2008 ANNUAL REPORT

**PROVIDING A SUSTAINABLE GREEN SOLUTION TO INDUSTRIAL PLAYERS WHO WANT TO PRODUCE DIFFERENTLY**

KEY DATES

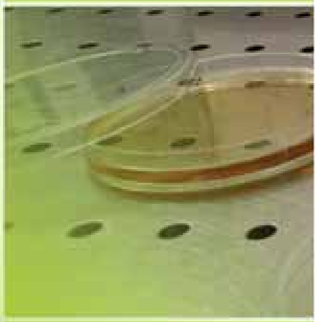
# FROM AN INNOVATIVE IDEA TO AN INDUSTRIAL REALITY

## 1999/2001: A SPECIALIST IN MICROBIAL BIOLOGICAL CHEMISTRY

**1999** Creation of METabolic EXplorer (METEX). A prize-winner in France's first ever nationwide business plan competition for innovative companies.

**2000** Development of a technology portfolio and filing of the first patent applications.

**2001** Validation of METEX's technologies via provision of contract research services to major players in the chemicals industry.



## 2002/2006: DEVELOPING INNOVATIVE INDUSTRIAL SOLUTIONS

**2002** A successful round of fundraising underpins METEX's strategy: developing proprietary bioprocesses for sustainably producing bulk chemicals from renewable feedstocks.

**2005** Signature of a worldwide, exclusive licence agreement with Roquette (a world leader in starch processing) on the biomanufacturing of L-methionine.

**2006** Launch of the BioHub™ programme (funded by the French Agency for Industrial Innovation), in which METEX develops a bioprocess for the production of glycolic acid (a component of biosourced plastics).

## 2007/2009: TOWARDS INDUSTRIAL PROCESS VALIDATION

**2007** Acceleration of the company's industrial development: METEX lists on the Euronext stock market and commissions its industrial pre-pilot plant (designed and built in a record 8 months!).

**2008** Achievement of performance milestones marking entry into the industrial pre-pilot phase for the entire product portfolio.

**2009** Announcement of the construction of an industrial pilot, combining continuous fermentation and purification steps.

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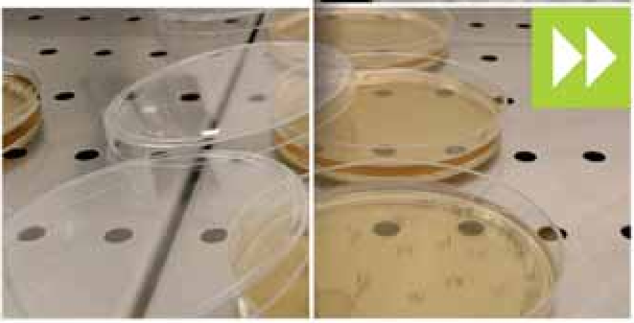


# PROFILE

Everyone knows that as soon as humankind was able to start manufacturing on the industrial scale, pollution was an inevitable consequence - that's just the way it is! However, humankind has also tried progressively to compensate for the various types of pollution that it has created. In addition to this moral and civic debate, many countries and industrial business have now become aware of the need to compensate for the forthcoming disappearance of one of our main natural resources - crude oil.

Raising awareness of this need means sharing a common vision, setting new priorities by fostering research success and spreading the benefits of innovation as widely as possible.

In a nutshell, this means continuing to produce, consume and grow but doing so sustainably.

METabolic EXplorer's ambition is to become a leading player in a field of chemistry that helps combine innovation with industrialization by delivering a much-awaited industrial alternative - a new, environmentally friendly resource.

Ever since its incorporation in 1999, the green chemistry company METabolic EXplorer has been developing new processes which circumvent standard chemical production techniques - techniques which are capital-intensive and highly dependent on fossil fuel feedstocks, with a large environmental footprint. Based on the tried and tested principle of industrial-scale fermentation (revealed by Louis Pasteur), METabolic EXplorer's technology relies on the use of non-pathogenic micro-organisms instead of petrochemical catalysts. This technology is developed in a closely monitored, contained environment and enables the high-performance production of existing bulk chemicals from plant-derived raw materials.

Thanks to METabolic EXplorer's expertise in life science, bioinformatics, industrialization, business development and legal & financial management, the company will be part of the growing move towards environmentally-friendly production of everyday, mass-market products around the world.

Paints, shopping bags, work surfaces, textiles - these are all examples of environmentally responsible applications that will no longer involve fossil-fuel feedstocks.

Benjamin Gonzalez, Chairman of the Management Board

# AN INTERVIEW WITH THE CHAIRMAN

## RENEWABLE RAW MATERIALS - AN ALTERNATIVE TO CRUDE OIL

**The search for an alternative to crude oil is more than ever in the news but is still in its early stages. What should people think about that?**

■ There is a fundamental factor behind your question - time. It takes time to raise awareness, bring stakeholders together, raise finance, make key choices, adapt, act and see initial efforts bear fruit. On the political level, France's national *Grenelle de l'environnement* conference and a number of European Union initiatives have already testified to a true common vision.

Let's take the example of plant-based chemistry. Who would have been able to say a few years ago that we would now have the first applications in cosmetics, detergents and even car parts?
The maturation phase is over, the movement is clearly underway and this is a turning point that we don't want to miss!

**So, let's talk about METabolic EXplorer. What role do you expect to have in these new challenges?**

■ We expect to have a role on the institutional level and, of course, in providing solutions to our future partners.

On the institutional level, we want to be recognized as a stakeholder which is pushing for a change in behaviour and is involved in the ongoing governmental and civic debates. In fact, the company is just one link in the chain and cannot revolutionize the chemicals industry on its own. However, everyone knows that our processes will help to reduce environmental footprints and will enable less privileged countries to gain access to everyday consumer goods.

In operational terms, METabolic EXplorer is targeting three types of business partners - all of which are waiting for appropriate solutions in their respective markets.

- bioresource producers hoping to diversify by accessing green chemistry.
- bulk chemicals producers seeking to accentuate their competitive advantage.
- end-users looking for biosourced products.

Meeting these expectations is our key challenge - a challenge that takes time, too.

## THE GLOBAL ECONOMIC CRISIS AND VARIATIONS IN RAW MATERIAL PRICES

### Do the strong observed variations in raw material prices cast doubt on your company's business model?

■ No, because METEX's economic performance is based on the difference between the price of crude oil and that of agricultural feedstocks. As long as this difference is present, our model remains solid. Remember that our model is based on a price of US$ 40 a barrel - a conservative approach.
The worst-case scenario would be a very low crude oil price and high feedstock prices; I really don't believe that's likely. In a study published in November 2008, the IFP* identified two key elements:

- persistent tension between supply and demand, due to strong demand from developing countries that are starting to buy "energy-hungry" goods.
- falling supplies, with a growing need to prospect for and extract crude oil.

** IFP, a well-respected French petrochemicals industry technical centre – "Contexte international 2008",* November 2008.

### Has the economic crisis hindered your discussions with potential industrial partners?

■ Let's face it - all sectors of industry have been hit by the ongoing crisis. That said, and as paradoxical as it might seem, time is working in our favour - notably in terms of the feedback we're getting, the discussions that we're having and the action we're taking to adapt to this new context.
Here again, discussions take time - between 12 and 15 months. A non-optimal economic environment for the chemicals industry's blue-chip players and differences in the legal or fiscal frameworks are things that we have to work through to achieve our objectives. When the time comes, we'll be ready! Once again, the passing time brings us closer to our markets.

## PRODUCTS GENERATED BY METEX TECHNOLOGIES

### You recently announced that all your products have now entered the industrial pre-pilot phase. Can you remind us what that means?

■ In a nutshell, the pre-pilot unit launched in late 2007 is what we call the fermentation pre-pilot. This is a key milestone which validates the fact that the fermentation results obtained in the laboratory can be extrapolated to a larger scale. We then use the fermentation product to develop the following phase - purification. The fact that all our products are now in the pre-pilot phase proves that we are getting closer to the industrial-scale validation of our processes.

### To date, the purification phase has been outsourced. Is a change planned in that respect?

■ Outsourcing the purification phase has enabled us to develop it in parallel with the fermentation pre-pilot plant and thus to shorten the overall development time. In 2009, METabolic EXplorer decided to build a purification unit to be coupled with the fermentation pre-pilot. The combined units will thus constitute an industrial pilot, which will be operational by the end of this year.

## PRODUCTS GENERATED BY METEX TECHNOLOGIES (REST)

**So that's another way of saying that you are moving closer to the market?**

■ Yes, because by producing hundreds of kilos of chemicals in a continuous process, the industrial pilot will enable us to accurately validate the price of each fermentation and purification step and thus derive the overall cost price. We can then complete the process book for each of our processes. The process book is a detailed guide to operation of the process and can be leveraged in two ways. Firstly, we will be able to produce batches which meet the market specifications that will be requested - notably in terms of validating applications for our partners' products. Secondly, our partners can (if they so wish) use the process book to help build their own factory based on our technologies.

**Which of your products is furthest down the development pipeline?**

■ Of the five products in our portfolio, PDO is the most advanced in terms of accelerating METabolic EXplorer's transformation into an industrial business. In fact, our benchmarks show that PDO will be the first to enter the industrial pilot stage (in late 2009). In additional to this schedule and the many mass-market applications that PDO has, our compound has a certain cost advantage.

The PDO market is very dynamic and is characterized by a strong imbalance between supply and demand; our PDO will constitute a convincing response to the chemicals industry's expectations.

**Does that mean that you are focusing all your efforts on PDO?**

■ No, not at all. Our other products are following the same route as PDO did - it just so happens that that latter is further ahead. We have not lost sight of one of our goals - enabling industrial businesses to access our process books in 2010-2011 - which will arrive very quickly!

## COLLABORATION AND VALUE CREATION

**You have committed to signature of a major agreement in 2009. What's the situation there?**

■ Our positioning and product range mean that we are in discussions with bioresource producers and chemicals businesses, as well as with end users. We are talking to each major family that makes up the chemicals industry worldwide, and our discussions are moving ahead.

2009 is still the goal for signature of a semi-exclusive, joint-venture agreement. Everybody knows that I expect this first agreement to be a benchmark for subsequent deals.

In summary, I would prefer to present our shareholders with a major agreement rather than a minor one which would not be worthy of the opportunities offered by our target markets. Furthermore, a major joint-venture agreement will prove the validity and potential of our technologies.

Lastly, I would like to emphasize that this is not our only route for creating shareholder value. We are also studying ways of reinforcing our industrial expertise and accelerating the commercialisation of our processes - accentuating the competitive pressure, in short.

## METEX ON THE STOCK MARKET

### Are you disappointed by the share price?

■ Yes and no, though I take a long-term view. Market conditions have been deplorable since mid-2007 and will remain so for a while yet - generating unprecedented share price volatility. METabolic EXplorer doesn't have a direct comparator company but that, in addition to the pioneering spirit and the potential that people say we have, is what makes our company atypical, attractive and, thus, speculative. For the moment.

Lastly, it is clear that the market is focusing on this much-awaited first joint-venture agreement which, as I have just said, is not our only development route.

### In April 2008, some of your major shareholders had an opportunity to exit. What happened?

■ The fact that not a single one of our reference shareholders exited is a strong sign of their full confidence in our strategy and is particularly reassuring for all our individual shareholders.

### Which events marked corporate life in 2008, and what are the prospects for 2009?

■ Your question refers to two separate years. But it's hard for me to divide up what I see as the company's continuous acceleration towards proof-of-concept for its processes. Commercial, economic and industrial proof for solutions that the chemicals industry is expecting us to provide.

More generally, we have always hit our targets on-schedule, thanks to rigorous management. I would like to emphasize the fact that METabolic EXplorer has a solid financial base, with cash reserves of over €55 million. Time is working in our favour and, as I just said, is bringing us closer to our markets.

What are our prospects for 2009? Fulfilling our commitments!

> time is working in our favour and is bringing us closer to market

## AN INTERVIEW WITH THE MANAGEMENT TEAM

**Philippe Soucaille**
Chief Scientific Officer

METabolic EXplorer is an industrial biotech company which, for a certain number of projects, is in competition with multinationals. This competition obliges us to move quickly and, above all, plan our future development. For example, this involves developing high-performance technologies which enable us to file patent applications on new bioprocesses as early as possible. It also means seeking to constantly improve these tools. Lastly, it means fulfilling our commitments in terms of R&D.
2008 saw all these investments bear fruit; all our products have entered the pre-industrialization phase.

**"You are variously in charge of the Research, Industrialization, Business Development and Finance Departments. In the innovation race, time is an essential factor.**

2008 was characterized by the reinforcement of a managerial approach that is boosting the company's innovative and competitive nature. Thanks to its collegial, cross-cutting management, METEX is able to mitigate risks and achieve its objectives more rapidly. This determination to reduce risk is our reaction to a key issue: keeping our projects on schedule with as much responsiveness as possible, in a market where time is essential. Lastly, in terms of value creation, let's not forget that we have decided on parallel development tracks for a portfolio of products that address the issues faced by a regionally-dimension company tackling global markets.

**Jean-Claude Lumaret**
Strategy and Innovation Director

**Olivier Nore**
Industrialization Director

We adopted a two-phase approach. In 2008, we announced that all our proprietary processes had made it to the fermentation pre-pilot stage, right on schedule. This year, we announced the forthcoming finalization of our industrial pilot unit, with addition of a purification unit (downstream of fermentation); this will validate the economics of our processes via the production of hundreds of kilos of compound. Again, we are keeping nicely to schedule in terms of technology validation. Creating value also means choosing the right time to develop an industrial tool which brings us closer to market launch for our products. This two-phase strategy enabled us to make a €10 million investment at the time when it was most effective.

**The current economic situation shows that the prioritising objectives and closely monitoring projects are even more important. In 2008, how did you manage the paradox in which you are expected to create value... rapidly?"**

As we have already seen, 2008 was a year during which we pursued R&D, industrial pilot and commercial development activities in parallel. In 2006, we presented a value creation model based on active participation in the production and commercialisation of products generated by our technologies with a very short timeline (by around 2010/2011) but also by working methodically, step by step. The speed of project development in 2008 demonstrates that we are well on the way to achieving these objectives. Lastly, on the strictly financial level, value creation for the shareholder involves good management; this financial year was typified (as were previous years) by rigorous management and means that we now have significant cash reserves and true financial visibility.

**Paul Michalet**
Chief Financial Officer

**2005**
23 staff

**2006**
40 staff

# HUMAN RESOURCES

## RESEARCH & DEVELOPMENT

The Research & Development Laboratory is the essence of METabolic EXplorer's core business. The 64 highly qualified staff - laboratory technicians, engineers and researchers - rely on patented technologies and METabolic EXplorer's proprietary know-how in order to develop (in a contained, highly secure area) high-performance micro-organisms able to produce bulk chemicals from plant-based raw materials.

The laboratory is based on three complementary skills:

- **molecular biology**, the molecular analysis of how a living organism works, in order to improve the production yield,
- **fermentation**, implementation of a biological process by which the micro-organism transforms a plant-derived feedstock into a bulk chemical,
- **biochemical analysis**, analysis of the networks of chemical reactions going on inside a living organism under controlled fermentation conditions.

In each development step, industrial and commercial endpoints are at the heart of the Research & Development Laboratory's work. Each project is developed in synergy with the Industrialization and Business Development Departments so that yield, cost and flexibility objectives can be achieved.

2008 was marked by continued optimization of bacterial strains, which then entered the pre-industrialization phase. The R&D team is constantly innovating and is already working on the scientific development of new processes, in order to broaden the company's product range and anticipate industry's needs.

## INDUSTRIALIZATION

In METabolic EXplorer's innovation process, the Industrialization Department's mission is to develop and validate fermentation and purification processes on the industrial scale by using the micro-organisms designed by the Research & Development Laboratory.

The Department's experienced engineers and technicians are all specialists in industrial fermentation; the team's mission is to define and validate the process book - a true "instruction manual" for designing and operating industrial production units.

2008 witnessed the achievement of a major milestone by the Industrialization Department; the entry of all portfolio products into the pre-pilot phase - a phase which enables fermentation parameters to be tested and validated on the pre-industrial scale.

The industrialization team has been reinforced (with a 2.5-fold increase in its headcount) in order to increase METabolic EXplorer's industrial development capacity and continue to develop the company's processes in compliance with the stated objectives.

## BUSINESS DEVELOPMENT

The Business Development team is directly interfaced with the chemicals industry's various stakeholders, with the goal of establishing and develop semi-exclusive collaborations.

By combining commercial skills with perfect knowledge of target markets and industrial constraints, the team works in synergy with the R&D, Finance and Industrialization Departments in order to integrate each partner's specific requirements into METabolic EXplorer's process development steps.

The performance levels of METabolic EXplorer's technologies and the value creation for the company's partners are underpinned by exhaustive knowledge of the core business areas.

In 2008, Business Development activity mainly focused on establishing dialogue with bulk chemicals manufacturers and agroresource producers in Asia, Latin America, Europe and North America. These discussions have further deepened METabolic EXplorer's market knowledge of both feedstocks and applications of the company's portfolio compounds. This extremely time-consuming market intelligence work is an essential step in preparing and leading negotiations.

**2007**
68 staff

**2008**
95 staff

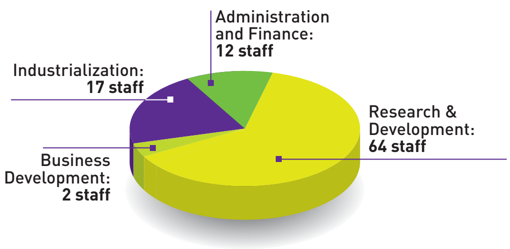
## ADMINISTRATION AND FINANCE

In a context of strong internal growth (such as that experienced by METabolic EXplorer since 2007), the Administration and Finance Department plays an essential role in managing the company's resources and activities.

The cross-cutting Administration and Finance Department encompasses the company's legal & financial services, information systems, human resources and PR & marketing activities. Its missions include defining and applying METabolic EXplorer's financial strategy, managing investor relations and providing project support for corporate growth.

Thanks to its expertise in all these various support services (plus back-office activities for the Business Development Department), the Administration and Finance Department is helping to implement METabolic EXplorer's business strategy.

### Staff numbers as of 31/12/2008




Average staff age as of 31/12/2008: **31**

Average education level as of 31/12/2008: **4-year degree**

### Reinforcement of human resources

In 2008, the company invested massively in the human resources needed to accelerate its development. 27 highly-qualified employees, researchers, technicians and engineers joined the company in 2008 and have helped to reinforce its scientific and industrial excellence.

**May 2007** - Construction of an industrial pre-pilot unit is initiated

**December 2007** - Commissioning of the industrial pre-pilot unit

# THE INDUSTRIAL DEVELOPMENT PROCESS

## AN INTEGRATED INDUSTRIAL DEVELOPMENT CHAIN

**R&D** - production process design

**LABORATORY**

**Target compound selection**

Validation of the project's economic and technological feasibility on the METEX technology platform

**Definition of resources, facilities and the optimal metabolic pathway**

**Process design and development**

- optimization of micro-organisms in the laboratory
- definition of the fermentation criteria

**Generation of strains for entry into the pilot phase**

Reinforcement of intellectual property

3 to 6 months

3 to 5 years

**METabolic EXplorer's industrial model is based on a comprehensive, integrated, industrial development chain - ensuring control over all development steps.**

From micro-organism engineering to industrial-scale process validation, this development chain has been designed to progress several projects in parallel - accelerating industrialization and the commercial exploitation of the company's processes.

## IN THE LABORATORY: DESIGNING THE PRODUCTION PROCESS

METabolic EXplorer's innovative approach is based on a combination of complementary scientific skills and an exclusive technological platform.

This proprietary technology is based firstly on **METAVISTA®**, a unique bioinformatics platform for defining the optimal metabolic pathway and the target yield for the micro-organism.

On the basis of **METAVISTA®**'s predictions, METabolic EXplorer leverages its process development with three technology platforms:

- A **strain engineering platform** which combines recombinant DNA-based technologies with METEVOL, a proprietary technology for accelerating the engineers' bacterial design work.
- A **fermentation platform**, including laboratory fermenters and analytical tools for optimizing fermentation parameters and thus yield.
- A **biochemical platform** featuring protein analysis tools, nuclear magnetic resonance spectroscopy, mass spectroscopy and FLUX VISION® - proprietary software for comprehensive analysis of the compounds synthesized by the bacterium at each step in the modification process.

**March 2009** - Construction of an industrial pilot is initiated

**Late 2009** Commissioning of the industrial pilot

## INDUSTRIALIZATION - Definition and validation of the process book

**PILOT**

**The industrial pre-pilot unit (fermentation)**

- validation of the laboratory-scale results
- definition of each fermentation process book

Generation of samples for initial industrial qualification

**The industrial pilot (fermentation + purification)**

- finalization of the process books by combining the fermentation and purification steps within a single unit

Validation of the final process book
Production of several hundred kilograms of compound

patent application filing for 20 years of protection

18 to 24 months

6 to 12 months

average duration

### THE PILOT UNIT: PROCESS BOOK DEFINITION AND VALIDATION

The industrial development of METabolic EXplorer's green chemistry processes is an essential part of corporate strategy. Since 2007, METabolic EXplorer has committed to implementing the resources required for industrialization of its product portfolio and definition & finalization of its process books - true "instruction manuals" for the industrial production of several thousand tonnes. In 2007, METabolic EXplorer designed and commissioned a pre-pilot fermentation unit, in order to expose the micro-organisms developed in its laboratory to the constraints of large-scale production. This key step enables definition, testing and validation of all the fermentation parameters and thus optimization of processes' performance levels in an industrial context.

In 2009, METabolic EXplorer started to complete its industrial pilot by adding a purification unit to its existing fermentation unit. This installation will enable process validation (from the feedstock to the finished product) via the continuous production of hundreds of kilos of compound and thus finalization of the corresponding process book.

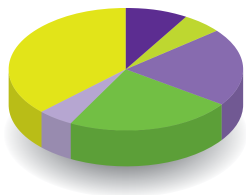
**Solid intellectual property - guaranteeing freedom to operate the company's bioprocesses**

METabolic EXplorer protects the value of its processes by continuously filing for intellectual property rights, at each development step.

In 2008, METabolic EXplorer filed 55 new patent applications covering the development and the commercialisation of its product portfolio.

The company has a solid guarantee of exclusivity, with a total of 181 granted and pending patents in 34 families and filings in 49 countries.

### INTELLECTUAL PROPERTY




| | 2008 | 2007 | 2006 | 2005 |
|---|---|---|---|---|
| Patent families | 34 | 25 | 20 | 14 |
| Granted and pending patents | 181 | 126 | 56 | 33 |

**December 2007** - Pre-pilot phase entry for PDO (the first of the 5 METEX compounds, 3 of which are wholly proprietary)

**May 2008** - The first PDO samples

## GLYCOLIC ACID

Glycolic acid is a compound used in cosmetics for its exfoliating properties and (as a polyglycolic acid polymer) in resorbable surgical thread, thanks to its biodegradability. Polyglycolic acid's impermeability to oxygen and CO2 makes it a good candidate for the production of bottles for fruit juice and fizzy drinks.

METabolic EXplorer is developing a high-yield process (targeted at the biosourced plastics industry) for the production of glycolic acid from glucose.

In 2006, METabolic EXplorer signed a development agreement (including an option to an exclusive licence) on the industrialization of its bioprocess and the commercialisation of glycolic acid with Roquette - one of the world leaders in starch processing. This collaboration is part of the BioHub™ biorefinery programme, funded by OSEO (the French state innovation agency).

WORLDWIDE TARGET MARKET
(including bioplastics)
US$1 billion
500 ktonnes
Source: DuPont News, 1st April, 2008

## L-METHIONINE

Poultry protein is the most accessible and the most consumed meat protein in the world. In 2006, 93 million CWE (carcass weight equivalent) of poultry meat were produced worldwide, in order to meet the growing needs of billions of people.

Methionine is a sulphur-containing amino acid that is essential in poultry and pig feed. It is currently made from propylene (a crude oil derivative) in a synthetic chemical process.

METabolic EXplorer is the first company to have developed a high-performance production process for L-methionine via fermentation of a renewable, abundant, accessible and cheap raw material.

The specialist starch processing company Roquette will perform the industrial and commercial development of this process via an exclusive, worldwide licence.

WORLDWIDE TARGET MARKET
US$2.2 billion
600 ktonnes
Source: Feed Info, March 2009

**December 2008** - Pre-pilot phase entry for MPG (the last of the compounds to do so)

**Late 2009** - Pilot-phase entry (fermentation + purification) for PDO

# PORTFOLIO PRODUCTS

## METabolic EXplorer is developing 5 bulk chemicals that are used in a multitude of everyday products, corresponding to a total market of around US$14 billion.

In 2008, METabolic EXplorer reached an essential milestone on the road to industrialization of its technologies: the five products in the company's current portfolio all entered the industrial pre-pilot stage, in line with the industrialization schedule announced in 2007.

### BUTANOL

The alcohol butanol is an essential starting compound for the chemicals industry and is used in the manufacture of many products (such as paints, coatings, adhesives and solvents). This product is targeting very mature markets that have shown steady growth for several years.

METabolic EXplorer is developing an extremely flexible and competitive fermentation process for butanol production. The butanol can be produced directly by fermenting starch, sugar, sugar cane juice, molasses and even hemicellulose (a structural compound in plants).

This process is capable of being exported and adapted for use worldwide and can thus meet the requirements of stakeholders in various geographical areas.

WORLDWIDE TARGET MARKET

**US$4.6 billion**

3,000 ktonnes

Source: ICIS Pricing USA contract price, February 2009

### MPG (1,2 Propanediol)

MPG is a bulk chemical produced from propylene oxide, which itself is derived from fossil-fuel feedstocks.

Its main application is in the production of polyester resin used in bathroom furnishing articles and boat hulls. MPG's moisturising and hygroscopic properties also make it a useful component in cosmetics, pharmaceuticals, antifreeze and fluids for de-icing aircraft - all high-added-value applications.

The fermentation-based MPG production process developed by METabolic EXplorer offers a significant cost advantage over petrochemical processes.

WORLDWIDE MARKET

**US$2.5 billion**

1,500 ktonnes

Source: ICIS Chemical Intelligence, November 2008

### PDO (1,3 Propanediol)

PDO is a bulk chemical with exceptional physical qualities. It is used to manufacture the polyester fibres in high-performance textiles, coatings, carpets, sport shoe soles and thermoplastics films. It can also be used in cosmetics.

In conventional synthetic chemistry, PDO is produced from ethylene oxide (a crude oil derivative) in a very expensive process that fails to satisfy a high-potential market.

METabolic EXplorer has developed an efficient process for producing PDO from glycerol, a plant-oil-derived biodiesel co-product. By using this easily accessible and cheap raw material, METabolic EXplorer is working up a high-performance process (from both economic and environmental standpoints) for a fast-growing market.

A FAST-GROWING TARGET MARKET

Forecast for 2015: **1.2 US$ billion**

400 ktonnes

Forecast for 2020: **3.9 US$ billion**

1,000 ktonnes

Source: ICIS Chemical Business, March 2009

# COMMERCIAL STRATEGY

**Independently of the current global economic crisis, the continuing discussions with each industrial sector potentially concerned by the METEX processes are confirming the stakeholders' level of interest and their wish to access a sustainable alternative to petrochemistry.**

METabolic EXplorer's development strategy is based on a unique business model:

- designing competitive processes to produce existing chemical compounds with known potential.
- fulfilling industrial requirements and expectations.
- internal growth via complementary industrial approaches.

## PRODUCING MORE EFFICIENT, COST-EFFECTIVE PRODUCTS WITH KNOWN POTENTIAL

For METabolic EXplorer, the economic performance level of each production process is primordial. METabolic EXplorer has thus developed a unique approach to manufacturing bulk chemicals - one that is economically competitive with respect to petrochemical processes. This competitiveness is notably based on three elements:

- the use of a wide variety of plant-based feedstocks.
- process flexibility, enabling production anywhere in the world.
- the technological performance in terms of yield.

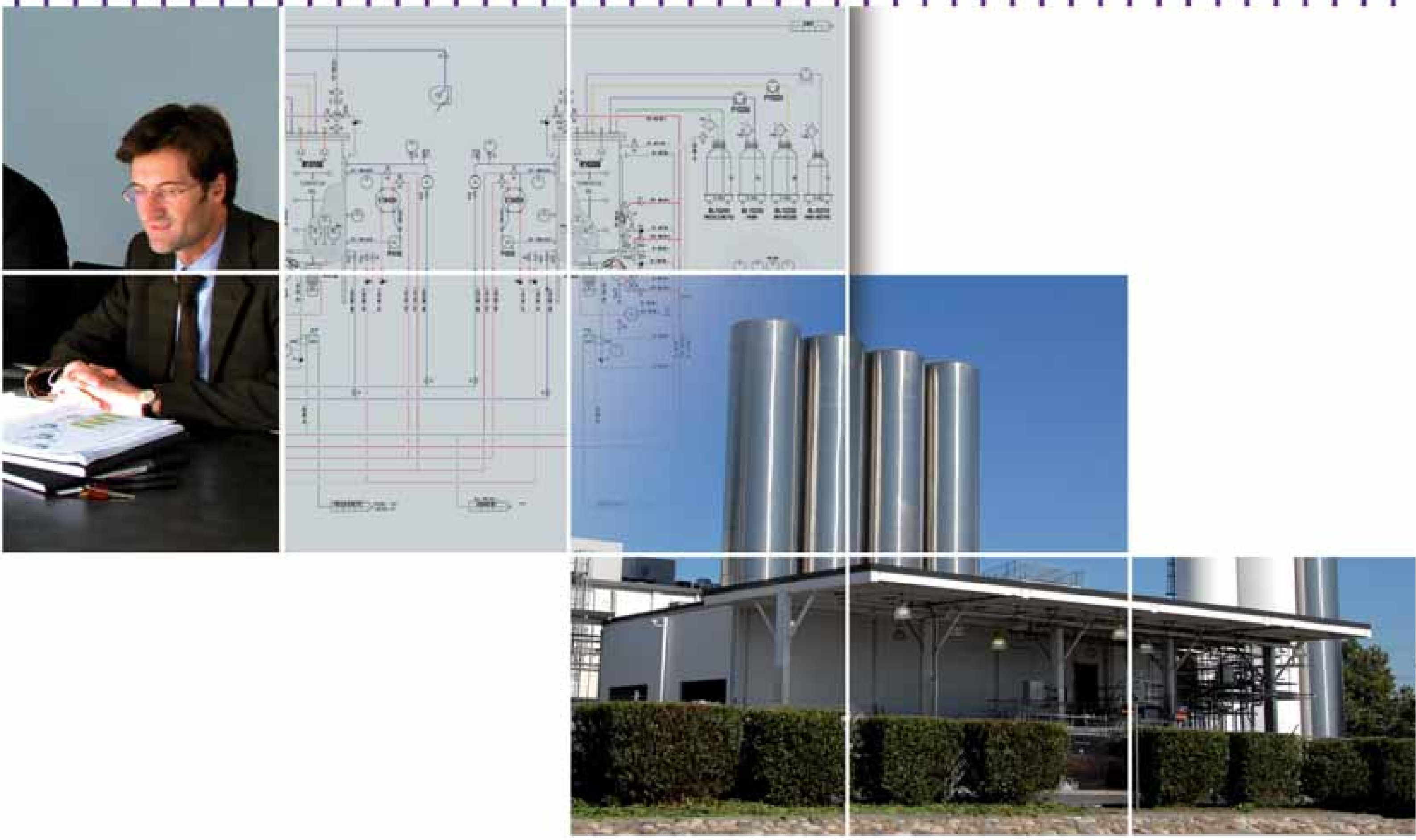
METabolic EXplorer seeks to produce existing bulk chemicals that are already used in a large number of mass-market industrial applications. Thus, METabolic EXplorer targets existing, well-defined, high-growth markets.

## MEETING THE EXPECTATIONS OF INDUSTRIAL STAKEHOLDERS

The flexibility and adaptability of its processes means that METabolic EXplorer can adapt its offering to to a variety of industrial stakeholders in different geographical markets.

METabolic EXplorer is primarily focusing on three types of businesses - all of which are looking for an appropriate solution for their respective markets:

- bioresource producers and processors, which can thus diversify their downstream activity with high added-value products.
- chemicals manufacturers seeking to leverage their competitive advantage and maintain their leading positions in growth markets.
- end-users and processors, to which METabolic EXplorer offers biosourced products and thus upstream diversification of their supply chain.



## GROWTH BASED ON COMPLEMENTARY INDUSTRIAL APPROACHES

METabolic EXplorer expects to become an integrated player in the chemicals industry by positioning itself as an active partner for industrial business seeking to exploit the company's innovative technology.

The company's objective is to implement its innovative processes via joint ventures with key players in the chemicals industry. Each collaboration combines METabolic EXplorer's technological expertise with the partner's industrial resources, in order to co-develop production sites and jointly manufacture and sell the resulting chemicals.
These collaborations are based on semi-exclusivity in strategic markets in Europe, the United States, Asia and Latin America.

Over the course of 2008, METabolic EXplorer pursued its discussions with blue-chip stakeholders in several target markets. These discussions have enabled the company to take account of each geographical zone's specificities and each potential partner's economic constraints. METabolic EXplorer has deepened its market knowledge and measured the competitive advantages of its technology, which will become apparent as the industrial development process progresses.

This feedback has naturally prompted METabolic EXplorer to consider complementary opportunities for accelerating the industrialization and commercialisation of its processes.

### Product applications

In 2008, METabolic EXplorer obtained the first samples of PDO for which the specifications (purity and concentration) met industry standards. This milestone means that PDO end-users can now test METEX's samples in their industrial applications. These tests are helping to demonstrate that compounds produced using METEX technology have the same properties as petrochemical-derived compounds.

# MANAGEMENT

### Benjamin Gonzalez

**38, Chairman of the Management Board**

Benjamin Gonzalez is Chairman of METabolic EXplorer Management Board and the company's founder. He contributed to the development of bioinformatics tools for metabolic pathway analysis in the first ever consortium of its kind in France. He then became the key driver in the development of METabolic EXplorer and has managed the company's four rounds of financing, raising a total of €73 million. He has played a decisive role in the company's emergence and has initiated many of its collaborations. Benjamin Gonzalez holds a BEng and a PhD in Biotechnology.

### Philippe Soucaille

**50, Chief Scientific Officer**

Philippe Soucaille joined METabolic EXplorer in 2002 and is an internationally renowned Professor at the *Institut National des Sciences Appliquées* (INSA) in Toulouse, one of France's leading biotechnological engineering schools. He previously served as Senior Scientist and Project Leader at Genencor International Inc (USA), where he managed the 1,3-propanediol project (an industrial collaboration with Dupont de Nemours, involving over 40 scientists). This pioneering research work represented a major breakthrough in the development of chemicals from clean, renewable raw materials.

### Paul Michalet

**46, Chief Financial Officer**

Paul Michalet joined the company in 2004 and has played a central role in successfully closing the company's rounds of financing. He has over 20 years' experience in senior financial and administrative management in multinational businesses. METabolic EXplorer's 2007 IPO was Paul's second. He is a graduate of Montpellier Business School, holds a Diploma in Accountancy and Finance and is a Chartered European Financial Analyst. He is member of the French Society of Financial Analysts (SFAF), the French National Association of Financial Managers and Management Control (DFCG) and the *Auvergne Entreprendre association.*

### Olivier Nore

**43, Industrialization Director**

Olivier Nore has more than 15 years' experience in the chemicals industry and has extensive expertise in production process industrialization. Prior to joining METabolic EXplorer in 2006, he worked for Adisseo, where he was successively Fermentation Process Manager, Head of Industrial Bio-Processes and R&D Director. Before that, he worked as a fermentation production manager at Rhodia. Olivier Nore has a PhD in Process Engineering.

### Jean-Claude Lumaret

**51, Strategy and Innovation Director**

Jean-Claude Lumaret joined the company in July 2008 after almost 30 years in the agrifood industry. While at Roquette, he variously served as Head of the Laboratory for Non-Food Applications, Director of the Technical & Legal Division, Director of the Fermentation Business Unit and Director of the Business Intelligence Unit. He holds a Degree in Chemical Engineering and a Diploma from the CEIPI International Centre for Intellectual Property Studies and is on the whitelist as a French patents specialist and as a Trademark Agent at the European Union's Trade Marks and Designs Registration Office.

# THE SUPERVISORY BOARD

**The five Board Members are appointed by the Shareholders' General Meeting. The Supervisory Board's mission is to monitor the company's operations and the Executive Board's management activities.**

## Professor Daniel Thomas

**Chairman of the Supervisory Board**

Daniel Thomas PhD is Professor of Biotechnology at the Compiègne University of Technology (Compiègne, France), Course Director at the Ecole Pratique des Hautes Etudes engineering school in Paris and a member of the French Academy of Technology. He was appointed as Chairman of the Board in 2006. He now also serves as Chairman of the "Industries and Agroresources" cluster in Northern France.

