# DEINOVE SA
# Financial results as of June 30, 2011

- *A net cash position of €11.1 million as of June 30, 2011, covering the needs of the company's on-going R&D programmes through to 2013.*
- *Achievement of the DEINOL project's first key milestone (development of a cellulosic ethanol production process), which triggered the payment of €1.6 million tranche of funding from OSEO's Strategic Industrial Innovation (*Innovation Stratégique Industrielle*, ISI) programme.*
- *Remarkable progress in the R&D projects, inducing a 90% increase in R&D expenditure, in line with the project planning.*
- *A net loss of €1.2 million for the first half of 2011.*

**Paris, September 16, 2011**: Deinove (Alternext Paris: ALDEI), the world's leading specialist in *Deinococcus* bacteria for biofuels, green chemistry and antibiotics, today published its financial results for the half-year ending June 30, 2011.

The first half of 2011 was marked by progress in the company's R&D programmes – particularly in the DEINOL project, which reached its first key milestone and thus triggered the payment of a €1.6 million tranche of funding from the OSEO's ISI programme. Over this period, the company's operating costs amounted to €2.2 million - 80% of which corresponded to R&D expenditure. As of June 30, 2011, the company had a net financial position of €11.1 million; when combined with public-sector grants-in-aid already obtained, this should cover the needs of Deinove's on-going R&D programmes through to 2013.

Commenting on the half-year accounts, Deinove CEO Jacques Biton stated: "*We are particularly satisfied with the scientific progress made over the first half of 2011. We have not only progressed the DEINOL programme in line with our initial schedule but have also considerably broadened our technology platform for exploiting* Deinococcus' *exceptional properties and using them in bioprocesses* ".

***The key figures:***

| (in thousands of euros) | For the 6-month period ending on June 30 2011 | 2010 |
|---|---|---|
| **TOTAL OPERATING REVENUES** | **636** | **-** |
| **TOTAL OPERATING COSTS** | **2,177** | **1,168** |
| *R&D expenditure* | *1741* | *912* |
| *Administrative and general costs* | *436* | *256* |
| **RESULT OF OPERATING ACTIVITIES** | **-1,542** | **-1,168** |
| **FINANCIAL RESULT** | **125** | **-37** |
| **OPERATING PROFIT (LOSS)** | **-1,416** | **-1,205** |
| **EXCEPTIONAL ITEMS** | **-11** | **-** |
| **Corporate tax (research tax credit)** | **-260** | **-271** |
| **NET PROFIT (LOSS)** | **-1,167** | **-934** |
| | as of 30/06/2011 | as of 30/06/2010 |
| **NET CASH POSITION** | **11,101** | **12,205** |
| **TOTAL ASSETS** | **12,622** | **13,215** |
| **TOTAL SHAREHOLDERS' CAPITAL** | **11,530** | **12,169** |

***Highlights***

In 2010, out of the 1,800 characterized *Deinococcus* strains from the company's microbial collection of over 6000 rare and unique bacteria, Deinove has managed to identify two bacteria with a remarkable potential for degrading the main components in plant-based biomass. These two bacteria (called "chassis strains") are able to operate at temperatures of between 30°C and 60°C and at pH values of between 3 and 10. Additionally, the bacteria show high resistance to solvents, robustness and exceptional biological stability. These characteristics make the bacteria candidates with ideal enzymatic potential for integration into industrial processes involving the simultaneous hydrolysis and fermentation of plant-based biomass.

Thanks to the first round of genetic optimisation performed earlier this year, ethanol production with the chassis strains has been significantly improved, in comparison with wild-type strains. These optimized bacteria could subsequently be introduced into existing bioethanol production facilities.

Moreover, Deinove now has a true "tool box" for stable insertion of a gene coding for a biomass-degrading enzyme and can thus optimize these bacteria.

In addition to the DEINOL project (which accounts for about 70% of the company's resources), Deinove is also developing two other programmes in parallel:

- The Antibiotics programme, comprising the DEINOBIOTICS and DEINOPHARM projects. In the first half of 2011, Deinove has continued to screen bacteria from the strain collection and select those with antibiotic activities. In the event of success, the work programme will continue with the identification of novel compounds for potentially combating infections that are resistant to existing antibiotics - a major public health issue worldwide.
- As part of the green chemistry programme, the most novel bacteria in Deinove's collection have been screened to identify strains that produce natural compounds of industrial interest. An ambitious project (DEINOCHEM) is being built and will enable the development of second-generation bioprocesses to replace petrochemical processes.

