



METabolic EXplorer Half-year Results 2009

Clermont-Ferrand, September 16, 2009 – 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 (paints, solvents, animal feed supplements, adhesives, textile fibres, resorbable surgical thread, etc.), today announced its 2009 half-year results.

During the first half of 2009, METabolic EXplorer continued to bolster its industrial and human assets in a framework of relentlessly stringent financial management in order to lay the groundwork for future full-scale production of its products in the best possible conditions.

METEX products: PDO close to industrialization

The five products in the METEX portfolio - Glycolic acid, Butanol, L-Methionine, 1,2 Propanediol (MPG) and 1,3 Propanediol (PDO) – are all currently in the pre-industrial pilot phase. As the bridge between research and industrial production, the pre-industrial pilot phase is vital for validating the company's biological production processes. This phase consists in making sure that the outcomes achieved in the laboratory can be scaled up, and also in approving end-product specifications relative to the target markets.

While all products in our portfolio are moving closer to industrial and commercial reality, one of them, PDO, has made substantial progress.

Widely used, inter alia, in the manufacture of new generation textiles, PDO is currently at an advanced stage of industrialization. The following stages in particular have been completed:

- validation of the robustness of the technology as regards industrial feedstock, including deviations in the quality of these inputs (raw glycerol),
- improvements to the purification stage and determination of final product specifications,
- production of the first significant batches for application tests,
- completion of Conceptual and Basic Design engineering work on a production facility. This specifies all raw materials assessments and identifies levels of aqueous waste and the potential for its treatment in order to prepare for full-scale industrial production. This stage is also used to quantify the necessary investment and the efficient scale to ensure economically competitive manufacturing.

Intellectual property position further strengthened

During the first half of 2009 METabolic EXplorer filed three new patent families respectively covering Glycolic Acid, Butanol and PDO. At end-June, the Group owned a portfolio of 38 patent families. A further 41 new applications were also filed, taking the total portfolio to 222, an increase of 23% on end-2008.

Infrastructure: work on schedule, spending under control

During the first half METabolic EXplorer also launched construction work in its purification plant in accordance with the schedule and the budget allocated, with €3 million being invested in the first half out of a total of €10 million. Combined with the fermentation platform built in 2007, it will comprise the pre-industrial pilot, scheduled to come on stream in the fourth quarter of this year.

METabolic EXplorer will at that time have a unique asset enabling it both to quantify the full spectrum of unit consumption for each of the processes developed and validate cost prices, and to finalize the respective process books in order to carry out the final engineering research leading to the construction of the industrial-scale facilities.

Human resources: additional resources for development and research

To consolidate its growth potential, METabolic EXplorer continued to expand its human skills portfolio with the arrival of an additional five staff during the first half, taking the Company's total headcount at end-June to 101. The business development and industrialization headcount has grown by 10% over the same period.

The advance to the pre-industrial pilot phase of all the company's programmes has gone hand-in-hand with a natural evolution that links the value-added of scientific expertise intimately with that of industrialization and of sales & marketing. A corporate structure that strengthens delegation and cross-functionality has been implemented and additional resources have been channelled to the 66-strong research team so that Scientific Director Philippe Soucaille can devote himself fully to overseeing new projects, and his teams to finalizing their ongoing projects.

Business Development

As announced in March this year, METabolic EXplorer has continued in its efforts to carry out its chosen industrial deployment policy via joint ventures and proprietary developments.

This dual approach is reflected in operational terms in discussions on key markets aimed at:

- signing joint venture agreements as part of a shared long-term view. Without pre-judging the outcome of negotiations, the interest currently being shown in the company confirms the attractiveness of its biological processes.
- speeding up the commercial delivery of our technology as part of our in-house development, upstream by securing contracts for supplies of glycerine, and downstream by launching application tests for PDO among sector-leading chemicals companies. The tests cover over 80% of existing applications.

In the current business climate, this dual approach is complementary to ensure we do not deviate from the target the company has set itself, namely to create the best long-term value for shareholders within the framework of a sustainable vision.