## Hans Vogelsang

**Vice Chairman of the Supervisory Board**

After a 35-year career with Royal Dutch Shell, Hans Vogelsang (a former President of Technology at Basell Polyolefins) joined the METabolic EXplorer Supervisory Board in 2008. He has held a succession of senior operational management posts and advisory positions in the petrochemicals, industrial engineering and industrial services sectors. He is currently a senior independent non-executive director of Bodycote International plc (LSE: BOY). From 2003 to 2006, he served as an advisor to British Sugar.

## Cécile Thébault

Cécile Thébault (a graduate of Clermont-Ferrand Business School and also the holder of Master's Degree in Marketing) joined the Board of Directors on incorporation of the company and become a member of the Supervisory Board in 2002. She is Investment Director at Sofimac Partners and coordinates the fund's technology investment team.

## Philippe Guinot

Philippe Guinot, MD, PhD, trained as an anaesthetist and intensive care specialist. He joined Credit Agricole Private Equity in July 2001 in order to manage the latter's investments in the biotech and life science fields. He had previously held a series of management posts in multinational pharmaceutical companies and managed 3 French biotech start-ups. Philippe Guinot joined the Supervisory Board in 2002.

## Emmanuel Fiessinger

Emmanuel Fiessinger, BEng, MSc, joined Seventure in January 2000 and serves as the fund's Life Science Investment Director. From 2002 to 2006, he chaired METabolic EXplorer's Supervisory Board and has remained as Seventure's representative thereafter. He also serves on the Board of several biotechnology companies.

**Hans Vogelsang** was appointed as Vice Chairman of the Supervisory Board and METabolic EXplorer's Strategy Advisor in 2008. The company is benefiting from the industrial experience and strategic expertise of this leading specialist in the petrochemicals, industrial engineering and industrial services sectors.

# KEY FIGURES FOR 2008

## INCOME STATEMENT

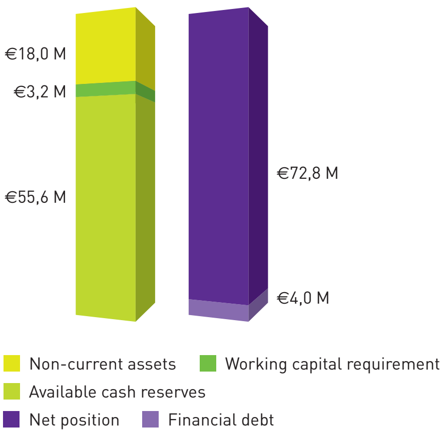
| K€ | 31/12/08 | *31/12/08 ** | 31/12/07 | 31/12/06 | 31/12/05 |
|---|---|---|---|---|---|
| Turnover | 3,220 | *3,220* | 2,790 | 3,610 | 1,460 |
| Operating profit/loss before payment in shares | -899 | *130* | 1,048 | 1,910 | 91 |
| Operating profit/loss after payment in shares | -2,451 | *-1,422* | -526 | 1,783 | -2,249 |
| Net cost of financial debt | 2,460 | *2,460* | 1,721 | 132 | -25 |
| **Net profit/loss** | **-390** | ***2,653*** | **1,683** | **1,667** | **-2,091** |

## OTHER FIGURES

| | 31/12/08 | *31/12/08 ** | 31/12/07 | 31/12/06 | 31/12/05 |
|---|---|---|---|---|---|
| Shareholders' equity | 72,833 | *75,876* | 71,641 | 12,263 | 10,456 |
| Net cash reserves | 55,599 | *55,599* | 57,676 | 6,113 | 5,457 |
| Staff numbers at the end of the period | 95 | *95* | 68 | 41 | 23 |

* previous interpretation of IAS 20.

## 2008 SIMPLIFIED BALANCE SHEET




## RIGOROUS FINANCIAL MANAGEMENT IN A CONTEXT OF STRONG GROWTH

Throughout 2008, METabolic EXplorer maintained its prudent management policy and limited the cash burn to €2.1 million in a context of strong growth - R&D investments, acquisition of industrial equipment and the recruitment of 27 new members of staff. As of December 31, 2008, METabolic EXplorer's cash reserves amounted to €55.6 million - sufficient resources for ensuring the company's continued industrial development.

METabolic EXplorer's 2008 revenues (which are not expected to be high at this stage in the company's development) amounted to €3.2 million - a 15.4% year-on-year increase. The turnover almost entirely consists of licensing revenues from two co-developed processes (glycolic acid and L-methionine).

### The impact of changes in international accounting standards on the 2008 accounts

In view of a new interpretation (IAS 20) of how government research tax credits and grants-in-aid should be accounted for, METabolic EXplorer has had to modify the presentation of its annual accounts. The proportion of research tax credits related to non-current assets (€2.1 million in 2008) and grants-in-aid (a gross amount of €1.4 million in 2008) are now directly registered on the balance sheet as deductions from the value of the assets with which they are associated. In 2008, the net impact on the income statement and shareholders' equity corresponded to a €3 million decrease. In contrast, cash and cash equivalents are not affected. On the basis of the IFRS interpretation used in 2007, METabolic EXplorer's net profit for 2008 would have been €2.7 million - a year-on-year increase of 57.6%.

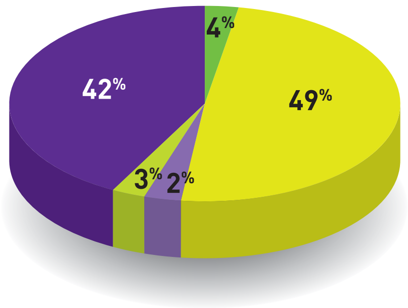
September 2005 - Last round of private financing (€6 million)

April 2007 - initial public offering on Euronext (€59.7 million)

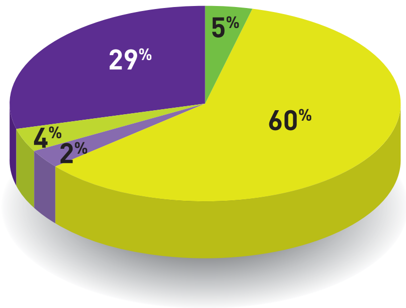
# METABOLIC EXPLORER ON THE STOCK MARKET

## EQUITY

Shareholdings
as of 31/12/2008




Breakdown of the voting rights
as of 31/12/2008




Management
Founding venture capital investors
Other individuals
Industrial businesses
Float

- 20,349,497 shares in circulation as of 31/12/2008
- 29,906,310 voting rights as of 31/12/2008
- more than 6,000 shareholders (identifiable bearer securities as of 21/05/2009)

## SHARE TRADING

- Stock market: Euronext Paris (Eurolist compartment C)
- Ticker: METEX
- ISIN code: FR0004177046
- Reuters code: METEX.PA
- Bloomberg code: METEX: FP

- Market maker: Fortis Bank Succursale de France
- SBF 250 and CAC Small 90 indexes
- Share price on 31/12/2008: €6.70
- Market capitalization as of 31/12/2008: €136.3 million
- Company value as of 31/12/2008: €84.7 million
- Average daily trading volume in 2008: 64,000 shares

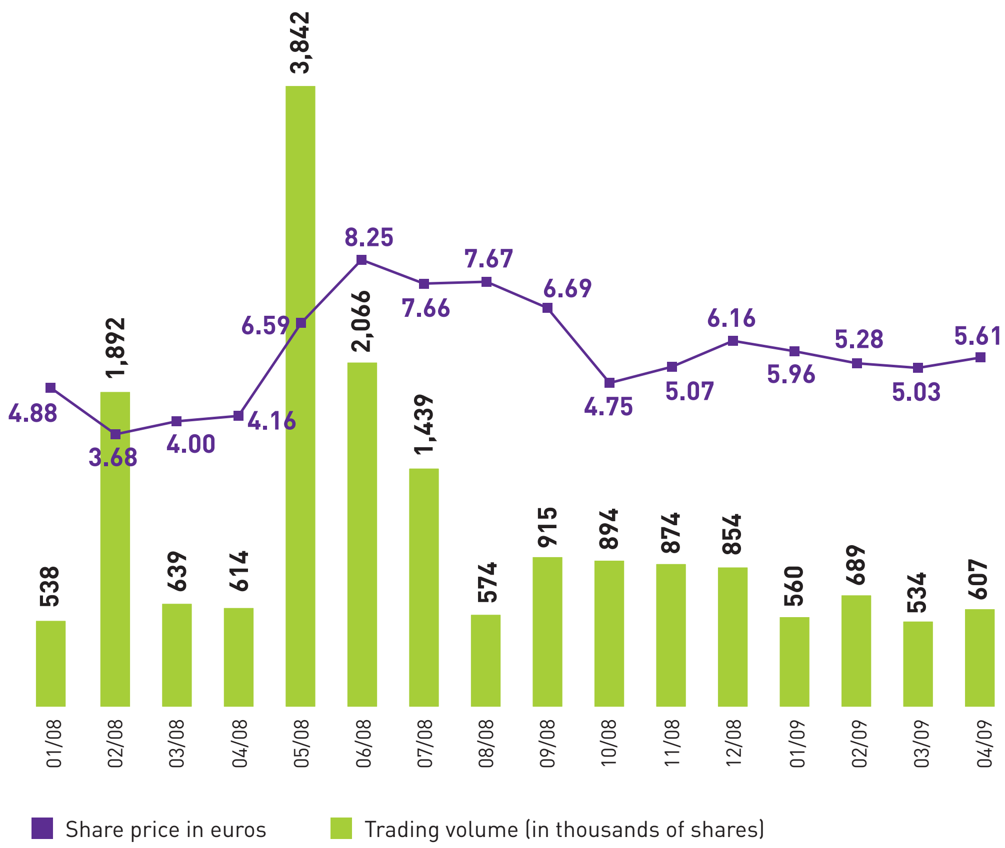
### Financial timetable

10/06/2009 - General Shareholders' Meeting
17/07/2009 - Revenues for Q2 2009
16/09/2009 - 1st half-year accounts for 2009
06/11/2009 - Revenues for Q3 2009
10/02/2010 - Revenues for Q4 2009

**September 2008**
Inclusion in the SBF 250 index

# METABOLIC EXPLORER ON THE STOCK MARKET

## CHANGE IN THE COMPANY'S SHARE PRICE IN 2008




On September 22nd, 2008, METabolic EXplorer's shares were included in the SBF 250 (an index comprising the 250 most representative share prices from each sector of the Paris market) and the CAC Small 90 (composed of the 90 lowest market capitalizations within the SBF 250 index).
Inclusion in these two indexes demonstrates METabolic EXplorer's market visibility and reinforces its status as a reference value and its high potential in the innovative chemistry sector.

### Financial communication policy

Since its stock market listing, METabolic EXplorer has implemented public relations tools for meeting the expectations of its shareholders & investors and the financial community at large:

In 2008, METabolic EXplorer reinforced its PR policy:

- launch of a new version of its web site at www.metabolic-explorer.com.
- initiation of an open-access mailing list for keeping up to date with the latest company news.
- attendance at 10 finance events and organisation of an on-site finance day in 2008.

# 2008 FINANCIAL REPORT

## REPORT FROM THE MANAGEMENT BOARD ON THE ACCOUNTS FOR THE FINANCIAL YEAR ENDED DECEMBER 31st, 2008

# REPORT FROM THE MANAGEMENT BOARD

on the accounts for the financial year ended December 31st, 2008

Dear Shareholders,

Pursuant to the provisions of Articles L. 232-1 and R. 225-102 of the French Commercial Code, we hereafter present the company's activity and results, an objective and exhaustive analysis of the changes over time in its business, operating results and financial situation, the main financial and non-financial performance indicators, the risks and uncertainties to which the company is exposed and, lastly, the outlook for the foreseeable future, together with all the information required by the provisions of Article L. 225-100 of the French Commercial Code.

By virtue of the company's Articles of Association and the current legislation governing for-profit companies, we have convened this Combined Annual and Special Shareholders' General Meeting in order to:

- report on the company's activity over the period ending December 31st, 2008, the results of this activity and the current outlook.

- approve the balance sheet, the income statement, details of the share capital & reserves and, more generally, the corporate accounts for the last financial year.

- approve attribution of the net result.

- approve the regulated, related-party agreements and, as the case may be, commitments made under article L. 225-90-1 of the French Commercial Code.

The agenda of the Combined Annual and Special Shareholder's General Meeting includes a draft resolution on the overall, annual remuneration awarded to the members of the Supervisory Board and the members of the Committees (as part of the Annual General Meeting) and a number of draft resolutions related to delegations of authority for the issuance of securities (as presented in a separate report from the Management Board and as part of the Special General Meeting).

## I - THE COMPANY'S SITUATION AND ACTIVITY

### 1 - SIGNIFICANT EVENTS DURING THE YEAR

The financial year ended December 31st, 2008, was marked by the following events:

- intense exploitation of the industrial pre-pilot, with the arrival of additional staff and an additional investment in fermentation equipment intended for sample production.
- consolidation of our intellectual property portfolio, with the filing of 8 new patent families: 6 notably cover improvements to our current development product portfolio and the remaining 2 cover other products.
- continued international deployment of the company's intellectual property, with 55 new patent filings during the financial year; this takes the total to 181 patent applications (in 47 countries), of which 28 have been granted.
- positive developments for the two licensing agreements signed by the company, with notably the achievement of technical milestones in both projects.
- entry into the pre-pilot phase for all the compounds in the company's portfolio (i.e. compounds being developed in house as well as those in co-development).
- research staff recruitment; 23 of our 26 new employees work in the laboratory or on the the industrial pre-pilot. The company's overall headcount now stands at 95 - a 38% year-on-year increase.
- extension of the company's lab and office space.
- implementation of measures for staff representation, with a single nominated staff representative and a Hygiene, Safety and Working Conditions Committee.

### 2 - PROGRESS MADE AND DIFFICULTIES ENCOUNTERED

Over the course of the financial year, the company made significant progress in its research and development programmes; this progress translated into a clear increase in the economic competitiveness of the corresponding bioprocesses.
In parallel, the industrialization program continued to advance rapidly and thus enable maintenance of the market launch dates scheduled at the time of the company's initial public offering.

Technology licensing negociations are continuing and the potential candidates have been shortlisted, in order to concentrate efforts on the most well-developed discussions. The many contacts forged with potential partners across the world in 2007 and 2008 generated useful feedback, which has sharpened the company's focus on certain leads.

## II - PRESENTATION OF THE ANNUAL ACCOUNTS

The annual accounts as of December 31st, 2008 (that we hereby submit for your approval) have been drawn up in compliance with the accounting standards and evaluation methods stipulated in the regulation in force.
The company has also chosen to establish its accounts in accordance with International Financial Reporting Standards (IFRS) in order to make them more accessible to non-French-speaking investors and ensure greater market transparency.

There have not been any changes in accounting methods used for the corporate accounts since the previous financial year. In contrast, an interpretation issued by the Accounting Studies Commission of the French National Council of Statutory Auditors on December 1st, 2008, now recommends an accounting procedure that differs from that adopted by the company to date concerning (i) the research tax credit, of which the proportion corresponding to capitalized costs must from now on be considered as an investment grant-in-aid and accounted for by deduction of the corresponding assets, and (ii) an identical approach for operating grants-in-aid which, as defined in the IFRSs, must be treated as investment grants-in-aid. This interpretation prompted the Management Board to restate the IFRS accounts. The impact of this methodological change on the year's accounts corresponds to a reduction in income and the net IFRS balance of €3,043k. The IFRS profit/loss therefore drops from +€2,653k (according to the previously validated accounting method) to -€390k (according to this new interpretation).

The company does not draw up consolidated accounts.

## III - ANALYSIS OF THE COMPANY'S ECONOMIC AND FINANCIAL RESULTS

For the financial year ended December 31st, 2008, the key items in the company's corporate accounts are as follows:

| | |
|---|---|
| [1] turnover & royalties | €3,220k |
| [2] operating income | €11,109k |
| [3] operating expenditure | €11,070k |
| [4] operating profit | €39k |
| [5] financial profit | €2,441k |
| [6] exceptional income | €34k |
| [7] research tax credit | €2,468k |
| [8] net result | €4,982k |

The company was profitable for the 4th year running. The turnover rose by 15% and the net result rose by 21%, while, over the same period, the company noticeably increased its operating capacity (headcount +38%, operating expenditure +66%).

The financial statement required by Article R. 225-102 of the French Commercial Code is attached to the present report as **Appendix 2**.

## IV - ANALYSIS OF CHANGES IN THE COMPANY'S BUSINESS ACTIVITIES, OPERATING INCOME & EXPENDITURE AND FINANCIAL SITUATION – FINANCIAL AND NON-FINANCIAL INDICATORS – RISKS AND UNCERTAINTIES

### 1 - AN OBJECTIVE AND EXHAUSTIVE ANALYSIS OF THE CHANGES IN BUSINESS ACTIVITIES

Please refer to the other sections of this report and **Section I** in particular.

### 2 - ANALYSIS OF THE COMPANY'S FINANCIAL SITUATION WITH REGARD TO THE VOLUME AND COMPLEXITY OF ITS BUSINESS

On December 31st, 2008, the company's cash and cash equivalents amounted to €55,680k (versus €57,777k a year before), i.e. a short-term cash burn of €2,097k. Together with a positive operating cash flow and good profitability, this cash position gives the company sufficient financial visibility for progressing its investments and the development efforts planned for the coming years.

## 3 - THE COMPANY'S INDEBTEDNESS – USE OF FINANCIAL INSTRUMENTS (EVALUATION OF THE FINANCIAL SITUATION) - FINANCIAL PERFORMANCE INDICATORS

The company no longer has any bank loans but obtains finance through leaseback contracts on equipment. The leases due to mature within the next 5 years amount to €4,390k, together with €210k in conditional, refundable grants granted by the OSEO-ANVAR state innovation agency (maturing in 2009).

**The company's objectives and policy regarding the management of financial risks**

The company prudently manages the financial risks linked to interest rate fluctuations. With this in mind, it has established a closely supervised asset and liabilities management policy approved by the Supervisory Board.

**The company's objectives and policy regarding the management of pricing, credit, liquidity and cash-flow risks**

The company also prudently manages the above-mentioned risks by selecting financially solid partners. In the second half of the year, the company reallocated a proportion of its cash investments (exposed to a bank signature risk) to a Euro bond investment account. Moreover, it has significant cash reserves, which should enable it to anticipate a potential drop in business activity while continuing its ongoing development efforts.

**The company's objectives and policy regarding the management of exchange rate risks**

The company does not currently use any financial instruments to cover currency exchange rate risks. The company invoices in euros and most of its expenditure is billed in euros. The accounts are not significantly exposed to currency exchange rate risks.

**The company's objectives and policy regarding stock market transactions**

The company has signed a liquidity contract with the French subsidiary of Fortis Banque, empowering the latter to act to promote share liquidity & share price stability and avoid price misalignments that are not justified by market conditions.

## 4 - KEY NON-FINANCIAL PERFORMANCE INDICATORS

The company's research and development efforts are presented in **Section V** of the present report. In commercial terms, no new contracts were signed during this financial year.

## 5 - ENVIRONMENTAL DATA

The company's activities have a negligible direct impact on the environment but will have very positive contributions to the overall environmental friendliness of the chemicals industry in the future (especially in terms of lower greenhouse gas emissions), in as much as the company's processes have notably been developed to replace the fossil-based resources (crude oil and natural gas) currently used to produce industrial petrochemical compounds by renewable resources derived from plants, the growth of which absorbs $CO_2$.

The company has received regulatory approval to design, handle and grow genetically modified Class 1 micro-organisms. These non-pathogenic micro-organisms are handled in a confined environment. Some hazardous chemicals and some mutagenic chemicals are handled. The handling conditions are strictly defined, the quantities processed are small and the frequency of use is low.
In 2008, the environmental impacts in terms of annual materials and energy consumption were as follows:
Water consumption: 1,358 $m^3$
Energy consumption: 988 MW/h

All emissions and waste requiring specific (re)processing are treated by a certified company. The quantities processed in 2008 were as follows:
Liquid waste: 34,160 litres
Solid waste: 49.2 metric tons

No provision for environmental risks has been constituted, since there have been no reported occurrences to date.
The company does not operate facilities covered by section IV of Article L. 515-8 of the French Environmental Code.

## 6 - DATA ON COMPANY STAFF AND LABOUR-RELATED CONSEQUENCES OF THE COMPANY'S ACTIVITIES – MEASURES TAKEN BY THE COMPANY

As of December 31st, 2008, the company employed 95 people, 1 of whom is on a fixed-term contract.
These jobs are located in France. However, we do recruit non-French salaried staff, who represented 3% of our headcount as of December 31st, 2008.
In 2008, the company made 34 recruitments (all on non-fixed-term contracts) and had 6 departures for the following reasons: 2 due to expiry of a fixed-term contract, two dismissals (including one initiated in 2007) and 2 resignations.
Four employees (three women and a man) work part-time (4 days a week).
As of December 31st, 2008, the mean employee age was 31 years.
As of December 31st, 2008, the mean seniority (number of years working for the company) was 2.11 years.

As of December 31st, 2008, the permanent staff headcount could be broken down as follows:
Salaried managerial staff: 43 (18 men and 25 women)
Salaried non-managerial staff: 52 (20 men and 32 women)

Total gross staff costs paid in 2008 amounted to €3,530k, versus €2,232k in 2007 (i.e. an increase of 58%).
The average salary for male staff is higher than that for women staff. This difference is explained by the fact that the Executive Committee is composed of men only.
However, for the company's other managers and its non-managerial staff, levels of pay (at equivalent levels of experience and skill) for men and women are comparable.
The company offers individualized pay conditions which depend on each person's respective skills, experience and commitment and takes account of the minimum amounts stated in the pharmaceutical industry's collective bargaining agreement.
The company operates a 39-hour working week. Fulltime employees work 4 extra hours per week (paid at an hourly overtime rate).

Certain salaried staff worked overtime (depending on work requirements) and outside the company's normal opening hours. Overtime performed when employees have to return to the site outside normal hours is subject to a pay premium.
The company operates a flexitime/core time scheme, with the exception of certain senior managers paid on a flat-fee (non-hourly) basis.
In 2008, we recorded 981 days of sick leave, including 548 days of maternity & paternity leave.
This represents a negligible sick leave rate of 1.43%.
The company very rarely uses temporary staff.
The company is highly committed to compliance with health and safety at work regulations; 5 work-related accidents were recorded in 2008, none of which led to time off work.
Employees working in laboratories subject to chemical hazards receive special monitoring from the French state's Occupational Health service.

Given that the company's headcount exceeded 50 in 2007, a Staff Council (as a single nominated staff representative and a Hygiene, Safety and Working Conditions Committee) were set up in September 2008. Previously, decisions were discussed with staff representatives.
A staff share ownership scheme and a profit-sharing scheme have been set up and were ratified by more than two thirds of the employees.
These agreements did not generate any remuneration for the designated beneficiaries during the 2008 financial year.
In 2008, 14 training sessions were organized with external providers.
A total of 68 employees (42 women and 26 men) participated in at least one training session in 2008. This represents 71% of the company's headcount as of December 31st, 2008.
Furthermore, the company has a strong in-house training policy. In fact, the company often recruits young graduates who are then trained in our working methods. Six student placements were hosted this year.

Each year, we organize two evaluation interviews with each of our employees, during which training needs are raised.

At the end of the financial year, the company did not employ any registered disabled staff. It does, however, regularly call on a sheltered workshop for provision of industrial cleaning services and the supply of paper.

METabolic EXplorer is strongly committed to the ethical guidelines and fundamental provisions of the International Labour Organization.

## 7 - MAIN RISKS AND UNCERTAINTIES

In addition to (i) the items indicated in **Paragraph IV-3** below and (ii) the risks referred to in the *Document de Référence* prospectus published on the company's website, we present hereafter a description of the main risks and uncertainties to which the company is exposed:

The company operates in a rapidly changing environment which generates a number of risks or uncertainties, some of which are not under the company's control.

A significant proportion of the company's future growth is based on the in-house development of innovative and high-performance metabolic engineering solutions for the industrial chemicals sector, with the same risks as for any in-house development.

The company's growth strategy is primarily founded on molecular biology, bioinformatics/modelling, fermentation and intracellular flow analysis technologies for the development of economically competitive bioprocesses. These innovative but well understood technologies do not present any major intrinsic risks, although changing markets for the developed products and these markets' main parameters may not always match the company's expectations.

Hence, the company is confronted by several risks or uncertainties:

- The future sales price of the products developed and target market trends may change unexpectedly.
- The price of raw materials used in the bioprocesses developed and the prices of the materials constituting the main production cost item in chemical synthesis of the same products could change in a way that reduces our anticipated competitive advantage.
- The forecast process development times may lengthen.
- If the sector grows significantly, new players (including today's leading chemicals firms) may decide to position themselves on these markets and profit from investments that will have been made by the company and thus reduce the company's sales and the anticipated profits in this sector.
- Patents could be invalidated by as yet unknown prior art or other patents unpublished at the time of filing, generating a risk of non-patentability or infringement,
- New, competitive technologies could appear.

These risks are analyzed in terms of trends.

## 8 - ENVIRONMENTAL CONSEQUENCES OF THE COMPANY'S ACTIVITIES – MEASURES TAKEN BY THE COMPANY

The company's mission is to replace fossil resources by renewable resources for the production of bulk chemicals. This mission should thus truly contribute to the energy independence of the chemicals industry and a decrease in greenhouse gas emissions.

The company is keen to protect the environment and incorporates sustainable development concerns into the deployment of its activities.

In this respect, the industrial pre-pilot was designed to better incorporate environmental concerns: all emitted liquids and solids are processed. The company has purchased energy from renewable sources from EDF under the first contract of its type signed in the region. Nitrogen is generated on site. A condensation-based recycling system for sterilization steam is also in operation.

## V - RESEARCH AND DEVELOPMENT ACTIVITY

The company's research and development investments corresponded to about 213% of its turnover in 2008, with a total of €6,868k over the financial year (of which €5,852k have been capitalized). As a consequence, the company's product portfolio has been reinforced by a number of new patent families.
The company is currently developing 5 products, of which 2 have been out-licensed.
The company's research and development efforts are based on technologies which have been developed mainly in-house but also sometimes in collaboration with other companies or academic research institutes, together with technologies acquired or in-licensed by the company as part of its development policy. The efforts deployed by the company in this respect have been rewarded by the filing of 8 new patent families (notably at the French National Institute of Intellectual Property, INPI), to which the company attaches great importance.

## VI - POST-CLOSING EVENTS AND OUTLOOK

### 1 - SIGNIFICANT POST-CLOSING EVENTS AS OF DECEMBER 31st, 2008

Prior to the initial public offering, the company was subjected to a denigration campaign and a claim of inventive contribution for 4 patent applications. The Management Board estimated that these claims were unfounded and won its case in injunctive proceedings and on appeal in 2007. Substantive proceedings were brought by METabolic EXplorer in 2007 and, here again, the company won its case in early 2009.

### 2 - THE COMPANY'S OUTLOOK FOR THE FORESEEABLE FUTURE

The financial perspectives for 2009 are good, with a solid balance sheet position.
Our research and development efforts will be intensified with a view to getting the two other compounds (after PDO) from our portfolio proprietary product into the sample generation phase and the start of the last step towards the establishment of the process books on which we are planning to base a non-exclusive business model for the large-scale production and sale of the products with selected industrial partners.
The first option on a joint venture collaboration should be signed during the 2009 financial year and the continuous-batch industrial pilot unit (including purification) should be built and commissioned in the same financial year.
The product pipeline will also be broadened.
Existing contracts continued to progress during this financial year. The company is maintaining its goals of increasing the performance level of its product portfolio and acquiring a strong intellectual property position in its target markets.
One of the year's strategic objectives is to secure raw materials for the manufacturing process.

## VII - PROFIT/LOSS FOR THE FINANCIAL YEAR AND PROPOSED ATTRIBUTION

The company made a profit of €4,981,781.08 in the past financial year.
We propose that the said profit be attributed as follows:
- €1,000.00 attributed to the statutory reserve account
- €4,980,781.08 attributed to the "other reserves" account

By virtue of the provisions of Article 243 bis of the French General Tax Code, we hereby wish to make it clear that no dividends were distributed during the last three financial years and thus that there are no corresponding dividend tax credits (as set out in Articles 158 bis and 158 ter of the French General Tax Code, withdrawn by the 2006 Budget Bill) or distributed revenues (whether eligible or not for the tax allowance under article 158-3-2° of the French General Tax Code) for these same periods.

## VIII - NON-TAX-DEDUCTIBLE EXPENDITURE

In accordance with the provisions of Articles 223 *quater* and 223 *quinquies* of the French General Tax Code, we wish to point out that the corporate accounts for the past financial year include a sum of €46,120 concerning non-deductible expenditure related to company cars, corresponding to non-tax-deductible expenditure. No corporate tax has been paid in this respect, given the company's fiscal loss. We invite you to comment on the level of this expenditure.

## IX - INFORMATION ON THE COMPANY'S SHARE CAPITAL

### 1 - INFORMATION ON THE COMPANY'S SHARE CAPITAL

Over the course of the financial year, the company's share capital was increased by a nominal amount of €10,000 via the exercise of stock warrants for company founders (BSPCE warrants) by 4 bearers.
As a result, the company's share capital as of December 31st, 2008, is €2,034,949.70. It is composed of 20,349,497 identical shares (apart from the fact that some have double voting rights) with a face value of €0.10. The details are given in an Appendix to the annual accounts.

On April 21st, 2009, the Management Board also noted an increase in the company's share capital with a nominal value of €64,833.60, comprising:
- a nominal amount of €1,500, corresponding to the exercise of BSPCE warrants by their bearers.
- a nominal amount of €63,333.60, corresponding to the definitive issuance of 633,336 free shares on April 11th, 2007, following the expiry of the two-year acquisition period and compliance with the acquisition conditions.

As a result, the company's share capital stands at €2,099,783.30. It is composed of 20,997,833 identical shares (apart from the fact that some have double voting rights) with a face value of €0.10.

In addition to the BSPCE warrants, stock options and free shares described in Section XIII below hereafter, a delegation of authority to the Management Board to issue 100,000 share warrants to the company's partners (persons and corporations who promote the company's development, whether acting on a paid basis or not) was voted at the General Shareholders' Meeting on May 28th, 2008. To date, this delegation has not been used and remains in force until November 28th, 2009.
We would like to point out that the shareholding held by the company Go Capital fell below the threshold of 1/20th of METabolic EXplorer's total share capital in January 2008 and that Fortis SRI's shareholding rose above the threshold of 1/20th of the company's share capital in February 2008 and then fell below it in June 2008.

## 2 - SUBSIDIARIES AND PARTICIPATIONS

We wish to remind you that our company wholly owned the German company METabolic EXplorer GmbH. This company (the shares of which had been fully provisioned in our corporate accounts at the start of the financial year) was definitively liquidated during the financial year. This event had no impact on our financial results.

We wish to point out that over the last financial year, our company has not acquired any shareholdings in companies based in France and does not control any other companies.

## 3 - RECIPROCAL SHAREHOLDINGS AND SELF-OWNED SHARES

The company does not have any reciprocal shareholdings or self-owned shares, other than the shares held within a liquidity contract managed independently by the French subsidiary of Fortis Banque *(Fortis Banque Succursale de France)*.

## 4 - SHARE BUY-BACK PROGRAMS

A delegation to the Management Board to implement a share buy-back program for up to 10% of the company's share capital and, if necessary, to cancel the said shares acquired under the said program via a reduction in the share capital was voted at the General Shareholders' Meeting on May 28th, 2008.
On December 31st, 2008, the liquidity contract implemented by the company under the above-mentioned delegation of authority held 11,783 purchased shares, i.e. 0.06% of the company's share capital. No share capital reductions have been voted and implemented.
Other than the items indicated above, the company has not instigated any other operations concerning its own shares.
Additional information on share purchase is given in **Paragraph XIV** below.

## 5 - PRESENTATION OF ITEMS LIKELY TO HAVE AN IMPACT IN THE EVENT OF A TENDER FOR SHARES

A delegation of authority to the Management Board for issuing defensive warrants called "BSA anti-OPA" or "Bons Breton" in the event of a public tender for company shares (i.e. a takeover bid) was voted at the General Shareholders' Meeting on May 28th, 2008. To date, this delegation has not been used and remains in force until November 28th, 2009.
In addition to the "Bons Breton", the double voting rights for registered shares held for more than 2 years (as set out in the company's Articles of Association) will help reinforce control of the company by a stable core of shareholders.
As of December 31st, 2008, there were a total of 29,918,093 voting rights and 20,349,497 issued shares. As of the date of the present report, there were a total of 29,918,093 voting rights and 20,997,833 issued shares.
Lastly, in the event of a public tender for company shares, the Management Board may issue securities under the delegations of authority described in Appendix 1.

# X - REGULATED RELATED-PARTY AGREEMENTS

The company's statutory auditors will present their report, which mentions the related-party agreements duly authorized by the Supervisory Board for this and previous financial years and which were maintained for the financial year ended December 31st, 2008. We invite you to approve this report and the agreements mentioned therein.

## XI - ORDINARY (ARM'S LENGTH) AGREEMENTS

Over the last financial year, no agreements of this type (as covered by Article L. 225-87 of the French Commercial Code) were made with related parties.

## XII - EMPLOYEE SHARE OWNERSHIP

In compliance with the provisions of Article L 225-102 paragraph 1 of the French Commercial Code, we hereby notify you that none of the company's employees or employees of related companies as defined in Article L. 225-180-II of the French Commercial Code held registered company shares on the last day of the financial year, i.e. December 31st, 2008, as part of a company savings plan or a company mutual fund.

## XIII - STOCK OPTIONS - BSPCE WARRANTS - FREE SHARES

### 1 - SUBSCRIPTION OPTIONS

In compliance with the provisions of Article L. 225-184 of the French Commercial Code, we hereby notify you that there are no share subscription or purchase plans in operation in the company.
A delegation of authority to the Management Board for issuing up to 350,000 share subscription or purchase options, (with 350,000 being a unique, cumulative ceiling for the options and the BSPCEs) was voted by the General Shareholders' Meeting held on February 27th, 2007.
To date, this delegation has not been used by the Management Board and remains in force until April 27th, 2010.

### 2 – BSPCE

We wish to remind you (if required) that there is a BSPCE warrant plan covering a total (as of December 31st, 2008) of 12,120 BSPCEs, which could result in the issue of up to 1,212,000 company shares. These BSPCEs are due to expire on December 31st, 2011. We emphasize that no further award has been made over the course of the 2008 financial year and that 1,000 BSPCEs have been exercised over the course the 2008 financial year by 4 beneficiaries (including 2 who are not company officers); these transactions are detailed below.
As of the date of the present report, the Management Board noted the exercise of 150 BSPCEs, giving entitlement to the subscription to 15,000 shares and increasing the share capital by €1,500. Hence, at the time of the present report, there were 11,970 BSPCEs in circulation, giving entitlement to up to 1,197,000 company shares.
The two beneficiaries (salaried employees who are not company officers) having subscribed to the largest number of BSPCEs during 2008 exercised a total of 250 BSPCEs, giving entitlement to the subscription of 25,000 shares at a weighted average subscription price of €0.95.
A delegation of authority to the Management Board for issuing up to 350,000 BSPCEs (with 350,000 being a unique, cumulative ceiling for the options and the BSPCEs) was voted by the General Shareholders' Meeting held on February 27th, 2007. We note that delegation to issue 350,000 BSPCEs that is set to expire was renewed by the General Shareholders' Meeting on May 28th, 2008.
To date, this delegation has not been used by the Management Board and remains in force until November 28th, 2009.

## 3 - FREE SHARES

A delegation of authority to the Supervisory Board for issuing and awarding 1,250,000 free shares was also decided by the General Shareholders' Meeting on February 27th, 2007, with the said Meeting having directly issued and allotted 1,050,000 free shares to the company's management team:

- Benjamin Gonzalez, 450,000 shares.
- Philippe Soucaille, 200,000 shares.
- Paul Michalet, 200,000 shares.
- Olivier Nore, 100,000 shares.
- Philippe Guinot, 100,000 shares.

In this respect, the restrictions imposed by the Supervisory Board or the Management Board on (notably) the company officers regarding the 1,050,000 free shares allotted on February 27th, 2007, are as follows:

- attribution of the said shares shall only become definitive once the said shares have been held for two years and the holders must then keep the said shares for at least two years after the latter's definitive attribution.
- On March 22nd 2007, the Supervisory Board voted the following special attribution conditions (following a recommendation by the Management Board on March 22nd, 2007):
  - the establishment of three attribution tranches, applicable to each of the beneficiaries:
    - the first tranche is to be allotted regardless of the beneficiary's performance and regardless of the company's stock market capitalization.
    - the second tranche is to be allotted if the 20-day rolling average share price (MM20) exceeds 130% of the listing price within two years of listing; and
    - the third tranche is to be allotted if the 20-day rolling average share price (MM20) exceeds 150% of the listing price within two years of listing.
  - The registration of 5% of the free shares allotted to each of Benjamin Gonzalez, Paul Michalet and Philippe Soucaille, in compliance with the provisions of the Bill # 206-1770 dated December 30th, 2006.

  The attribution condition for the second tranche was met during the 2007 financial year.

In 2008, Philippe Guinot left the company and lost the benefit of the free shares that had been awarded to him in 2007 (i.e. 100,000 free shares).

