



## **METabolic EXplorer first half 2010 activity: in final straight prior to marketing proprietary technology**

**Clermont-Ferrand, September 16<sup>th</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 (textile fibres, paints, solvents, animal feed supplements, adhesives, etc.), today announced its first-half 2010 results.

### **Highlights**

In addition to the noteworthy company developments in the first half of 2010 – the strengthening of our industrial portfolio and of our academic partnerships, the obtaining of new grants-in-aid, the strengthening of the Management team with the arrival of Antoine Darbois as Chief Financial Officer, together with additions to the workforce – two other items are especially noteworthy:

- the finalization of our industrial infrastructure,
- the first initiatives aimed at marketing METEX products.

Over the first six months of 2010, METabolic EXplorer installed the final PDO manufacturing systems that will enable it to decide whether to deploy the process itself on a proprietary basis and/or as part of a joint venture, and in so doing provide a practicable response to market demand for alternatives to hydrocarbon-derived chemical compounds.

Industrial infrastructure: 4,200m<sup>2</sup> closely combining R&D, manufacturing, and sales and marketing developments.

The first half of 2010 saw the completion of the industrial infrastructure, enabling the company to tie together research, manufacture and marketing in order to validate the business model. The company now has 4,200m<sup>2</sup> of premises housing a workforce of 110 operating in a cross-disciplinary structure. The infrastructure most notably features the unique asset of a modular industrial pilot unit that will be used to pilot manufacture of several products derived from METEX processes.

### **First initiatives for marketing METEX products**

Since the start of the year, the PDO industrial pilot had been producing a continuous stream of samples. Over one metric ton of these samples has been used for tests on the principal PDO applications in order to meet strong and growing demand from manufacturers interested in the technology. The finalizing of the process book (the guide which defines the complete set of data, parameters and equipment needed for industrial-scale manufacture of PDO) is clearly an accelerator for everyone concerned by the METEX product offering.

METEX PDO, manufactured using crude glycerol derived from a wide variety of plant-based feedstocks, is a compound for which demand is growing at over 20% a year and which is notably used in the manufacture of ultra-high performance textiles.

The flexibility of METEX technology means that end-users can envisage its commercial manufacture not only in Europe but also in South East Asia, since that very flexibility makes the process especially attractive for the countries most active in the sphere of biotechnology development.

The validation of the PDO process and its proven competitiveness now offer the choice of a commercial application according to the Company's two growth options, ie, either via a joint venture or own-account development. In both these cases, it will have easier access to plant-based feedstocks.

The findings of application tests confirm METabolic EXplorer's ability to supply the market with industrial quantities of METEX PDO in 2012.

### **2010 Half-year results**

#### Increase in operating expenses in line with development plan

In the first half of 2010 METabolic EXplorer increased its operating expenses as a result of ongoing commercial soundings, the operation of the industrial pilot unit, and the qualification of its products. It also stepped up its R&D activity. The company also recorded a non-recurrent loss of €0.6 million, corresponding to the impairment of certain tangible assets (interior fittings made obsolete by reconstruction work) or intangible assets (deliberate reduction in geographic coverage of certain patents in non-strategic countries).

Overall, the €4.0 million in operating expenses during the period, which are in line with the road map and include the operating cost of the pilot plant, were partly offset by income from activity of €0.4 million, net interest income of €0.2 million, and tax income of €1.2 million. The half-year net loss thus comes out €2.1 million.

#### Continued high cash levels in step with company requirements

During the first half, METabolic EXplorer finalized the investment necessary for building its industrial pilot and for the purchase and extension of its premises, for a total of €3.4 million, in line with the previously-announced budget.

Following these strategic investments, which bolstered METabolic EXplorer's assets, and thanks to its ongoing stringent treasury management policy, the company's financial situation is still extremely healthy and perfectly aligned with the company's requirements as it confidently gears up for its next development cycle. As at 30 June 2010 METabolic EXplorer had €69.9 million in shareholders' equity, €43.7 million in available cash and equivalent, and €31.9 million in cash and equivalent net of financial debt.

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METabolic EXplorer has published its 2010 half-year Financial Report for the six months to 30 June 2010 and filed it with the AMF. The 2010 half-year Financial Report can now be found on the company website at [www.metabolic-explorer.com](http://www.metabolic-explorer.com) .

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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 (textile fibres, paints, solvents and adhesives ) and industrial products (such as 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.



The set-up of the METabolic EXplorer industrial pilot was co-financed by the European Union, which is committing funds to Auvergne through the European Regional Development Fund.

*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 audited IFRS accounts were approved by the Management Board on 8 September 2010.