Half-year results

Due to a change in accounting doctrine as regards the treatment of the research tax credit and project subsidies under IAS 20, METabolic EXplorer has had to change the presentation of its accounts since the end of the 2008 accounting period. The portion of the research tax credit concerning capitalized projects is now directly recorded in the balance sheet and offset against the value of the assets to which they are allocated. For the sake of accounting transparency and in to facilitate year-on-year comparisons, METabolic EXplorer has presented the accounts for the six months to 30 June 2008 in an annex, restated (as was also done with its 2008 financial statements) on the basis of this doctrine.

In the first half of 2009, METabolic EXplorer posted turnover of €0.9 million, compared with €1 million a year earlier. Consisting almost entirely of revenues from licensing agreements for the two processes developed in partnership (Glycolic acid and L-Methionine), these license revenues are in part paid as project development targets are met. In this respect, they may vary considerably from one accounting period to the next.

In the first half of 2009, METabolic Explorer's increased its research and development spend by 37% (versus 65% in the 2008 accounting period). After capitalizing its development costs, the net cost of R&D came to €0.5 million. Administrative and commercial costs, unchanged on last time, show an operating loss of €1.3 million before valuation of payments in shares. In the first half of 2008, the operating loss stood at €1.1 million on the basis of applicable accounting methods.

Income from cash and cash equivalents stood at €0.8 million, down over the past year due to lower interest rates and despite the remuneration performance of funds being three times higher than the market rate. METabolic EXplorer's net result thus comes out at a loss of €0.9 million, compared with €0.7 million in the first half of 2008 on the basis of the new IFRS principles.

Update on financial situation

As planned, METabolic EXplorer accelerated the pace of its investment in the first half of 2009, with net outflows of €4.8 million compared with €5.1 million in the whole of 2008, notably to build its pilot production platform (€3 million).

METabolic Explorer's continuing cautious approach to financial management has limited net consumption of cash and cash equivalents to €5.5 million, of which €4.8 million has been invested, and preserved a very high level of cash in hand, at €50.3 million.

At end-June, METabolic Explorer's cash and cash equivalent net of financial debt totalled €45.8 million. Shareholders' equity totals €72.6 million.

*Next release of financial information: Third quarter 2009 turnover,
Friday 6 November 2009 at 7.00am.*

-END-

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 industrial products (such as surgical thread and 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 \$14 billion. The company's strategy will be implemented worldwide via limited-exclusivity industrial alliances and joint-ventures with key players in the chemicals industry.

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.

*Receive METabolic Explorer's financial information free of charge by registering at
www.metabolic-explorer.com or www.actus-finance.com.*

Media contacts

ATTITUDE Corporate

Eric de Lambert-Reiner

E-mail : edelambert@attitude-corporate.com

Tel.: +33 (0)1 4970 4341 / +33 (0)6 2529 0658

Emmanuelle Lapeyre

E-mail: elapeyre@attitude-corporate.com

Tel.: +33 (0)1 4970 4343 / +33 (0)6 1588 6209

Investor Relations

METabolic EXplorer S.A.

Paul Michalet, CFO

Biopôle Clermont-Limagne

63360 Saint-Beauzire - FRANCE -

Email: infofin@metabolic-explorer.com

Tel.: +33 (0)4 7333 4300

Fax: +33 (0)4 7333 4301

Actus Finance

Jérôme Fabreguettes-Leib

Email: jfl@actus.fr

Tel.: +33 (0)1 7735 0436

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

(Condensed IFRS accounts)

Half-year income statement to 30 June

	30/06/2009	30/06/2008*	30/06/2008
Turnover	900	1 030	1 030
Other income from ordinary activities	260	233	756
Research and development costs	-4 169	-3 054	-3 054
Capitalized Research and Development costs	3 601	2 534	2 534
Net research and development costs	-568	-520	-520
Marketing and Commercial costs	-528	-583	-583
Administration costs	-1 363	-1 278	-1 278
Other operating income and expenses	15	22	22
Operating earnings before payment in shares	-1 285	-1 096	-573
Staff costs related to payments in shares	-665	-936	-936
Operating earnings after payment in shares	-1 949	-2 032	-1 509
Cash and cash-equivalent income	884	1 399	1 399
Cost of financial debt	-103	-93	-93
Cost of net financial debt	781	1 306	1 306
Other financial income and costs	3	4	4
Income tax expenses (-) / income	234	0	902
Net result	-931	-722	703
Basic earnings per share (euros)	-0,05	-0,04	0,03
Diluted earning per share (euros)	-0,04	-0,03	0,03