The Management Board used its delegation on October 8th, 2008, (after having sought the advice of the Supervisory Board on that same day) to award 50,000 free shares to Jean-Claude Lumaret (Director, Strategy and Innovation), who joined the company in July.

The same approach and conditions as those used in the 2007 free share award have been adopted:

- attribution of the said shares shall only become definitive once the said shares have been held for two years and the holders must then keep the said shares for at least two years after the latter's definitive attribution.
- the establishment of three attribution tranches, applicable to the beneficiary:
- the first tranche is to be allotted regardless of the beneficiary's performance and regardless of the company's stock market capitalization.
- the second tranche is to be allotted if the 20-day rolling average share price (MM20) equals or exceeds the threshold of €8.40 before April 14th, 2009.
- the third tranche is to be allotted if the 20-day rolling average share price (MM20) equals or exceeds the threshold of €12.60 before April 14th, 2009.

On the award date, the share price was €4.35.

Jean-Claude Lumaret is neither a Board member nor a company officer. However, the 50,000 shares are covered by an escrow agreement for the term of the duty of retention and have been placed in a nominee account managed by the company. As of the date of the present report, the situation is as follows: for the shares awarded on February 27th, 2007, and which came into effect on April 11th, 2007, (the date of stock market listing), i.e. 950,000 shares, tranches 1 and 2 have been definitively awarded and so, as a result, 633,336 shares have been issued and acquired as of April 11th, 2009, resulting in a nominal increase in the share capital of €63,333.60.

## XIV - INFORMATION ON SHARE PURCHASES

In compliance with the new provisions of Article L. 225-211, section 2, of the French Commercial Code (created by the Order dated January 30th, 2009, on share acquisitions) and in order to meet the said requirements, the relevant information is provided below:
There were no purchases or sales of own shares by the company as part of the share buy-back programme.

Hence, there is no information to be provided under the present paragraph, with the exception of the transactions performed independently by Fortis Banque Succursale de France as part of the liquidity contract (with a balance of 11,783 shares as of December 31st, 2008, and for which we refer you to the monthly report published on our web site.

## XV - INFORMATION ON COMPANY OFFICERS

In order to satisfy the provisions of Article L. 225-102-1 of the French Commercial Code, we hereafter list all the appointments and duties exercised in any company by each of the company's officers over the financial year, on the basis of the information supplied to us by the persons concerned. This list attached as **Appendix 3**.
This document also lists the total remuneration and any benefits in kind paid during the financial year to each company officer (including any attribution of shares, etc.) by the company, as well as by any company controlled by or controlling the company. This includes all commitments made by the company in favour of the said company officers with regard to their duties.
This document is presented in accordance with the AMF recommendations (published on December 22nd, 2008) and which encompass the AFEP/MEDEF guidelines.
By virtue of the items indicated in **Appendix 3**, we wish to inform you that no share transactions have been notified to us by the members of the Supervisory Board.
The transactions performed by the members of the company's Management Board and people with whom they have close personal ties are indicated in the summary statement below.
In application of Article L.621-18-2 of the French Monetary and Financial Code, we have declared the following operations performed by a Management Board member during 2008 for which the value exceeds €5,000:

- the sale of 19,018 company shares by relations of Benjamin Gonzalez, Chairman of the company's Management Board, on July 17th, for a total of €146,400.57.
- the sale of 9,895 company shares by relations of Benjamin Gonzalez, Chairman of the company's Management Board, on July18th, for a total of €73,283.36.
- the subscription by Philippe Soucaille, the company's CSO, of 50,000 company shares resulting from the exercise of 500 BSPCEs on July 18th, for a total of €33,300.00.
- the sale of 21,087 company shares by relations of Benjamin Gonzalez, Chairman of the company's Management Board, on July 21st, for a total of €169,863.05.
- the subscription by Paul Michalet, the company's CFO, of 25,000 company shares resulting from the exercise of 250 BSPCEs on July 21st, for a total of €16,650.00.
- the sale of 9,538 company shares by Paul Michalet, the company's CFO, on July 22nd, for a total of €81,592.97.
- the sale of 7,952 company shares by Philippe Soucaille, the company's CSO, on July 22nd, for a total of €65,287.51.
- the sale of 4,854 company shares by Paul Michalet, the company's CFO, on July 23rd, for a total of €39,452.34.
- the sale of 6,968 company shares by Philippe Soucaille, the company's CSO, on July 23rd, for a total of €55,681.98.
- the sale of 10,208 company shares by Paul Michalet, the company's CFO, on July 30th, for a total of €84,641.74.
- the sale of 5,080 company shares by Philippe Soucaille, the company's CSO, on July 30th, for a total of €42,121.84.

None of these operations led to shareholdings falling below or rising above the threshold for the persons concerned or, as the case may be, acting together.

## XVI - MANAGEMENT BOARD REPORT ON DELEGATIONS REGARDING SHARE CAPITAL INCREASES

In compliance with the provisions of Article L. 225-100, paragraph 7, of the French Commercial Code, we attach to the present report (as Appendix 1) information concerning:

- currently valid delegations of authority granted by the General Shareholders' Meeting to the Management Board with respect to share capital increases.
- any use made of the above-mentioned delegations over the course of the financial year.

## XVII - THE STATUTORY AUDITORS' REPORT

The company has also drawn up an IFRS annual financial statement. The financial years since 2004 have also been drawn up according to these standards in order to enable comparisons over time using this accounting format. These accounts have been examined by the Auditors. We hereby also present you with ordinary and special reports by the Auditors regarding:

- I. the corporate accounts.
- II. the IFRS financial statement.
- III. the regulated related-party agreements covered by Article L. 225-86 and subsequent articles of the French Commercial Code
- IV. the report on internal control by the Chairman of the Supervisory Board.

The company complies with the provisions concerning ordinary arms-length operations covered by Article L. 225-87 of the French Commercial Code.

## XVIII - RENEWAL OF THE TERMS OF OFFICE OF THE MEMBERS OF THE SUPERVISORY BOARD – REMINDER

At the Annual General Meeting on May 28th, 2008, the Shareholders voted on all the terms of office of the members of the Supervisory Board which were set to expire at the end of the said meeting convened to approve the accounts for the financial year ended December 31st, 2007.

The Shareholders decided to appoint a more independent Supervisory Board for a 4-year term of office, with the said term to run until the end of the General Shareholders' Meeting that will be convened to approve the accounts for the financial year ending December 31st, 2011. The composition of the Board is as follows.

- Daniel Thomas, an independent member (renewal of his appointment).
- Hans Vogelsang, a new, independent Board member.
- The company Crédit Agricole Private Equity SA, represented by Philippe Guinot (renewal of his appointment).
- The company Seventure SA, represented by Emmanuel Fiessinger (renewal of his appointment).
- The company Sofimac Partners SA, represented by Cécile Thébault (renewal of her appointment).

## XIX - RENEWAL OF THE TERMS OF OFFICE OF THE STATUTORY AUDITORS - REMINDER

The appointments of EXCO as the statutory Lead Auditor and Pierre-Jean Orceyre as the statutory Deputy Auditor (which had expired at the end of the General Shareholders' Meeting convened to approve the accounts for the financial year ended December 31st, 2007) were renewed for a term of 6 years, i.e. until the General Shareholders' Meeting that will be convened to approve the accounts for the financial year ended December 31st, 2013.

A change in the signatory should be noted. François Verdier now signs off on the report.

Subject to these terms and conditions, we invite you to approve the resolutions submitted to you by the Management Board.
We hope that the set of resolutions presented herein will meet with your approval.

The Management Board

## APPENDIX 1
## TABLE ON DELEGATIONS CONCERNING INCREASES IN THE SHARE CAPITAL

In order to comply with the provisions of Article L. 225-100 paragraph 7 of the French Commercial Code, we hereafter present information regarding (i) the currently valid delegations of authority granted by the General Shareholders' Meeting (GSM) to the Management Board in relation to increases in the share capital and (ii) use of the said delegations over the course of the fi scal year:

| Nature of the delegation | Use of the delegation | Term and date of expiry |
|---|---|---|
| Delegation of authority by virtue of the 16th resolution of the Extraordinary GSM on February 27th, 2007 to decide on one or several increases in capital with maintenance of preferential subscription rights | Delegation not used<br>Overall ceiling of €1,000,000 (the "Overall Ceiling") differs from the currently available amount | 26 months<br>expiry on April 27th, 2009 |
| Delegation of authority by virtue of the 17th resolution of the Extraordinary GSM on February 27th, 2007 to decide an additional increase in capital reserved for bearers of stock warrants | Delegation not used<br>Condition: use of the delegation voted by virtue of the 16th resolution<br>Ceiling limited to reservation of the rights of existing bearers at the date of use of the delegation (outside the Overall Ceiling cited above) | 26 months<br>expiry on April 27th, 2009 |
| Delegations of authority by virtue of the 18th and 19th resolutions of the Extraordinary GSM on February 27th, 2007 to decide one or several increases of capital with cancellation of the preferential subscription rights | The 18th and 19th delegations were used by the Management Board on April 5th, 2007 at 13.30: a decision to increase the capital by a nominal amount of €561,912.90 and by €56,191.20 (extension clause, 19th delegation)<br>The 18th delegation was used by the Management Board on April 16th, 2007: a decision to increase the capital by €92,715.60 (the overallotment option)<br>Overall ceiling of €1,000,000<br>Available amount: €289,180.30 | 26 months<br>expiry on April 27th, 2009 |
| Delegation of authority by virtue of the 20th resolution of the Extraordinary GSM on February 27th, 2007 to decide one or several increases in capital by incorporation of reserves | Delegation not used<br>Overall Ceiling of €1,000,000<br>Available amount: €289,180.30 | 26 months<br>expiry on April 27th, 2009 |
| Delegation of authority by virtue of the 21st resolution of the Extraordinary GSM on February 27th, 2007 to proceed with the free allotment of up to 1,250,000 shares | Delegation not used<br>Partial use by the General Meeting itself, via allotment of 1,050,000 shares | 38 months<br>expiry on April 27th, 2010 |

| Nature of the delegation | Use of the delegation | Term and date of expiry |
| --- | --- | --- |
| | Used by the Management Board on October 8th, 2008 to award 50,000 additional free shares<br>Overall Ceiling of €1,000,000<br>Available amount: €289,180.30<br>Available amount (by deducting the nominal value of the free shares already allotted): €189,180.30<br>Number of free shares available for allotment (by deducting the number of free shares already allotted): 150,000 shares | |
| Delegation of authority by virtue of the 22nd resolution of the Extraordinary GSM on February 27th, 2007 to grant a maximum number of 350,000 stock options (common cumulative ceiling with the BSPCEs) | Delegation not used<br>Overall Ceiling of €1,000,000<br>Available amount: €289,180.30<br>Available amount (by deducting the nominal value of the free shares already allotted): €189,180.30 | 38 months<br>expiry on April 27th, 2010 |
| Delegation of authority by virtue of the 15th resolution of the Extraordinary GSM on May 28th, 2008 to grant a maximum number of 350,000 share warrants for company founders (BSPCEs). Cumulative ceiling with stock options. | Delegation not used<br>Overall Ceiling of €1,000,000<br>Available amount: €289,180.30<br>Available amount (by deducting the nominal value of the free shares already allotted): €189,180.30 | 18 months<br>expiry on<br>November 28th, 2009 |
| Delegation of authority by virtue of the 16th resolution of the Extraordinary GSM on May 28th, 2008 to issue 100,000 independent share warrants | Delegation not used<br>Overall Ceiling of €1,000,000 differs from the currently available amount | 18 months<br>expiry on<br>November 28th, 2009 |
| Delegation of authority by virtue of the 17th resolution of the Extraordinary GSM on May 28th, 2008 to issue share warrants int he event of a public tender for shares | Delegation not used<br>Outside the Overall Ceiling mentioned above | 18 months<br>expiry on<br>November 28th, 2009 |
| Delegation of authority by virtue of the 18th resolution of the Extraordinary GSM on May 28th, 2008 to buy back own shares | Delegation used via continuation in 2008 of the share buy-back scheme with Fortis Banque Succursale de France<br>Used on December 31st, 2008 :<br>11,783 shares bought back, i.e. 0.6% of the delegation<br>Ceiling: 10% of the Company's total share capital at the date of the acquisition of the shares by the Management Board | 18 months<br>expiry on<br>November 28th, 2009 |
| Delegation of authority by virtue of the 19th resolution of the Extraordinary GSM on February 27th, 2007 to cancel own shares bought back | Delegation not used<br>Limitation on share capital decreases: 10% of the share capital per 24-month period | 18 months<br>expiry on<br>November 28th, 2009 |

## APPENDIX 2
## THE COMPANY'S FINANCIAL RESULTS OVER THE LAST FIVE FINANCIAL YEARS

| Nature of the operations | 2004 | 2005 | 2006 | 2007 | 2008 |
|---|---|---|---|---|---|
| **I - Financial situation at the end of the fiscal year:** | | | | | |
| a) Share capital | 555,790 | 1,311,130 | 1,311,130 | 2,024,949.70 | 2,034,949.70 |
| b) Number of shares issued | 55,579 | 131,113 | 131,113 | 20,249,497** | 20,349,497 |
| c) Number of convertible share warrants | 21,479 | 0 | 0 | 0 | 0 |
| **II - Overall operating results:** | | | | | |
| a) Net turnover * | 178,700 | 1,460,000 | 3,610,000 | 2,790,000 | 3,220,000 |
| b) Earnings before tax, depreciation, amortization and provisions | -904,176 | 372,658 | 2,215,883 | 2,977,590 | 2,297,894 |
| c) Corporate tax | -117,701 | -206,035 | -425,085 | -1,391,943 | -2,467,294 |
| d) Employee shareholding during the fiscal year | - | - | - | - | - |
| e) Earnings after tax, amortization and provisions | -1,157,755 | 294,555 | 2,365,949 | 4,119,057 | 4,981,781 |
| f) Dividends distributed | - | - | - | - | - |
| **III - Operating results per share** | | | | | |
| a) Earnings after tax but before amortization and provisions per share | -14.15 | 4.41 | 20.14 | 0.22** | 0.23 |
| b) Earnings after tax, amortization and provisions per share | -20.83 | 2.24 | 18.04 | 0.20** | 0.24 |
| c) Dividend per share | - | - | - | - | - |
| **IV - Personnel:** | | | | | |
| a) Number of employees | 21 | 25 | 40 | 70 | 95 |
| b) Salary costs | 811,542 | 842,807 | 1,267,177 | 2,391,146 | 3,545,448 |
| c) Social contributions (social security, welfare, etc...) | 156,822 | 174,131 | 286,810 | 947,854 | 1,420,639 |

* including license revenues
** the share's nominal value was divided by a factor of 100, following a vote at the Extraordinary GSM on February 27th 2007

## APPENDIX 3
## THE COMPANY OFFICERS

In compliance with to the provisions of Article L. 225-102-1 of the French Commercial Code, we hereafter list the appointments and duties performed by the company officers during the financial year and all commitments and items of remuneration in these respects and presented in compliance with the AMF guidelines dated December 22nd, 2008:

**A - Appointments of members of the Management Board:**

| Name | Duties |
|---|---|
| **Benjamin Gonzalez** Chairman | - |
| **Paul Michalet** Member | - |
| **Philippe Soucaille** Member | Mascoma, Inc: *Scientific adviser* to the Board (since 2006)<br>Amyris: *Scientific adviser* to the *Board* (since 2007) |

**Remuneration and benefits in kind paid to Management Board members:**

**Table 1**
**Summary table for the remuneration, options and shares awarded to each executive director**

| | Exercise N-1 | Exercise N |
|---|---|---|
| **Benjamin Gonzalez** | | |
| Remuneration due for the financial year (see Table 2 for details) | 208,941 | 216,962 |
| Valuation of options awarded during the financial year (see Table 4 for details) | 0 | 0 |
| Valuation of performance-related shares awarded during the financial year (detailed in Table 6) | 1,604,107 | 0 |
| **Subtotal** | **1,813,048** | **216,962** |
| **Paul Michalet** | | |
| Remuneration due for the financial year (see Table 2 for details) | 186,522 | 141,924 |
| Valuation of options awarded during the financial year (see Table 4 for details) | 0 | 0 |
| Valuation of performance-related shares awarded during the financial year (detailed in Table 6) | 712,937 | 0 |
| **Subtotal** | **899,459** | **141,924** |
| **Philippe Soucaille** | | |
| Remuneration due for the financial year (see Table 2 for details) | 144,201 | 148,264 |
| Valuation of options awarded during the financial year (see Table 4 for details) | 0 | 0 |
| Valuation of performance-related shares awarded during the financial year (detailed in Table 6) | 712,937 | 0 |
| **Subtotal** | **857,138** | **148,264** |
| **Total** | **3,569,644** | **507,150** |

Table 2

Summary table for remuneration received by executive directors

| | Financial Year N-1 | | Financial Year N | |
|---|---|---|---|---|
| | Sums due | Sums paid | Sums due | Sums paid |
| **Benjamin Gonzalez** | | | | |
| Basic pay | 140,000 | 140,000 | 160,000 | 160,000 |
| Variable pay | 0 | 0 | 40,000 | 40,000 |
| Special award | 60,000 | 60,000 | 0 | 0 |
| Individual bonus | 0 | 0 | 0 | 0 |
| Benefits in kind | 8,941 | 8,941 | 16,962 | 16,962 |
| **Total** | **208,941** | **208,941** | **216,962** | **216,962** |
| **Paul Michalet** | | | | |
| Basic pay | 125,000 | 125,000 | 126,681 | 126,681 |
| Variable pay | 18,750 | 0 | 13,301 | 32,051 |
| Special award | 40,000 | 40,000 | 0 | 0 |
| Individual bonus | 0 | 0 | 0 | 0 |
| Benefits in kind | 2,772 | 2,772 | 1,942 | 1,942 |
| **Total** | **186,522** | **167,772** | **141,924** | **160,674** |
| **Philippe Soucaille** | | | | |
| Basic pay | 125,000 | 125,000 | 128,750 | 128,750 |
| Variable pay | 18,750 | 0 | 19,312 | 38,062 |
| Special award | 0 | 0 | 0 | 0 |
| Individual bonus | 0 | 0 | 0 | 0 |
| Benefits in kind | 451 | 451 | 202 | 202 |
| **Total** | **144,201** | **125,451** | **148,264** | **167,014** |

Table 3

Table of director's fees and the remuneration received by non-executive directors

| Non-executive company officers | Sums paid during the financial year N-1 | Sums paid during the financial year N |
|---|---|---|
| **Daniel Thomas** (Chairman of the Supervisory Board) | | |
| Individual bonus | 0 | 8,000 |
| Other remuneration | - | - |
| **Hans Vogelsang** (Vice-Chairman of the Supervisory Board) | | |
| Individual bonus | N/A | 0 |
| Other remuneration | - | 32,400 |

Table 4

Share subscription or purchase options awarded over the course of the financial year to executive directors by the issuer or any company owned by the group.

Nil

Table 5

BSPCE warrants exercised over the course of the financial year by executive directors

| | Reference and date of of warrant issue | Number of shares called during the financial year | Call price per share |
|---|---|---|---|
| **Paul Michalet** | Ref.: 2005-01<br>Date: July 2005 | 25,000 | 0.666 |
| **Philippe Soucaille** | Ref.: 2005-03<br>Date: July 2005 | 50,000 | 0.666 |
| **Benjamin Gonzalez** | Ref.: nil<br>Date plan : nil | | |

Table 6

Performance-related shares awarded over the course of the financial year to company officers

Nil

Table 7

Performance-related shares having been released to company officers

Nil

Table 8

Summary of the award of share subscription or purchase options or BSPCE warrants

| Type of security | BSPCE N°1 T1 | BSPCE N°124/6/2004 A | BSPCE 2005-01 | BSPCE 2005-02 (a) | BSPCE 2005-02 (b) | BSPCE 2005-03 | BSPCE 2005-04 |
|---|---|---|---|---|---|---|---|
| Type | | | | | | | |
| Issuing body | GSM | GSM | GSM | GSM | GSM | GSM | GSM |
| Date of issue/authorization | 07/11/2002 | 24/06/2004 | 05/07/2005 | 05/07/2005 | 05/07/2005 | 05/07/2005 | 05/07/2005 |
| Number of securities issued or authorized | 2,500 | 2500 | 1,200 | 520 | 400 | 1,200 | 7,600 |
| Number of potential shares for issue as of 31/12/2008 | 135,000 | 78,000 | 95,000 | 36,000 | 38,000 | 70,000 | 760,000 |
| Start date for award/ subscription | 07/11/2002 | 24/06/2004 | 05/07/2005 | 12/07/2005 | 05/07/2005 | 05/07/2005 | 05/07/2005 |
| End date for award | 06/11/2003 | 24/06/2005 | 05/07/2005 | 05/07/2006 | 05/07/2006 | 05/07/2006 | 05/07/2006 |
| Delegation to the Management Board for the award | yes | yes | no | yes | yes | no | yes |
| Subscription price (in €) | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Call price per share (in €) | 1.4 | 1.4 | 0.67 | 0.67 | 1.65 | 0.67 | 0.67 |
| Potential equity created | 189,000 | 109,200 | 63,270 | 23,976 | 62,700 | 46,620 | 506,160 |
| Start date for possible call/conversion | | 24/06/2004 | 05/07/2005 | 12/07/2005 | 05/07/2005 | 05/07/2005 | 05/07/2005 |
| End date for possible conversion | 31/12/2011 | 31/12/2011 | 31/12/2011 | 31/12/2011 | 31/12/2011 | 31/12/2011 | 31/12/2011 |
| Conditional call | no | no | no | no | yes | no | no |
| **Status as of 31/12/2008** | 1,800 awarded 1,350 callable | 1,050 awarded 780 callable | 1,200 awarded 950 callable | 600 awarded 360 callable | 400 awarded 210 callable | 1,200 awarded 700 callable | 7,600 awarded and callable |

Table 9

| Share subscription or purchase options awarded to the first ten salaried employees (other than company officers) and options exercised by the latter | Total number of options awarded/ shares subscribed or purchased | Average weighted price | Issue reference 2004 | Issue reference 2005-02-a | Issue options 2005-02-b |
|---|---|---|---|---|---|
| Options granted during the financial year by the issuer and any company within the scope of the award to ten salaried employees of the issuer and/or any company included within this scope for which the number of options thus granted is the highest (aggregate information) | Nil | Nil | Nil | Nil | Nil |
| Options held on the issuer and the above-mentioned companies exercised during the financial year by ten salaried employees of the issuer and/or the said companies for which the number of shares purchased on subscribed is the highest (aggregate information) | 25,000 | 0.95 | 7,000 | 16,000 | 2,000 |

Table 10

| Executive Company Officers | Employment contract | | Additional pension plan | | Indemnities or benefits due or likely to become due by virtue of a cessation or change in duties | | Indemnities related to a non-competition clause | |
|---|---|---|---|---|---|---|---|---|
| | yes | no | yes | no | yes | no | yes | no |
| **Benjamin Gonzalez** | | X | | X | | X | | X |
| Chairman of the Management Board | | | | | | | | |
| Start of term of office | 27/03/2007 | | | | | | | |
| End of term of office | 30/06/2011 | | | | | | | |
| **Paul Michalet** | X | | | X | | X | | X |
| Chief Financial Officer | | | | | | | | |
| Start of term of office | 27/03/2007 | | | | | | | |
| End of term of office | 30/06/2011 | | | | | | | |
| **Philippe Soucaille** | X | | | X | | X | | X |
| Chief Scientific Officer | | | | | | | | |
| Start of term of office | 27/03/2007 | | | | | | | |
| End of term of office | 30/06/2011 | | | | | | | |

Table 11

| Number of free shares attributed (subject to conditions) to the members of the Management Board conditions and remaining in force at the end of the period | Number | for which the performance conditions were achieved as of 31/12/2008 | for which the performance were not achieved as of 31/12/2008 |
|---|---|---|---|
| **Benjamin Gonzalez**<br>Chairman of the Board | 450,000 | 300,000 | 150,000 |
| **Paul Michalet**<br>Chief Financial Officer | 200,000 | 133,334 | 66,666 |
| **Philippe Soucaille**<br>Chief Scientific Officer | 200,000 | 133,334 | 66,666 |

Table 12

| Total company shares held by the members of the Management Board at the end of the period | Number |
|---|---|
| **Benjamin Gonzalez**<br>Chairman of the Board | 647,000 |
| **Paul Michalet**<br>Chief Financial Officer | 0 |
| **Philippe Soucaille**<br>Chief Scientific Officer | 30,000 |

B - Terms of office, remuneration, benefits and shares held by the members of the Supervisory Board:

| Name | Duties | Remuneration for corporate duties | Shares held on closing |
|---|---|---|---|
| **Daniel Thomas**<br>Chairman | - The Compiegne University of Technology: Chairman of the Scientific Council<br>- The "Industries & Agro-ressources" competitiveness cluster: Chairman<br>- The Picardie Regional Innovation Agency: Chairman<br>- Alternatech: Board Member | €14,000<br>(for corporate duties) | 100 |
| **Hans Vogelsang** | - Bodycote (London): Senior independant non executive Director | €7,500<br>(for corporate duties)<br>€32,400<br>(for a consultancy contract approved as a regulated, related-party agreement approved at the time of his appointment) | 100 |

| Name | Duties | Remuneration for the financial year | Shares held on closing |
|---|---|---|---|
| **Seventure**<br>Member | | | 1 |
| **Emmanuel Fiessinger**<br>Representing Seventure | - Theraptosis SA: Seventure's permanent representative on the Supervisory Board (since 2005)<br>- Tekka SA: Seventure's permanent representative on the Management Board (since 2006)<br>- Agro Biotech Accelérateur SA: Board Member in a private capacity | - | |
| **Crédit Agricole Private Equity**<br>Member | | | 100 |
| **Philippe Guinot**<br>Representing CAPE | - Cytheris SA: Credit Agricole Private Equity's permanent representative on the Supervisory Board (since 2003)<br>- BIOVEX SA: Credit Agricole Private Equity's permanent representative on the Management Board (since 2003)<br>- Xention SA: Credit Agricole Private Equity's permanent representative on the Management Board (since 2006)<br>- Pangenetics SA: Credit Agricole Private Equity's permanent representative on the Management Board (since 2006) | - | |
| **Sofimac Partners**<br>Member | | | 10 |
| **Cécile Thébault**<br>Representing Sofimac Partners | - Laboratoires Cyclopharma SA: Sofimac Partners' permanent representative on the Management Board (since 2002)<br>- Imaxio SA: Sofimac Partners' permanent representative on the Supervisory Board (since 2004) | - | 100 |

# SPECIAL REPORT BY THE STATUTORY AUDITORS

on regulatory conventions and commitments

Dear Shareholders,

In fulfilment of the mission entrusted to us as statutory auditors for your company, we hereby present our report on regulated related-party agreements and commitments.

## AGREEMENTS AND COMMITMENTS MADE DURING THE 2008 FINANCIAL YEAR

Pursuant to article L. 225-88 of the Commercial Code, we have been informed of regulated related-party agreements and commitments that have received prior approval from your Supervisory Board.

It is not our role to search for the possible existence of other agreements and commitments but rather to describe (on the basis of information that has been provided to us) the essential characteristics and details of those of which we have been notified. Furthermore, we are not bound to comment on the usefulness or cogency of the said agreements and commitments. Under the terms of article R. 225-58 of Commercial Code, it is up to you to judge the value of the said agreements and commitments with a view to their approval.

We have carried out our work according to the professional standards applicable in France; this due diligence consists in checking that the information supplied to us matches the corresponding source documents.
The list of people concerned is attached as an Appendix.

**Consultancy agreement with Hans Vogelsang**
Approved by the Supervisory Board on May 28th, 2008.
In 2008, a consultancy agreement was agreed between your company and Hans Vogelsang (a Supervisory Board member appointed on May 28th, 2008).
In 2008, your company paid a total of €32,400 under the terms of the said agreement.

## AGREEMENTS AND COMMITMENTS MADE IN PREVIOUS FINANCIAL YEARS AND WHICH REMAINED IN FORCE DURING THE 2008 FINANCIAL YEAR

Furthermore, pursuant to the Commercial Code, we have been informed that the following agreements and commitments approved during previous financial years remained in force during the current financial year.

**Agreements with METabolic EXplorer GmbH**
The current account advance granted by your company to its German subsidiary (the sum of €400,025 as of December 31st, 2007) was paid off during the 2008 financial year by virtue of the subsidiary's definitive liquidation. No interest was charged on this advance.

**Paul Michalet's employment contract**
The employment contract with Paul Michalet (agreed prior to his appointment to your company's Management Board by the Supervisory Board on March 30th, 2006) continued to run normally until the end of the 2008 financial year. The gross sums paid under the terms of this employment contract amounted to €160,674.

**Philippe Soucaille's employment contract**
The employment contract with Philippe Soucaille's (a Member of your company's Management Board) continued to run normally until the end of the 2008 financial year. The gross sums paid under the terms of this employment contract amounted to €167,014.

**Unemployment insurance for Benjamin Gonzalez – Chairman of the Management Board**
A voluntary unemployment insurance contract concerning social security benefits for company managers was agreed between your company and Groupe GAN on November 30th, 2005 (with retroactive effect from February 1st, 2005, onwards), on the basis of the gross annual salary paid to Benjamin Gonzalez, Chairman of the Management Board.
The amount paid by your company in relation to this contract was €3,939 for the 2008 financial year.
The performance conditions for qualifying for these benefits were authorized by the Supervisory Board on April 29th, 2008, and approved by the General Shareholders' Meeting on May 28th, 2008.

Signed in Clermont-Ferrand & Villeurbanne on May 15th, 2009

The Statutory Auditors

**SA EXCO CLERMONT-FD**
14, avenue Marx Dormoy - 63000 Clermont-Ferrand
**François VERDIER**
Company Officer
Member of the Riom Regional Chamber

**CABINET MAZARS**
131, boulevard Stalingrad - 69624 Villeurbanne
**Olivier BIETRIX**
Member of the Lyons Regional Chamber

## LIST OF PEOPLE CONCERNED BY THE AGREEMENTS

**1 - Members of the Management Board and the Supervisory Board**

| | METabolic EXplorer |
|---|---|
| Benjamin Gonzalez | X |
| Philippe Soucaille | X |
| Paul Michalet | X |
| Daniel Thomas | X |
| Hans Vogelsang (since May 28th, 2008) | X |
| Marc Villecroze (until May 28th, 2008) | X |
| Sofimac Partners (Cécile Thébault) | X |
| Seventure (Emmanuel Fiessinger) | X |
| Crédit Agricole Private Equity (Philippe Guinot) | X |

**2 - Shareholders holding more than 10% of the share capital**

- Seventure, acting on behalf of the Banque Populaire Innovation 1, Banque Populaire Innovation 3, Banque Populaire Innovation 5, Banque Populaire Innovation 6, Banque Populaire Innovation 8 and Banque Populaire Innovation 9 funds.
- Crédit Agricole Private Equity, acting on behalf of the Crédit Lyonnais Innovation 2, Crédit Lyonnais Innovation 5 et Crédit Lyonnais Venture 1 funds.

# REPORT FROM THE CHAIRMAN OF THE SUPERVISORY BOARD ON THE PREPARATION AND ORGANIZATION OF THE SUPERVISORY BOARD'S ACTIVITIES AND THE INTERNAL CONTROL PROCEDURES IMPLEMENTED BY METABOLIC EXPLORER



Given that the Company's shares were listed for sale on the regulated Eurolist B market at Euronext on April 11th, 2007, and that the Company is now subject to the provisions of Article L. 225-68 of the French Commercial Code, we have drawn up the present report.
In compliance with the provisions of Article L. 225-68 of the French Commercial Code, this report must state (for the last fiscal year) the following information:
- the composition of the Supervisory Board.
- the conditions under which the Supervisory Board's work is prepared and organized.
- the internal control procedures implemented by the Company.
- any limitations that the Supervisory Board places on the powers of the Management Board and of the Chairman of the Management Board.
- the principles and rules of determination of the remuneration and benefits in kind granted to the Company's officers.

Since its incorporation, METabolic EXplorer has implemented and operated internal control procedures, with the following objectives:
- enable the Company to achieve its strategic objectives.
- ensure the reliability of the Company's procedures and mitigate the risks to which the Company is exposed, given the nature of its activity.
- comply with internal operating procedures.
- comply with state laws and regulations, notably with respect to production of the Company's accounting and financial information.

Given that the Company is listed on a regulated market, METabolic EXplorer has reinforced the said control procedures in order notably to provide the market with more information and greater transparency on corporate events and operations.
This document describes the main components of this control system in terms of its organizational structure and procedures.

# REPORT FROM THE CHAIRMAN OF THE SUPERVISORY BOARD

on the preparation and organization of the Supervisory Board's activities
and the internal control procedures implemented by METabolic EXplorer

## I. PREPARATION AND ORGANIZATION OF THE SUPERVISORY BOARD'S WORK

### 1. THE SUPERVISORY BOARD'S COMPOSITION AND ACTIVITIES

The Supervisory Board is composed of five members (2 of whom are independent) and supervises the company's management by the Management Board. During the fiscal year ended December 31st, 2008, the Supervisory Board met 7 times, following convocation by its Chairman. During these meetings, the Supervisory Board examined (i) the reports put to it by the Management Board, (ii) various points related to important corporate matters and (iii) quarterly and half-yearly reports on the company's financial state, since the latter is regulated information. This reporting is requested by the Supervisory Board as part of its duty of control, with a view to monitoring the satisfactoriness of the company's operations. The Supervisory Board members' meeting attendance rate for the 2008 financial year was 89%.

The terms of office of all Board Members expired in 2008 and so the General Shareholders' Meeting held on May 28th, 2008, voted on new 4-year terms of office, as set out below:

- Daniel Thomas, an independent member (renewal of his appointment).
- Hans Vogelsang (a new, independent Board Member).
- The company Crédit Agricole Private Equity SA, represented by Philippe Guinot (renewal of his appointment).
- The company Seventure SA, represented by Emmanuel Fiessinger (renewal of his appointment),
- The company Sofimac Partners SA, represented by Cécile Thébault (renewal of her appointment).

In its meeting on May 28th, 2008, the Supervisory Board voted to appoint Daniel Thomas as Chairman for the duration of his term of office, i.e. until the date of the Shareholders' Meeting convened to approve the accounts for the financial year ending December 31st, 2011.

In its meeting on May 28th, 2008, the Supervisory Board voted to appoint Hans Vogelsang as Vice-Chairman for the duration of his 4-year term of office, i.e. until the date of the Shareholders' Meeting convened to approve the accounts for the financial year ending December 31st, 2011.

As required by law, the Board supervises the management of the company and may thus choose to authorize the Management Board to sell buildings, sell shareholdings or stakes and issue guarantees in the company's name. In this respect, the Supervisory Board voted on November 12th, 2008, to renew the Management Board authorization (given initially on December 13th, 2007) to make warrants and provide guaranties up to a maximum amount of €200,000.

This new authorisation is granted for a duration of one year, from January 1st, 2009 onwards.

The Board may equally perform the verification and controls that it deems appropriate and may obtain the documents that it judges to be necessary for the accomplishment of its task.

At the end of each fiscal year, the Management Board provides the Supervisory Board with the documents referred to in the second paragraph of article L. 225-100 of the French Commercial Code (notably, the annual accounts and the management report) for the purposes of verification and control.

The Supervisory Board then presents its observations on the management report and the financial statements for the past fiscal year to the General Shareholders' Meeting, pursuant to article L. 225-100 of the said Commercial Code.

Lastly, pursuant to the terms of the company's Articles of Association and prior to concluding any of the significant operations for the company listed in **Appendix 1** (e.g. voting of the budget, contracting loans or winding-up of the company), the Management Board must first seek the advice of the Supervisory Board.

## 2. THE SUPERVISORY BOARD'S OPERATING RULES

The Supervisory Board operates in a collegial manner, as required by law.
The Chairman of the Board meets the criteria of independence as defined by the Bouton and Viénot reports, with each of the other members representing company shareholders.
A set of corporate by-laws setting out the Supervisory Board's operating rules was adopted on October 31st, 2007. To date, there is no set procedure for assessing the Supervisory Board's actions.
Members of the Supervisory Board are convened to meetings under the conditions set out in the By-laws and according to the relevant legal provisions. The Chairman of the Board, the Vice-Chairman or two of its members may call a meeting, using any means of communication and with reasonable notice. The Chairman of the Board sets the agenda which may, in some cases, not be defined until the date of the meeting.
The meetings may be held in any place set out in the Notice of Meeting. They can also be held as a video-conference or any type of teleconference that complies with legal and regulatory requirements.
Prior to any Supervisory Board meeting, and depending on its agenda, any documents and information enabling members to make an informed decision will be made available to them at the company's registered office.
Since 2008, Supervisory Board meetings have been open to two staff representatives from the company's Employee Council.
On November 12th, 2008, and in accordance with the company's bylaws, the Supervisory Board voted to create a Remuneration and Appointments Committee comprising two independent members (Daniel Thomas and Hans Vogelsang).
This Committee met and issued recommendations on the remuneration of Management Board members. These recommendations were adopted by the Supervisory Board in a vote on the said remuneration in its meeting on December 10th, 2008.