### Statement of Net Result

	30/06/2010	31/12/2009	30/06/2009
<b>Turnover</b>	<b>0</b>	<b>1 500</b>	<b>900</b>
Other income from ordinary activities	384	532	260
Research and development costs	-4 850	-8 756	-4 169
Capitalized Research and Development costs	3 992	7 315	3 601
<b>Net research and development costs</b>	<b>-858</b>	<b>-1 441</b>	<b>-568</b>
Marketing and Commercial costs	-1 081	-1 378	-528
Administration costs	-1 449	-2 594	-1 363
Other operating income and expenses	-562	284	15
<b>Operating earnings before payment in shares</b>	<b>-3 567</b>	<b>-3 097</b>	<b>-1 285</b>
Staff costs related to payments in shares	-15	-684	-665
<b>Operating earnings after payment in shares</b>	<b>-3 582</b>	<b>-3 781</b>	<b>-1 949</b>
Cash and cash-equivalent income	466	1 704	884
Cost of financial debt	-221	-222	-103
<b>Cost of net financial debt</b>	<b>245</b>	<b>1 482</b>	<b>781</b>
Other financial income and costs	0	5	3
Income tax expenses (-) / income	1 200	666	234
<b>Net result</b>	<b>-2 137</b>	<b>-1 627</b>	<b>-931</b>
<b>Other components of net result</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Net result</b>	<b>-2 137</b>	<b>-1 627</b>	<b>-931</b>
Basic earnings per share (euros)	-0.10	-0.08	-0.05
Diluted earning per share (euros)	-0.096	-0.07	-0.04

## Balance Sheet

	30/06/2010	31/12/2009	30/06/2009
<b>ASSETS</b>			
Intangible assets	18 113	15 837	13 157
Tangible assets	15 028	11 572	8 256
Non-current financial assets	47	47	48
Deferred tax assets	3 130	1 929	1 500
<b>Total non-current assets</b>	<b>36 319</b>	<b>29 385</b>	<b>22 961</b>
Inventories			
Trade receivables	326	565	1 404
Other current assets	9 127	7 686	5 349
Cash and cash equivalents	43 663	48 797	50 252
<b>Total current assets</b>	<b>53 116</b>	<b>57 048</b>	<b>57 005</b>
<b>Total Assets</b>	<b>89 435</b>	<b>86 433</b>	<b>79 966</b>
<b>LIABILITIES</b>			
Share capital	2 120	2 120	2 116
Share premium	65 398	65 393	65 348
Statutory capital reserve	212	203	203
Other reserves	4 289	5 945	5 904
Result for the period	-2 137	-1 627	-931
<b>Total shareholders' equity</b>	<b>69 882</b>	<b>72 034</b>	<b>72 640</b>
Long-term liabilities to banks	6 860	5 069	2 586
Other long-term provisions	8	8	7
Other non-current liabilities	947	680	706
<b>Total non-current liabilities</b>	<b>7 814</b>	<b>5 757</b>	<b>3 298</b>
Bank overdrafts	65	10	178
Other short-term bank liabilities	4 850	3 902	734
Trade payables	942	1 088	1 146
Other short-term liabilities	5 881	3 643	1 970
<b>Total current liabilities</b>	<b>11 738</b>	<b>8 643</b>	<b>4 028</b>
<b>Total liabilities &amp; equity</b>	<b>89 435</b>	<b>86 433</b>	<b>79 966</b>

## Cash-flow statement

	30/06/2010	31/12/2009	30/06/2009
<b>Net result for the period</b>	<b>-2 137</b>	<b>-1 627</b>	<b>-931</b>
Amortization and depreciation (excl. non-current assets)	750	1 080	527
Cost of payments in shares and financial instruments	15	684	665
Change in non-current provisions	133	-44	-46
Change in deferred taxes	-1 200	-664	-234
Gain/loss from disposal of non-current assets	485	6	0
<b>Gross cash flow</b>	<b>-1 954</b>	<b>-565</b>	<b>-20</b>
Cost of financial debt	127	180	90
<b>Gross Cash flow before cost of financial debt and taxes</b>	<b>-1 828</b>	<b>-385</b>	<b>70</b>
Increase/decrease in trade receivables	239	-511	-1 349
Increase/decrease in trade payables	141	79	138
Change in other current assets and liabilities	939	-372	623
<b>Change in working capital</b>	<b>1 319</b>	<b>-803</b>	<b>-588</b>
<b>Net cash flow from operating activities</b>	<b>-508</b>	<b>-1 188</b>	<b>-518</b>
Assets internally generated (R&D assets)	-4 167	-7 283	-3 604
Investment grants	1 678	3 273	1 785
Cash paid for investments in non-current assets	-4 675	-8 632	-3 391
Increase/decrease in non-current trade payables	-146	833	456
Cash received from disposal of non-current assets	0	909	0
Cash received from disposal of financial assets	0	2	2
Cash used for acquisitions and sales of other current financial assets	-5	-61	-49
<b>Net cash flow used for investing activities</b>	<b>-7 315</b>	<b>-10 959</b>	<b>-4 802</b>
Capital increase	5	188	139
New loans and other financial debt	6 479	6 143	0
Interest paid on loans and financial debt	-109	-165	-81
Repayment of loans and other financial debt	-3 741	-831	-263
<b>Net cash flow provided by/used for financing activities</b>	<b>2 634</b>	<b>5 335</b>	<b>-205</b>
Impact of exchange rate variations			
<b>Change in cash and cash equivalents</b>	<b>-5 189</b>	<b>-6 812</b>	<b>-5 525</b>
Cash and cash equivalent as of January 1	48 787	55 599	55 599
Cash and cash equivalent as of June 30	43 598	48 787	50 074