



METabolic EXplorer expands into South East Asia, with the set-up of its first PDO manufacturing plant in Bio-XCell, Malaysia

Clermont-Ferrand, 5 November 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.), published further details about its first own-account development in Bio-XCell, Iskandar region, Malaysia, as part of its strategic expansion into South East Asia.

METabolic EXplorer had earlier announced the deployment of its first PDO (1,3 propanediol) manufacturing plant in South East Asia. The plant is anticipated to produce 50,000 metric tons at maximum capacity. Initial production is estimated at 8,000 tons. This strategic deployment, located close to leading customers in the region, testifies to METabolic EXplorer's intention of becoming the leading PDO manufacturer in this part of the world.

With strategic incentives for the operation from the Malaysian government, through Malaysian Biotechnology Corporation (BiotechCorp), its biotechnology developmental agency, METabolic EXplorer will not need to raise additional funding from the market and will safeguard its cash position.

This first own-account development does not affect parallel ongoing talks to set up a first joint venture. It also illustrates the undisputed credibility METabolic EXplorer now enjoys in the white biotechnology sphere.

Malaysia: the choice of a strategic position in Asia and the strengths of a rapidly growing country

Cradled in the heart of Asia's booming biotechnology market, astride the maritime crossroads connecting India, South Korea, Taiwan, Japan and China, Malaysia occupies a strategic geographical position to serve the growing demand for PDO in Asia.

The country's acknowledged dynamism, its financial stability, world class infrastructure and its commitment to provide foreign companies with attractive incentive to locate there, all underlie METabolic EXplorer's choice of Malaysia as the strategic platform for expansion into Asia and provide assurance of the success of this first manufacturing facility.

In addition to its other strengths, Malaysia has strong industrial ambitions. These are reflected in a large-scale programme that will transform the **Iskandar** region and its **Nusajaya** township into an economic hub on a par with **Singapore**. METabolic EXplorer has an early advantage within this high growth programme.

Finally, the Malaysian authorities' strong political and financial commitment to biotechnology manufacturing and processing, as reflected in the BioNexus incentives and biotechnology masterplan initiatives spear-headed by BiotechCorp and its establishment of **Bio-XCell**, the first specialised biotechnology park and ecosystem, represent a tremendous opportunity for METabolic EXplorer and its shareholders to demonstrate the validity of its business model and value creation.

PDO in Asia: the ability to occupy a lasting, core position in the value chain

Malaysia is the world's second-largest producer of palm oil, which means that METEX will have secure, competitive upstream access to feedstock used in manufacturing its PDO, namely glycerine derived from vegetable oil.

Downstream, there is growing Asian demand for the chief application of PDO - PTT (polytrimethylene terephthalate) – driven especially by the textile industry.

METabolic EXplorer, placed at the centre of this long-term value chain, is also in the right place at the right time.

PDO is seeing annual growth of about 20% and has an estimated global market of 700,000 metric tons in 2020 (Internal METabolic EXplorer estimate)

METabolic EXplorer's Asian facility is designed to produce up to 50,000 metric tons of PDO per year, with a first step of 8,000 tons to satisfy fast-growing market demand. It will come on stream within 18-24 months.

Financing the plant: Active government support, demonstrating recognition for METabolic EXplorer in the sphere of white biotechnology

The Malaysian government has invested over 2 billion dollars in creating an innovative technology platform to rival **Singapore – Iskandar Malaysia**. Equipped with manufacturing, academic and commercial infrastructure, the Malaysian programme also involved creating the right conditions to attract and provide financial support for companies to spearhead the industrial development of white biotechnologies.

METabolic EXplorer is one of the very first companies to be approached to take part in the biotechnology development acceleration programme at Bio-XCell.

METabolic EXplorer will benefit from financing of up to 30 million euros to purchase the real estate and build the plant. Its own financial contribution is a surety of 6 million euros, convertible into a contribution for the purchase of the real estate. Once the plant goes into service, METabolic EXplorer will take over the remainder of the investment under a 10-year leasing arrangement.

The company, which retains complete independence in the industrial project, will be tax-exempt for ten years and benefit from privileged status with respect to the financing of plant construction.

Continuation of other commercial developments

In line with its stated strategy, as this first operation demonstrates, METabolic EXplorer is continuing talks aimed at setting up a joint venture to manufacture PDO or another of its products, which here again, will focus on reaching a major, rather than a minor agreement.

METabolic EXplorer is also speeding up development and enhancing its product portfolio, as shown by the launch of the OSEO-backed Bio2Chem programme and the signing of a frame R&D cooperation agreement with INRA.

Raja Ridzwa AZIZ, Chief Executive Officer of Bio-XCell said: *"METabolic EXplorer is a natural fit for our Bio-XCell ecosystem with its focus on bioprocessing, leveraging on the country's abundance of tropical feedstock. We see METabolic EXplorer playing a vital role in enhancing the biotechnology value chain in Malaysia and the region".*

Benjamin GONZALEZ, Chief Executive Officer of METabolic EXplorer Company, added: *"Our company is proud to have been chosen to take an active part in this ambitious programme driven by the Malaysian government through its Bio-XCell centre of excellence. We are also very grateful for the financial conditions that have made this start-up possible, as they preserve resources useful to the company's further growth."*

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About METabolic EXplorer - 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 animal feed).

METabolic EXplorer is currently focusing its alternative biological solutions 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 in two forms – either via own-account developments (ie, manufacturing plants) in geographically strategic regions, or via limited exclusivity industrial partnerships in the shape of joint ventures.

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 or www.actus-finance.com.

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