## 3. MANAGEMENT POWERS

The Management Board is vested with the company's management and has broad powers to act under all circumstances on behalf of the company. It exercises these powers within the limits of the company's corporate purpose, subject to any powers expressly vested by law in the Supervisory Board and the shareholders' meetings.
The Management Board is made up of three members:
- Benjamin Gonzalez, Chairman of the Management Board, with responsibility for operational management of the company.
- Paul Michalet, member of the Management Board with responsibility for administrative and financial management.
- Philippe Soucaille, member of the Management Board with responsibility for scientific management.

On March 22nd, 2007, the Supervisory Board decided to extend the terms of office of the members of the Management Board for 4 years, until June 2011.
The Management Board's role is to take strategic, commercial, technical, financial and labour-related decisions as a group, have them applied within the company and check on their proper implementation.
It is hereby specified that on August 24th, 2004, Benjamin Gonzalez awarded a special delegation of authority to Paul Michalet, as part of the latter's duties as Chief Financial Officer.
In accordance with the above, certain operations must first be validated by the Supervisory Board in application of article 13. VI. 3 of the company's Articles of Association (budget, loans or winding-up of the company, etc.).
It should be noted that during the 2007 fiscal year and from the date of stock market listing onwards, the Supervisory Board was consulted (with a majority vote of members present or represented) prior to any decision to be taken by the Management Board concerning the company and, where applicable, its subsidiaries, in the following areas:
- approval of the annual budget (voted on November 4th, 2008).
- arrangement of a new loan (voted on June 20th and December 18th, 2008).
- allocation of free shares to the company's managers (and notably the conditions under which the said free shares were allocated) voted on October 8th, 2008.

Moreover, during Supervisory Board meetings, the Management Board provides the latter with:

- business reporting.
- updates on research and development activities.
- information on the state of progress in process industrialization.
- the company's financial reporting.

The Management Board presents the Supervisory Board with a quarterly report on its activities.

The Chairman of the Management Board represents the company in its relations with third parties. Paul Michalet, CFO, who has been working for the company since August 2004, also has the authority to represent the company.

On August 24th, 2004, the Chairman of the Management Board, Benjamin Gonzalez, awarded a special delegation of authority to Paul Michalet with a view to representing the company in its dealings with third parties, managing the company's cash and cash equivalents (and particularly settling or receiving any payments in the company's name) and its accounting, taking out insurance policies, signing correspondence, acting in the company's name for postal formalities and for general correspondence sent and received by the company, acting in the company's name in banking operations and taking action before the courts in the company's interests.

The Chairman of the Management Board is the primary point of liaison with the Supervisory Board. He submits strategic directions and budgetary forecasts for consideration by the Supervisory Board. He also supervises all of the company's activities in relation to strategy and budget, in accordance with the law.

## II. INTERNAL CONTROL PROCEDURES

### 1. OBJECTIVES OF THE INTERNAL CONTROL SYSTEM

Internal control comprises all procedures implemented within the company and intended to provide reasonable assurance as to the performance of operations, the reliability of financial information, compliance with current laws and regulations and the protection of assets.

Hence, the main objectives of internal control are to:
- identify, prevent and control major potential risks linked to the company's activities.
- ensure that operations are performed in compliance with current accounting regulations.
- ensure the high quality of accounting and financial information at every stage in the data processing cycle.
- ensure that financial statements produced truly reflect the company's activities.

As with any control system, internal control cannot, however, guarantee the elimination of all risks.

### 2. IDENTIFICATION OF THE MAIN RISKS

The company has identified the main risks it faces and has drawn up appropriate procedures to prevent and/or limit their impact.

**Risks relating to the company's market**

The risks linked to the company's market are primarily technical, scientific or economic in nature.

The development of production strains is subject to detailed reporting procedures and project progress is monitored on an extremely regular basis. Scientific feasibility risks are also evaluated regularly.

The economic assertions on which the anticipated performance levels for the developed processes are based are also subject to periodic evaluations and comparisons with competitor processes. Every project included in the company's assets is subject to impairment tests performed according to international standards.

**Risks relating to the company and its organization**

The company is currently in a high-growth phase and is set to take on many new staff in the near future. It has implemented a matrix-type organizational structure and a job-twinning system in order to assist with staff integration and the efficiency of research. Every member of staff has a job description and works on a project as a member of a designated team.

The company operates in a strategic sector and the information it generates is extremely valuable. The

company has implemented and continues to develop legal and organizational methods for ensuring the protection and confidentiality of information held. This approach was reinforced by the recruitment of an experienced lawyer halfway through the year.
The processes for committing to expenditure on the company's behalf are set out in writing and are subject to limitations.

**Legal risks**
The company works almost exclusively within the context of major, long-term contracts. It is assisted by internationally renowned legal and financial advisors. An independent review is also carried out by the CFO's office prior to any signature.
All these risks are closely analyzed and handled directly by the CFO's office. In addition, every member of the operational staff is made aware of these provisions.

## 3. CONTROL BY SPECIAL COMMITTEES

On October 31st, 2007, the Supervisory Board voted to approve the company's By-laws, which set out the basis for two committees: an Audit Committee and a Remuneration and Appointments Committee.
The Audit Committee has not yet been appointed. It should be composed of three independent members and shall have the following duties:

- examine the draft corporate (and, as appropriate, consolidated) half-yearly and annual accounts presented to it by the Chairman of the Supervisory Board or the CFO prior to submission of the said accounts to the Supervisory Board. The Audit Committee may take this opportunity to question the statutory auditors in the absence of the company's management.
- examine the draft half-yearly management reports, revenue statements and operating reports prior to publication, together with any accounts drawn up for the needs of specific operations.
- ensure compliance with the accounting standards adopted for the drawing up of the corporate (and, as appropriate, consolidated) accounts.
- monitor any changes in the accounting standards applied to the drawing up of the accounts, together with any failure to apply these standards.
- meet annually with the statutory auditors to discuss the latter's operations, conclusions and any actions to be taken as a result. In particular, the Audit Committee shall examine the internal audit report for the previous fiscal year and the internal audit schedule for the current fiscal year.
- examine any disagreement between the Management Board and the statutory auditors on any questions concerning the latter's mission and present suggested settlements to the Supervisory Board.
- be made aware of any irregularities (notably those concerning the accounts or audits).
- organize the procedure for selecting the company's statutory auditors, whose mandate is subject to tender each year, and make a recommendation to the Supervisory Board concerning the choice of the said statutory auditors and the terms of the latter's remuneration.
- examine the Management Board's annual management report and any significant off-balance sheet commitments.
- check that internal information collection and control procedures are well applied.
- evaluate the methods and results of internal control operations and check that the procedures used encourage the drawing up of corporate accounts that accurately and honestly reflect the company's activity and comply with accounting standards.
- verify the reliability of the systems and procedures involved in the drawing up of the accounts, together with the validity of the assumptions made for dealing with major operations.
- monitor the quality and pertinence of the information supplied to shareholders.
- monitor the quality of the procedures enabling compliance with applicable financial and stock market regulations.
- ensure the implementation of whistle-blowing procedures and protect any of the company's personnel involved in such procedures.

The Audit Committee can be charged by the Chairman of the Supervisory Board or by the statutory auditors to enquire into any events that may expose the company to significant risk. The Audit Committee may also require the performance of audits or internal or external enquiries on any subject that it considers as falling within its remit.

Recommendations are due to be made in the coming months in order to move to appoint the Audit Committee's members.
The Remuneration and Appointments Committee was appointed on November 12th, 2008, and comprises two independent members. It makes recommendations to the Supervisory Board with a view to the appointment of:
- members of the Supervisory Board.
- the Chairman of the Supervisory Board.
- members of the other Committees.

and shall make recommendations to the Supervisory Board concerning the remuneration of the company's officers.

## 4. INTERNAL OPERATIONAL CONTROL (STAFF AND OPERATING PROCEDURES)

### a. Staff involved in internal operational control

The company's operational and statutory management bodies assume (in their respective fields of authority) responsibility for the management of risks related to their activity.
Under the authority of the Management Board, the financial and administrative management directorate must be systematically informed of any significant risks and of the manner in which they affect the financial statements. The Management Board shall take the decisions that it considers most appropriate.

METabolic EXplorer's **Management Board** meets as often as required in order to ensure the collective management of general company operations and to take all the necessary decisions within its remit.

An **Executive Committee** (constituted by the Management Board and the Strategy & Innovation and Industrialization Directors) shall meet regularly in order to review the operational and financial situation and perform cross-sector project reviews.

The **Laboratory Manager** reports to the CSO. He/she is responsible for implementing the resources required to achieve (or enable the company R&D staff to achieve) quality objectives. In this capacity, he/she:
- raises awareness of quality and safety matters.
- designs and drafts the laboratory's operational procedures.
- suggests and implements corrective and preventive actions.
- assists the Management Board and the CFO with the implementation of hygiene and safety rules.

The **Industrialization Director** reports to the Chairman. His mission consists in implementing the resources required to achieve (or enable the company's process development staff to achieve) quality objectives. In this capacity, he/she:
- raises awareness campaigns of quality and safety matters.
- designs and drafts the laboratory's operational procedures.
- suggests and implements corrective and preventive actions.
- assists the Management Board and the CFO with the implementation of hygiene and safety rules.

The **CFO** has operational responsibility for:
- internal control and company obligations.
- compliance with legal and administrative regulations (fiscal, labour matters, etc.), except for product-related regulations.
- review of contracts prior to negotiations with third parties.

He/she submits a report to the Chairman of the Management Board on the company's operations and any potential issues that he/she may have identified.
A policy on hygiene, safety and the environment has been defined, with this year's appointment of a Hygiene, Safety and Working Conditions Committee chaired by the Industrialization Director. It sets forth various measures, in particular with respect to restriction of access to the various sites and sensitive areas, measures to protect the company's assets and information systems, accident prevention and environmental measures.

### b. Internal operational control procedures

METabolic EXplorer has taken steps to implement procedures concerning good laboratory practice. To this end and on a regular basis, a bailiff confirms and checks the quality of laboratory notebooks which are signed in order to protect the company's intellectual property prior to patent filing.

On a weekly basis, project managers present the results obtained in each research program and a schedule for the following week's activities. A summary report on the project is updated monthly by project managers.

METabolic EXplorer takes care to gain patent protection for its innovations. In this respect, a specialist firm deals with management and maintenance of the patent portfolio, which included 34 patent families at the end of the fiscal year.

Guidelines for the use of IT equipment have been implemented in order to raise awareness among company staff of the potential problems related to the use of Extranet, Internet and back-up systems.

Choices made in terms of the information system's architecture (technical solutions, authorizations, back-up and archiving) aim at preventing any risk of intrusion and damage to the system. Company data is backed up automatically every day on the server and, once a week, a copy of all data is stored at another site.

All members of staff have a job description and staff employment contracts include clauses on compliance with confidentiality obligations and the ownership of intellectual property.

The corporate by-laws set out compliance with ethical, hygiene and safety regulations and disciplinary sanctions.

Given that the company's headcount exceeded 50 in 2007, the company formed a Hygiene, Safety and Working Conditions Committee in 2008.

Likewise, a Staff Committee and two profit-sharing schemes have been implemented.

Previously, decisions in these respects had been discussed with staff representatives.

## 5. INTERNAL CONTROLS OVER ACCOUNTING AND FINANCIAL REPORTING (STAFF AND OPERATING PROCEDURES)

### a. Staff involved in internal accounting and financial reporting

The CFO is in charge of managing the company's management control and accounting. He reports directly to the Chairman of the Management Board.

In order to better control costs and budgets, the company has implemented an analytical accounting system that calculates profitability and costs per function and per program. The financial reporting is regularly presented to the members of the Supervisory Board.

### b. The corporate accounts

METabolic EXplorer produces accounts that comply with French general accounting principles and IFRS. The company uses a certified public accountant and two audit firms for the external verification of its accounts. The certified public accountant also prepares tax declarations. Account evaluation methods are now defined internally, discussed with the certified public accountant and auditors and then (should any significant modification be planned) presented to the Supervisory Board. The accountants make the entries and draw up the general balance ledger and an analytical position on a monthly basis. The Administrative and Human Resources Service (placed under the responsibility of the Administrative and Financial Director) prepares accounts and social security declarations and issues pay slips. The certified public accountant reviews the accounts twice a year. He/she assists the company in drawing up its tax returns and financial statements (balance sheets, income statements and appendices).

In accordance with legal requirements, the company's accounts are audited by statutory auditors. The company undergoes a complete audit at the end of the fiscal year and a limited review of its half-yearly accounts on June 30$^{th}$.

In addition to legal reports, the statutory auditors' task and the results of their work are summarized in a report that includes any significant audit points raised and, where applicable, recommendations made as to the organization of internal controls. These recommendations are discussed with the Chairman of the Management Board and their implementation is monitored.

The ability to commit the company to expenditure has been defined and is limited. Invoice verification is performed independently of those who placed the order. Payments made by a person authorized to make payments are always certified by an independent colleague. A person authorized to issue a payment may not record an entry.

**c. Management control**

Every year, an annual budget is drawn up and submitted for consultation by the Supervisory Board. This budget is later updated as required but only after fresh consultation by the Supervisory Board. The budget is used to drive economic performance and identify the source of any disparities between the forecast and actual budget.

On a monthly basis, the company draws up management accounts which are then reconciled with the monthly financial accounts.

Furthermore, on a monthly basis, the company reviews any changes in the budget and also periodically re-estimates the forecasts for turnover, costs and the cash position for the end of the fiscal year.

**d. Cash and cash equivalents**

METabolic EXplorer has a conservative investment policy for momentary surplus amounts which are invested exclusively in money market accounts. The asset and liability management policy (implemented in June 2007, in order to govern the management of the company's financial assets and to mitigate risks) has been pursued in 2008, with a restriction of risks related to bank signatures in September - just before the height of the financial crisis.

**e. Outlook**

The company takes a structured approach to studying the risks related to its activities, in an effort to improve and supplement its procedures for ensuring more efficient internal control.

## III. LIMITATIONS ON THE POWERS OF THE MANAGEMENT BOARD AND THE CHAIRMAN OF THE MANAGEMENT BOARD

There are no corporate limitations other than those provided for by law.

As indicated above, the terms of the company's Articles of Association provide for limitations on the powers of the Management Board by requiring, (i) prior approval by the Supervisory Board before the execution of certain decisions:

- the provision of warranties and guarantees.
- the sale of real estate.
- the sale of shareholdings or stakes.
- the constitution of securities.

and (ii) prior consultation for the decisions set out in **Appendix 1** below.

## IV. ATTENDANCE BY SHAREHOLDERS AT THE GENERAL MEETING

The procedures governing attendance at General Shareholders' Meetings are described in clause 16.I of the company's Articles of Association.

## V. PRESENTATION OF ITEMS LIKELY TO HAVE AN IMPACT IN THE EVENT OF A PUBLIC TENDER

A delegation of authority to the Management Board for issuing defensive warrants called "BSA anti-OPA" or "Bons Breton" in the event of a public tender for company shares (i.e. a takeover bid) was voted at the General Shareholders' Meeting on May 28th, 2008. To date, this delegation has not been used.

In addition to the "Bons Breton", the double voting rights for registered shares held for more than 2 years (as set out in the company's Articles of Association) will help reinforce control of the company by a stable core of shareholders. As of December 31st, 2008, the total number of voting rights stood at 29,918,093 for 20,349,497 issued shares.

## VI. PRINCIPLES UNDERLYING THE DETERMINATION OF THE REMUNERATION AND BENEFITS IN KIND GRANTED TO THE COMPANY'S OFFICERS

**1. Concerning the other members of the governing bodies:**

Within the scope of the overall sum determined by the Shareholders' Meeting, the Supervisory Board has decided to provide remuneration only to the independent members of the governing bodies (the Supervisory Board, the Audit Committee and the Remuneration and Appointments Committee) as a function of their actual presence; i.e. €1,500 per work session for the members of the governing bodies and €2,000 for the Chairman of the Supervisory Board.

Remuneration which may be due under the terms of specific missions shall be subject to separate contracts submitted for prior approval in respect of regulated, related-party agreements.

Furthermore, consultancy payments to Hans Vogelsang were approved in advance by the Supervisory Board on May 28th, 2008. A total remuneration of €32,400 was paid during 2008.

**2. Concerning the members of the Management Board:**

On December 10th, 2008, the Supervisory Board decided to set the following principals for remuneration:

For Benjamin Gonzalez (Chairman of the Management Board):

- Annual salary: €200,000 gross of tax.
- Reimbursement by the company of expenses of up to a maximum of €20,000 a year as a benefit-in-kind through personal use of a company car.
- Performance bonuses to be determined by the Supervisory Board and amounting to 50% of his basic remuneration, i.e. €100,000.
- Contribution to an unemployment insurance policy, up to a maximum of €11,160 a year on the basis of the 2008 schedule.

For Paul Michalet (Chief Financial Officer):

- Annual salary: €130,000 gross of tax.
- Performance bonuses to be determined by the Chairman of the Management Board and set at 15% of his basic remuneration, i.e. €19,500.
- Reimbursement by the company of expenses of up to a maximum of €18,000 a year as a benefit in kind through personal use of a company car.

For Philippe Soucaille (CSO):

- Annual salary: €132,000 gross of tax.
- Performance bonuses to be determined by the Chairman of the Management Board and set at 15% of his basic remuneration, i.e. €19,800.
- The provision concerning remuneration in cash shall come into effect on January 1st, 2009.

It is further specified that of the 1,050,000 free shares, 850,000 have been allocated (by decision of the General Shareholders Meeting on February 27th, 2007) to the people named below:

- Benjamin Gonzalez (450,000).
- Paul Michalet (200,000).
- Philippe Soucaille (200,000).

The Supervisory Board will meet during the first quarter of 2009 in order to adopt a position on the guidelines issued by the AFEP and MEDEF business federations.

The Chairman of the Supervisory Board
Daniel Thomas

March 5th, 2009

# APPENDIX 1

a) set the annual budget.

b) signature of any leasing contract (whether related to real estate or otherwise) not allowed for in the annual investment budget, for an amount greater than €1,000,000 or prompting the company's gearing to exceed 30%.

c) any acquisition or sale of a capital asset not allowed for in the annual budget and for an individual amount greater than €200,000 not including VAT or for a total amount that exceeds that set out in the annual budget by at least 20%.

d) a new loan in any form and for any duration whatsoever that is not allowed for in the annual budget, for an amount greater than €1,000,000 or prompting the company's gearing to exceed 30%.

e) partial or total sale or contribution of company assets of those of a subsidiary to another legal entity, whether incorporated or not.

f) any decision to liquidate or dissolve the company or a subsidiary (other then when required by law).

g) creation of any entities whether incorporated or not and the acquisition or sale or any shareholding or stake in such an entity.

h) use of authorizations to issue company shares or share warrants and for which the Management Board has received a delegation of authority. Allotment of any such shares or share warrants to the members of the Management Board.

# IFRS ANNUAL FINANCIAL STATEMENT

as of December 31st, 2008

## INCOME STATEMENT

| In thousands of euros (€K) | Notes | 31/12/2008 | 31/12/2007 | 31/12/2006 |
|---|---|---|---|---|
| Turnover | 2.22 & 3 | 3,220 | 2,790 | 3,610 |
| Other income from ordinary activities | 2.231 | 361 | 1,452 | 290 |
| Research and Development costs | | - 6,868 | - 4,174 | - 2,107 |
| Capitalized Research and Development costs | | 5,968 | 3,301 | 1,397 |
| **Net Research and Development costs** | | **- 900** | **- 873** | **- 710** |
| Marketing and commercial costs | | - 990 | -539 | - 304 |
| Administration costs | | - 2,645 | - 1,788 | - 976 |
| Other operating income and expenses | 2.232 | 55 | 6 | 0 |
| Operating earnings before payments in shares | | - 899 | 1,048 | 1,910 |
| Payments in shares | 13 & 22.1 | - 1,552 | - 1,574 | - 127 |
| Operating earnings after payments in shares | | - 2,451 | - 526 | 1,783 |
| Cash and cash-equivalent income | | 2,526 | 1,808 | 168 |
| Cost of financial debt | | - 66 | - 87 | - 36 |
| Cost of net financial debt | 2.24 & 6 | 2,460 | 1,721 | 132 |
| Other financial income and expenses | 6 | 9 | 15 | 27 |
| Income tax expenses (-) / income | 7 | - 408 | 474 | - 275 |
| Net Result | | - 390 | 1,683 | 1,667 |
| Basic earnings per share (in euros) | 2.25 & 8 | - 0.02 | 0.09 | 0.13 |
| Diluted earnings per share (in euros) | 2.25 & 8 | - 0.02 | 0.08 | 0.12 |

## BALANCE SHEET

### Assets

| In thousands of euros (€K) | Notes | 31/12/2008 | 31/12/2007 | 31/12/2006 |
|---|---|---|---|---|
| Goodwill | | 0 | 0 | 0 |
| Intangible assets | 9.1 | 11,111 | 8,197 | 4,637 |
| Tangible assets | 9.2 | 5,590 | 4,847 | 1,445 |
| Non-current financial assets | 9.3 | 49 | 35 | 23 |
| Other non-current assets | 9.4 | 0 | 171 | 280 |
| Deferred tax assets | 16 | 1,266 | 1,676 | 857 |
| **Total non-current assets** | | **18,016** | **14,926** | **7,242** |
| Inventories | 10.1 | 0 | 0 | 0 |
| Trade receivables | 10.2 | 55 | 41 | 10 |
| Other current assets | 10.3 | 5,469 | 3,158 | 1,217 |
| Cash and cash equivalents | 11 | 55,690 | 58,074 | 6,353 |
| **Total current assets** | | **61,214** | **61,273** | **7,580** |
| **Total assets** | | **79,230** | **76,199** | **14,822** |

### Liabilities

| | | | | |
|---|---|---|---|---|
| Share Capital | 12 | 2,035 | 2,025 | 1,311 |
| Share premium | 12 | 65,291 | 65,227 | 11,403 |
| Statutory capital reserve | 12 | 202 | 0 | 0 |
| Retained earnings | 12 | 0 | - 1,272 | - 3,637 |
| Other reserves | 22.2 | 5,695 | 2,240 | 1,519 |
| Deferred tax | | 0 | 1,737 | 0 |
| Net result for the period | | - 390 | 1,683 | 1,667 |
| **Total shareholders' equity** | | **72,833** | **71,641** | **12,263** |
| Long-term liabilities to banks | 15.1 | 2,851 | 1,089 | 820 |
| Other long term provisions | 14 | 7 | 2 | 1 |
| Other non-current liabilities | 15.4 | 430 | 289 | 101 |
| Deferred tax liabilities | | | | |
| **Total non-current liabilities** | | **3,288** | **1,380** | **922** |
| Bank overdrafts | 11 & 15.1 | 90 | 398 | 240 |
| Other short-term bank liabilities | 15.1 | 722 | 409 | 288 |
| Trade payables | 17 | 1,009 | 587 | 522 |
| Other short-term liabilities | 18 | 1,288 | 1,784 | 587 |
| Tax liabilities | | | | |
| **Total current liabilities** | | **3,109** | **3,178** | **1,637** |
| **Total liabilities & equity** | | **79,230** | **76,199** | **14,822** |

## CASH FLOW STATEMENT

| In thousands of euros (€K) | Notes | 31/12/2008 | 31/12/2007 | 31/12/2006 |
|---|---|---|---|---|
| **Net Result** | | **- 390** | **1,683** | **1,667** |
| Amortization and depreciation of non-current assets) | 5 | 978 | 465 | 410 |
| Payments in shares | 13 & 22.1 | 1,552 | 1,574 | 127 |
| Change in non-current provisions | | - 228 | - 143 | - 125 |
| Change in deferred taxes | 7.2 | 410 | 918 | 700 |
| Gain / Loss from disposal of non-current assets | | 19 | 61 | 73 |
| **Gross cash flow** | | **2,341** | **4,557** | **2,852** |
| Cost of financial debt | | 116 | 62 | 36 |
| Payable income tax | | 0 | 4 | 0 |
| **Gross cash flow before cost of financial debt and taxes** | | **2,457** | **4,624** | **2,888** |
| Income taxes paid | | 0 | -4 | 0 |
| Increase / decrease in inventory | 2.15 | 0 | 0 | 11 |
| Increase / decrease in trade receivables | 10.2 | - 15 | -31 | - 10 |
| Increase / decrease in trade payables | | 423 | 64 | 179 |
| Change in other current assets and liabilities | | - 1,906 | - 1,188 | - 372 |
| **Change in working capital** | | **- 1,498** | **- 1,159** | **- 192** |
| **Net cash flow provided by operating activities** | | **959** | **3,464** | **2,696** |
| Assets internally generated (Research & Development) | | - 5,852 | - 3,401 | - 1,397 |
| Investment grants | | 3,494 | | |
| Cash paid for investments in non-current assets | | - 2,106 | - 4,126 | - 382 |
| Increase / decrease in non-current trade payables (1) | | - 633 | 738 | 0 |
| Cash received from disposal of non-current assets | | 0 | 30 | 0 |
| Cash paid for acquisitions of financial assets | | - 15 | - 16 | 0 |
| Cash received from disposal of financial assets | | 0 | 4 | 0 |
| Cash used for acquisitions and sales of other current financial assets | | 17 | - 99 | 0 |
| **Net cash used for investing activities** | | **- 5,095** | **- 6,869** | **- 1,779** |
| Capital increase | | 74 | 54,538 | 0 |
| New loans and other financial debts | | 2,620 | 769 | 0 |
| Interest paid on loans and financial debts | | - 99 | - 40 | - 5 |
| Repayment of loans and other financial debts | | - 536 | - 300 | - 256 |
| **Net cash provided by / used for financing activities** | | **2,059** | **54,968** | **- 261** |
| **Change in cash and cash equivalents** | | **- 2,077** | **51,563** | **656** |
| Cash and cash equivalents as of January 1 (2) | 11 | 57,676 | 6,113 | 5,457 |
| Cash and cash equivalents as of December 31 (2) | 11 | 55,599 | 57,676 | 6,113 |

(1) Negligible variation in H1 2007 and presented as an increase/decrease in trade payables.
(2) Current cash and cash equivalents, less bank overdrafts.

## CHANGES IN SHAREHOLDERS' EQUITY

| | Share capital | Share premium | Balance brought forward | Other Reserves | Consolidated reserves / balance | Total |
|---|---|---|---|---|---|---|
| **Equity at December 31st, 2005** | **1,311** | **11,403** | **- 4,382** | **4,216** | **- 2,091** | **10,457** |
| Dividends | | | | | | |
| Increase of share capital | | | | | | |
| BSPCE share warrants and free shares awarded to salaried employees | | | | 127 | | 127 |
| Allocation of net income | | | 295 | - 2,385 | 2,091 | |
| Net income for the period | | | | | 1,667 | 1,667 |
| Other changes in equity | | | 450 | - 438 | | 12 |
| **Equity at December 31st, 2006** | **1,311** | **11,403** | **- 3,637** | **1,519** | **1,667** | **12,263** |
| Dividends | | | | | | |
| Increase of share capital | 714 | 53,824 | | | | 54,538 |
| BSPCE share warrants and free shares awarded to salaried employees | | | | 1,574 | | 1,574 |
| Differed taxes | | | | 1,737 | | 1,737 |
| Allocation of net income | | | 2,365 | - 698 | - 1,667 | |
| Net income for the period | | | | | 1,683 | 1,683 |
| Other changes in equity | | | | - 154 | | - 154 |
| **Equity at December 31st, 2007** | **2,025** | **65,227** | **- 1,272** | **3,978** | **1,683** | **71,641** |
| Dividends | | | | | | |
| Increase of share capital | 10 | 64 | | | | 74 |
| BSPCE share warrants and free shares awarded to salaried employees | | | | 1,552 | | 1,552 |
| Allocation of net income | | | 1,272 | 411 | - 1,683 | |
| Net income for the period | | | | | - 390 | - 390 |
| Other changes in equity | | | | - 44 | | - 44 |
| **Equity at December 31st, 2008** | **2,035** | **65,291** | **0** | **5,898** | **- 390** | **72,833** |

Treasury shares: equity held as part of the liquidity contract (€82k) has been removed from the IFRS accounts as of December 31st, 2008.
No dividends have been distributed.
For this financial year, the exercise of 1,000 share warrants for company founders ("BSPCEs") resulted in the issue of 100,000 new shares with a nominal value of €0.10, together with a share premium of €0.64 per share.
In 2007, €1.7 million in deferred tax related to the stock market listing fees (deducted from the issue premium) was presented in the "other reserves" account for 2008; this has now been re-registered in the reserve account.

## NOTES ON THE FINANCIAL STATEMENT AS OF DECEMBER 31st, 2008

All information given hereafter is expressed in thousands of euros (€k), unless otherwise indicated.

The present Notes form an integral part of financial statements established according to IFRS as of and at December 31st, 2008.

METabolic EXplorer (hereafter the "company") is a limited liability company *("société anonyme")* registered in France, located on the "Biopôle de Clermont Ferrand-Limagne" biopark and has been listed on the Eurolist Compartment B at Euronext Paris since April 10th, 2007.

The company's business is described in Note 2.22.

The financial statement for 2008 was issued by the Management Board on February 10th, 2009 and then March 3rd, 2009.

As stipulated by France law, the financial statement will only be considered to be final once it has been approved by the next Annual General Shareholders' Meeting.

## NOTE 1 - SIGNIFICANT EVENTS BETWEEN DECEMBER 31st, 2007, AND DECEMBER 31st, 2008

METabolic Explorer's 2008 financial year was marked by the following significant events:

(1) Product portfolio:
- L-methionine and glycolic acid: these two exclusively licensed compounds achieved technical and economic performance milestones enabling entry into the industrial pre-pilot phase.
- PDO: generation of the first >99.5%-pure samples produced from unrefined industrial glycerol.
- butanol, PDO and MPG: entry into the industrial pre-pilot phase for these 3 proprietary compounds.

The industrial pre-pilot phase yields the process parameters required for industrial scale-up and constitutes a major step towards process industrialization.

(2) The company increased its overall headcount by around 40% for the financial year, with the Industrialization Department even doubling its headcount.

(3) The subsidiary METabolic EXplorer GmbH was definitively liquidated during this financial year, following initiation of the process in 2003. This operation has not had any impact on the accounts.

The presentation of the accounts for the 2008 financial year differs significantly from that presented in 2007, following a new interpretation issued by the Accounting Studies Commission of the French National Council of Statutory Auditors on December 1st, 2008. The Commission now recommends a different accounting method (relative to that previously applied by the company) for (i) the research tax credit, of which the proportion corresponding to capitalized costs must from now on be considered as an investment grant-in-aid and accounted for by deduction of the corresponding assets and (ii) an identical approach for operating grants-in-aid which, as defined in the IFRSs, must be treated as investment grants-in-aid.

This interpretation prompted the Management Board to restate the IFRS accounts. The impact of this methodological change on the year's accounts corresponds to a reduction in income and the net IFRS balance of €3,043k. The IFRS profit/loss therefore drops from +€2,653k (according to the previously validated accounting methods) to -€390k (according to this new interpretation).

This new accounting interpretation does not have any effect on cash and cash equivalents because the sums in question correspond to true cash flows received by the company.

The accounting impact of these changes on the income statement, the balance sheet, the cash flow statement and the statement on changes in shareholders' equity is explained in Note 22.

## NOTE 2 - ACCOUNTING PRINCIPLES AND METHODS

### 2.1 - ACCOUNTING STANDARDS

By application of the European regulation 1606/2002, the annual financial statement has been drawn up in accordance with International Financial Reporting Standards (IFRS), as adopted by the European Union as of December 31st, 2008. The accounting standards include the International Accounting Standards (IAS), International Financial Reporting Standards (IFRS) and the corresponding Standing Interpretation Committee (SIC) and International Financial Interpretation Committee (IFRIC) interpretations.

The company has decided not to apply ahead of time:
- the new version of IAS 1 concerning the presentation of financial statements.
- the IFRIC 11 interpretation on group and treasury share transactions.
- the IFRS 8 on operating segments.

The company is not concerned by the following interpretations:
- IFRIC 12 – service concession arrangements.
- IFRIC 13 – customer loyalty programmes.
- IFRIC 14 – the limit on a defined benefit asset.
- IFRIC 15 – agreements for the construction of real estate.

### 2.2 - GENERAL METHODS OF PRESENTATION

The balance sheet is presented according to the "current"/ "non-current" criteria as defined by IAS 1. Therefore, reserves for liabilities, financial debt and financial assets are divided between the portion with a term of more than one year in "non-current" sections and the portion with a term of less than one year in "current" sections.

The income statement are presented by department and according to the model suggested by the French National Accounting Board (*Conseil National de la Comptabilité,* CNC) in its recommendation number 2004-R-02. The company presents its cash flow statement according to the allowance method and in the format recommended by the CNC in its recommendation number 2004-R-02.

### 2.3 - MANAGEMENT ESTIMATIONS

Establishment of the annual financial statements requires the management team to undertake a certain number of estimates and establish certain assumptions that have an impact on the accounting value of certain assets, liabilities, revenues and costs, in addition to the information set forth in these Notes.

These estimates and assumptions are subject to regular review and revision and at least at the closing of the half-year and annual accounts. They can vary if the circumstances under which they were established change or are based on new information. Actual results can also differ from these estimates and assumptions.

The main estimates made by the management team during the establishment of the financial statement notably concern use of BSPCE share warrants and other equity instruments (free shares attributed as part of the company's share listing on Eurolist at Euronext Paris), impairment tests (notably for ongoing patents), the hypotheses selected for the depreciation start date for capitalized development projects, deferred tax and the calculation of reserves (including pension costs). The financial and economic crisis is making it more difficult to evaluate and estimate certain assets and liabilities and to predict changes in business operations. The estimations made by the management team have been performed on the basis of information in its possession at the date of closing and after having taken account of the post-closing events, in compliance with IAS 10.

## 2.4 - SUBSIDIARIES AND INVESTMENTS

METabolic EXplorer owned 100% of METabolic EXplorer GmbH. This company had equity of -€557k, wound up its business activity in July 2003 and was definitively liquidated during the first half of 2008. This operation did not have any impact on the company's profit/loss.

## 2.5 - SEGMENT INFORMATION

METabolic EXplorer has established analysis criteria enabling it to identify its business and geographical segments, as defined by IAS 14 (segment information).

METabolic EXplorer has identified one business segment, i.e. the development and commercial use of molecule production bioprocesses for the chemical industry, and only one geographic segment (the world).

## 2.6 - CURRENCY CONVERSION METHODS

Transactions made in foreign currencies are not significant.

## 2.7 - RE-EVALUATION

The company has not opted for re-evaluation of intangible and tangible assets.

## 2.8 - INTANGIBLE ASSETS

**2.8.1 - Costs of research and development and patents**

Research costs are expensed as incurred.

Development costs are those mainly incurred in developing processes that give rise to one or several new patents.
Development costs are capitalized when the six criteria defined by IAS 38 are met:
technical capability, intentions of finishing it, using it or selling it, probable economical advantage, availability of resources and the ability to reliably evaluate expenditure related to the project.

The company periodically analyses compliance with capitalization criteria. The capitalized costs rely on a precise analysis enabling a detailed breakdown of the costs involved in each project. Only the costs directly assignable to a project are capitalized.

These costs are maintained on the balance sheet as an asset as long as the company retains the majority of the advantages and risks associated with the patents and in particular in cases where the company retains the intellectual property rights but has granted a temporary right of usage and/or operation of the development phase profits.

These capitalized costs are amortized on a straight-line basis over the length of use expected by the company, which corresponds to the expected length of future economic advantages (for patents, this is limited to the duration of legal protection, i.e. 20 years). This time period is defined for each development project, according to its economic characteristics.

Amortization starts as soon as the asset is ready for service, meaning as soon as the decision on industrial usage of the molecule whose development fees were capitalized is made. This phase is clearly identified for each development project.

Ongoing development projects are subject to impairment tests according to methods defined in Note 2.11.

#### 2.8.2 - Other intangible assets

The other intangible assets are based on acquisition costs, including ancillary costs, or their production cost in the event of internal production.

Costs directly attributable to the creation of internally developed software or improvement in their performance levels are capitalized if these costs are expected to generate future economic benefit. Other development costs are expensed directly in operating costs for the period.

Intangible assets are essentially constituted by software created by METabolic EXplorer or purchased. They are amortized over the expected useful lifetime, on a straight-line basis for a useful lifetime of between 1 and 5 years.

### 2.9 - TANGIBLE ASSETS

Assets appear on the balance sheet at their acquisition cost increased by ancillary fees and other costs directly attributable to the asset, or at their production cost, in the case of internal production.

Tangible assets are accounted for on the basis of their components when the differences in expected useful lifetime between the components and the main asset can be determined from the outset in a reliable way, and when the impact is significant. This approach is mainly used for buildings.

The company has not opted to capitalize fees associated with loans.

Investment subsidies received are deducted from acquisition costs. The amount of the subsidy is shown in the income statement as a deduction in depreciation.

Current maintenance and repair costs are expensed as incurred. Future costs are only capitalized when the accounting criteria for tangible assets are satisfied - particularly in the event of replacement of an identified and significant component.

Tangible assets have a limited lifetime.

