

FIRST HALF YEAR 2009 - TRENDS

 DECLINE IN FINE SPECIALITY CHEMICAL SALES
 CONTINUED DEBT REDUCTION EFFORTS

Sales Progress

<i>(in thousands of euros)</i>	2009	2008	% variation
First quarter	36 840	45 877	- 19.7 %
Including Pharmaceutical Synthesis	27 070	26 467	2.3 %
Including Fine Speciality Chemicals	9 770	19 410	- 49.7 %
Second quarter	38 525	46 621	- 17.4 %
Including Pharmaceutical Synthesis	28 241	27 200	3.8 %
Including Fine Speciality Chemicals	10 284	19 421	-47.0 %
Total as of 30 June 2009	75 365	92 498	- 18.5 %

(not audited)

As of 30th June 2009, Dynaction Group's consolidated net sales declined by 18.5% as compared to the same period of the previous financial year. Nevertheless the Group has recorded a significant improvement in its sales levels since June 2009 as compared to previous months.

Pharmaceutical Synthesis (73 % of the Group's net sales)

Despite the economic crisis which has led our customers to be extremely cautious when developing and launching new products, Pharmaceutical Synthesis sales are progressing slightly.

Fine Speciality Chemicals (27 % of the Group's net sales)

Fine Chemicals, excluding Pharmaceutical Synthesis, was considerably impacted by the effects of the economic crisis in the first half year, and was accentuated by our customers' sudden destocking policy. The majority of our markets have been hit and in particular those linked to perfumery-cosmetics, automobile, construction, metal industry and microelectronics.

The complete consolidated half year accounts will be reviewed and closed on the 16th September 2009. It will include the costs of the restructuring plan, put into place within PCAS SA and described hereafter.

It is nevertheless possible at this stage to estimate the impact of the decline in sales on the Dynaction Group's current operating income as of 30th June 2009. As such, after a first quarter in deficit and a second quarter in profit, the first half year's current operating income should be slightly negative. After having mainly taken into account the costs of the restructuring plan as well as the costs of the net debt, the Group's net loss as of the first half year 2009 should be around 7 million euros.

Despite this, the PCAS Group continued its debt reduction efforts, reducing debt to 59.4 million euros (as compared to 63.2 million euros as of 31st December 2008), thanks to its anticipated fiscal debt reimbursements (see hereafter) and to the initial results of a more active management policy in its working capital needs.

Restructuring Plan

Facing a deterioration in sales, observed since the end of 2008, notably in the Fine Speciality Chemicals field and less so in the Pharmaceutical Fine Chemicals segment, a plan adapting to the situation was put in place within PCAS SA, the main company affected by the economic crisis.

This plan, implemented at the end of June and the cost of which can be estimated at approximately 4.2 million euros, affects around one hundred posts and includes economies in purchasing excluding production, and general costs. This represents a reduction in charges of around 6.5 million euros for a full year, of which 50% for the 2009 financial year.

Measures adapting to the situation were also taken in Finland and Canada and represent estimated economies totalling around 1.5 million euros for a full year.

Other half year significant operations and events

Dynaction

Comed and Médiascience International, having no longer any activities, have been subject to a merger with Dynaction on the 1st January of 2009. These two companies are no longer consolidated as of 30th June 2009. These operations have no impact on 2009's first half year's consolidated accounts, the 1 027 thousand euros loss registered in the social accounts was compensated for by a capital gain of the same amount in the consolidated accounts. Following the sale of the building in Boulogne in 2008, the SNC des Peupliers no longer has any activities. It was therefore decided to proceed to its dissolution. As a consequence, this company is no longer consolidated as of 30th June 2009. This deconsolidation has no impact on the consolidated results of the first half year 2009.

In the current economic and financial crisis, where PCAS' results do not enable the payment of dividends and where PCAS' Stock Exchange prices are considered too low to justify the sale of any stock, the company's Management has obtained the rescheduling of the balance of its mid-term loan, i.e. 1.5 million euros, over a period of 4 years.

PCAS

At the beginning of the financial year, PCAS SA benefited from governmental measures in terms of anticipated reimbursements of various fiscal debt (Research Tax Credit and Carry-Back), representing almost 7 M€.

The contract between VLG and its main customer was renewed for a period of several years and demonstrates this world leader's confidence in PCAS' technological capabilities. At the same time, PCAS SA's stake in VLG equity was increased to 100%.

PCAS also continued its policy of niche activity development with high added value, and international development in buoyant markets :

- . the acquisition of a Kilo Lab in California with an American partner Nanosyn, finalised in mid July, in the scope of a joint company (50/50). The aim being to obtain contracts in the USA with production being assured at the Group's current manufacturing sites in Europe.
- . the creation of a subsidiary in Canada in partnership with Matrix Innovation, in the scope of a project developing its sales in solid support markets for peptide synthesis for manufacture initially at the Group's Canadian site.

In this context and continuing the steps taken at the end of 2008, the Group's management consulted with its banking partners and obtained the following :

- . the abolition of the ratio test as of 30th June 2009,
- . a modification in the ratio threshold for the 31st December 2009, 30th June and 31st December 2010 as follows :

	2009	2010	
	S2	S1	S2
Leverage Ratio	4,75	4,25	3,75
Interest Cover Ratio	2,25	2,75	3,25
Gearing Ratio	1,00	1,00	1,00

Moreover, PCAS was convicted of alleged contractual breaches by the Marseilles Commercial Courts in the execution of a commercial contract (conviction carrying up to 1.2 million euros in compensation demands for the alleged wrongs amounting to a total of 8.4 million euros, this sentence being enforceable up to 0.8 million euros). PCAS SA has of course decided to appeal against this sentence. At this stage in the proceedings and following legal analysis of the case closely with company advisors, it has been decided not to register any provision on this account.

No other significant event which could have an important influence on sales or the company situation intervened during the first quarter 2009.

Outlook for the current year

The current context of the world-wide financial and economic crisis makes it particularly difficult to establish forecasts. The following trends seem however to be outlined :

- . the Pharmaceutical Synthesis pole's sales should continue to improve as compared to 2008,
- . in Fine Speciality Chemicals, where visibility remains weak, the noted decline of the first quarter has stabilised and the situation should see progressive improvement in the coming months as witnessed in sales recorded from June.

As a whole, the Group's 2009 sales should however remain inferior to that of 2008.

In this context, the restructuring plan implemented in mid 2009 should enable the Group to significantly improve its results in the second half year and to fully benefit from the economic recovery when it occurs, as well as returning to its profitability objective as quickly as possible.

Taking into account the first half year losses, the Group's results for the whole of the 2009 financial year should remain significantly negative.

Next meeting : consolidated half yearly results 16th September 2009 ■

Dynaction is an industrial holding company centred on a unique development pole since the end of December 2005 : **Fine Speciality Chemicals, a field of its subsidiary PCAS** and in which it holds a majority share of 65.68 %

Longjumeau, 29th July 2009