

PRESS RELEASE

Collectis: 2011 half-year earnings

- **Resources strengthened to support growth across all the Group's business lines, with limited cash burn**
- **Important strategic moves implemented**

Paris, October 6, 2011 (5.45 pm CET) – Collectis (Alternext: ALCLS), the genome engineering specialist, is releasing its condensed consolidated accounts for the first half of 2011, and an update on its activities.

Marc Le Bozec, Collectis' Chief Financial Officer, confirms: *"The first half has shown good momentum for all of Collectis' businesses. We have significantly strengthened our capabilities, programs and resources during the period. More specifically, this positive trend is illustrated by the redefinition of the Group's product portfolio, and supported by Collectis bioresearch's launch of its TALENs offer, which should have a positive impact on our sales from the second half of this financial year. Additionally, we have considerably stepped up the development of our stem cells business; its expansion is being supported by the upcoming acquisition of Cellartis, the European stem cells market leader, at the same time as funds are being raised with the French strategic investment fund (FSI) and Pierre Bastid. Collectis' business model, based on genome engineering applications, is progressively being rolled out with a view to achieving the Group's strategic goal to be the European number one for life sciences in five years"*.

Key events during the first six months of FY2011

- Collectis bioresearch is now selling TALEN[®] Access, the first tailor-made TALE nuclease offer, enabling the modification of a specific gene in any cellular type and which, considering its price, is now becoming accessible to all biology research labs.
- Collectis therapeutics, the CNRS and the Institut de la Vision (Paris) unveiled the first proof of concept of the potential of meganucleases in the prevention of viral infections. Their findings have been published in *Molecular Therapy*.
- Ectycell announced:
 - The operational start of a program for the production of substitute red blood cells from stem cells, implemented in partnership with the French Blood Institute (EFS),
 - The signing of an agreement with CDC Entreprises for a project to build the world's largest stem cells bank for industrial applications, as well as a projected two-step capital increase for a total of €12 million, reserved equally for Collectis and the CDC.
 - The signing of project financing agreements, both as refundable and non-refundable grants, with OSEO, the Interministerial Unique Fund (FUI) and regional authorities, for a total of €23 million (for the Group).
- Several new research, development and licensing contracts have been signed with
 - VitamFero, for the use of meganucleases in the development of new vaccines against parasitic infections.
 - A pharmaceutical group for certain applications of patents related to the homologous recombination technology in oncology. This agreement triggered an immediate payment of €3 million to Collectis.

- Collectis has further strengthened its teams to ensure that the implementation of its strategy is successful. The Group had 155 employees at June 30, 2011, versus 120 at June 30, 2010.

Financial results for the first half of 2011

The results for the first half of 2011 reflect the intensified development of activities, the acceleration of investments and the structuring of the teams – all to prepare for the growth of coming sales.

- **Total operating revenues came in slightly lower than the previous year, at €7.5 million vs. €8.8 million for H1 2010.** Half of the difference is due to a lower level of Research Tax Credit, with refundable grants booked during the period, as well as the change introduced in 2011 concerning the Research Tax Credit calculation method.
- **The planned development of the Group's different businesses led to an increase in operating expenses to €16.3 million,** up 26% from 2010. These investments are linked to ongoing developments, which will fully deliver their results over the coming quarters.
- **The net loss reached €10.2 million,** a marked decrease from the first half of FY 2010 (€4 million loss), which included €1.5 million in tax income related to the activation of losses carried forward. Considering the expected fiscal evolutions, activation of the deferred tax assets was discontinued.
- **The cash position came to €20.5 million at June 30, 2011.**
- **Cash burn has been limited, representing €3.6 million over the first half of 2011, versus €7.5 million for the same period in 2010.** This change primarily reflects the reduction in working capital requirements (significant increase in the research tax credit in 2010, collected in May 2011).