The amortizable base for tangible assets consists of their gross value, with residual values being indeterminable or negligible. Amortization is performed on a straight-line basis, based on the length of use expected by the company.

The main amortization periods are:
- Technical assets, air conditioning and offices: 10 years
- Technical and general installations: 7 to 10 years
- Laboratory supplies and tools: 8 or 9 years
- Research-related computer equipment: 4 years
- Office materials and computer equipment: 1 to 4 years
- Furniture: 7 or 10 years

Amortization methods are reviewed each year. Changes are implemented prospectively when the impact is significant. There were no changes as of December 31st, 2008.

Amortizations that are established for strictly fiscal reasons (ex: exceptional French amortizations) are eliminated.
Depreciation is recognized, if necessary, when the accounting value is higher than the collectable value (see Note 2.11). Impairment tests are performed after a review of the expected useful lifetimes.

The company does not hold real estate assets for investment purposes.

## 2.10 - LEASES

Leases are capitalized when they can be classified as a financing lease, i.e. when the quasi-totality of risks and advantages inherent in the ownership of the leased items are transferred to the company. The contract is classified according to the criteria defined by IAS 17 (for example, automatic property transfer, existence of an call option on favourable financial terms, when the length of the lease largely corresponds to the leased item's economical life span, etc.).
Financing lease contracts are only reallocated when the impact is significant. Reallocated financing lease contracts are shown in the balance sheet at the market value for the asset or for the discounted value of minimum payments, if lower.
They are amortized according to the rules that apply to the type of the underlying asset; the remaining portion is shown as financial debt. If the company believes that it will not obtain ownership of the asset at the end of the contract, the asset is amortized on the basis on the shorter of the asset's length of use and the length of the contract.

Lease payments are broken down into the portion relating to the repayment of the loan (shown as a decrease in indebtedness) and the portion relating to financial fees (shown as a cost in net financial indebtedness).

Pure rental contracts are not included in assets. Rental costs are maintained as operating costs on a straight-line basis over the term of the lease.

## 2.11 - IMPAIRMENT TESTS

Impairment tests are made each year for all non-amortized assets (indefinite life assets, and amortizable assets included at the end of each fiscal year) and also for amortized assets when there are indicators of value loss. There are no indefinite-lifetime assets.

Impairment tests mainly concern development projects. Cash-generating units (smaller groups of assets generating cash independently) correspond to development projects.

Depreciation is recognized when the recoverable value of these assets or group of assets is lower than its book value. The recoverable value is equal to the higher of the fair value net of disposal costs (when the latter can be assessed in a reliable way) and the value in use.

The value in use corresponds to the net present value of estimated future cash flows expected from continuous use of the asset and their sale at the end of their useful life, as expected by the company. It does not take into account the impact of the financial organization, the effect of any tax or the restructurings that have not taken place.

The main parameters taken into account to undertake impairment tests on development projects are set forth below:

- the sales price of products from the company's own manufacturing process.
- the purchase price of raw materials used in the manufacturing processes.
- other direct costs linked to process development.
- the cost of raw materials used in the manufacture of products by competitors.
- time limit as defined by forecasts: the maximum life span when comparing the life span until the expiration of the protection period for the last-filed patent (which is a maximum of 20 years) and, if applicable, the lifespan of the usage contract(s) for such patents.
- discount rate based on the rate for low-risk instruments (10-year OAT rates at the period end), discounted by a premium defined on a project-by-project basis. In the chemical industry, the rate usually used to calculate the value-in-use of industrial investments was between 10% and 15% in 2008 (versus 8% and 12% in 2007). METabolic EXplorer applies a 12% rate. This rate is a before-tax discount rate, in compliance with IAS 36.55. The company has performed impairment tests by varying the discount rate in the range presented above. These tests did not identify any depreciation.

Depreciation is shown either in operating income or in other non-current operating income or expenses when the criteria for such presentation are met (see Note 2.24).

## 2.12 - ACTIVITIES ABANDONED OR BEING TRANSFERRED

By virtue of the definitive liquidation of the subsidiary METabolic EXplorer GmbH during the first half of 2008, the assets associated with this subsidiary (securities, current account, accounts receivable, etc, which had already been fully depreciated) (€565k) were cleared from the accounts as of December 31st, 2008. The liquidation did not have any impact on the accounts.

## 2.13 - NON-CURRENT FINANCIAL ASSETS

As of December 31st, 2008, these mainly consisted of deposits and guarantees. These assets are not re-evaluated, given that there is no known due date and considering that the value is negligible. Depreciation is recognized, if necessary, when the book value is higher than the collectable value.

In 2007, these assets also included the shares in METabolic EXplorer GmbH (which had been fully depreciated).
These assets were cleared from the accounts as of December 31st, 2008 (see the Note above).

## 2.14 - OTHER NON-CURRENT ASSETS

In 2007, the other non-current assets consisted of tax credits that will be collected in over one year. As of December 31st, 2008, the entire tax credit is due in less than one year.

## 2.15 - INVENTORIES

According to IAS 2, inventories are assets for sale or those used in the production process. The value of the company's inventories at December 31st, 2008, was therefore 0.

This definition excludes the materials and products bought and consumed as part of METabolic EXplorer's research activity. As a result, they are accounted for as prepaid expenses.

## 2.16 - ACCOUNTS PAYABLE AND OTHER CURRENT ASSETS

Commercial debt is initially registered at its fair value, which is close to its face value.

Depreciation is recognized when the expected settlement is estimated at closing to be lower than book value. The risk analysis takes into account criteria such as the age of the debt, the existence of related litigation or the financial health of the customer.

Neither discounted notes receivable nor any financing by factoring or similar systems ("Dailly") took place in the financial years presented here.

## 2.17 - CASH AND CASH EQUIVALENTS

Cash and cash equivalents mainly includes bank deposits and highly liquid investment securities with maturities generally under three months from their acquisition; these are easily convertible into an ascertainable amount of cash, with a low risk of loss of value.

The securities on closing included euro monetary funds and bond investments, in accordance with the criteria recommended by the *Authority of the Markets Financiers* ("AMF") (low volatility and low market sensitivity).
Over the first half of 2008, the company did indeed take out a bond investment contract. The sums paid in are placed in a guaranteed-capital euro saving funds with a minimum annual return.

The capital is available at all times via partial or total redemption of the contract.
Investment securities that do not meet all these criteria are included as "other current financial assets". There were none of these assets as of December 31st, 2008 or in the other periods presented.
Investment securities and other current financial assets are valued at fair value when it can be ascertained in a reliable way. Fair value variations are ascertained in cash and cash equivalents.
The capital gain on sales of these investment securities is calculated on a "first in first out" (FIFO) basis.

## 2.18 - EMPLOYEE BENEFITS AND PAYMENT IN SHARES

### 2.18.1 - Employee benefits (IAS 19)

#### Termination indemnities

Reserves are established for termination indemnities (for example: lay-off indemnities) as soon as any formal procedure is undertaken.

#### Post-employment benefits

Defined contribution systems (statutory and additional pension systems) are shown as costs in the fiscal year during which services are rendered by employees. The company's obligation is limited to payment of the contribution.

Defined benefit systems are systems for which actuarial risks devolve to the company. They are linked to pension arrangements, as defined by collective bargaining agreements. Pension obligations are calculated according to a prospective approach which takes account of employee-specific parameters (age, socioprofessional category, retirement age, etc.) on one hand and company-specific data (the collective bargaining agreement, forecast staff turnover rates, pay rises, etc.) on the other. This calculation takes account of the impacts of France's various "Fillon Acts", considered as actuarial variances.

Considering the relatively short time since incorporation of the company, the employee turnover and the personnel's average, the amount of the actuarial debt is negligible (€7k).

The total value of this liability is recognized in the balance sheet as a non-current liability.

The company has opted to recognize any actuarial gaps in the income statement. There are no costs for prior service.

The company does not finance its liabilities by payments to any external fund.

The fiscal year cost is fully expensed as operating expenses; the breakdown of the cost in terms of its various components (costs of services rendered, financial costs, amounts paid and actuarial gaps, etc.) is not set forth in the Notes, given the negligible impact.

**Individual rights to professional training (*droit individuel à la formation,* "DIF")**

The French Act dated May 4th, 2004, granted employees of French companies the right to a minimum 20 hours of training per year (accumulated over a period of six years).

Costs incurred as part of the DIF are paid for by the company's designated training organization. Any additional cost is not accounted for, since it represents a negligible, known liability. As of December 31st, 2008, the DIF time equivalent was 3,132 hours.

### 2.18.2 - Stock-based remuneration (IFRS 2)

**Stock-based remuneration (BSPCE warrants, stock options, free share programs, etc.)**

The company has established unlisted stock warrants for company founders ("BSPCEs"). At the transition date, the company chose to restate only those plans which were created after November 7th, 2002, and for which rights are vested after January 1st, 2005.

The company ascertains the fair value of the securities on the allotment date for plans for which payment is based on the share price and which are settled in share capital. At the allotment date of the last free share program (decided by the Special General Shareholders' Meeting on February 27th, 2007), METabolic EXplorer was not listed on a stock market. Hence, an independent expert determined the fair value of the shares.

The value of the BSPCE was determined by an independent expert by using the Cox, Ross & Rubinstein binomial method based on the following terms: maturity, fair value of the underlying shares, volatility rates, distribution rates of estimated dividends, and estimated rates for risk-free instruments during the BSPCE exercise period.

The fair value of the free shares allotted by the Special General Meeting on February 27th, 2007, and the Management Board meeting on October 8th, 2008, was evaluated by an independent expert, using the Monte-Carlo method which takes account of the share allotment conditions (probability of presence, share price objectives, volatility, etc.).

The fair value is fixed on the date of allotment; it is recorded as an employee expense over the vesting period, with a specific reserve account also being created. The amount accounted for reflects the number of beneficiaries and the likelihood of final vesting, based on assumptions on staff turnover. The cost is recalculated after each closing date, after updating the list of beneficiaries and assumptions on staff turnover. Any change from the cost recorded in the prior year is also shown as an employee expense.

At the end of the vesting period, the total cumulative benefits are maintained as a reserve, regardless of whether the options were exercised or not.

Performance conditions linked to market conditions are taken into account, in order to estimate the fair value of the BSPCEs. Performance conditions unrelated to market conditions are taken into account as vesting conditions and in terms of the estimated fair value of the BSPCEs.

## 2.19 - RESERVES (EXCLUDING PENSION RESERVES), PROVISIONS, CONTINGENT ASSETS AND LIABILITIES

A provision is established when the company has a current obligation (whether statutory or implicit) resulting from a past event and which are independent of the company's future actions, if it is probable that resources representing economic advantages will be necessary to extinguish the obligation and if the amount of the obligation can be reliably estimated.
Provisions are separated into current liabilities and non-current liabilities, based on the expected due date.

Provisions with a due date over one year are established if the impact is significant.
Information is given in the Notes to the financial statements on contingent assets and liabilities when the impact is significant, except if the likelihood of incidence is low.

As of December 31st, 2008, a provision of €40k was recorded as a current liability. It concerns two employment termination disputes which were ongoing on closing. The company expects to resolve these disputes in 2009.

## 2.20 - INCOME TAXES

**Income tax due**

Income tax that is due is calculated according to the applicable fiscal legislation and regulations in France. It is presented, when applicable, as a current liability.

As of December 31st, 2008, the research tax credit appears as a decrease in assets for research and development costs, in proportion to the capitalized projects. For non-capitalized projects, the corresponding proportion of the research tax credit appears as a deduction from the tax liability (see Note 22).

In 2007 and 2006, all the research tax credits appeared as a deduction from the tax liability.

The annual corporate tax liability has been calculated on the basis of the currently applicable rates.

**Deferred taxes**

Deferred taxes are calculated using the liability method, based on the applicable tax rates at the period end and applied until the anticipated use. They are not discounted.

Deferred taxes are calculated for all temporary differences between tax and book values of assets and liabilities. The differe nces mainly relate to tax loss carry forwards, to restatements as part of the transition to IFRS (amortization schedules, leasing contracts) or add backs/temporary tax deductions (non-deductible reserves and expenses, etc).

Deferred tax assets are only included if they can be used for future tax differences, or when there is a reasonable likelihood of realizing the assets or recovery through allocation to future profits. Future profits are based on a three-year horizon.

Deferred tax assets and liabilities are offset regardless of their due date, as long as the company has the right to offset its outstanding tax assets and liabilities and if such deferred tax assets and liabilities are payable to the same tax administration.

Deferred tax assets and liabilities are included in non-current assets and liabilities.

## 2.21 - FINANCIAL INSTRUMENTS

Financial instruments consist of financial assets, financial liabilities and derivatives.

Financial instruments are shown in the various line items in the balance sheet (non-current financial assets, trade receivables, trade payables, financial debt, etc.).

As part of the implementation of IAS 39, financial instruments are allocated to five categories that do not specifically refer to line items in the IFRS balance sheet. The allocation determines the accounting and valuation rules that apply, as described hereafter:

- instruments held until maturity: the company does not currently hold any instruments that meet this definition.
- assets listed as "fair value by results": this category includes financial assets for short-term transactions, and the ones originally included in this category by option, in compliance with the rules defined by IAS 39. Such assets are included in "cash and cash equivalents" and "other current financial assets", including investment securities. If applicable, assets are valued at their fair value at the period end; any differences in fair value are shown in the income statement.
- assets and liabilities valued at cost: this category includes the trade receivables, trade payables, deposits, securities, and other types of commercial debt. These financial assets and liabilities are accounted for at fair value at origin, which is close to face value. They are valued at period end at their book value, adjusted if necessary to for any depreciation in the event of loss of value.

The detailed rules for valuation were presented above in the relevant Notes.

- assets and liabilities valued at the depreciated cost for loans and debts: this category mainly includes financial debt and financial leases shown in the balance sheet as other non-current assets, as trade receivables or as other non-current liabilities. These financial assets and liabilities are listed in the balance sheet at their fair value, which is close to the contractual face value. These instruments are valued at period end at original cost, less the capital amortizations determined according to the effective interest rate method and adjusted if necessary for any depreciation in the event of loss of value. The net financial value at period end for the fiscal year was close to the fair value.

The company only has financial debt belonging to this category.

- assets available for sale: this category includes assets and liabilities not assigned to any of the previous categories. The elements assigned to this category are essentially unconsolidated unrated equities shown in the balance sheet as "non-current financial assets". If it was not possible to determine a reliable value, these equities are listed at acquisition price. A reserve is established when their value (estimated at period end according to the financial criteria relevant to any company) is lower than the book value. Provisions for depreciation are included in the income statement. The provision can only be written back when the securities are sold.

**Derivative instruments**

The company does not currently use any derivative instruments to cover interest rate risk and currency exchange rate risk, given the low number of transactions it has in foreign currency and low financial debts.

The company did not reassign any financial instruments in 2008.

## 2.22 - TURNOVER

Turnover is evaluated at the fair value of the received or expected compensation, after the deduction of rebates, discounts, incentives or deposits granted to customers, net of value added tax. It includes sales of analyses and other services, royalties received for patent licensing agreements, sales of services linked to specific contract research and negotiated option rights.
If applicable, any discounts for payments made in cash are shown as a decrease in turnover.

Any revenue realized before the delivery of the service or the permanent acquisition of royalties is shown as deferred revenue.
Revenues realized in individual accounts that are not classified as compensation for a service rendered to third parties (capitalized production, variations in inventories of finished goods, transfer of costs, etc) are shown as a decrease in the related costs.

### 2.221 Sales of services, consulting and call options

**Sales of services**

The turnover linked to sales of services (studies of specific biological characteristics and analyses of the properties of samples provided by customers) is recognized when services are rendered and the following criteria are met:

- the major share of risks and rewards of ownership were transferred to the buyer.
- the company is no longer in active control of goods transferred.
- the amount of income and the costs associated can be reliably ascertained.
- it is probable that the economical advantages associated with the transaction will incur to the company.

The criteria for sales of scientific analyses are generally fulfilled on the date of remittance of results and scientific reports, including a final report.

#### Consulting and call options

The turnover mainly concerns amounts paid for consulting scientific and technical information with respect to specific molecules by companies that are exploring an agreement with METabolic EXplorer in view of industrial production of the molecule or for a future collaboration.

These amounts are permanently acquired upon signature of a consulting contract without any expected future counterpart. In particular, they will not be deducted from any sums to be paid if the consultation leads to a collaboration. They are therefore recognized in turnover on the date of the signature of the consulting contract.

#### 2.222 Royalties

These royalties are compensation for access to manufacturing processes and for present and future patent usage rights relative to such a process.

Various royalty categories exist:
- royalties acquired without regard to the results of the development project, with payment according to a schedule, subject to absence of breach of contract on the termination date. These royalties are recognized in turnover as soon as the obligation is acquired.
- royalties that are dependant on reaching specific scientific milestones which are definitively due once the latter milestones are reached. These royalties are recognized in turnover at each milestone.
- royalties corresponding to sales by the customer using biomolecular technology which are the subject of the usage rights. These royalties are recognized in turnover as the percentage of turnover, when the latter can be reliably ascertained, or when the right to payment debt is definitively acquired.

### 2.23 - OTHER NON-CURRENT OPERATING INCOME AND EXPENSE

#### 2.231 Other operating income

The company received operating grants-in-aid for funding its scientific research work. For non-capitalized projects, the grants-in-aid are recorded as income, in accordance with the cost advancement method.
Likewise, the company is eligible for a research tax credit for its scientific research work. The proportion due to non-capitalized projects is accounted for as income.

From 2008 onwards, operating grants-in-aid and the research tax credit are accounted for as asset decreases for projects transferred to the assets section of the balance sheet.

#### 2.232 Other non-current income and expense

Other non-current income and expenses refer to unusual income and expenses which are infrequent in nature and negligible in amount, such as sales of assets.

### 2.24 - COST OF NET FINANCIAL INDEBTEDNESS AND OTHER FINANCIAL INCOME AND EXPENSE

The cost of net financial indebtedness includes the gross financial indebtedness (interest on loans including bonds, interests on financial leases, banking commissions and overdraft costs, impact of discounting future financial debt, etc.), less the income from cash and cash equivalents.

Up until 2007, other financial income and expenses were mainly constituted by the impact of discounting the research tax credit.

### 2.25 - EARNINGS PER SHARE

Basic earnings per share are calculated by dividing net profit and loss by the weighted average number of ordinary shares outstanding during the period (excluding treasury shares, if applicable).

Diluted earnings per share are calculated by dividing net profit and loss (restated, if applicable, to reflect the impact of certain dilutive share plans) by the weighted average number of ordinary shares outstanding, increased by the number of ordinary shares issuable pursuant to all dilutive share plans (options to subscribe for shares, warrants, etc.) and excluding treasury shares, if applicable. The number of shares is determined by applying the share buyback method.

A share plan is considered as dilutive when it results in the issuance of ordinary shares at a price lower than the average share price on a stock exchange or the fair value over the period.

### 2.26 - STATEMENT OF CASH FLOWS

The company applies the indirect method for presentation of cash flows according to a model suggested by the CNC in its recommendation 2004-R-02.

Cash flows for the fiscal year are separated into cash flows generated by operating activities, by investment activities and by financial activities.

The statement of cash flows is established according to the following rules:

- capital gains and losses are shown net of taxes, when the company recognizes a tax.
- reserves on current assets are recognized in an amount based on the variation in working capital requirements, and are linked to corresponding line item on the balance sheet (inventories, trade receivables, other debt).
- cash flows corresponding to interest paid are classified as cash flows from financing activities.
- cash flows corresponding to interest received are classified as cash flows from operating activities.

## NOTE 3 - TURNOVER AND OTHER OPERATING REVENUES

| | Notes | 31/12/2008 | 31/12/2007 | 31/12/2006 |
|---|---|---|---|---|
| Royalties | 2.222 | 3,090 | 2,750 | 3,500 |
| Sales of services, consulting and call options | 2.221 | 130 | 40 | 110 |
| **Total** | | **3,220** | **2,790** | **3,610** |

## NOTE 4 - PERSONNEL EXPENSES

| | Notes | 31/12/2008 | 31/12/2007 | 31/12/2006 |
|---|---|---|---|---|
| Wages and salaries (short-term payments) | | 3,537 | 2,391 | 1,267 |
| Social security contributions (short-term payments) | | 1,421 | 948 | 287 |
| **Personnel expenses** | | **4,958** | **3,339** | **1,554** |
| Personnel expenses capitalized (Research & Development) | | - 3,147 | - 1,995 | - 893 |
| Fair value of payments in shares | 22.1 | 1,552 | 1,574 | 127 |
| **Total** | | **3,363** | **2,918** | **788** |

In 2006, the company still benefited from "Young Innovative Company" (*Jeune Entreprise Innovante*, JEI) fiscal status and was thus eligible to pay a lower rate of social security contributions on the salaries of its research-active personnel. Loss of this status on January 1st, 2007, led to an increase in salary costs.

Post-employment benefits/defined contribution systems: the net cost linked to post-employment benefits is negligible. It was estimated to be €7k as of December 31st, 2008, compared with €2k as of December 31st, 2007 (see Note 2.18.1).

## NOTE 5 - NET CONTRIBUTIONS TO AMORTIZATIONS AND PROVISIONS

| | 31/12/2008 | 31/12/2007 | 31/12/2006 |
|---|---|---|---|
| Increase / decrease in amortization and depreciation of intangible assets | - 191 | - 145 | - 159 |
| Increase / decrease in amortization and depreciation of tangible assets | - 747 | - 320 | - 251 |
| Net depreciation and change in fair value of financial current assets | 0 | 0 | 0 |
| Net depreciation of current assets | 0 | 0 | 0 |
| Net provision of non-current liabilities | - 40 | 0 | 0 |
| **Total amortizations and provisions** | **- 978** | **- 465** | **- 410** |
| Quota of grants related to assets | 31 | 43 | 34 |
| **Total net amortizations and provisions** | **- 947** | **- 422** | **- 376** |

## NOTE 6 - COST OF NET FINANCIAL DEBT AND OTHER FINANCIAL PROFIT AND COSTS

| | 31/12/2008 | 31/12/2007 | 31/12/2006 |
|---|---|---|---|
| **Financial income from cash and cash equivalents** | **2,526** | **1,808** | **168** |
| Interests paid on leases | - 99 | - 31 | - 14 |
| Other interests and bank charges | - 17 | - 33 | - 4 |
| Impact of discounting of financial debts | 49 | - 23 | - 18 |
| **Cost of financial debt** | **- 66** | **- 87** | **- 36** |
| **Cost of net financial debt** | **2,460** | **1,721** | **132** |
| Impact of discounting of tax credit | 9 | 15 | 27 |
| **Other financial income and expense** | **9** | **15** | **27** |

Variations in the fair value of investment assets do not have any impact on the accounts as of December 31st, 2008 or the other periods presented. The company bed-and-breakfasted the "SICAV" unit trusts held at the end of the period. This is why there is no difference between the acquisition cost of the "SICAV" unit trusts held and their inventory value at the end of the accounting periods presented.

## NOTE 7 - INCOME TAXES

### 7.1 - TAX RATE

A deferred tax rate of 33.33% was applicable on December 31st, 2008, and for the other periods presented.

### 7.2 - INFORMATION WITH RESPECT TO TAXES

| (in thousands of euros) | 31/12/2008 | 31/12/2007 | 31/12/2006 |
|---|---|---|---|
| Payable income tax (Tax Credit) | 3 | 1,392 | 425 |
| Deferred tax | - 411 | - 918 | - 700 |
| **Total** | **- 408** | **474** | **- 275** |

### 7.3 - RECONCILIATION BETWEEN THEORETICAL TAX/ACTUAL TAX

| | 31/12/2008 | % | 31/12/2007 | % | 31/12/2006 | % |
|---|---|---|---|---|---|---|
| Net result before theoretical tax | - 305 | | 1,209 | | 2,068 | |
| *Theoretical tax calculated with normal tax rate* | *102* | *-33.33 %* | *- 403* | *- 33.33 %* | *- 690* | *- 33.33 %* |
| Permanent differences | - 513 | -48.99 % | - 515 | - 42.61 % | - 10 | - 0.49 % |
| Tax on carried forward losses, previously not accounted for | 0 | 0.00 % | 0 | 0.00 % | 0 | 0.00 % |
| Tax credits | 3 | 235.73 % | 1,392 | 115.09 % | 425 | 20.55 % |
| Impact of changes in tax rates | 0 | 0.00 % | 0 | 0.00 % | 0 | 0.00 % |
| Minimum turnover tax | 0 | 0.00 % | | 0.00 % | | |
| Income tax accounted for | - 408 | 153.41 % | 474 | 39.15 % | - 275 | - 13.27 % |

## NOTE 8 - EARNINGS PER SHARE

| | 31/12/2008 | 31/12/2007 | 31/12/2006 |
|---|---|---|---|
| Basic earnings per share | | | |
| Net result (in thousands of euros) | - 390 | 1,683 | 1,667 |
| Basic number of shares | 20,295,958 | 18,235,296 | 13,111,300 |
| **Net basic earnings per share** | **- 0.02** | **0.09** | **0.13** |
| | | | |
| Diluted earnings per share | | | |
| Net result (in thousands of euros) | - 390 | 1,683 | 1,667 |
| Diluted number of shares | 22,557,958 | 20,422,296 | 14,024,600 |
| **Net diluted earnings per share** | **- 0.02** | **0.08** | **0.12** |

## NOTE 9 - NON-CURRENT ASSETS

### 9.1 - INTANGIBLE ASSETS

| | Patents and R&D costs | Licenses and other intangible assets | Pending intangible assets | Total of intangible assets |
|---|---|---|---|---|
| Year ended December 31st, 2006 | | | | |
| Net opening balance | 2,397 | 464 | 0 | 2,861 |
| Acquisitions | 1,893 | 42 | 0 | 1,935 |
| Disposals | 0 | 0 | 0 | 0 |
| Amortizations | - 17 | - 142 | 0 | - 159 |
| **Net Closing Balance** | **4,273** | **364** | **0** | **4,637** |
| Year ended December 31st, 2007 | | | | |
| Net opening balance | 4,273 | 364 | 0 | 4,637 |
| Acquisitions | 3,582 | 25 | 98 | 3,705 |
| Disposals | 0 | 0 | 0 | 0 |
| Amortizations | - 33 | - 112 | 0 | - 145 |
| *Credited quota of grants related to assets* | *0* | *0* | *0* | *0* |
| **Net Closing Balance** | **7,822** | **277** | **98** | **8,197** |
| Year ended December 31st, 2008 | | | | |
| Net opening balance | 7,822 | 277 | 98 | 8,197 |
| Acquisitions | 6,426 | 52 | 122 | 6,600 |
| Research grand-in-aid* | - 3,494 | 0 | | - 3,494 |
| Disposals | 0 | 0 | 0 | 0 |
| Amortizations | - 61 | - 131 | 0 | - 192 |
| *Credited quota of grants related to assets* | *0* | *0* | *0* | *0* |
| **Net Closing Balance** | **10,693** | **198** | **220** | **11,111** |

* related to a new interpretation (12/2008) of IFRS on accounting for research tax credit and operating grants

Application of impairment tests did not reveal any depreciation over the fiscal years presented here.

## 9.2 - TANGIBLE ASSETS

| | Plants | Equipment and other tangible asets | Total of tangible assets |
|---|---|---|---|
| **Year ended December 31st, 2006** | | | |
| Net opening balance | 56 | 842 | 898 |
| Acquisitions | 0 | 748 | 748 |
| Disposals | 0 | 0 | 0 |
| Amortizations | - 10 | - 168 | - 178 |
| *Credited quota of grants related to assets* | *0* | *- 23* | *- 23* |
| **Net Closing Balance** | **46** | **1,399** | **1,445** |
| **Year ended December 31st, 2007** | | | |
| Net opening balance | 46 | 1,399 | 1,445 |
| Acquisitions | 0 | 3,645 | 3,645 |
| Disposals | - 100 | 0 | - 100 |
| Amortizations | 56 | - 242 | - 186 |
| *Credited quota of grants related to assets* | *0* | *43* | *43* |
| **Net Closing Balance** | **2** | **4,845** | **4,847** |
| **Year ended December 31st, 2008** | | | |
| Net opening balance | 2 | 4,845 | 4,847 |
| Acquisitions | 133 | 1,326 | 1,459 |
| Disposals | 0 | - 38 | - 38 |
| Amortizations | - 44 | - 665 | - 709 |
| *Credited quota of grants related to assets* | *0* | *31* | *31* |
| **Net Closing Balance** | **91** | **5,499** | **5,590** |

In 2008, acquisitions via leasing contracts amounted to €2,544k, versus €569k in 2007 and €580k in 2006.
Application of impairment tests did not reveal any depreciation over the fiscal years presented.

The company did not issue any guarantees with respect to its tangible assets as of December 31st, 2008. In addition, no equipment was used as a guarantee or lent or leased to a customer.

## 9.3 - NON-CURRENT FINANCIAL ASSETS

As of December 31st, 2008, the non-current financial assets consisted of deposits and guarantees for which the repayment period is not known.

## 9.4 - OTHER NON-CURRENT ASSETS

In 2007, other non-current assets consisted entirely of the net, discounted portion over one year of the research tax credit.
As of December 31st, 2008, there is no longer any proportion with a maturity of over one year. The 2006 & 2007 research tax credits were immediately reimbursed under the current tax arrangements (the 2007 Budget Act for the 2006 research tax credit and the High-Growth SME Act for the 2007 research tax credit). The 2008 research tax credit is also due to be reimbursed immediately, by virtue of the 2008 Budget Act.

## NOTE 10 - CURRENT ASSETS (OTHER THAN CASH)

### 10.1 - INVENTORIES

The details of how inventories are accounted for are presented in Note 2.15.

### 10.2 - TRADE RECEIVABLES

| | 31/12/2008 | 31/12/2007 | 31/12/2006 |
|---|---|---|---|
| Gross trade receivables | 55 | 214 | 183 |
| Depreciation of trade receivables | 0 | - 173 | - 173 |
| **Net trade receivables** | **55** | **41** | **10** |

As of December 31st, 2008, the fully provisioned trade receivable of €164k held on the German subsidiary METabolic EXplorer GmbH has been cleared. The subsidiary has been definitively liquidated (see Note 2.12 above).

All the provisions made in previous years were maintained in 2008. The balance corresponds to 3 various receivables.

The net impact of defaulting customers on the income statement is negligible for the financial years presented here.

As of December 31st, 2008, and for all the other periods presented, trade receivables have a maturity of less than one year. The proportion of unpaid trade receivables as of December 31st, 2008, is negligible.
No breakdown is given for receivables with a maturity of less than year, given the negligible nature of this information (see Note 24).

### 10.3 - OTHER CURRENT ASSETS

| | 31/12/2008 | 31/12/2007 | 31/12/2006 |
|---|---|---|---|
| Research Tax Credit (part receivable within one year) (1) | 2,642 | 1,508 | 560 |
| Current account of subsidiary (2) | 0 | 400 | 400 |
| Prepaid expenses (3) | 567 | 343 | 391 |
| Products to be received (4) | 2,093 | 840 | 168 |
| Other current assets (5) | 167 | 467 | 98 |
| Discounting (6) | 0 | 0 | 0 |
| **Gross value** | **5,469** | **3,559** | **1,617** |
| Depreciation (6) | 0 | - 400 | - 400 |
| **Net value** | **5,469** | **3,158** | **1,217** |

(1) The research tax credit receivable within a year as of December 31st, 2008, includes the 2005 CIR (€181k) and the 2008 CIR (€2,461k) with a due date in 2009. The proportion of the impact of capitalization receivable within a year is negligible for the financial years presented here.
(2) In 2007: the current account of the German subsidiary, METabolic EXplorer GmbH, fully depreciated. This item was fully cleared in 2008, following the definitive liquidation of the subsidiary.
(3) The prepaid expenses mainly concern €436k in unused purchases as of December 31st, 2008, versus €260k as of December 31st, 2007, and €200k as of December 31st, 2006 (see Note 2.15).
(4) Income to be received: this is income to be received from grants-in-aid.
(5) In 2008, the other various assets corresponded mainly to trade receivables.
(6) Depreciation of the German subsidiary's shareholders' account, carried over into this financial year.

All the maturities of the other current assets are below one year. The proportion of unpaid receivables as of December 31st, 2008, is negligible. No breakdown is given for the receivables with a maturity of less than year (see Note 24).

## NOTE 11 - CASH AND CASH EQUIVALENTS

| | 31/12/2008 | 31/12/2007 | 31/12/2006 |
|---|---|---|---|
| Securities | 23,227 | 7,475 | 6,299 |
| Balances at banks and cash [1] | 32,462 | 50,599 | 54 |
| **Cash and cash equivalents** | **55,690** | **58,074** | **6,353** |
| Bank overdrafts | - 90 | - 398 | - 240 |
| **Current liabilities to banks** | **- 90** | **- 398** | **- 240** |
| **Net cash and cash equivalents** | **55,599** | **57,676** | **6,113** |

(1) including €30,483k placed in a bond investment account (see Note 2.17).

The variations in fair value as of December 31st, 2008, are mentioned in Note 6 above.

## NOTE 12 - SHARE CAPITAL AND RESERVES

The company is not subject to any particular regulatory requirements in terms of its share capital.

The company's management has not defined a specific capital management policy. At present, the company has preferred to fund its development through shareholder equity and outside borrowing.

In order to monitor its share capital, the company includes all equity components and does not consider financial liabilities as capital.

| (in Euro) | 31/12/2008 | 31/12/2007 | 31/12/2006 |
|---|---|---|---|
| Value of share capital | 2,034,950 | 2,024,950 | 1,311,130 |
| Total number of shares | 20,349,497 | 20,249,497 | 131,113 |
| **Nominal value per share (in euros)** | **0.10** | **0.10** | **10.0** |

The change in the number of shares is given in the table below (see the comments in the table on changes in shareholders' equity).

| | Total | Shares A | Shares B | Shares C | Shares D | New shares |
|---|---|---|---|---|---|---|
| **Number of shares as of 31/12/2006** | **131,113** | **16,670** | **17,480** | **90,903** | **6,060** | **0** |
| Division by 100 of the nominal value (Extraordinary General Meeting on 27/02/2007) | 13,111,300 | 1,667,000 | 1,748,000 | 9,090,300 | 606,000 | |
| Shares issued over the fiscal year (Management Board 10/04/07 and 16/04/2007) | 7,108,197 | | | | | 7,108,197 |
| Shares issued over the fiscal year (Management Board 23/10/2007) | 30,000 | | | | | 30,000 |
| Transformation of old shares into new shares | 0 | - 1,667,000 | - 1,748,000 | - 9,090,300 | - 606,000 | 13,111,300 |
| **Number of shares as of 31/12/2007** | **20,249,497** | **0** | **0** | **0** | **0** | **20,249,497** |
| Shares issued over the fiscal year (Management Board 08/10/2008) | | | | | | 100,000 |
| **Number of shares as of 31/12/2008** | **20,249,497** | **0** | **0** | **0** | **0** | **20,349,497** |

Category A, B, C and D shares were cancelled by decision of the Special General Meeting on February 27th, 2007, and were transformed into new ordinary shares.

Nominative shares held for over two years have double voting rights. As of December 31st, 2008, there were 9,568,596 shares with double voting rights.

As of December 31st, 2008, the total number of voting rights is 29,918,093.

Treasury shares have been deducted from the reserves. The latent capital gain as of December 31st, 2008, is negligible (€1k).

By way of a reminder, METabolic EXplorer's capital reserves (excluding year-end results) are as follows:

| | 31/12/2008 | 31/12/2007 | 31/12/2006 |
|---|---|---|---|
| Premiums | 65,291 | 65,227 | 11,403 |
| Retained earnings from prior years | 0 | - 1,272 | - 3,638 |
| Legal reserves | 202 | 0 | |
| Other reserves | 2,645 | 0 | |
| **Total of social reserves** | **68,139** | **63,955** | **7,765** |

## NOTE 13 - PAYMENT IN SHARES – BSPCE

**Outstanding BSPCEs at December 31st, 2008:**

The main characteristics of the BSPCEs outstanding at December 31st, 2008, are shown in the following table (one warrant bears the right to subscribe to 100 shares):

| Payment in shares - BSPCE | Number | Average subscription price | Total value |
|---|---|---|---|
| Share Capital: number of shares at year-end | 20,349,497 | | |
| Basic earnings per share (not diluted) | 0.13 | | |
| Opening balance of number of shares issued | 13,120 | 0.82 | 1,074,678 |
| Number of shares issued and not attributed within the year | | | 0 |
| Number of shares issued and attributed within the year | | | 0 |
| Number of shares previously issued and attributed within the period | | | 0 |
| Number of shares exercised within the period | 1,000 | 0.74 | 73,706 |
| Number of shares bought back and cancelled within the period | | | 0 |
| Number of shares that became obsolete within the period | | | 0 |
| **Number of shares issued at year-end** | **12,120** | **0.83** | **1,000,972** |

| | |
|---|---|
| Terms of BSPCEs (values in Euros) | 2,011 |
| Number of shares settled within the year | 12,120 |
| Total value | 1,000,972 |
| Average unit value (rounded off) | 0.83 |

**Free shares allotted as of December 31st, 2008:**
1,050,000 free shares were allotted by decision of an Special General Meeting on February 27th, 2007. These shares were allotted in three tranches:
- tranche 1: 350,002 shares.
- tranche 2: 350,000 shares.
- tranche 3: 349,998 shares.