In May 2011, the European Patent Office confirmed the grant of Deinove's foundation patent (entitled "*Process for chromosome engineering using a novel DNA repair system*"). The patent (of which Deinove's co-founder Professor Miroslav Radman is the main inventor) covers a genetic engineering process that leverages the deinococci's unique "self-repair" ability. The patent forms the cornerstone of the company's portfolio of intellectual property, which also comprises nine other international patent applications.

### *Financial results for the first half of 2011*

In the first half of the year, the company received €0.6 million in funding from the OSEO's ISI programme (for the DEINOL project).

The operating costs for this period amounted to €2.2 million - a 90% year-on-year increase. This rise is explained by the progression in R&D expenditure (which accounts for about 80% of the company's operating costs) and reflects the acceleration of the company's business activities and the progress made in its development projects. External collaborations, with the VTT (Finland), the CNRS and INSA Toulouse in particular, represent 30% of R&D expenditure.

The company's cash and cash equivalents generated financial revenues of €86,000. Sale of self-owned shares yielded a net gain of €40,000, thanks to favourable movement in Deinove's share price over the accounting period.

The company's research tax credit (CIR "*crédit d'impôt recherche"*) for the accounting period has been estimated at €260,000 versus €271,000 for the equivalent period in the previous year. This decrease is due to the subtraction of public funding from the CIR eligible costs.

The first half of the year thus resulted in a net loss of €1.2 million.

### *A solid financial situation*

As of late June, the company held €11.3 million in cash, cash equivalents and other liquidities.

These liquidities have been invested in various vehicles, as a function of the company's forecast needs. €4.8 million have been invested in term accounts and €6.2 million have been invested in blue-chip corporate bonds set to mature at various times between early 2012 and early 2014, thus enabling a more attractive yield.

***About DEINOVE***

The greentech company Deinove (Alternext Paris: ALDEI) is dedicated to the development and commercial exploitation of innovative technological processes for the production of biofuels and other compounds of industrial or pharmaceutical interest, by exploiting the deinococci's exceptional natural properties. Deinove successfully floated on the Alternext stock market in April 2010. The company intends to leverage its proprietary bacterial strains, technologies and processes by outlicensing to industrial partners. Deinove has partnered with leading sugar, ethanol and starch company TEREOS in order to develop the DEINOL project, which aims at producing cellulosic ethanol in existing industrial facilities.

Deinove currently has 27 staff and operates several collaborative R&D programmes with the CNRS (Montpellier and Marseilles), the University of Paris V, INSA Toulouse and the VTT-Technical Research Centre of Finland. It was incorporated in late 2006 under the joint impetus of Philippe Pouletty MD (Managing Partner at the private equity firm Truffle Capital) and Professor Miroslav Radman (Professor of Cell Biology at Paris-Descartes University, a member of the French Academy of Science and winner of the 2003 INSERM Medical Research Prize). Professor Radman elucidated the genetic mechanism behind the extraordinary natural properties of the bacterium Deinococcus (biodiversity and robustness) on which Deinove's innovation strategy is based. The company's headquarters are in Paris and it operates a lab in Montpellier (Cap Alpha technology park), southern France.

For more information, visit the DEINOVE web site at www.deinove.com**.**

***Disclaimer:***

*This press release and the information contained herein do not constitute an offer to sell or subscribe to, or a solicitation of an offer to buy or subscribe to, shares in Deinove ("the Company") in any country. This press release contains forward-looking statements that relate to the Company's objectives. Such forward-looking statements are based solely on the current expectations and assumptions of the Company's management and involve risk and uncertainties. Potential risks and uncertainties include, without limitation, whether the Company will be successful in implementing its strategies, whether there will be continued growth in the relevant market and demand for the Company's products, new products or technological developments introduced by competitors, and risks associated with managing growth. Unfavourable developments in connection with these and other risks and uncertainties described, in particular, in Chapter 4 of the Company's prospectus prepared in connection with its IPO and on which the French* Autorité des Marches Financiers *("AMF") granted its visa no. 10-014 on March 25 2010, could cause the Company to fail to achieve the objectives expressed by the forward-looking statements above.*
*Updates are available on the company's website at www.deinove.com.*

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