* As per the new IAS 20 accounting treatment of the research tax credit and project subsidies

Half-year balance sheet to 30 June

	30/06/2009	30/06/2008*	30/06/2008
Assets			
Intangible assets	13 157	9 032	10 966
Tangible assets	8 256	5 237	5 237
Non-current financial assets	48	36	36
Other non-current assets	0	0	0
Deferred tax assets	1 500	1 676	1 437
TOTAL NON-CURRENT ASSETS	22 961	16 251	17 676
Inventories	0	0	0
Trade receivables	1 404	1 538	1 538
Other current assets	5 349	4 739	4 739
Cash and cash equivalents	50 252	55 269	55 269
TOTAL CURRENT ASSETS	57 005	61 546	61 546
TOTAL ASSETS	79 966	77 797	79 222
Liabilities			
Share capital	2 116	2 025	2 025
Share premium	65 348	65 227	65 227
Statutory Capital reserve	203	202	202
Retained earnings	0	0	0
Other reserves	5 904	3 289	3 289
Deferred tax	0	1 737	1 737
Result for the period	-931	-722	703
TOTAL SHAREHOLDERS' EQUITY	72 640	71 758	73 183
Long-term liabilities to banks	2 586	2 700	2 700
Bond issue	0	0	0
Debt to acquire securities	0	0	0
Other long-term provisions	7	2	2
Other non-current liabilities	706	476	476
Deferred tax liabilities	0	0	0
TOTAL NON-CURRENT LIABILITIES	3 298	3 178	3 178
Bank overdrafts	178	396	396
Other short-term bank liabilities	734	611	611
Debt to acquire securities	0	0	0
Trade payables	1 146	777	777
Other short-term liabilities	1 970	1 077	1 077
TOTAL CURRENT LIABILITIES	4 028	2 861	2 861
TOTAL LIABILITIES & EQUITY	79 966	77 797	79 222

* As per the new IAS 20 accounting treatment of the research tax credit and project subsidies

Cash flow statement

	30/06/2009	30/06/2008*	30/06/2008
Net result for the period	-931	-722	703
Amortization and depreciation (of non-current assets)	527	277	277
payments in shares	665	936	936
Change in non-current provisions	-46	-55	-55
Change in deferred taxes	-234	239	239
Gain/loss from disposal of non-current assets	0	32	32
Gross cash flow	-20	707	2 132
Cost of financial debt	90	32	32
Payable income tax	0	4	4
Gross Cash flow before cost of financial debt and taxes	70	743	2 168
Income taxes paid	0	-4	-4
Increase/decrease in inventory	0	0	0
Increase/decrease in trade receivables	-1 349	-1 497	-1 497
Increase/decrease in trade payables	138	191	191
Change in other current assets and liabilities	623	-1 076	-1 076
Change in working capital	-588	-2 386	-2 386
Net cash flow provided by operating activities	-518	-1 643	-218
Assets internally generated (R&D assets)	-3 604	-2 535	-2 535
Investment grants	1 785	1 425	0
Cash paid for investments in non-current assets	-3 391	-939	-939
Increase/decrease in non-current trade payables	456	-856	-856
Cash received from disposal of non-current assets	0	0	0
Cash paid for acquisition of financial assets	0	-1	-1
Cash received from disposal of financial assets	2	0	0
Cash used for acquisitions and sales of other current financial assets	-49	-60	-60
Net cash flow used for investing activities	-4 802	-2 966	-4 391
Capital increase	139	0	0
New loans and other financial debts	0	1 951	1 951
Interest paid on loans and financial debts	-81	-24	-24
Repayment of loans and other financial debts	-263	-121	-121
Net cash flow provided by/used for financing activities	-205	1 806	1 806
Change in cash and cash equivalents	-5 525	-2 803	-2 803
Cash and cash equivalent as of January 1	55 599	57 676	57 676
Cash and cash equivalent as of June 30	50 074	54 873	54 873

* As per the new IAS 20 accounting treatment of the research tax credit and project subsidies