The shares are definitively acquired by the subscribers after a 2-year period of presence (i.e. on April 10th, 2009), on condition that the company's stock market listing was successful; this condition was met.

The tranche 1 is not subject to any other conditions. The valuation method used for shares allotted in this tranche is the estimated fair value of company shares on the allotment date, weighted according to the holder's probability of presence at the end of the required 2 years and the probability of successful stock market listing.
Tranches 2 and 3 are subject to share performance conditions relative to the initial listing price. In order to estimate the probable values of these tranches at the end of the conditional period of presence (2 years), the expert used the so-called the "Monte-Carlo" methodology, as described in Note 2.18. Tranche 2 was acquired during the 2007 financial year.

During the second half of 2008:

- 100,000 free shares have become irrelevant following the departure of the beneficiary before the end of the acquisition period. The corresponding liability has been included in the income statement in the final accounts.

- 50,000 free shares were awarded by decision of the Management Board of the October 8th, 2008. These shares were awarded in three tranches under the same conditions as for the 1,050,000 previously awarded shares:
  - tranche 1: 16,667 shares.
  - tranche 2: 16,667 shares.
  - tranche 3: 16,666 shares.

Shares are definitively acquired once the beneficiaries have been present for 2 years (i.e. up until October 8th, 2010).

The value of the free shares (determined on their date of allotment according to the "Monte Carlo" method) was €3,464k; this includes a cost provision from the reserves of €3,126k as of December 31st, 2008, including €1,574k corresponding to the rights acquired for the 2007 financial year and €1,552k for the 2008 financial year.

## NOTE 14 - CURRENT AND NON-CURRENT RESERVES

In 2006 and 2007, current and non-current reserves corresponded entirely to pension commitments.

As of December 31st, 2008, these reserves are constituted by pension commitments and a €40k provision (see Note 2.19).

## NOTE 15 - NET FINANCIAL INDEBTEDNESS

Financial indebtedness net of available cash is shown in the following table:

| | 31/12/2008 | 31/12/2007 | 31/12/2006 |
|---|---|---|---|
| (+) Gross Financial indebtedness (see note 15.1) | 3,663 | 1,895 | 1,347 |
| (-) Cash and cash equivalents (see note 11) | - 55,690 | - 58,074 | - 6,352 |
| (+)/(-) Other current financial assets | 0 | 0 | 0 |
| **Net financial indebtedness** | **- 52,027** | **- 56,179** | **- 5,005** |

### 15.1 - VARIATION OF GROSS FINANCIAL INDEBTEDNESS

| | 31/12/2008 | 31/12/2007 | 31/12/2006 |
|---|---|---|---|
| **Loans and financial debts** | | | |
| Opening balance | 1,088 | 820 | 533 |
| Loans and financial debts raised within the year | 2,544 | 669 | 580 |
| Repayments within the year | - 95 | - 130 | - 27 |
| Variation of discounting | 22 | 23 | 28 |
| Reclassified from non-current to current | - 709 | - 294 | - 294 |
| **Closing balance** | **2,850** | **1,088** | **820** |
| **Overdrafts and other current liabilities to banks** | | | |
| Opening balance | 398 | 240 | 264 |
| Bank liabilities raised within the year | 90 | 398 | 240 |
| Repayments within the year | - 398 | - 240 | - 264 |
| **Closing balance** | **90** | **398** | **240** |
| **Current financial debts** | | | |
| Opening balance | 409 | 288 | 214 |
| Current financial debts raised within the year | 27 | 0 | 0 |
| Repayments within the year | - 418 | - 170 | - 214 |
| Variation of discounting | - 4 | - 3 | - 6 |
| Reclassified from non-current to current | 709 | 294 | 294 |
| **Closing balance** | **722** | **409** | **288** |
| **Gross financial indebtedness** | | | |
| Opening balance | 1,895 | 1,348 | 1,011 |
| Raising of financial indebtedness within the year | 2,661 | 1,067 | 820 |
| Repayments within the year | - 91 | - 540 | - 506 |
| Variation of discounting | 16 | 20 | 22 |
| Reclassified from non-current to current | 0 | 0 | 0 |
| **Closing balance** | **3,663** | **1,895** | **1,347** |

The detail of financial debt linked to financing leases is shown in Note 15.3.

## 15.2 - SCHEDULE OF MATURITIES OF FINANCIAL INDEBTEDNESS

| | 31/12/2008 | 31/12/2007 | 31/12/2006 |
|---|---|---|---|
| **Loans and financial debts** | **3,573** | **1,497** | **1,108** |
| Term up to one year | 722 | 409 | 288 |
| Term from one to five years | 1,966 | 912 | 820 |
| Term over five years | 885 | 175 | 0 |
| **Overdrafts and other current bank liabilities** | **90** | **398** | **240** |
| Term up to one year | 90 | 398 | 240 |
| Term from one to five years | 0 | 0 | 0 |
| Term over five years | 0 | 0 | 0 |
| **Overall financial indebtedness** | **3,663** | **1,895** | **1,347** |
| Term up to one year (1) | 813 | 807 | 527 |
| Term from one to five years (2) | 1,966 | 912 | 820 |
| Term over five years (3) | 884 | 175 | 0 |

(1) including the following non-discounted debts with a term of up to one year:
Leases: €526k as of December 31st, 2008, €241k as of December 31st, 2007, and €164k as of December 31st, 2006.
Overdrafts: €90k as of December 31st, 2008, €398k as of December 31st, 2007, and €240k as of December 31st, 2006.
(2) including the following non-discounted debts with a term from 1 to 5 years:
Leases: €1,966k as of December 31st, 2008, €752k as of December 31st, 2007, and €605k as of December 31st, 2006.
(3) including the following non-discounted debts with a term over 5 years:
Leases: €884k as of December 31st, 2008, €175k as of December 31st, 2007, and zero as of December 31st, 2006.

Most of these loans are fixed-rate loans. The unaccrued interest is indicated in Note 15.3, below.

The company is not exposed to a liquidity risk (see Note 24). Hence, no details are given for indebtedness with a term of up to one year.

As of December 31st, the 2008 financial debt included:

- A conditional, refundable advance granted at the end of 2000 by the ANVAR for a total amount of €747k. This advance is reimbursable without interest if the subsidized project is successful. Reimbursements are subject to a strict schedule. The value of this debt is discounted. The effect of the discount was Ð10k as of December 31st, 2008, versus €25k as of December 31st, 2007, and €50k as of December 31st, 2006.
- Debts totalling €3,377k as of December 31st, 2008, concerned 9 fixed-rate leaseback contracts (of which six had a term of over 60 months, 2 had a term of 84 months, and 1 had a term of 96 months) entered into between 2004 and 2008. These contracts cover the financing of laboratory materials and tools, for a gross total of €4,008k. It should be noted that two leases were signed in 2008, with a gross value of €2,544k. The contracts mainly cover the purchase of equipment for the industrial pre-pilot.
- A refundable advance of €150k granted by OSEO Innovation. This interest-free advance represents a grant towards the feasibility study on stock market listing. It is reimbursable in two tranches: a €70k tranche (paid off in September 2008) and a €80k tranche (due in September 2009).

The company has a €200k negotiated line of credit, with interest calculated according to the "T4M" average monthly money market rate (the mean Euro Overnight Index Average for a given month). Bank overdrafts generate costs which are calculated according to the base lending rate ("TBB").

The guaranties associated with financial indebtedness are detailed in Note 21 – off-balance sheet commitments.

No financial indebtedness was incurred before closing and implemented afterwards.

### 15.3 - DEBT LINKED TO FINANCIAL LEASE CONTRACTS

The portion of debt corresponding to leaseback contracts is set forth below:

| | 31/12/2008 | 31/12/2007 | 31/12/2006 |
|---|---|---|---|
| Term up to one year | 526 | 241 | 164 |
| Term from one to five years | 1,966 | 752 | 605 |
| Term over five years | 885 | 175 | 0 |
| **Financial lease debt** | **3,377** | **1,168** | **769** |

The amounts still payable as of December 31st, 2008 (including interest) amounted to €3,969k (versus €1,314k as of December 31st, 2007, and Ð843k as of December 31st, 2006), including:

- €688k with a term up to one year (versus €288k as of December 31st, 2007, and €192k as of December 31st, 2006).
- €2,272k with a term between 1 and 5 years (versus €1,026k as of December 31st, 2007, and €651k as of December 31st, 2006).
- €1,009k with a term of over 5 years (nil as of December 31st, 2007, and June 30th, 2007).

### 15.4 - OTHER NON-CURRENT DEBT

The other non-current debt includes a €500k advance on royalties as part of a collaborative contract with a partner; this advance constitutes prepaid income because it will be deducted from royalties on future sales. The impact of discounting of this debt is -€70k as of December 31st, 2008.

The other non-current debts have a term below 5 years.

## NOTE 16 - DEFERRED TAXES

| | 31/12/2008 | 31/12/2007 | 31/12/2006 |
|---|---|---|---|
| Taxation on losses carried forward | 804 | 1,659 | 841 |
| Taxation on temporary differences | 6 | 5 | 4 |
| French GAAP - IAS adjustments on intangible assets | 29 | 75 | 91 |
| Restatement for grants related to capitalized R&D | 451 | | |
| Other deferred tax assets | 7 | 10 | 12 |
| **Deferred tax asset** | **1,298** | **1,749** | **948** |
| Taxation on fair value of financial debts | - 27 | - 7 | - 10 |
| Differences on durations of amortizations | 0 | 0 | 0 |
| IFRS adjustments on tangible assets | - 6 | - 66 | - 81 |
| **Deferred tax liability** | **- 33** | **- 73** | **- 91** |
| **Net deferred tax** | **1,266** | **1,676** | **857** |

All deferred tax has been accounted for.

Deferred tax assets linked to taxation on losses carried forward were established by taking into account the forecast budget for the next three years. As in 2007, application of this method resulted in the capitalization of all the deferred tax assets linked to losses carried forward.

As of December 31st, 2008, there was no deferred tax assigned directly to reserve accounts.

The significant rise as of December 31st, 2007, in taxation of losses carried forward is mainly explained by the calculation of deferred tax on the fiscal loss, which is primarily linked to the stock market listing fees of €5,212k (which are immediately tax-deductible). Given that these fees are deducted from the shareholders' equity, the corresponding tax has been handled in the same way.

## NOTE 17 - SUPPLIER AND EQUIVALENT DEBT

Supplier debt was €1,009k as of December 31st, 2008. The maturity for this indebtedness is less than one year. The proportion of the debt outstanding as of December 31st, 2008, is negligible. No details are given for indebtedness with a term of up to one year, since this information was considered to be negligible (see Note 24).

## NOTE 18 - OTHER CURRENT LIABILITIES

| | 31/12/2008 | 31/12/2007 | 31/12/2006 |
|---|---|---|---|
| Liabilities from taxes and social security | 844 | 693 | 322 |
| Products noted in advance | 0 | 97 | 74 |
| Liabilities from investments in fixed assets | 330 | 921 | 117 |
| Other current liabilities linked to activity | 113 | 73 | 74 |
| **Total other current liabilities** | **1,288** | **1,784** | **587** |

Other debt has a maturity of less than one year. The proportion of these debts outstanding as of December 31st, 2008, is negligible. Hence, no details are given for indebtedness with a term of up to one year (see Note 24).

## NOTE 19 - FINANCIAL INSTRUMENTS

**Financial assets and liabilities**

| | As of December 31st, 2008 | | | As of December 31st, 2007 | | | As of December 31st, 2006 | | |
|---|---|---|---|---|---|---|---|---|---|
| | Designation of financial instruments | Net book value | Fair value [1] | Designation of financial instruments | Net book value | Fair value [1] | Designation of financial instruments | Net book value | Fair value [1] |
| **Assets** | | | | | | | | | |
| Non-current financial assets | A and D | 49 | 49 | A and D | 35 | 35 | A and D | 23 | 23 |
| Other non-current assets [2] | C | 0 | 0 | C | 171 | 171 | C | 280 | 280 |
| Trade receivables | D | 55 | 55 | D | 41 | 41 | D | 10 | 10 |
| Other current assets [2] | D | 3,373 | 3,373 | D | 1,850 | 1,850 | D | 969 | 969 |
| Cash and cash equivalents | B | 55,690 | 55,690 | B | 58,074 | 58,074 | B | 6,352 | 6,352 |
| **Liabilities** | | | | | | | | | |
| Current and non-current financial debts | C | 3,664 | 3,664 | C | 1,895 | 1,895 | C | 1,347 | 1,347 |
| Other non-current liabilities [3] | D | 430 | 430 | D | 289 | 289 | D | 101 | 101 |
| Trade payables | D | 1,009 | 1,009 | D | 587 | 587 | D | 523 | 523 |
| Other current liabilities [3] | D | 443 | 443 | D | 994 | 994 | D | 191 | 191 |

(1) the net book value of assets and liabilities evaluated at cost or at amortized cost is close to their fair value.
(2) excluding fiscal debts (apart from the research tax credit) and social debts and adjustment account.
(3) excluding tax and social security contributions and regulation accounts

A: assets available for sale.
B: assets at fair value by their profits and losses. In practice, these correspond solely to short-term, money-market-based investments.
C: assets and liabilities evaluated at amortized cost.
D: assets and liabilities evaluated at cost.
E: investments held to maturity. None of the company's assets corresponded to this definition for the fiscal years presented here.

The depreciation of financial assets solely concerns depreciations on trade receivables (see Note 10.2).

The variations in fair value and the depreciations have been accounted for in the operating results only. No sums have been charged to the shareholders' equity.

**Derivative instruments**

The company has not used derivative financial instruments.

## NOTE 20 - EMPLOYEES

| | 31/12/2008 | 31/12/2007 | 31/12/2006 |
|---|---|---|---|
| Headcount (equivalent full time employees) | 94 | 68 | 40 |

## NOTE 21 - OFF-BALANCE SHEET COMMITMENTS

**Stock purchase commitments**
Not applicable.

**Commitments linked to loans and overdrafts**
Details of such commitments are set forth in Note 15.2.

**Commitments linked to financial instruments**
Not applicable.

**Commitments linked to rental agreement**

**Rental agreements related to equipment:**
The commitments presented for the last three fiscal years mainly concerned company car hire and the rental of computer equipment.

The breakdown by due term for these rental agreements is presented below, for the last three fiscal years.

| | 31/12/2008 | 31/12/2007 | 31/12/2006 |
|---|---|---|---|
| Term below 1 year | 61 | 50 | 20 |
| Term between 1 and 5 years | 76 | 81 | 40 |
| Term over 5 years | 0 | 0 | 0 |
| **Total commitments for rental agreements** | **136** | **131** | **60** |

**Rental agreements related to real estate:**
The commitments to real estate rental agreements subscribed by the company amounted to €408k as of December 31st, 2008 (versus €384k as of December 31st, 2007). The real estate leases are granted for nine full, consecutive years but the company has the option on cancelling the lease after three years.
The breakdown by due term (below 1 year, between 1 and 5 years and over 5 years) in rent and rental costs is presented below:

| | 31/12/2008 | 31/12/2007 | 31/12/2006 |
|---|---|---|---|
| Term below 1 year | 232 | 223 | 172 |
| Term between 1 and 5 years | 176 | 161 | 253 |
| Term over 5 years | 0 | 0 | 0 |
| **Total commitments for rental agreements** | **408** | **384** | **425** |

**Commitments linked to capital asset orders**
The proportion of signed orders for which the services and/or work have not been initiated or delivered as of December 31st, 2008, is negligible (€9k).

**Other commitments undertaken**
None.

**Other commitments received**
None.

## NOTE 22 - CHANGE IN ACCOUNTING METHOD FOR THE RESEARCH TAX CREDIT AND GRANTS-IN-AID ASSIGNED TO CAPITALIZED R&D

The method for accounting for the research tax credit and certain innovation grants-in-aid has changed in two respects:

- the method for calculating the research tax credit changed during the 2008 financial year. The volume of R&D expenditure is now more preponderant than the year-on-year increase in the said expenditure and the tax credit is calculated as a percentage of eligible expenses.
- a significant proportion of the development expenditure is considered as an investment for our company (see Note 9).

Furthermore, the "accounting jurisprudence" and expert professional opinion (notably that given in a statement issued in December 2008) confirm that the research tax credit can henceforth be considered as state aid under IAS 20, to the extent that the development expenditure enabling this tax credit is progressively capitalized.

Accordingly, research tax credit calculated each year will now be accounted for in the following way:
- as operating income for the proportion of the expenditure that remains as a cost.
- as a deduction of the development costs for the capitalized proportion.

This change in method has been applied prospectively and the shareholders' equity for previous financial years has not been adjusted.

### 22.1 - IMPACT ON THE INCOME STATEMENT

| | Notes | 31/12/2008 New method | 31/12/2008 | Difference in K€ | 31/12/2007 |
|---|---|---|---|---|---|
| Turnover | 2.22 & 3 | 3,220 | 3,220 | 0 | 2,790 |
| Other income from ordinary activities | 2.231 | 361 | 1,390 | - 1,029 | 1,452 |
| Research and Development costs | | - 6,868 | - 6,868 | 0 | - 4,174 |
| Activated Research and Development costs | | 5,968 | 5,968 | 0 | 3,301 |
| Net Research and Development costs | | - 900 | - 900 | 0 | - 873 |
| Marketing and commercial costs | | - 990 | - 990 | 0 | - 539 |
| Administration costs | | - 2,645 | - 2,645 | 0 | - 1,788 |
| Other operating income and expenses | 2.232 | 55 | 55 | 0 | 6 |
| Operating earnings before payments in shares | | - 899 | 130 | - 1,029 | 1,048 |
| Payments in shares | 13 & 22.1 | - 1,552 | - 1,552 | 0 | - 1,574 |
| Operating earnings after payments in shares | | - 2,451 | - 1,422 | - 1, 029 | - 526 |
| Cash and cash-equivalent income | | 2,526 | 2,526 | 0 | 1,808 |
| Cost of financial debt | | - 66 | - 66 | 0 | - 87 |
| Cost of net financial debt | 2.24 & 6 | 2,460 | 2,460 | 0 | 1,721 |
| Other financial income and expenses | 6 | 9 | 9 | 0 | 15 |
| Charge (-) / Produit Income Taxes | 7 | - 408 | 1,606 | - 2,014 | 474 |
| Net Result | | - 390 | 2,653 | - 3,043 | 1,683 |
| Basic earnings per share (in euros) | 2.25 & 8 | - 0.02 | 0.13 | - 0.15 | 0.09 |
| Diluted earnings per share (in euros) | 2.25 & 8 | - 0.02 | 0.12 | - 0.13 | 0.08 |

## 22.2 - IMPACT ON THE BALANCE SHEET

| | Notes | 31/12/2008 New method | 31/12/2008 | Difference in K€ | 31/12/2007 |
|---|---|---|---|---|---|
| **Assets** | | | | | |
| Intangible assets | 9.1 | 11,111 | 14,605 | - 3,494 | 8,197 |
| Tangible assets | 9.2 | 5,590 | 5,590 | 0 | 4,847 |
| Non-current financial assets | 9.3 | 49 | 49 | 0 | 35 |
| Other non-current assets | 9.4 | 0 | 0 | 0 | 171 |
| Deferred tax assets | 16 | 1,266 | 815 | 451 | 1,676 |
| **Total non-current assets** | | **18,016** | **21,059** | **- 3,043** | **14,926** |
| Inventories | 10.1 | 0 | 0 | 0 | 0 |
| Trade receivables | 10.2 | 55 | 55 | 0 | 41 |
| Other current assets | 10.3 | 5,469 | 5,469 | 0 | 3,158 |
| Cash and cash equivalents | 11 | 55,690 | 55,690 | 0 | 58,074 |
| **Total current assets** | | **61,214** | **61,214** | **0** | **61,273** |
| Total assets | | 79,230 | 82,273 | - 3,043 | 76,199 |
| | | | | | |
| **Liabilities** | | | | | |
| Share capital | 12 | 2,035 | 2,035 | 0 | 2,025 |
| Share premium | 12 | 65,291 | 65,291 | 0 | 65,227 |
| Legal reserves | 12 | 202 | 202 | 0 | 0 |
| Retained earnings | 12 | 0 | 0 | 0 | - 1,272 |
| Other reserves | 22.2 | 5,695 | 5,695 | 0 | 2,240 |
| Deffered tax | | 0 | 0 | 0 | 1,737 |
| Net result of the period | | - 390 | 2,653 | - 3,043 | 1,683 |
| **Total shareholders' equity** | | **72,833** | **75,876** | **- 3,043** | **71,641** |
| Long term liabilities to banks | 15.1 | 2,851 | 2,851 | 0 | 1,089 |
| Other long term provisions | 14 | 7 | 7 | 0 | 2 |
| Other non-current liabilities | 15.4 | 430 | 430 | 0 | 289 |
| **Total non-current liabilities** | | **3,288** | **3,288** | **0** | **1,380** |
| Bank overdrafts | 11 & 15.1 | 90 | 90 | 0 | 398 |
| Other short-term bank liabilities | 15.1 | 722 | 722 | 0 | 409 |
| Trade payables | 17 | 1,009 | 1,009 | 0 | 587 |
| Other short-term liabilities | 18 | 1,288 | 1,288 | 0 | 1,784 |
| **Total current liabilities** | | **3,109** | **3,109** | **0** | **3,178** |
| Total liabilities | | 79,230 | 82,273 | - 3,043 | 76,199 |

## 22.3 - IMPACT ON THE SHAREHOLDERS' EQUITY

| | Share capital | Share premium | Carried forward | Other reserves | Consolidated reserves | Total |
|---|---|---|---|---|---|---|
| Equity at December 31st, 2005 | 1,311 | 11,403 | - 4,382 | 4,216 | - 2,091 | 10,457 |
| Dividends | | | | | | |
| Increase in share capital | | | | | | |
| BSPCE warrants and free shares awarded to staff | | | | 127 | | 127 |
| Allocation of net income | | | 295 | - 2,385 | 2,091 | |
| Net income for the period | | | | | 1,667 | 1,667 |
| Other changes in equity | | | 450 | - 438 | | 12 |
| Equity at December 31st, 2006 | 1,311 | 11,403 | - 3,637 | 1,519 | 1,667 | 12,263 |
| Dividends | | | | | | |
| Increase in share capital | 714 | 53,824 | | | | 54,538 |
| BSPCE warrants and free shares awarded to staff | | | | 1,574 | | 1,574 |
| Deferred taxes | | | | 1,737 | | 1,737 |
| Allocation of net income | | | 2,365 | - 698 | - 1,667 | |
| Net income for the period | | | | | 1,683 | 1,683 |
| Other changes in equity | | | | - 154 | | - 154 |
| Equity at December 31st, 2007 | 2,025 | 65,227 | - 1,272 | 3,978 | 1,683 | 71,641 |
| Dividends | | | | | | |
| Increase in share capital | 10 | 64 | | | | 74 |
| BSPCE warrants and free shares awarded to staff | | | | 1,552 | | 1,552 |
| Allocation of net income | | | 1,272 | 411 | - 1,683 | |
| Net income for the period | | | | | 2,653 | 2,653 |
| Other changes in equity | | | | - 44 | | - 44 |
| Equity at December 31st, 2008 | 2,035 | 65,291 | | 5,898 | 2,653 | 75,877 |
| Corrected reserves - new interpretation | | | | | - 3,043 | - 3,043 |
| Equity at December 31st, 2008 | 2,035 | 65,291 | | 5,898 | - 390 | 72,833 |

## NOTE 23 - RELATED PARTIES

### 23.1 - BENEFITS TO MANAGERS WHO ARE MEMBERS OF THE MANAGEMENT BOARD AND/OR THE SUPERVISORY BOARD

**Benefits awarded other than payments in shares**

Currently, no additional pension plan and no long-term or post-employment benefits are awarded to the management team.
The total gross remuneration paid to the members of the Management Board amounted to €545k as of December 31st, 2008, plus €208k in social security contributions.
The remuneration paid to members of the Supervisory Board amounted to €21k as of December 31st, 2008.

**Benefits linked to stock-based remuneration**

Benefits linked to stock warrants for company founders ("BSPCEs") or free shares (see Notes 2.18 and 13) amounted to €2,962k, broken down as follows:
- €1,705k as 11,110 BSPCEs granted to the members of the Management Board.
- €1,257k as 850,000 free shares granted to the members of the Management Board by decision of the Special General Meeting held on February 27th, 2007 (amount calculated pro rata according to the number of shares held as of December 31st, 2008).

### 23.2 - TRANSACTIONS MADE WITH A NON-CONSOLIDATED ENTERPRISE HAVING A BUSINESS LEADER IN COMMON

None

## NOTE 24 - INFORMATION ON THE RISKS ASSOCIATED WITH FINANCIAL INSTRUMENTS

**Credit risks**

The company is not exposed to a significant credit risk. The net value of receivables reflects a fair value for the net flows due as estimated by the management, according to the state of knowledge at the end of the accounting period. The company did not take account of guaranties or compensation agreements when performing impairment tests on financial assets.
There are no significant non-depreciated due financial assets.

**Liquidity risks**

The company is not exposed to a liquidity risk, since the current assets (and notably cash and cash equivalent item) significantly exceed current liabilities. Hence, no details are given for indebtedness with a term of up to one year.

**Market risks**

The company is not exposed to significant market risks (interest rate risks, exchange rate risks, share-related risks, etc.). However, it does hold significant investments which generate financial revenues (interest). Hence, the company is exposed to an interest rate risk; a variation of +/- 1% would have an estimated impact of +/- €540k on financial revenues.

## NOTE 25 - POST-CLOSING EVENTS

No significant post-closing events have occurred.

## NOTE 26 - HONORARIA PAID TO THE STATUTORY AUDITORS

| Honoraria for the statutory auditors charged during the 2008 financial year | (in K€) |
|---|---|
| Statutory audit of the accounts | 62 |
| Other due diligences directly related to the mission | 6 |

# STATUTORY AUDITORS' REPORT

On the IFRS financial statements presented as of December 31st, 2008

To the Shareholders,

Following our appointment as Statutory Auditors of the company METabolic EXplorer and in response to your request, we have audited the accompanying financial statements drawn up in accordance with IFRSs (as adopted by the European Union) for the year ended December 31st, 2008.

These accounts have been drawn up under the responsibility of your Management Board. Our role is to express an opinion on these financial statements, based on our audit.

We have conducted our audit in accordance with the professional standards applicable in France; those standards require that we plan and perform the audit to obtain reasonable assurance as to whether the financial statements are free of significant anomalies.

An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements.
An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statements presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the IFRS financial statements give a true and fair view of the assets, liabilities, financial position and results of the company as of December 31st, 2008, and the results of its operations for the year then ended in accordance with IFRSs, as adopted by the European Union.

Without wishing to cast any doubt on the opinion expressed above, we draw your attention to the change in accounting methods concerning the research tax credit and operating grants-in-aid (explained in Notes 1 and 22 of the Appendix)

Signed in Clermont-Ferrand & Villeurbanne on May 15th, 2009

The Statutory Auditors

| SA EXCO CLERMONT-FD | CABINET MAZARS |
|---|---|
| 14, avenue Marx Dormoy - 63000 Clermont-Ferrand | 131, boulevard Stalingrad - 69624 Villeurbanne |
| **François VERDIER** | **Olivier BIETRIX** |
| Company Officer | |
| Member of the Riom Regional Chamber | Member of the Lyons Regional Chamber |

# ANNUAL FINANCIAL STATEMENT (TO FRENCH ACCOUNTING STANDARDS)

as of December 31st, 2008

## INCOME STATEMENT

| (in thousands of euros) | Notes | 2008 | 2007 | 2006 |
|---|---|---|---|---|
| Sales of commodities in France | | | | |
| Sales of commodities outside France | | | | |
| Sales of goods in France | | | | |
| Sales of goods outside France | | | | |
| **Net turnover** | **19** | **130** | **40** | **110** |
| | | | | |
| Stored production | | | | |
| Internally generated production | 3 | 5,852 | 3,401 | 1,397 |
| Grants related to income | 2.7 | 1,390 | 1,446 | 312 |
| Reversed amortisation and cost credits | | 647 | 28 | 14 |
| Other income | 19 | 3,090 | 2,752 | 3,500 |
| | | | | |
| **Total operating income** | | **11,109** | **7,667** | **5,333** |
| | | | | |
| Purchase of merchandise | | | | |
| Increase/decrease in inventory (commodities) | | | | |
| Purchase of raw materials and other commodities | | 512 | 406 | 113 |
| Increase/decrease in inventory (commodities) | | - | - | - |
| Other external costs and expenses | | 4,290 | 2,486 | 1,443 |
| Other taxes | | 186 | 127 | 79 |
| Wages and salaries | | 3,545 | 2,391 | 1,267 |
| Social security contributions | | 1,421 | 948 | 287 |
| | | | | |
| Amortisation of fixed assets | | 423 | 250 | 275 |
| Allowance for provisions for non-current assets | | | | |
| Allowance for provisions for current assets | | | | |
| Allowance for provisions for liabilities & expenses | | 40 | - | - |
| Other operating expenses | | 653 | 62 | 25 |
| | | | | |
| **Total operating expenses** | | **11,070** | **6,670** | **3,489** |
| | | | | |
| **Operating earnings** | | **39** | **997** | **1,844** |
| Income from other securities | | | | |
| Other interest and assimilated income | | 2,398 | 1,646 | - |
| Draw-down on provisions & transfers of expenses | | | | |
| Foreign exchange rate gains | | | | |
| Net result from disposal of securities | | 296 | 165 | 167 |
| **Total financial income** | | **2,694** | **1,811** | **167** |

## INCOME STATEMENT (CONTINUED)

| (in thousands of euros) | Notes | 2008 | 2007 | 2006 |
|---|---|---|---|---|
| Allowances for depreciation & provisions | | | | |
| Interests paid | | 253 | 89 | 5 |
| Foreign exchange rate losses | | | | |
| Net expenses from disposal of securities | | | | |
| **Total Financial expenses** | | **253** | **89** | **5** |
| | | | | |
| **Financial result** | | **2,441** | **1,722** | **162** |
| | | | | |
| **Earnings before Tax** | | **2,480** | **2,719** | **2,006** |
| | | | | |
| Extraordinary income from operating activities | | 12 | 36 | 4 |
| Extraordinary income from equity transactions | | 2,566 | 634 | 595 |
| Reversed provision and cost credits | | 106 | | |
| **Total extraordinary income** | | **2,684** | **670** | **599** |
| | | | | |
| Extraordinary expenses from operating activities | | 0 | 1 | - |
| Extraordinary expenses from equity transactions | | 2,650 | 661 | 664 |
| Extraordinary depreciations and amortizations | | | | |
| **Total extraordinary expenses** | | **2,650** | **662** | **664** |
| | | | | |
| **Extraordinary result** | **20** | **34** | **8** | **- 65** |
| | | | | |
| Profit-sharing scheme for employees | | | | |
| Income tax | 15 | - 2,468 | - 1,392 | - 425 |
| | | | | |
| **Total income** | | | | |
| | | | | |
| **Total costs** | | | | |
| | | | | |
| **Net result** | | **4,982** | **4,119** | **2,366** |

Accounting currency: euro
Currency of measure: euro

Appendix to the balance sheet for the financial year ending December 31st, 2008 (totalling €79,078,877.60) and the income statement in list format (profit of €4,981,781.08).

The financial year is set at 12 months and runs from January 1st, 2008, to December 31st, 2008.

The following notes form an integral part of the annual accounts.

## BALANCE SHEET

**Assets**

| (in thousands of euros) | Notes | 2008 | | | 2007 | 2006 |
|---|---|---|---|---|---|---|
| | | Gross | Amort. Prov | Net | Net | Net |
| Intangible assets | 2.1 & 3 | 15,486 | 742 | 14,744 | 8,452 | 4,909 |
| Tangible assets | 4 | 2,979 | 698 | 2,281 | 3,597 | 523 |
| Financial assets | 5 | 49 | | 49 | 35 | 23 |
| **Total non-current assets** | | **18,514** | **1,440** | **17,074** | **12,084** | **5,455** |
| Inventories | 2.4 | - | - | - | - | - |
| Trade receivables | 6 | 56 | | 56 | 41 | 10 |
| Other assets | 7 | 5,611 | | 5,611 | 3,422 | 1,410 |
| Cash and cash equivalents | 8.1 | 55,771 | | 55,771 | 58,174 | 6,353 |
| **Total current assets** | | **61,438** | | **61,438** | **61,637** | **7,773** |
| Prepaid expenses | 18.3 | 567 | | 567 | 343 | 390 |
| **Total asset adjustment accounts** | | **567** | **-** | **567** | **343** | **390** |
| Total Assets | | 80,519 | 1,440 | 79,079 | 74,064 | 13,618 |

**Liabilities**

| | Notes | 2008 | 2007 | 2006 |
|---|---|---|---|---|
| Share capital | 10 | 2,035 | 2,025 | 1 311 |
| Share premium | | 65,291 | 65,228 | 11,403 |
| Capital reserves | | 202 | - | - |
| Other reserves | | 2,645 | - | - |
| Retained earnings | | - | -1,272 | -3,638 |
| Net result for the period | | 4,982 | 4,119 | 2,366 |
| Grants related to investments | | 122 | 118 | 53 |
| **Shareholders' equity** | 11 | **75,277** | **70,218** | **11,495** |
| Conditional advances | 12 | 210 | 359 | 389 |
| Provisions for liabilities & expenses | | 40 | - | - |
| Loans and financial debts | 13 | - | - | - |
| Overdrafts and short-term liabilities to banks | 8.2 | 91 | 397 | - |
| Loans and miscellaneous liabilities | | - | - | 240 |
| Trade payables | | 1,009 | 587 | 523 |
| Liabilities from taxes and social security | | 1,547 | 1,117 | 597 |
| Liabilities from investments in fixed assets | | 332 | 966 | 227 |
| Other liabilities | | 73 | 73 | 73 |
| Products noted in advance | 18.3 | 500 | 347 | 74 |
| **Total current liabilities** | 14 | **3,461** | **3,090** | **1,494** |
| Total liabilities | | 79,079 | 74,064 | 13,618 |

## NOTE 1 - THE YEAR'S SIGNIFICANT EVENTS

The company continued to grow and to achieve scientific milestones, enabling:
- expansion of its patent portfolio, with the filing of 8 new patent families.
- entry of all 5 portfolio products into the pre-pilot stage.
- generation of its first pure PDO samples.

The subsidiary METabolic Explorer GmbH was definitively liquidated (completing a procedure initiated in 2003).

The headcount continued to rise; 26 staff were recruited during the financial year. This corresponds to a 40% year-on-year increase.

An Employee Council and Health & Safety Council were elected during financial year and a company share ownership and profit-sharing scheme was implemented.

## NOTE 2 - ACCOUNTING PRINCIPLES AND METHODS

Accounting principles were applied on a cautious basis, in compliance with the following underlying hypotheses:
- uninterrupted operations.
- maintenance of accounting method from one financial year to the next.
- independent financial years.
- the Company's bylaws and procedures for publishing its annual accounts.

The historical cost method was chosen for evaluation of balance sheet items.

The main methods used are as follows:

### 2.1 - INTANGIBLE ASSETS

#### 2.1.1 - Research & development and patent costs

Research costs are expensed as incurred.

Development costs are those mainly incurred to develop processes that give rise to one or several new patents.

Development costs are capitalized when the six criteria defined by France's Accounting Standards Committee (Comité de la Réglementation Comptable 2004-06) are met:
technical capability; the intention to finish, use or sell goods; the ability to use or sell goods; probable economic advantages; availability of resources; ability to reliably evaluate expenditure related to the project.

The Company periodically analyzes its compliance with these capitalization criteria. The capitalized costs rely on a precise analysis, giving a detailed distribution of costs involved in each project. Only costs directly assignable to a project are capitalized.

These costs are maintained on the balance sheet as an asset as long as the Company retains the majority of the advantages and risks associated with the patents and, in particular, in cases where the Company retains the intellectual property rights but has granted a temporary right of usage and/or operation of the development phase results.

These capitalized costs are amortized on a straight-line basis over the length of use expected by the Company, which corresponds to the expected length of future economic advantages; for patents, this is limited to the length of legal protection (20 years for patents). This time period is defined on a project-by-project basis, according to the economic characteristics of each development project.

Amortization starts as soon as the asset is ready for service, i.e. as soon as the decision to implement industrial use of the molecule whose development fees were capitalized is made.
This phase is clearly identified for each development project.

Ongoing development projects are subject to impairment tests.
Impairment tests are made at the time of each financial statement (annual and half-yearly) for all non-amortized assets (indefinite life assets, and amortizable assets included at the end of each fiscal year) and, when there are indicators of value loss, for amortized assets. There are no indefinite life assets.

Impairment tests mainly concern development projects. Cash-generating units (smaller groups of assets generating cash independently) correspond to development projects.

Depreciation is recognized when the recoverable value of these assets or groups of assets is lower than its book value. The recoverable value is equal to the higher of the fair value net of disposal costs when it can be assessed in a reliable way, and the value in use.

