathogenic bacteria in a contained, controlled environment, the company facilitates the production of chemical compounds used in a wide range of everyday goods (paints, solvents, adhesives and textile fibres) and industrial products (such as surgical thread and animal feed).

METabolic EXplorer is currently focusing its alternative biological solutions (implemented by the development of renewable, fermentation-based bioprocesses) on the production of five compounds that together have an estimated, annual, end-market value of €11 billion. The company's strategy will be implemented worldwide in two ways: either via limited-exclusivity industrial partnerships or via the creation of manufacturing facilities at METabolic EXplorer's own initiative.

METabolic Explorer, based in Clermont-Ferrand, France, is listed on Euronext Paris (Euronext C, METEX) and features in the SBF 250 and CAC Small 90 indexes.

*Get free financial information on METabolic EXplorer by registering with  
[www.metabolic-explorer.com](http://www.metabolic-explorer.com) or [www.actus-finance.com](http://www.actus-finance.com).*

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*This communication includes forward-looking information which is subject to risks and uncertainties. The potential development of the company could be substantially different from that anticipated in this press release because of the various risk factors which are described in the company's Listing Prospectus.*

## **Financial data**

The IFRS accounts were signed off by the Supervisory Board on March 10<sup>th</sup>, 2010. The consolidated financial statements have been audited. The certification report will be published following finalisation of the procedures for the publication of the annual financial statements.

### **Income statement**

	31/12/2009	31/12/2008	31/12/2007
<b>Turnover</b>	<b>1 500</b>	<b>3 220</b>	<b>2 790</b>
Other income from ordinary activities	532	361	1 452
Research and development costs	-8 756	-6 868	-4 174
Activated research and development costs	7 315	5 968	3 301
<b>Net research and development costs</b>	<b>-1 441</b>	<b>-900</b>	<b>-873</b>
Marketing and commercial costs	-1 378	-990	-539
Administration costs	-2 594	-2 645	-1 788
Other operating income and expenses	284	55	6
<b>Operating earnings before payments in shares</b>	<b>-3 097</b>	<b>-899</b>	<b>1 048</b>
Personnel costs related to payment in shares	-684	-1 552	-1 574
<b>Operating earnings after payments in shares</b>	<b>-3 781</b>	<b>-2 451</b>	<b>-526</b>
Cash and cash-equivalent income	1 704	2 526	1 808
Cost of financial debt	-222	-66	-87
<b>Cost of financial debt</b>	<b>1 482</b>	<b>2 460</b>	<b>1 721</b>
Other financial income and expenses	5	9	15
Income tax	666	-408	474
<b>Net result</b>	<b>-1 627</b>	<b>-390</b>	<b>1 683</b>
Basic earnings per share (in euros)	-0.08	-0.02	0.09
Diluted earnings per share (in euros)	-0.07	-0.02	0.08

**Balance sheet****31/12/2009    31/12/2008    31/12/2007****Assets**

Intangible assets	15 837	11 111	8 197
Tangible assets	11 572	5 590	4 847
Non-current financial assets	47	49	35
Deferred tax assets	1 929	1 266	1 676
<b>TOTAL NON-CURRENT ASSETS</b>	<b>29 385</b>	<b>18 016</b>	<b>14 926</b>
Inventories	0	0	0
Trade receivables	565	55	41
Other current assets	7 686	5 469	3 158
Cash and cash equivalents	48 797	55 690	58 074
<b>TOTAL CURRENT ASSETS</b>	<b>57 048</b>	<b>61 214</b>	<b>61 273</b>
<b>TOTAL ASSETS</b>	<b>86 433</b>	<b>79 230</b>	<b>76 199</b>

**Liabilities**

Share capital	2 120	2 035	2 025
Share premium	65 393	65 291	65 227
Legal reserve	203	202	0
Retained earnings	0	0	-1 272
Other reserves	5 945	5 695	2 240
Deferred tax	0	0	1 737
Net result for the period	-1 627	-390	1 683
<b>TOTAL SHAREHOLDERS' EQUITY</b>	<b>72 036</b>	<b>72 833</b>	<b>71 641</b>
Long-term liabilities to banks	5 069	2 851	1 089
Other long-term provisions	8	7	2
Other non-current liabilities	680	430	289
Deferred tax liabilities			
<b>TOTAL NON-CURRENT LIABILITIES</b>	<b>5 757</b>	<b>3 288</b>	<b>1 380</b>
Bank overdrafts	10	90	398
Other short-term bank liabilities	3 902	722	409
Trade payables	1 088	1 009	587
Other short-term liabilities	3 643	1 288	1 784
<b>TOTAL CURRENT LIABILITIES</b>	<b>8 643</b>	<b>3 109</b>	<b>3 178</b>
<b>TOTAL LIABILITIES</b>	<b>86 433</b>	<b>79 230</b>	<b>76 199</b>

## Statement of cash flows

	31/12/2009	31/12/2008	31/12/2007
<b>Net result</b>	<b>-1 627</b>	<b>-390</b>	<b>1 683</b>
Amortization and depreciation of non-current assets	1 080	978	465
Payment in shares	684	1 552	1 574
Other estimated costs	-44	-228	-143
Change in deferred taxes	-664	410	918
Gain / loss from disposal of non-current assets	6	19	61
<b>Gross cash flow</b>	<b>-565</b>	<b>2 341</b>	<b>4 557</b>
Cost of financial debt	180	116	62
Payable income tax	0	0	4
<b>Gross cash flow before cost of financial debt and taxes</b>	<b>-385</b>	<b>2 457</b>	<b>4 624</b>
Income taxes paid	0	0	-4
Increase / decrease in inventory	0	0	0
Increase / decrease in trade receivables	-511	-15	-31
Increase / decrease in trade payables	79	423	64
Increase / decrease in other current assets and liabilities	-372	-1 906	-1 188
<b>Change in working capital</b>	<b>-803</b>	<b>-1 498</b>	<b>-1 159</b>
<b>Net cash flow provided by operating activities</b>	<b>-1 188</b>	<b>959</b>	<b>3 464</b>
Assets internally generated (research & development))	-7 283	-5 852	-3 401
Cash received as investment grants-in-aid	3 273	3 494	
Cash paid for investments in non-current assets	-8 632	-2 106	-4 126
Increase / decrease in non-current trade payables	833	-633	738
Cash received from disposal of non-current assets	909	0	30
Cash paid for acquisitions of financial assets	0	-15	-16
Cash received from disposal of financial assets	2	0	4
Cash used for acquisitions and sales of other current financial assets	-61	17	-99
<b>Net cash used for investing activities</b>	<b>-10 959</b>	<b>-5 095</b>	<b>-6 869</b>
Capital increase	188	74	54 538
New loans and other financial debts	6 143	2 620	769
Interest paid on loans and financial debts	-165	-99	-40
Repayment of loans and other financial debts	-831	-536	-300
<b>Net cash provided by / used for financing activities</b>	<b>5 335</b>	<b>2 059</b>	<b>54 968</b>
<b>Change in cash and cash equivalents</b>	<b>-6 812</b>	<b>-2 077</b>	<b>51 563</b>
Cash and cash equivalents as of January 1	55 599	57 676	6 113
Cash and cash equivalents as of December 31	48 787	55 599	57 676