Events occurred after June 30, 2011

- Collectis bioresearch and Lonza achieved a milestone, deactivating the cell-based glutamine synthetase (GS) activity in the CHO-K1SV cell line.
- Collectis bioresearch signed an exclusive license agreement with Recombinetics for the application of modified nucleases on large livestock.
- Collectis announced the upcoming acquisition of Cellartis, the European stem cells market leader, as well as the raising of €50 million from the FSI and Pierre Bastid. Both transactions are to be finalized at the end of October 2011.
- The ETICS project led by CYTOO and involving Collectis bioresearch and the CEA, aiming to develop innovative research kits, has received a €7.6 million grant (including €2.9 million for Collectis bioresearch).

About Collectis

Collectis improves life by applying its genome engineering expertise to a broad range of applications, including human therapeutics, bioresearch and agriculture. Collectis is listed on the NYSE-Euronext Alternext market (code: ALCLS) in Paris. More information at: www.collectis.com.

Disclaimer

This press release and the information contained herein do not constitute an offer to sell or subscribe, or a solicitation of an offer to buy or subscribe, for shares in Collectis in any country. This press release contains forward-looking statements that relate to the Company's objectives based on the current expectations and assumptions of the Company's management only and involve risk and uncertainties that could cause the Company to fail to achieve the objectives expressed by the forward-looking statements above.

For further information, please contact:**Collectis**

Marc Le Bozec
Directeur Financier
01 81 69 16 00
media@collectis.com

Calyptus

Alexis Breton / Cyril Combe
01 53 65 68 68
collectis@calyptus.net

APPENDIX

Condensed comprehensive income statement

€'000	Jun 30, 2011	Jun 30, 2010
Operating income	7,521	8,765
Cost of sales	(1,282)	(1,507)
Gross margin	6,238	7,258
Research and development costs	(7,394)	(6,071)
Administrative and commercial costs	(8,924)	(6,839)
Other operating income	0	-
Other operating expenses	(4)	-
EBIT	(10,083)	(5,652)
Financial income (loss)	(222)	131
Corporate income tax	-	1,487
Earnings for the period	(10,305)	(4,035)
Other comprehensive income items:	-	-
Translation differences - international activities	68	(6)
Comprehensive income for the period	(10,237)	(4,041)
- Diluted earnings per share (€)	(0.88)	(0.35)

Condensed financial position statement

ASSETS (€'000)	Jun 30, 2011	31/12/2010
Intangible fixed assets	4,638	3,976
Tangible fixed assets	4,711	3,913
Financial assets	496	231
Deferred tax assets	7,853	7,853
Non-current assets	17,697	15,972
Inventories	153	153
Operating receivables	7,620	11,565
Cash and cash equivalents	20,488	24,048
Current assets	28,262	35,766
TOTAL ASSETS	45,959	51,739
LIABILITIES (€'000)	Jun 30, 2011	31/12/2010
Share capital	590	584
Issue premium and reserves	37,607	45,198
Net income	(10,305)	(8,302)
Equity attributable to company owners	27,892	37,480
Shareholders' equity	27,892	37,480
Non-current borrowings and financial debt	1,629	1,397
Provisions for retirement benefits	157	120
Non-current provisions	525	50
Non-current liabilities	2,311	1,567
Current borrowings and financial debt	1,083	817
Operating liabilities	14,672	11,875
Current liabilities	15,755	12,692
TOTAL LIABILITIES	45,959	51,739

Condensed consolidated cash flow statement

(€'000)	Jun 30, 2011	Jun 30, 2010
Earnings for the period	(10,305)	(4,035)
Adjustments for elements with no cash impact	2,128	(634)
Cash flow from operations	(8,177)	(4,668)
Change in working capital	6,222	(1,692)
Interest received (paid)	(192)	161
Net cash flow from operating activities	(2,147)	(6,200)
Disbursements for capitalized development costs	(1,097)	(725)
Acquisition of other intangible fixed assets	(11)	(15)
Acquisition of tangible fixed assets	(1,264)	(375)
Acquisition of other non-current assets	(265)	(1)
Net cash flow from investment activities	(2,637)	(1,116)
Capital increase	436	16
Repayable advances and borrowings	412	(313)
Payments resulting from sale and lease back operations	379	139
Treasury stock sale and buyback	(3)	(64)
Net cash flow from financing activities	1,225	(221)
Change in net cash position	(3,560)	(7,537)
Net cash position at January 1	24,048	45,080
Net cash position at period-end	20,488	37,544