The value in use corresponds to the net present value of estimated future cash flows expected from continuous use of the asset and their sale at the end of their useful life as expected by the Company. It does not take into account the impact of the financial structure, the effect of any tax or any restructurings that have not been started.

The main parameters taken into account to undertake impairment tests of development projects are set forth below:

• The main parameters used in the elaboration of these tests (as of the date of the financial statement) are listed below:
- the sales price of products from the Company's own manufacturing process.
- the purchase price of raw materials used in the manufacturing processes.
- the cost of raw materials used in the manufacture of products by competitors.

• the time limit as defined by forecasts: the longer of (i) the lifetime until expiration of the protection period for the last filed patent (which is 20 years, at most) or (ii), if applicable, the lifespan of the usage contract(s) for the said patents.

• the discount rate based on the rate for low-risk instruments (10-year OAT rates at the period end), discounted by a premium defined on a project-by-project basis. In the chemical industry, the rate usually used to calculate the value-in-use of industrial investments is between 8% and 12%. METabolic EXplorer applies a 12% rate.

### 2.1.2 - Other intangible assets

The other intangible assets are based on acquisition costs, including ancillary costs, or at their production cost, in the case of internal production.

Costs directly attributable to the creation of internally developed software or the improvement of their performances are capitalized if these costs are expected to generate future economic benefit.
Other development costs are expensed directly as operating costs for the period.

Intangible assets (essentially constituted by software created by METabolic EXplorer and patents) all have a fixed lifetime. The assets are amortized over the expected time of utility, on a straight-line basis.

The amortization period is:
- 5 years for software created by the Company.
- 3 years for significant software.
- 1 year for other software.

## 2.2 - TANGIBLE ASSETS

Assets appear on the balance sheet at their acquisition cost, plus any ancillary fees and other costs directly attributable to the asset (apart from fixed asset purchase costs) or at their production cost, in the case of internal production.

The assets are amortized over the time of utility estimated by the Company, on a straight-line basis.

| | |
|---|---|
| - Fitting-out, construction: | 10 years |
| - Industrial equipment and tools: | 8 years |
| - Computer/research materiel: | 4 years |
| - Specific installations: | 2, 7 and 10 years |
| - General installations: | 7 and 10 years |
| - Office supplies and computer equipment: | 1 to 4 years |
| - Furniture: | 7 and 10 years |

## 2.3 - SHAREHOLDINGS, OTHER FINANCIAL ASSETS, INVESTMENT SECURITIES

Gross value corresponds to the purchase price (not including additional related costs). When the inventory value is below the gross value, the difference is accounted for as an allowance for depreciation.

## 2.4 - INVENTORIES

In 2008, the Company was not in a production and sales phase; hence, the unused usable inventory identified during an actual end-of-year inventory (December 29th - 31st) not fulfilling the inventory criteria was accounted for as a prepaid expense (see note 9).

## 2.5 - ACCOUNTS RECEIVABLE

Accounts receivable are initially registered at their nominal value.

Depreciation is recognized when the inventory value is estimated at closing to be lower than book value.

## 2.6 - CONDITIONAL ADVANCES

To help finance its research, the Company has received a conditional advance as an initial amount of €747k. The advance is due to reimbursed between March 2004 and March 2009. At closing, the balance yet to be reimbursed was €130k.

The advance obtained for funding the cost of the Company's stock market listing (€150k) has been fully paid up, with receipt of the balance (€50k) during the financial year.

This advance is due to be reimbursed in two tranches: €70k in the 2008 financial year and the balance (i.e. €80k) in 2009.

## 2.7 - GRANTS RELATED TO INCOME

The Company receives research funding in support of its scientific projects. These grants are expensed in the income statement according to the cost advancement method.

## 2.8 - INDIVIDUAL RIGHTS TO PROFESSIONAL TRAINING (DROIT INDIVIDUEL À LA FORMATION, "DIF")

As of December 31st, 2008, the DIF time equivalent was 3,132 hours.

### 2.9 - HIGH-GROWTH SME (PME DE CROISSANCE) FISCAL STATUS

The Company is eligible for France's "high-growth SME" fiscal status. It thus receives tax breaks such as immediate reimbursement of the year's research tax credit and the minimum turnover tax (impôt forfaitaire annuelle).

## NOTE 3 - INTANGIBLE ASSETS

| | R&D costs | Patents, licenses | Other intangible assets | Total |
|---|---|---|---|---|
| **Net balance as of 01/01/2006** | **104** | **2,848** | **0** | **2,952** |
| Acquisitions | - 195 | 1,904 | - | 1,709 |
| Amortizations and provisions | 91 | 157 | - | 248 |
| **Net balance as of 31/12/2006** | **0** | **4,909** | **0** | **4,909** |
| Acquisitions | - | 3,559 | 128 | 3,687 |
| Amortizations and provisions | - | - 144 | - | - 144 |
| **Net balance as of 31/12/2007** | **0** | **8,324** | **128** | **8,452** |
| Acquisitions | - | 6,336 | 148 | 6,484 |
| Amortizations and provisions | - | - 192 | - | - 192 |
| **Net balance as of 31/12/2008** | **0** | **14,468** | **276** | **14,744** |

## NOTE 4 - TANGIBLE ASSETS

| | Plants | Equipment and other tangible assets | Non-current assets in progress | Total |
|---|---|---|---|---|
| **Net balance as of 01/01/2006** | **56** | **262** | **14** | **332** |
| Acquisitions/disposals | - | 48 | 100 | 148 |
| Amortizations and provisions | - 10 | 53 | - | 43 |
| **Net balance as of 31/12/2006** | **46** | **363** | **114** | **523** |
| Acquisitions/disposals | - 99 | - 4 | 3,149 | 3,046 |
| Amortizations and provisions | 56 | - 28 | - | 28 |
| **Net balance as of 31/12/2007** | **3** | **331** | **3,263** | **3,597** |
| Acquisitions/disposals | 638 | 1,032 | - 2,794 | - 1,124 |
| Amortizations and provisions | - 44 | - 148 | - | - 192 |
| **Net balance as of 31/12/2008** | **597** | **1,215** | **469** | **2,281** |

## NOTE 5 - NON-CURRENT FINANCIAL ASSETS

| | Equity investments | Other financial assets | Total |
|---|---|---|---|
| **Net balance as of 01/01/2006** | **0** | **12** | **12** |
| Acquisitions | - | 11 | 11 |
| Amortizations and provisions | - | - | 0 |
| **Net balance as of 31/12/2006** | **0** | **23** | **23** |
| Acquisitions | - | 12 | 12 |
| Amortizations and provisions | - | - | 0 |
| **Net balance as of 31/12/2007** | **0** | **35** | **35** |
| Acquisitions | - | 14 | 14 |
| Amortizations and provisions | - | - | 0 |
| **Net balance as of 31/12/2008** | **0** | **49** | **49** |

## NOTE 6 - ACCOUNTS RECEIVABLE

| | | | as of December 31st | |
|---|---|---|---|---|
| | Note | 2008 | 2007 | 2006 |
| | | Net | Net | Net |
| Gross trade receivables | | 56 | 214 | 183 |
| Depreciation of trade receivables | | - | - 173 | - 173 |
| **Total** | | **56** | **41** | **10** |

## NOTE 7 - OTHER CURRENT ASSETS

| | | | as of December 31st | |
|---|---|---|---|---|
| | Note | 2008 | 2007 | 2006 |
| | | Net | Net | |
| **Other assets- term up to one year** | | | | |
| Deductible VAT | | 804 | 588 | 341 |
| VAT credit | | - | 300 | 13 |
| Receivables from investees | | - | - | - |
| Research tax credit | | 2,645 | 1,512 | 586 |
| Other short-term assets | | 2,162 | 841 | 168 |
| **Sub-total short-term other assets** | | **5,611** | **3,241** | **1,108** |
| | | | | |
| **Other assets- Term over one year** | | | | |
| 2005 research tax credit | | - | 181 | 181 |
| 2006 research tax credit | | - | - | 121 |
| 2007 research tax credit (1) | | - | - | - |
| **Sub-total long term other assets** | | **0** | **181** | **302** |
| | | | | |
| **Total other assets** | | **5,611** | **3,422** | **1,410** |

(1) The 2007 research tax credit (€1,394k) was reimbursed in July 2008 (see note 2.9 on the high-growth SME fiscal status).
The 2008 research tax credit 2008 is due immediately.

## NOTE 8 - CASH AND CASH EQUIVALENTS

### 8.1 - AVAILABLE CASH AND CASH EQUIVALENTS

| | Note | 2008 | 2007 | 2006 |
|---|---|---|---|---|
| | | | as of December 31st | |
| | | Net | Net | |
| Own shares [1] | | 82 | 99 | - |
| Securities [1] | | 23,227 | 7,475 | 6,299 |
| Balances at banks and cash [2] | | 32,462 | 50,600 | 54 |
| Total | | 55,771 | 58,174 | 6,353 |

(1) self-owned shares and investment securities did not have any latent capital gains as of December 31st, 2008.
(2) including €31,482k in an interest-bearing account.

### 8.2 - CASH LIABILITIES

| | Note | 2008 | 2007 | 2006 |
|---|---|---|---|---|
| | | | as of December 31st | |
| | | Net | Net | |
| Current liabilities to banks [1] | | 91 | 397 | 240 |
| Total | | 91 | 397 | 240 |
| (1) including those with collateral | | 0 | 0 | 188 |

### 8.3 - NET CASH SITUATION

| | | | |
|---|---|---|---|
| Total | 55,680 | 57,777 | 6,113 |

## NOTE 9 - ASSET REGULATION ACCOUNTS

| | Note | 2008 | 2007 | 2006 |
|---|---|---|---|---|
| | | | as of December 31st | |
| | | Net | Net | |
| Prepaid expenses | | 131 | 83 | 190 |
| Products purchased for research purposes, unused at year-end | 2.4 | 436 | 260 | 200 |
| Total | | 567 | 343 | 390 |

## NOTE 10 - SHARE CAPITAL

### 10.1 - SHARE CAPITAL ISSUED

The share capital is €2,034,949.70 as of December 31st, 2008.
The nominal value per share is €0.10.

| (Number of shares) | Ordinary shares A | Preferred shares B | Preferred shares C | Preferred shares D | New shares | Total |
|---|---|---|---|---|---|---|
| **Shares in share capital as of 31/12/2005** | **16,670** | **17,480** | **90,903** | **6,060** | **131,113** | **131,113** |
| Shares issued within the year | - | - | - | - | - | - |
| Shares paid back within the year | - | - | - | - | - | - |
| **Shares in share capital as of 31/12/2006** | **16,670** | **17,480** | **90,903** | **6,060** | **131,113** | **131,113** |
| Division by 100 of the nominal value (Special General Meeting on 27/02/07) | 1,667,000 | 1,748,000 | 9,090,300 | 606,000 | | 13,111,300 |
| Shares issued within the year (1) | - | - | - | - | 7,138,197 | 7,138,197 |
| Shares transformed within the year (2) | - 1,667,000 | - 1,748,000 | - 9,090,300 | - 606,000 | 13,111,300 | 0 |
| **Shares in share capital as of 31/12/2007** | **0** | **0** | **0** | **0** | **20,249,497** | **20,249,497** |
| Shares issued within the year (3) | - | - | - | - | 100,000 | 100,000 |
| Shares paid back within the year | - | - | - | - | - | - |
| **Shares in share capital as of 31/12/2008** | **0** | **0** | **0** | **0** | **20,349,497** | **20,349,497** |

(1) Capital increase following the initial public offering authorized by the Management Board meetings on April 5th and 16th, 2007.
(2) the different share class were abandoned as part of the initial public offering.
(3) following the exercise of share warrants for company founders ("BSPCEs").

## 10.2 - SHARE CAPITAL NOT ISSUED

### 10.2.1: as of December 31st, 2008

| Type of transferable security | BSPCE N°1 T1 | BSPCE N°124/6/2004 A | BSPCE 2005-01 | BSPCE 2005-02 (a) | BSPCE 2005-02 (b) | BSPCE 2005-03 | BSPCE 2005-04 |
|---|---|---|---|---|---|---|---|
| Type of security | | | | | | | |
| Issuing authority | Special General Meeting | Special General Meeting | Special General Meeting | Special General Meeting | Special General Meeting | Special General Meeting | Special General Meeting |
| Date of issue/authorization | 07/11/2002 | 24/06/2004 | 05/07/2005 | 05/07/2005 | 05/07/2005 | 05/07/2005 | 05/07/2005 |
| Number of transferable securities issued or authorized | 2,500 | 2,500 | 1,200 | 520 | 400 | 1,200 | 7,600 |
| Number of shares to be potentially issued, as of 31/12/2008 | 135,000 | 78,000 | 95,000 | 36,000 | 38,000 | 70,000 | 760,000 |
| Date of award/subscription | 07/11/2002 | 24/06/2004 | 05/07/2005 | 12/07/2005 | 05/07/2005 | 05/07/2005 | 05/07/2005 |
| End date of award | 06/11/2003 | 24/06/2005 | 05/07/2005 | 05/07/2006 | 05/07/2006 | 05/07/2006 | 05/07/2005 |
| Power of award delegated to the Management Board | Yes | Yes | No | Yes | Yes | No | Yes |
| Subscription price (in euros) | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Exercise price (in euros) | 1.4 | 1.4 | 0.67 | 0.67 | 1.65 | 0.67 | 0.67 |
| Capital stock potentially created after exercise | 189,000 | 109,200 | 63,270 | 23,976 | 62,700 | 46,620 | 506,160 |
| Start date of exercise/authorized conversion | | 24/06/2004 | 05/07/2005 | 12/07/2005 | 05/07/2005 | 05/07/2005 | 05/07/2005 |
| End date of conversion/authorized conversion | 31/12/2011 | 31/12/2011 | 31/12/2011 | 31/12/2011 | 31/12/2011 | 31/12/2011 | 31/12/2011 |
| Conditions of exercise | No | No | No | No | Yes | No | No |
| **Status as of 31/12/2008** | 1,800 awarded 1,350 ready for exercise | 1,050 awarded 780 ready for exercise | 1,200 awarded 950 ready for exercise | 600 awarded 360 ready for exercise | 400 awarded 210 ready for exercise | 1,200 awarded 700 ready for exercise | 7,600 awarded and ready for exercise |

As part of the initial public offering, the Management Board was delegated authority to award 1,250,000 free shares. This year, of the 1,050,000 shares attributed to Executive Committee members, 100,000 were lost (following a resignation) and 50,000 new free shares were attributed under the terms of the delegation of authority to the Management Board.

No BSPCEs or stock options were attributed during the financial year.

**10.2.2: as of December 31st, 2007**

| Identification of transferable security | BSPCE N°1 T1 | BSPCE N°124/6/2004 A | BSPCE 2005-01 | BSPCE 2005-02 (a) | BSPCE 2005-02 (b) | BSPCE 2005-03 | BSPCE 2005-04 |
|---|---|---|---|---|---|---|---|
| Type of security | | | | | | | |
| Issuing authority | Special General Meeting | Special General Meeting | Special General Meeting | Special General Meeting | Special General Meeting | Special General Meeting | Special General Meeting |
| Date of issue/authorization | 07/11/2002 | 24/06/2004 | 05/07/2005 | 05/07/2005 | 05/07/2005 | 05/07/2005 | 05/07/0205 |
| Number of transferable securities issued or authorized | 2,500 | 2,500 | 1,200 | 520 | 400 | 1,200 | 7,600 |
| Number of shares to be potentially issued, as of 31/12/2008 * | 135,000 | 85,000 | 120,000 | 52,000 | 40,000 | 120,000 | 760,000 |
| Date of award/subscription | 07/11/2002 | 24/06/2004 | 05/07/2005 | 12/07/2005 | 05/07/2005 | 05/07/2005 | 05/07/0205 |
| End date of award | 06/11/2003 | 24/06/2005 | 05/07/2005 | 05/07/2006 | 05/07/2006 | 05/07/2006 | 05/07/2005 |
| Power of award delegated to the Management Board | Yes | Yes | No | Yes | Yes | No | Yes |
| Subscription price (in euros) | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Exercise price (in euros) | 1.4 | 1.4 | 0.67 | 0.67 | 1.65 | 0.67 | 0.67 |
| Capital stock potentially created after exercise | 189,000 | 119,000 | 79,920 | 34,600 | 66,000 | 79,920 | 506,160 |
| Start date of exercise/authorized conversion | | 24/06/2004 | 05/07/2005 | 12/07/2005 | 05/07/2005 | 05/07/2005 | 05/07/2005 |
| End date of conversion/authorized conversion | 31/12/2011 | 31/12/2011 | 31/12/2011 | 31/12/2011 | 31/12/2011 | 31/12/2011 | 31/12/2011 |
| Conditions of exercise | No | No | No | No | Yes | No | No |
| **Status as of 31/12/2007** | 1,800 awarded 1,350 ready for exercise | 1,050 awarded 850 ready for exercise | 1,200 awarded and ready for exercise | 600 awarded 520 ready for exercise | 400 awarded and 0 ready for exercise | 1,200 awarded and ready for exercise | 7,600 awarded and ready for exercise |

* The nominal value per share was divised by 100 on 27/02/2007, so now each BSPCE allows to issue 100 shares.

As part of the initial public offering, the Management Board was delegated authority to award 1,250,000 free shares, including 1,050,000 actions for attribution to Executive Committee members.
These shares are definitively acquired by the subscribers after a 2-year period of presence (starting from the attribution date). The award of certain shares is subject to share price performance conditions (see the "Document de base" prospectus).
In addition, once these shares have been definitively awarded, they must be held for a minimum of two years, in compliance with the present legislation in France.

## NOTE 11 - CHANGE IN SHAREHOLDERS' EQUITY

The change in the shareholders' equity over the 2008 financial year is broken down as follows:

| | Share capital | Share premium | Reserves | Retained earnings from prior years | Net result | Grants related to investments | Total equity |
|---|---|---|---|---|---|---|---|
| **Balance as of 01/01/2007** | **1,311** | **11,403** | **-** | **- 3,638** | **2,366** | **53** | **11,495** |
| Increase | 711 | 53,882 | - | | - | - | 54,593 |
| Amortization of grants related to investments | - | - | - | - | - | - 7 | - 7 |
| Net result of the year | - | - | - | - | 995 | - | 995 |
| Allocation of the previous year's net result | - | - | - | 2,366 | - 2,366 | - | - |
| **Balance as of 30/06/2007** | **2,022** | **65,285** | **0** | **- 1,272** | **995** | **46** | **67,076** |
| Increase | 3 | -58 | - | - | - | 100 | 45 |
| Amortization of grants related to investments | - | - | - | - | - | - 27 | - 27 |
| Net result of the year | - | - | - | - | 3,124 | - | 3,124 |
| Allocation of the previous year's net result | - | - | - | - | - | - | 0 |
| **Balance as of 31/12/2007** | **2,025** | **65,227** | **0** | **- 1,272** | **4,119** | **118** | **70,217** |
| Increase | 10 | 64 | - | - | - | 26 | 100 |
| Amortization of grants related to investments | - | - | - | - | - | - 22 | - 22 |
| Net result of the year | - | - | - | - | 4,982 | - | 4,982 |
| Allocation of the previous year's net result | - | - | 2,847 | 1,272 | - 4,119 | - | 0 |
| **Balance as of 31/12/2008** | **2,035** | **65,291** | **2,847** | **0** | **4,982** | **122** | **75,277** |

Change in shareholders' equity (see note 1).

## NOTE 12 - CONDITIONAL ADVANCES

| | Note | as of December 31st 2008 | 2007 | 2006 |
|---|---|---|---|---|
| Opening balance | | 359 | 389 | 518 |
| Raised within the period | | 50 | 100 | - |
| Repayments of the period | | - 199 | - 130 | - 129 |
| **Closing balance** | | **210** | **359** | **389** |
| | | | | |
| **Terms** | | | | |
| Up to one year | | 210 | 199 | 130 |
| From two to five years | | - | 160 | 259 |
| Over five years | | - | - | - |

## NOTE 13 - NET FINANCIAL INDEBTEDNESS

### 13.1 - BANK LOANS

Not applicable.

### 13.2 - LEASES

| For the 2008 financial year | Installations equipment tools | Others | Total |
|---|---|---|---|
| 1 - Value of origin | 4,008 | 295 | 4,303 |
| 2 - Amortizations | | | |
| - Cumulative amortization from prior years | - | - | - |
| - Amortization of the year | - | - | - |
| Total | 0 | 0 | 0 |
| 3 - Lease charges paid | | | |
| - Cumulative charges paid in previous years | 338 | 83 | 421 |
| - Charges paid within the year | 435 | 51 | 487 |
| Total | 773 | 134 | 908 |
| 4 - Liability on lease charges | | | |
| - Term up to one year | 720 | 52 | 772 |
| - Term from one to five years | 2,477 | 52 | 2,529 |
| - Term over five years | 1,090 | - | 1,090 |
| Total | 4,286 | 104 | 4,390 |
| 5 - Residual value | | | |
| - Term up to one year | - | - | - |
| - Term from one to five years | - | - | - |
| - Term over five years | - | - | - |
| Total | 0 | 0 | 0 |
| 6 - Amount paid within the year | 435 | 52 | 487 |

### 13.2 - LEASES (CONTINUED)

| For the 2007 financial year | Installations equipment tools | Others | Total |
|---|---|---|---|
| 1 - Value of origin | 1,464 | 216 | 1,680 |
| 2 - Amortizations | | | |
| - Cumulative amortization from prior years | - | - | - |
| - Amortization of the year | - | - | - |
| **Total** | **0** | **0** | **0** |
| 3 - Lease charges paid | | | |
| - Cumulative charges paid in previous years | 144 | 52 | 196 |
| - Charges paid within the year | 194 | 31 | 224 |
| **Total** | **338** | **83** | **420** |
| 4 - Liability on lease charges | | | |
| - Term up to one year | 171 | 30 | 201 |
| - Term from one to five years | 530 | 65 | 595 |
| - Term over five years | | | |
| **Total** | **701** | **95** | **796** |
| 5 - Residual value | | | |
| - Term up to one year | - | - | - |
| - Term from one to five years | - | - | - |
| - Term over five years | - | - | - |
| **Total** | **0** | **0** | **0** |
| 6 - Amount paid within the year | 194 | 31 | 224 |

| For the 2006 financial year | Installations equipment tools | Others | Total |
|---|---|---|---|
| 1 - Value of origin | 895 | 104 | 999 |
| 2 - Amortizations | | | |
| - Cumulative amortization from prior years | - | - | - |
| - Amortization of the year | - | - | - |
| **Total** | **0** | **0** | **0** |
| 3 - Lease charges paid | | | |
| - Cumulative charges paid in previous years | 59 | 25 | 84 |
| - Charges paid within the year | 85 | 27 | 112 |
| **Total** | **144** | **52** | **196** |
| 4 - Liability on lease charges | | | |
| - Term up to one year | 164 | 20 | 184 |
| - Term from one to five years | 605 | 48 | 653 |
| - Term over five years | | | |
| **Total** | **769** | **68** | **837** |
| 5 - Residual value | | | |
| - Term up to one year | - | - | - |
| - Term from one to five years | 9 | 0 | 9 |
| - Term over five years | - | - | - |
| **Total** | **9** | **0** | **9** |
| 6 - Amount paid within the year | 85 | 27 | 112 |

## NOTE 14 - CURRENT LIABILITIES

| | Note | 2008 | as of December 31st<br>2007 | 2 006 |
|---|---|---|---|---|
| Trade payables | | 1,009 | 587 | 523 |
| Liabilities from tax and social security contributions | | 1,547 | 1,117 | 597 |
| Liabilities from investments in fixed assets | | 332 | 966 | 227 |
| Other short-term liabilities linked to activity | | 73 | 73 | 73 |
| Prepaid income [1] | | 500 | 347 | 74 |
| **Total** | | **3,461** | **3,090** | **1,494** |
| Including liabilities with a term of up to one year | | 500 | 40 | 110 |

(1) Advances on royalties: deducted from royalties due on future sales under the terms of a licensing agreement with a partner.

## NOTE 15 - INCOME TAX

### 15.1 - DETAILS OF INCOME TAX

| | Note | 2008 | as of December 31st<br>2007 | 2 006 |
|---|---|---|---|---|
| | | Net | Net | |
| Income tax at normal rate | | - | - | - |
| Income tax at a reduced rate | | - | - | - |
| Research tax credit | | - 2,465 | - 1,392 | - 407 |
| Other tax credits | | - 3 | - | - 18 |
| **Total** | | **- 2,468** | **- 1,392** | **- 425** |

### 15.2 - LATENT TAX SITUATION

| | Note | 2008 | as of December 31st<br>2007 | 2006 |
|---|---|---|---|---|
| | | Net | Net | |
| Net result of the year | | 4,982 | 4,119 | 2,366 |
| Payable income tax | | - 2,468 | - 1,392 | - 425 |
| **Earnings before tax** | | **2,514** | **2,727** | **1,941** |

## NOTE 16 - OFF-BALANCE SHEET COMMITMENTS

### 16.1 - COMMITMENTS GRANTED

#### 16.1.1: Individual rights to professional training

| | Note | 2008 | as of December 31st<br>2007 | 2006 |
|---|---|---|---|---|
| | | Net | Net | |
| Number of training hours accumulated at year-end | | 3,132 | 1, 460 | 720 |

#### 16.1.2: Pension commitments

| | Note | 2008 | as of December 31st<br>2007<br>Net | 2006<br>Net |
|---|---|---|---|---|
| Value of commitment | | 7 | 2 | 1 |
| | | | | |
| a) Basis of evaluation | | | | |
| End-of-career indemnities | | 7,903 | 3,323 | 2,034 |
| Probable value of indemnities | | 308 | 144 | 89 |
| Present value of indemnities | | 88 | 57 | 36 |
| Social security liabilities | | 7 | 2 | 1 |
| | | | | |
| b) Assumptions made in the calculation | | | | |
| Yearly salary increase | | 3 % | 5 % | 3 % |
| Discount rate | | 5.25 % | 3.75 % | 3.75 % |
| Employee churn rate | | 10 % | 10 % | 10 % |
| Retirement age | | 65 | 65 | 65 |

#### 16.1.3: Commitments linked to loans and debts

| | Note | 2008<br>Net | as of December 31st<br>2007<br>Net | 2006 |
|---|---|---|---|---|
| Overdraft limit | | 200 | 200 | 188 |
| Values at year-end | | 91 | 397 | 188 |

### 16.2 - COMMITMENTS RECEIVED

Not applicable.

## NOTE 17 - SUBSIDIARIES AND RELATED COMPANIES

### 17.1 - SUBSIDIARIES AND INVESTMENTS

#### A. DETAILED INFORMATION ON SUBSIDIARIES AND SHAREHOLDINGS

Liquidation of the subsidiary METabolic EXplorer GmbH was completed during the 2008 financial year. The subsidiary has been removed from the accounts, with recovery of the related provisions.

### 17.2 - TRANSACTIONS WITH RELATED COMPANIES

#### 17.2.1 - METabolic EXplorer GmbH

| | Note | 2008 | as of December 31st<br>2007 | 2006 |
|---|---|---|---|---|
| Equity securities | | 0 | 106 | 106 |
| Assets related to equity investees | | 0 | 400 | 400 |
| Trade receivables | | 0 | 164 | 164 |
| **Total gross value at year-end** | | **0** | **670** | **670** |
| Depreciation | | 0 | - 670 | - 670 |
| **Total net value at year-end** | | **0** | **0** | **0** |

## NOTE 18 - REGULATION ACCOUNTS

### 18.1 - EXPENSES TO BE PAID

| | Note | 2008<br>Net | as of December 31st<br>2007<br>Net | 2006 |
|---|---|---|---|---|
| Financial loans and debts | | 5 | 6 | 3 |
| Suppliers' invoices not received | | 320 | 274 | 227 |
| Tax and social security liabilities | | 460 | 411 | 174 |
| **Total** | | **785** | **691** | **404** |

### 18.2 - INCOME TO BE RECEIVED

| | Note | 2008<br>Net | as of December 31st<br>2007<br>Net | 2006 |
|---|---|---|---|---|
| Credit notes to be received from suppliers | | 1 | 4 | 2 |
| COFACE insurance to be received | | - | - | - |
| Grants to be received | | 2,093 | 841 | 169 |
| Trade receivables | | 56 | 41 | 10 |
| Social security credits to be received | | 6 | - | - |
| **Total** | | **2,156** | **886** | **181** |

### 18.3 - UNEARNED INCOME AND PREPAID EXPENSES

| | Note | 2008 Net | 2007 Net | 2006 |
|---|---|---|---|---|
| | | | as of December 31st | |
| Unearned operating income | | 500 | 347 | 74 |
| Unearned financial income | | | | |
| Extraordinary unearned income | | | | |
| Prepaid operating expenses | | - 567 | - 343 | - 390 |
| Prepaid financial expenses | | | | |
| Extraordinary prepaid expenses | | | | |
| **Total** | | **- 67** | **4** | **- 316** |

## NOTE 19 - TURNOVER

| | Note | 2008 | 2007 | 2006 |
|---|---|---|---|---|
| | | | as of December 31st | |
| Royalties [1] | | 3,090 | 2,752 | 3,500 |
| Sales of services, consulting and call options | | 130 | 40 | 110 |
| **Closing balance** | | **3,220** | **2,792** | **3,610** |

(1) royalties are accounted for as "other income" in the income statement.

## NOTE 20 - EXTRAORDINARY RESULT

### 20.1 - EXTRAORDINARY INCOME

| | Note | 2008 | 2007 | 2006 |
|---|---|---|---|---|
| | | | as of December 31st | |
| Income from lease-back disposals | | 2,544 | 569 | 581 |
| Income from disposal of assets | | - | 36 | - |
| Proportion of grants related to investments | | 22 | 31 | - |
| Other extraordinary income | | 12 | 34 | 14 |
| Draw-down of provisions | | 106 | - | 4 |
| **Total** | | **2,684** | **670** | **599** |

### 20.2 - EXTRAORDINARY EXPENSES

| | Note | 2008 | 2007 | 2006 |
|---|---|---|---|---|
| | | as of December 31st | | |
| Net value from leased-back investments | | 2,544 | 569 | 581 |
| Net book value of sold assets | | 106 | 90 | 74 |
| Other extraordinary expenses | | - | 3 | 9 |
| **Total** | | **2,650** | **662** | **664** |
| **Extraordinary result** | | **34** | **8** | **- 65** |

## NOTE 21 - PERSONNEL

### 21.1 - HEADCOUNT

| | 2008 | 2007 | 2006 |
|---|---|---|---|
| | as of December 31st | | |
| Number of full time employees | 95 | 68 | 40 |

### 21.2 - DIRECTOR'S REMUNERATION AND SALARIES

The total gross remuneration paid to the members of the Management Board amounted to €544,651 as of December 31st, 2008.

The remuneration paid to the members of the Supervisory Board in 2008 amounted to €21,500.

## NOTE 22 - HONORARIA FOR THE STATUTORY AUDITORS

| Honoraria paid to the statutory auditors during the 2008 financial year | (en K€) |
|---|---|
| Statutory audit of the accounts | 62 |
| Other due diligences directly related to the audit | 6 |

# STATUTORY AUDITORS' REPORT
on the 2008 financial statements

Dear Shareholders,

In fulfilment of the mission entrusted to us by your shareholders' annual general meeting, we hereby report to you, (for the year ended December 31st, 2008) on:
- the audit of the accompanying financial statements made by METabolic Explorer.
- the justification of our assessments.
- the specific verifications and information required by law.

These financial statements have been approved by the Management Board. Our role is to express an opinion on these financial statements, based on our audit.

## I - OPINION ON THE FINANCIAL STATEMENTS

We performed our audit in accordance with the professional standards applicable in France. These standards require that we plan and perform the audit to obtain reasonable assurance as to whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the sums and disclosures given in the financial statements. An audit also includes an assessment of the accounting principles used and significant estimates made by the management, as well as evaluating the overall presentation of the financial statements. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements present fairly, in all material respects and in accordance with the accounting rules and principles applicable in France, the financial position of the Company as of December 31st, 2008 and its operating results for the 2008 financial year.

## II - JUSTIFICATION OF OUR ASSESSMENTS

In accordance with the requirements of article L. 823-9 of the Commercial Code relating to the justification of our assessments, we wish to bring the following matters to your attention:

### Development expenses

Paragraph "2.1 Intangible assets" of the notes to the financial statements states the principles related to the capitalisation of development expenses on one hand and the initiated depreciation tests on the other hand.

We have assessed the accounting principles used by your company and have checked that they were correctly applied and adequate. As for the depreciation tests, the diligences we performed consisted in evaluating the given constituent elements and the hypotheses on which the estimates are based, and in reviewing the calculation worked out by the company. In relation to our appreciations, we made sure that these estimates were reasonable.

The assessments were thus made in the context of the performance of our audit of the financial statements, taken as a whole, and therefore contributed to the formation of our unqualified audit opinion expressed in the first part of this report.

## III - SPECIFIC VERIFICATIONS AND INFORMATION

We have also performed the specific checks required by law and in accordance with professional standards applicable in France.

We have no matters to report regarding:

- the fair presentation and the conformity with the financial statements of the information given in the Management Report report, and in the documents sent to the shareholders with respect to the financial position and the financial statements.
- the information given in the Management Report concerning the remuneration and advantages paid to the company officers as well as the commitments made in their favour following their appointment, resignation or any change in duties or after that time.

Pursuant to the current legislation, we have checked that the various items of information on the identity of the company's shareholders have been stated in the Management Report.

Signed in Clermont-Ferrand & Villeurbanne on May 15th, 2009

The Statutory Auditors

SA EXCO CLERMONT-FD
14, avenue Marx Dormoy - 63000 Clermont-Ferrand
François VERDIER
Company Officer
Member of the Riom Regional Chamber

CABINET MAZARS
131, boulevard Stalingrad - 69624 Villeurbanne
Olivier BIETRIX
Member of the Lyons Regional Chamber

# RESOLUTIONS FOR CONSIDERATION BY THE COMBINED SPECIAL AND ANNUAL GENERAL SHAREHOLDERS' MEETING ON JUNE 10th, 2009

RESOLUTIONS FOR THE ANNUAL GENERAL MEETING:

## FIRST RESOLUTION

*Approval of the company's annual accounts for the financial year ended December 31st, 2008*

The Shareholders, subject to the quorum and majority voting rules applicable to General Shareholders' Meetings,

after having read the company's annual accounts for the financial year ended December 31st, 2008,

after having read (i) the Management Board's management report on the company's activity over the financial year ended December 31st, 2008, (ii) the Supervisory Board's observations on the Management Board's report and on the accounts for the financial year ended December 31st, 2008, (iii) the Chairman of the Supervisory Board's report on internal control procedures in compliance with Article L. 225-68, II of the French Commercial Code, (iv) the Auditors' general report on the accounts for the financial year ended December 31st, 2008, (v) the Auditors' general report on the IFRS financial statement for the financial year ended December 31st, 2008 and (vi) the attached Auditors' report on the Chairman of the Supervisory Board's report on internal control procedures,

**approve** the annual accounts (that is to say the balance sheet, the income statement and their appendices), as of December 31st, 2008, as presented and reporting a profit of €4,981,781.08,

**approve** the operations set out in the said accounts and summarized in the said reports,

**note and approve**, pursuant to Article 223 quater of the French General Tax Code, the expenditure and costs corresponding to those governed by Article 39-4 of the said Code and concerned by the said annual accounts,

**discharge** the administration of all the members of the Management Board and the Auditors for the financial year ended December 31st, 2008.

Furthermore, the Shareholders, after having read the company's final IFRS accounts for the financial year ended December 31st, 2008 drawn up to make the accounts more accessible to non-French-speaking investors and to ensure greater market transparency concerning the company's financial situation,

after having heard the Auditors' general report on the IFRS financial statement, hereby

**approve**, such as is required, the said IFRS financial statement.

## SECOND RESOLUTION

*Allocation of the company's profits for the fiscal year ended December 31st, 2008*

The Shareholders, subject to the quorum and majority voting rules applicable to General Shareholders' Meetings,

after having heard the Management Board's management report,

following the Management Board's recommendation and after having noted that the accounts for the financial year ended December 31st, 2008 state a profit for the said financial year of €4,981,781.08, hereby

**decide** to award the said profit accordingly:

- €1,000.00 to the legal reserve account.
and
- €4,980,781.08 to the "other reserves" account.

In accordance with the current legislation, the Shareholders **observe** that no dividends have been distributed for the last three financial years.

## THIRD RESOLUTION

*Approval of regulated, related-party agreements governed by Article L. 225-86 and the subsequent articles of the French Commercial Code*

The Shareholders, subject to the quorum and majority voting rules applicable to General Shareholders' Meetings,

after having heard the Management Board's management report and the Auditors' special report on the related-party agreements concerned by Article L. 225-86 and the subsequent articles of the French Commercial Code, hereby

**approve** the terms of the said report and the agreements therein.

## FOURTH RESOLUTION

*Remuneration of the members of the Supervisory Board*

The Shareholders, subject to the quorum and majority voting rules applicable to General Shareholders' Meetings,

after having heard the Management Board's report to the present Shareholders' Meeting,

after having noted that the previous General Shareholders' Meeting on May 28th, 2008, had decided to award a fixed, annual honorarium of up to €25,000 for the members of the Supervisory Board as a whole, with the Supervisory Board being charged with dividing up the said sum freely between its members and with this amount applying to the financial year ended December 31st, 2008 and the following financial years until next considered by the Shareholders, that the Supervisory Board had currently used €18,000 of the above-mentioned honorarium and that the present resolution renders null and void the tenth resolution voted at the General Shareholders' Meeting on May 28th, 2008,

**decide** accordingly to award the members of the Supervisory Board with director's fees in remuneration of their activities,

**decide** to set aside a fixed, annual honorarium of up to €45,000 for the members of the Supervisory Board as a whole,

**specify** that the said sum is for the current financial year and the future financial years until next considered by the Shareholders, and

**specify** that the Supervisory Board shall be charged with dividing the said sum freely between its members, in compliance with the rules set out in the company by-laws and as voted by the Supervisory Board itself on December 10th, 2008.

The Shareholders **further note,** as stated above, that this annual, fixed sum is awarded as director's fees to the members of the Supervisory Board in remuneration of their activities and shall have no impact on any special honoraria that may be decided by the Supervisory Board for missions or duties confided in its members under the current legislation and as governed by the company's Articles of Association.

## FIFTH RESOLUTION

*Remuneration of Committee members*

The Shareholders, subject to the quorum and majority voting rules applicable to General Shareholders' Meetings,

after having heard the Management Board's report to the present Shareholders' Meeting and noted the Supervisory Board's intention to set up two company committees (the Audit Committee and the Remuneration & Appointments Committee),

after having noted that the Supervisory Board decided on December 13th 2007 to award each independent member of the said Committee a sum of €1,500 per work session and that the said Board created a Remuneration & Appointments Committee on November 12th, 2008, by appointing two members, after having also noted that the previous General Shareholders' Meeting Annual on May 28th, 2008, had decided to award a specific honorarium (limited to a maximum of €25,000) to the members of the said Committees, with this sum applying to the financial year ending December 31st, 2008 and the following financial years until next considered by Shareholders, that the Supervisory Board had currently used €3,000 of the above above-mentioned honorarium and that the present resolution rendered null & void the eleventh resolution of the General Shareholders' Meeting on May 28th, 2008, hereby

**decide**, accordingly and in addition to the preceding resolution, to award the Supervisory Board with an additional, overall honorarium of up to €25,000 which will be exclusively devoted to remuneration of independent Committee members,

**specify** that the said sum is awarded for the current financial year and the future financial years until next considered by the Shareholders, and

**specify** that the Supervisory Board shall be charged with dividing the said sum between the members of the said Committees as it sees fit, in compliance with the rules set by the Supervisory Board.

## SIXTH RESOLUTION

*Increase in the company's share capital by issuance of ordinary shares or any other form of security, with maintenance of preferential subscription rights – Delegation of authority to the Management Board*

The Shareholders, subject to the quorum and majority voting rules applicable to Special General Shareholders' Meetings,

after having heard the Management Board's report,

after having noted that as part of the company's listing on the regulated Eurolist B market at Euronext (the "**Listing**"), the company's Special General Shareholders' Meeting on February 27th, 2007, (the "2007 Special General Shareholders' Meeting") had granted the Management Board several delegations of authority with a view to proceeding with differed share capital increases and had decided, by virtue of its sixteenth resolution, to (i) delegate to the Management Board until the April 27th, 2009, the power to increase the share capital by issuance of ordinary shares or any other form of securities, with maintenance of preferential subscription rights and (ii) limit the overall amount of these share capital increases to €1,000,000 (the "**2007 Ceiling**"), with all issues performed by virtue of these delegations counting towards this overall ceiling,

after having noted that the available remaining amount counting towards the overall "2007 Ceiling" is presently €224,180.00, after the round of fundraising following the Listing and the use by the Management Board of certain of the said delegations, decided at the 2007 Annual General Shareholders' Meeting,

after having noted that the delegation to increase the share capital via an issuance with maintenance of preferential subscription rights voted at the sixteenth resolution set before the 2007 Combined Special and Annual General Shareholders' Meeting and the delegation for protecting the bearers' rights to entitlement to equity covered by seventeenth resolution voted at the 2007 Combined Special and Annual General Shareholders' Meeting had not been used and are currently null and void and that it would be timely to enable the Management Board to issue new securities with a view to any future need to reinforce the company's equity,

accordingly,

after having noted (i) the statutory auditors' advice on the suggested issuance and the basis for calculating the issuance price, in compliance with article R. 225-117 of the French Commercial Code, and (ii) the statutory auditors' special report on the issuance of securities giving entitlement to the capital, in compliance with Article L. 228-92 of the French Commercial Code and after have noted that the share capital had been fully paid up,

in compliance with the provisions of Articles L. 225-129 and the subsequent articles of the French Commercial Code and Article L. 228-92 of the said Code,

**delegate** to the Management Board their authority to decide on one or several share capital increases, in the proportion and at the time or times that it sees fit by issuing ordinary company shares or securities giving immediate or subsequent entitlement to the company's shares, as regulated by Article L. 228-91 and the subsequent articles of the French Commercial Code, given that the subscription of shares or other securities shall be made in specie or by compensation of accounts receivable,

**decide** on the limitations set on any authorized share capital increases in the event of the Management Board's use of the present delegation of authority, under the following conditions:

- the overall nominal value of any share capital increase likely to be performed immediately or subsequently by virtue of the present delegation shall not under any circumstances exceed €224,180, given that the maximum overall nominal value of any share capital increase likely to be performed by virtue of the present delegation or by virtue of the eighth, ninth, tenth and fourteenth resolutions of the present General Shareholders' Assembly is set at €224,180.00 would count towards this overall ceiling (the "2009 Ceiling").

- as the case may be, these ceilings may be increased by the nominal amount of additional shares or securities issued as part of a share capital increase under the terms of the seventh resolution below and intended to protect the interests of bearers of securities giving entitlement to the company's existing capital,

**specifies** that the delegations for issuing company shares or other securities, i.e. the delegation decided as part of the twenty-first resolution of the 2007 Combined Special and Annual General Shareholders' Meeting concerning the award of free shares and the delegation decided as part of the twenty-second resolution at the same meeting concerning share subscription or purchase options (the "**2007 Delegations**") are still valid and in force at present within the company and **decide,** as a result of the present resolution, that any offering decided upon by the Management Board under the terms of these 2007 Delegations shall not count towards the remaining balance of the 2007 Ceiling but shall fully count towards a new ceiling, the above-mentioned 2009 Ceiling (the amount of which is currently equivalent to the remaining balance of the 2007 Ceiling),

**approves** explicitly the above-mentioned modification of the conditions of implementation of the delegation decided under the twenty-first resolution of the 2007 Combined Special and Annual General Shareholders' Meeting on the award of free shares and the delegation decided to the titre of the twenty-second resolution of the 2007 Combined Special and Annual General Shareholders' Meeting concerning share subscription or purchase options and their imputation on the 2009 Ceiling,

**decide** and **emphasize** that the above-mentioned 2009 Ceiling shall apply henceforth to all issues performed by virtue of the present delegation or those granted by the eighth, ninth, tenth and fourteenth resolutions of the present General Shareholders' Meeting and the twenty-first and twenty-second resolutions of the 2007 Combined Special and Annual General Shareholders' Meeting,

furthermore, **sets the term** of the delegation of authority under the present resolution at twenty-six months from the date of the present General Shareholders' Meeting, i.e. until August 10th, 2011.

The Shareholders, in the event of the Management Board's use of the present delegation,

**decide** that the Shareholders may, in compliance with the current legislation, subscribe as of right to ordinary shares or securities issued by virtue of the present resolution, in proportion to the number of shares that they hold,

**decide** that the Management Board may award the Shareholders with a right to apply for excess shares that may be exercised in proportion to their rights and up to the amount requested,

**decide** that if the subscriptions as of right and, as the case may be, subscriptions for excess shares have not taken up the entirety of the above-mentioned share capital increases, the Management Board may use the various options set out in law and notably those provided for under Article L. 225-134 of the French Commercial Code, in the order of its choosing and, as the case may be, by public tender of all or part of the unsubscribed shares or securities on the French stock market or by an offering subject to the provisions of Article L. 411-2 II of the French Financial and Monetary Code,

**decide** that the Management Board may, as part of any share capital increase that it might decide by virtue of the present delegation of authority and in the event of a shortfall in subscriptions, limit the issuance to the amount of the subscriptions, given that this amount must not be below 75% of the amount initially set,

**delegate** full authority to the Management Board for (i) implementing the present delegation of authority and, notably, setting the issuance price and conditions, setting the scope of the offering, determining the offering procedures and the form and terms & conditions of the securities to be created, setting the date on which issued securities shall come into effect (even retrospectively), the subscription conditions and, as the case may be, the procedures for exercising the subscription, conversion, exchange or reimbursement rights associated with the said securities, (ii) registering the resulting share capital increases and (iii) adjusting the company's Articles of Association accordingly,

**delegate** full authority to the Management Board to deduct as it sees fit the costs of the share capital increase from the corresponding premium and to increase the company's statutory reserve account to an amount corresponding to a tenth of the newly increased share capital,

**note** and **confirm** that any decision by the Management Board to issue shares or securities by virtue of the present delegation of authority shall apply ipso jure to bearers of securities giving immediate or subsequent entitlement to the company's share capital likely to be issued by virtue of the present delegation and in compliance with Articles L. 228-91 and L. 225-132 of the French Commercial Code, renunciation by the Shareholders of the preferential right to subscribe to the equity to which these securities give entitlement in favour of the bearers of these securities,

**note the fact** that whenever the Management Board uses the delegation of authority granted to it under the terms of the present resolution, the Management Board shall, in compliance with legislative and regulatory provisions, report to the following Annual General Shareholders' Meeting on the use made of the authorizations granted under the present resolution.

## SEVENTH RESOLUTION

*An additional share capital increase in order to protect the interests of bearers of securities giving entitlement to the company's existing share capital - Delegation of authority to the Management Board*

The Shareholders, subject to the quorum and majority voting rules applicable to Special General Shareholders' Meetings,

after having heard the Management Board's report,

after have observed that 11,970 share warrants for company founders ("**BSPCEs**") have to date been issued, awarded and not yet exercised by their bearers within the company, with the said warrants giving the right to subscribe to 1,197,000 company shares,

after have observed that, subject to approval of the sixth, eighth, ninth, tenth, eleventh and fourteenth resolutions, the Management Board may issue new securities giving entitlement to the share capital,

**state** that in compliance with Article L. 228-99 of the French Commercial Code and as part of the protection of the interests of the bearers of securities giving entitlement to the share capital in the event of an issuance of shares or any other securities, with maintenance of the preferential subscription rights set out in the previous resolution, measures to protect the said bearers must be taken in order notably to reserve an additional capital share increase which enables them to participate as if they had been shareholders on the date of the present General Shareholders' Meeting in any offering of company shares or other securities open to company Shareholders, under the same conditions (notably in terms of price and with the exception of the date of entitlement) as for the issue of shares or other securities set out in the previous resolution,

**note** accordingly that the bearers of securities giving entitlement to the company's capital shall benefit from (as long as they first exercise their rights to entitlement to the company's share capital and subscribe to all or some of the shares to which they are entitled) a right to subscribe as of right to a number of new shares or securities, on exercise of their preferential subscription right and in proportion to the number of shares that they hold following exercise of their BSPCEs,

as a result of the aforementioned considerations, the General Shareholders' Meeting

**decides** to reserve the rights of the said bearers under the conditions set out in Articles L. 228-99 and R. 228-87 of the French Commercial Code,

**decides**, as a result, to delegate to the Management Board their authority to decide, whenever it uses the delegation of authority granted to it by the sixth resolution, on an additional offering of company shares or securities reserved for bearers of the securities giving entitlement to the existing capital at that time and which maintains their rights of entitlement on the date of use of the delegation by the Management Board and as long as the said bearers wish to exercise their rights,

**decides** that the number of shares or securities that may thus be issued as part of this additional offering and the amount of the resulting share capital increase shall be limited to the number and amount required to protect the rights of the bearers of securities giving entitlement to the existing capital on the date of the said offering, as if they had been shareholders on that date,

**sets** the term of the delegation of authority covered by the present resolution at twenty-six months from the date of the present General Shareholders' Meeting, i.e. until August 10th, 2011,

**delegates** full authority to the Management Board for (i) implementing the present delegation of authority and, notably, setting the issuance price and conditions (which must, under all circumstances, be identical to those set for the issuance decided upon by the delegation set out in the previous resolution), setting the amount to be issued, determining the issuance procedures and the type of security to be created, the subscription conditions and, as the case may be, the procedures for exercising the subscription, conversion, exchange or reimbursement rights associated with the said securities, (ii) registering the resulting share capital increases and (iii) modifying the Articles of Association accordingly, and

**notes** the fact that whenever the Management Board shall use the delegation of authority granted to it under the terms of the present resolution, the Management Board shall, in compliance with legislative and regulatory provisions, report to the following Annual General Shareholders' Meeting on the use made of the authorizations granted under the present resolution.

## EIGHTH RESOLUTION

*Increase in the company's share capital by issuance of ordinary shares or any other type of security, with cancellation of preferential subscription rights – Delegation of authority to the Management Board*

The Shareholders, subject to the quorum and majority voting rules applicable to Special General Shareholders' meetings,

after having noted that as part of the Listing, the 2007 Combined Special and Annual General Shareholders' Meeting decided, by virtue of its eighteenth resolution, to delegate to the Management Board until April 27th, 2009, the power to increase the share capital by issuance of ordinary shares or any other form of securities, with cancellation of the preferential subscription right, that the said delegation had only been used at the time of the Listing and is at present null and void and that is that it would be timely to enable the Management Board to issue new securities with a view to any future need to reinforce the company's equity,

after having noted the Management Board's report and the statutory auditors' special reports, in compliance with Articles L. 225-136, L. 225-138 and L. 228-92 of the French Commercial Code and after have noted that the share capital had been fully paid up, in compliance with the provisions of Articles L. 225-129, L. 225-135, L. 225-136 and the subsequent articles of the French Commercial Code and 228-92 of the said Code, accordingly

**delegate** to the Management Board their authority to decide on one or several issues of ordinary company shares or securities giving immediate or subsequent entitlement to the company's share capital, governed by Article L. 228-91 and the subsequent articles of the French Commercial Code, in the proportion and at the time or times that it sees fit, on the French stock market and, as the case may be, by public or private tender or by an offering covered by section II of Article L. 411-2 of the French Financial and Monetary Code, given that the subscription for the shares or other securities shall be made in specie or by compensation of accounts receivable,

**decide**, as a result of the aforementioned considerations, that the Management Board may perform the share capital increases and, in particular, issue new shares or securities for payment in specie,

**decide** to set limitations on the amount of any share capital increases authorized in the event of use by the Management Board of the present delegation of authority under the following conditions:

- the overall nominal value of any share capital increase likely to be performed immediately or subsequently by virtue of the present delegation shall not under any circumstances exceed the 2009 Ceiling set out in the sixth resolution above; and

- these thresholds may as required be supplemented by the nominal value of any additional shares or other securities issued as part of the additional share capital increase, under the terms of the seventh resolution set out above, in order to protect the interests of bearers of securities giving entitlement to the existing capital at that time within the company,

**set** the term of the delegation of authority granted under the present resolution at eighteen months from the date of the present General Shareholders' Meeting, i.e. until December 10th, 2010,

**decide** to cancel the Shareholders preferential right to subscribe to shares covered by the present resolution, without designation of beneficiaries or a category of beneficiaries, as part of a public offering or an offering referred to section II of Article L. 411-2 of the French Financial and Monetary Code, notably in favour of categories of persons referred to in section II of Article L. 411-2 of the French Financial and Monetary Code, that is to say qualified investors and/or a small group of investors whose investment policy encompasses (amongst other things) biotechnology companies,

**decide** that in compliance with Article L. 225-136 of the French Commercial Code, the share issuance price shall be set in compliance with normal stock market practice and legislative and regulatory provisions, with the issuance price of the said shares being at least equal to the weighted average of the last three stock market sessions preceding its setting, potentially discounted by 5% at most, bearing in mind that the Management Board may increase this discount to 10% for up to 10% of the share capital each year,

**decide** that the issuance price of any required additional securities other than the shares shall also be set by the Management Board, in compliance with normal stock market practice and legislative and regulatory provisions,

**delegate** full authority to the Management Board for (i) implementing the present delegation of authority and, notably, setting the issuance and subscription conditions and, as the case may be, the procedures for exercising the subscription, conversion, exchange or reimbursement rights associated with the said securities, (ii) registering the resulting share capital increases and (iii) modifying the Articles of Association accordingly,

**note** and **confirm** that any decision by the Management Board to issue shares or securities by virtue of the present delegation of authority shall apply ipso jure to bearers of securities giving immediate or subsequent entitlement to the company's share capital, likely to be issued by virtue of the present delegation and in compliance with Articles L. 228-91 and L. 225-132 of the French Commercial Code, renunciation by the Shareholders of the preferential right to subscribe to the equity to which these securities give entitlement,

**delegate** full authority to the Management Board, to deduct, as it sees fit, the costs of the share capital increase from the corresponding premium and to increase the company's statutory reserve account to an amount corresponding to a tenth of the newly increased share capital,

**grant** full authority to the Management Board, as it sees fit and as part of the implementation of this delegation, to take all measures and carry out all formalities required for listing on the market to which the company's securities are admitted of existing or future rights, shares or securities, and, more generally, perform as part of these legislative, regulatory and statutory provisions any action that the implementation of the present authorization may require, and

**notes the fact** that, in the event the event whereby the Management Board shall use the delegation of authority granted to it under the terms of the present resolution, the Management Board shall, in compliance with legislative and regulatory provisions, report to the following Annual General Shareholders' Meeting on the use made of the authorizations granted under the present resolution.

## NINTH RESOLUTION

*Delegation of authority to the Management Board for issuing and awarding free of charge 350,000 share warrants for company founders*

The Shareholders, subject to the quorum and majority voting rules applicable to Special General Shareholders' meetings,

after having heard the Management Board's report to the present Shareholders' Meeting and the statutory auditors' special report, in compliance with Article L. 228-92 of the French Commercial Code and after having noted that the company's share capital is fully paid up,

after have noted that, as part of the company's Listing, the 2007 Special General Shareholders' Meeting delegated to the Management Board their authority to issue by April 27th, 2010, at the latest, 350,000 stock options according to the terms and conditions set out in the said resolution (the "**2007 Options**"), given that any share capital increase following exercise of the 2007 Options shall, in compliance with and subject to approval of the sixth resolution, count towards the 2009 Ceiling; the Shareholders also note that to date, the Management Board has not used this delegation since the date of the 2007 Special General Shareholders' Meeting,

after having noted that the 2007 Combined Special and Annual General Shareholders' Meeting had also delegated to the Management Board their authority to issue 350,000 share warrants for company founders (BSPCEs) by August 27th, 2008, at the latest and that given that the Management Board had not used this delegation, the General Shareholders' Meeting Annual on May 28th, 2008 (the "**2008 Combined Special and Annual General Shareholders' Meeting**") had in advance decided to again delegate the free issuance of up to 350,000 BSPCEs (the "**2008 BSPCEs**"),

**notes** that the term of delegation covering the 2008 BSPCEs will expire on November 28th, 2009, and

**notes** that to date, the Management Board has not used this delegation during the authorized period (i.e. since the date of the 2008 Combined Special and Annual General Shareholders' Meeting).

The Shareholders,

after having noted that in order to enable flexible management of the company's profit-sharing and bonus schemes, it would be timely to renew in advance the said delegation, according to the same terms and conditions as those decided by the 2008 Combined Special and Annual General Shareholders' Meeting and subject to the ceiling applicable to the share capital increase following the exercise of warrants, accordingly,

**delegate** their authority to the Management Board and **authorize** it to decide to issue up to 350,000 free BSPCE warrants (the "**2009 BSPCEs**"), in compliance with the provisions of Article 163 bis G of the French General Tax Code and the provisions applicable to the issuance of securities giving entitlement to the share capital,

**note** and **confirm** that, subject to the definitive adoption of the present resolution by the Shareholders and in compliance with Article L. 225-129-2 paragraph 2 of the French Commercial Code, the present delegation of authority cancels the delegation granted to the Management Board under the fifteenth resolution of the 2008 Combined Special and Annual General Shareholders' Meeting, which, having the same purpose, shall become null and void upon definitive adoption of the present resolution,

**decide**, in the event of use by the Management Board of the present delegation of authority, that the maximum number of 2009 BSPCEs to be issued by virtue of the present delegation may not in any circumstances exceed 350,000 2009 BSPCEs, given that the maximum cumulative number of 2007 Options and 2009 BSPCEs to be issued may not cumulatively exceed 350,000 2007 Options and/or 2009 BSPCEs by virtue of the single cumulative ceiling, with the Management Board free to decide the proportions and extent to which it may use the above-mentioned delegations, since all issues of 2007 Options or 2009 BSPCEs shall count towards the said ceiling,

**decide** that the Management Board will be able to use the present authorization for a period of eighteen months from the date of the present Shareholders' Meeting onwards, i.e. until December 10th, 2010,

**decide** that the 350,000 2009 BSPCEs shall bear the right to subscribe to up to 350,000 of the company's shares, (with each 2009 BSPCE bearing the right to subscribe one (1) company share with a nominal value of ten euro cents (€0.10)) during the period of exercise that the Management Board shall decide on award of the 2009 BSPCEs and up to the limit set out in law and in the company's bylaws,

**decide** that the exercise price of each 2009 BSPCE shall be determined by reference to the average share price for the twenty stock market trading sessions preceding the date on which the Management Board uses the said delegation, the said price being subject to a 5% discount per share, with any issue premium included (notwithstanding the case whereby a new equity operation has been performed at a different price after the present Shareholders' Meeting and before the award of the 2009 BSPCEs concerned, in which case the exercise price will be set by the Management Board under the conditions set out in law and the regulations), to be paid at face value in specie or through compensation of a debt,

**decide** to cancel, for the 2009 BSPCEs, the Shareholders' preferential subscription right and reserve the subscription for the determined category of persons constituted by the company's salaried employees, managers and officers who are eligible under the financial regime governing BSPCEs,

**delegate** to the Management Board the task of establishing the list of beneficiaries of the 2009 BSPCEs and the number of securities to award to each of the said beneficiaries, given that (in compliance with Article 13.VI of the company's Articles of Association) the use of any authorization to issue securities and award share entitlements to the members of the Management Board is subject to prior consultation with the Supervisory Board,

**authorize** the Management Board, in order to enable subscribers of the 2009 BSPCEs to exercise their subscription right, to proceed with one or several share capital increases whose maximum nominal amount (€35,000) shall correspond to the number of 2009 BSPCEs issued, awarded and exercised, given that the amount of the share capital increases decided by virtue of the present resolution shall count towards the 2009 Ceiling covered by the sixth resolution above,

accordingly **authorize** the Management Board to proceed with the issuance of 350,000 new shares to which exercise of the 350,000 2009 BSPCEs issued in compliance with the terms of the present resolution gives entitlement,

**note** and **confirm**, such as is required, that the decision of the present Shareholders' Meeting to issue the 2009 BSPCEs shall constitute a renunciation by the Shareholders of their preferential subscription rights to the shares to be issued and subscribed through exercise of the 2009 BSPCEs in favour of the bearers of the said 2009 BSPCEs and in compliance with the provisions of Article L. 225-132 of the French Commercial Code, with this renunciation acting in favour of the bearers of the warrants on the day on which the said warrants are exercised,

**decide** that the bearers of 2009 BSPCEs will be protected in compliance with the law and, notably, with the provisions of Articles L. 228-99 and subsequent articles of the French Commercial Code and the conditions of the issuance contract for the 2009 BSPCEs to be set by the Management Board, in compliance with the delegation of authority cited below, and nevertheless **specify** that the company may modify its legal form or its undertaking without having to seek the authorization of the bearers of 2009 BSPCEs but may neither change the rules for distributing its benefits, amortizing its share capital and/

or issuing preference shares leading to such a change or amortization, unless authorized under the conditions set out in Article L. 228-103 of the French Commercial Code and subject to making all necessary arrangements for protecting the rights of bearers of securities under the conditions defined in Article L. 228-99 of the French Commercial Code or by issuance contract,

**decide** to grant full authority to the Management Board to:

- issue and award free of charge all or part of the 2009 BSPCEs to the beneficiaries of its choice, in compliance with the terms of the present resolution and subject, as the case may be, to prior consultation with the Supervisory Board on use of the said delegation and the award of 2009 BSPCEs to any member of the Management Board,

- determine the conditions (in particular, the subscription price for the new shares) and the procedures for exercising the 2009 BSPCEs, subject to the terms of the present resolution and in compliance with the legal and regulatory provisions and determine, to this end, the terms and conditions of the issuance contract for the 2009 BSPCEs,

**decide** to grant full authority to the Management Board to:

- calculate, on the date of use of the present delegation, the available amount under the Ceiling towards which the amount of the share capital increases following exercise of the 2009 BSPCEs will count,

- set the term of exercise for the 2009 BSPCEs which shall not under any circumstance exceed a period of 10 years,

- take in a timely manner all necessary measures for protecting the rights of the bearers of the 2009 BSPCEs in the circumstances set out in law,

- temporarily suspend the exercise of the 2009 BSPCEs in the event of financial operations involving the exercise of a right associated with the shares,

- receive the subscriptions and payments corresponding to exercise of the 2009 BSPCEs,

- do everything necessary to ensure that the issue of the 2009 BSPCEs and subsequent operations proceed smoothly and notably to register the definitive share capital increase resulting from exercise of the 2009 BSPCEs and modify the Articles of Association accordingly,

- decide (with the right to subdelegate) the terms of all issuance contracts or supporting documents, to sign the said documents in the company's name for each of the bearers of the 2009 BSPCEs and, as the case may be, to modify or amend the said issuance contract, and

- more generally, carry out as part of these legal, regulatory and statutory provisions all actions rendered necessary for implementation of the present authorization, and

**note** the fact that, in the event whereby the Management Board shall use the delegation of authority granted to it under the terms of the present resolution, the Management Board shall, in compliance with legislative and regulatory provisions, report to the following Annual General Shareholders' Meeting on the use made of the authorizations granted under the present resolution.

## TENTH RESOLUTION

*Delegation of authority to the Management Board for the issuance of 100,000 unrestricted company share warrants.*

The Shareholders, subject to the quorum and majority voting rules applicable to Special General Shareholders' meetings,

after having heard the report from the Management Board to the present Shareholders' Meeting and the Auditors' special report, in compliance with article L. 228-92 of the French Commercial Code and after having noted that the company's share capital is fully paid up,

after having noted that the 2007 Special General Shareholders' Meeting delegated authority to the Management Board to issue 100,000 unrestricted share warrants by August 27th, 2008, at the latest and that since the Management Board had not used this delegation, the 2008 Combined Special and Annual General Shareholders'

Meeting decided in advance to again delegate authority to the Management Board to issue up to 100,000 unrestricted share warrants (the "**2008 BSAs**"),

**note** that term of the delegation for 2008 BSAs shall expire on the November 28th, 2009,

**note** that at present the Management Board has not used this delegation since the date of the 2008 Combined Special and Annual General Shareholders' Meeting and during the authorized period,

The Shareholders,

after having noted that in order to enable flexible management of the company's profit-sharing and value-sharing schemes with certain providers, it would be timely to renew in advance the said delegation according to the same terms and conditions as those decided by the 2008 Combined Special and Annual General Shareholders' Meeting, subject to the ceiling on share capital increases following the exercise of warrants,

**delegate**, accordingly, their authority to the Management Board and authorize it to decide the issuance in one or several tranches and in the proportions and at the times of its choosing, of up to 100,000 unrestricted share warrants bearing the right to subscribe to up to 100,000 company shares (the "2009 BSAs"), in compliance with Articles L. 228-91 and the subsequent articles of the French Commercial Code applicable to the issuance of securities giving entitlement to the share capital,

**note** and **confirm** that, subject to the definitive adoption of the present resolution by the Shareholders and in compliance with Article L. 225-129-2, paragraph 2 of the French Commercial Code, the present delegation of authority cancels the delegation granted to the Management Board under the sixteenth resolution of the 2008 Combined Special and Annual General Shareholders' Meeting, which, having the same purpose, shall become null and void upon definitive adoption of the present resolution,

**decide** that the Management Board will be able to use the present authorization for a period of eighteen months from the date of the present Shareholders' Meeting onwards, i.e. until December 10th, 2010,

**decide** that the 100,000 2009 BSAs shall bear the right to subscribe to up to 100,000 company shares (with each 2009 BSA bearing the right to subscribe to one (1) company share with a nominal value of ten euro cents (€0.10) during a period of exercise that the Management Board shall decide on award of the 2009 BSAs and up to the limit set out in law and in the regulations,

**decide** to cancel, for the 2009 BSAs, the Shareholders' preferential subscription right and to reserve the whole of the 2009 BSA subscription for the determined category of people, that is to say (i) persons and corporate bodies who promote the company's development, whether on a paid basis or not and (ii) the company's officers,

**delegate**, subject to the above-mentioned terms and conditions, to the Management Board the task of establishing the list of beneficiaries of the 2009 BSAs and the number of 2009 BSAs awarded to each of the said beneficiaries, given that in compliance with Article 13.VI of the company's Articles of Association, the use of any authorization to issue securities and award share entitlements to the members of the Management Board is subject to prior consultation with the Supervisory Board,

**authorize** the Management Board, in order to enable subscribers of the 2009 BSAs to exercise their subscription rights, to proceed with one or several share capital increases whose maximum nominal amount (€10,000) shall correspond to the number of 2009 BSAs issued, awarded and exercised, given that the amount of the share capital increases decided by virtue of the present resolution shall count towards the 2009 Ceiling referred to above under the sixth resolution,

**authorize**, accordingly, the Management Board to proceed with the issuance of 100,000 new shares to which exercise of the 100,000 2009 BSAs issued in compliance with the terms of the present resolution gives entitlement and proceed with the resulting share capital increase,

**note** and **confirm**, such as is required, that the decision of the present Shareholders' Meeting to issue the 2009 BSAs shall constitute a renunciation by the Shareholders of their preferential subscription rights to the shares to be issued and subscribed through exercise of the 2009 BSAs in favour of the bearers of the said 2009 BSAs and in compliance with the provisions of Article L. 225-132 of the French Commercial Code, with this renunciation acting in favour of the bearers of the warrants on the day on which the said warrants are exercised,

**decide** that the bearers of 2008 BSAs will be protected in compliance with the law and, notably, with the provisions of Article L. 228-99 and the subsequent articles of the French Commercial Code and the conditions of the issuance contract for the 2008 BSAs to be set by the Management Board, in compliance with the delegation of authority cited below, and nevertheless **specify** that the company may modify its legal form or its undertaking without having to obtain the authorisation of the bearers of 2009 BSAs but may neither modify the rules for distributing its benefits, nor amortize its share capital and/or issue preference shares leading to such a modification or amortization, unless authorized under the terms referred to in Article L. 228-103 of the French Commercial Code and subject to taking necessary measures for protecting the interests of bearers of securities giving entitlement to the company's share capital under the conditions defined in Article L. 228-99 of the French Commercial Code, or via an issuance contract,

**decide** to grant full authority to the Management Board to :

- calculate, on the date of use of the present delegation, the available amount under the 2009 Ceiling under which the amount of the share capital increases following exercise of the 2009 BSAs will count,

- establish the conditions of subscription of the 2009 BSAs and, notably, the subscription price of the 2009 BSAs and the payment procedures,

- determine the vesting conditions of the 2009 BSAs and, in particular, the subscription price of the new shares to be issued on exercise of the 2009 BSA, the issuance conditions for the said shares and, notably, the vesting conditions, subject to the terms of the present resolution and in compliance with the legal and regulatory provisions and determine, to this end, the terms and conditions of the issuance contract for the 2009 BSAs,

- set the term of the 2009 BSAs and the vesting conditions of the 2009 BSAs, given that the period of exercise may not exceed 10 years,

- open and close the 2009 BSA subscription period, record the subscriptions and receive the payments required for subscription of the 2009 BSAs, exercise of the 2009 BSAs and subscription of the shares issued on exercise of the 2009 BSAs,

- take in a timely manner all necessary measures for protecting the rights of the bearers of the 2009 BSAs in the circumstances set out in law,

- do everything necessary to ensure that issuance of the 2009 BSAs and subsequent operations proceed smoothly, register the amount of the definitive share capital increase resulting from exercise of the 2009 BSAs and modify the Articles of Association accordingly,

- decide (with the right to subdelegate) the terms of all issuance contracts or supporting documents, sign the said contracts or documents in the company's name for each bearer of 2009 BSAs and, as the case may be, to modify or amend the said issuance contract, and

- more generally, carry out as part of these legal, regulatory and statutory provisions all actions rendered necessary for implementation of the present authorization, and

**note** the fact that, in the event whereby the Management Board shall use the delegation of authority granted to it under the terms of the present resolution, the Management Board shall, in compliance with legislative and regulatory provisions, report to the following Annual General Shareholders' Meeting on the use made of the authorizations granted under the present resolution.

## ELEVENTH RESOLUTION

*Delegation of authority to the Management Board in order to issue share warrants enabling subscription to the company shares under preferential conditions in the event of a public offer to purchase or exchange the company's shares*

The Shareholders, subject to the quorum and majority voting rules applicable to Annual General Shareholders' meetings,

after having heard the Management Board's report to the present Shareholders' Meeting and the Auditors' special report, in compliance with Article L. 228-92 of the French Commercial Code,

after having noted that, as part of the Listing, the 2007 Special General Shareholders' Meeting granted the Management Board a delegation of authority in order to issue so-called defensive share warrants (enabling the subscription of the company shares under preferential conditions) in the event where the company becomes the target of a public share purchase or exchange offer, by August 27th, 2008, at the latest and, given that the Management Board had not used this delegation, the 2008 Combined Special and Annual General Shareholders' Meeting had decided in advance to again delegate authority to the Management Board to issue new defensive share warrants,

**note** that the term of the delegation relating to the said defensive warrants is set to expire on November 28th 2009,

**note** that to date, the Management Board has not used this delegation since the date of the 2008 Combined Special and Annual General Shareholders' Meeting and during the authorized period.

The Shareholders,

after having considered that given that it is in the company's corporate interest to be able to operate a defensive warrant system up until the next Annual General Shareholders' Meeting convened to approve the accounts, it would be timely to renew in advance the said delegation, according to the same terms and conditions as those decided by the 2008 Combined Special and Annual General Shareholders' Meeting, and

in compliance with the provisions of Article L. 233-32 II of the French Commercial Code, hereby

**delegate**, accordingly, authority to the Management Board and authorize the latter to issue (with the right to subdelegate) share warrants enabling subscription to company shares under preferential conditions, in the event where the company becomes the target of a public share purchase or exchange offer in the eighteen months following the present Shareholders' Meeting (the "**Anti-Takeover Warrants**"),

**note** and **confirm** that, subject to the definitive adoption of the present resolution by the Shareholders, the present delegation of authority cancels the delegation granted to the Management Board under the seventeenth resolution of the 2008 Combined Special and Annual General Shareholders' Meeting, which, having the same purpose, shall become null and void upon definitive adoption of the present resolution,

**decide** that:

- the amount of the share capital increase resulting from exercise of the Anti-Takeover Warrants may not exceed a maximum equal to the amount of the company's share capital on the date on which the Management Board issues the said Anti-Takeover Warrants,

- the number of Anti-Takeover Warrants issued pursuant to the present authorization may not exceed the number of shares making up the company's share capital on the date on which the Management Board proceeds to issue the said Anti-Takeover Warrants,

- the Management Board may use the present authorization without the approval of or confirmation by the Shareholders, in the event of publication of a public share purchase or exchange offer which concerns more than a third of the company's shares or securities giving entitlement to shares or in situations covered by Article L. 233-33 paragraph 1 of the French Commercial Code, that is to say in the event whereby Article L. 233-32 of the French Commercial Code or measures equivalent to those of the said article shall not apply or shall be deemed not to apply by a legal or regulatory decision concerning at least one of the initiators of the said public share purchase or exchange offer or the entities controlling the initiators, as defined in Article L. 233-16 of the French Commercial Code,

- in cases other than those referred to in the paragraph above and in compliance with Article L. 233-32 III of the French Commercial Code, the Management Board may use the present authorization after prior confirmation by the Shareholders,

- Under all circumstances, the Management Board may only use the present authorization after prior consultation with the Supervisory Board in accordance with statutory rules; with respect to both the main issuance of the said Anti-Takeover Warrants, the amount of the said issuance and its exercise and vesting conditions,

- one Anti-Takeover Warrant will be awarded free of charge for every share held by Shareholders at the date of expiry of the said public share purchase or exchange offer,

- subject to have consulted the Supervisory Board to this end, the Management Board may determine the exercise price of the Anti-Takeover Warrants, the procedures for determining this price (up to the nominal share price) and other procedures for the vesting of the Anti-Takeover Warrants (notably the periods of issue and exercise), given that the said Anti-Takeover Warrants may be awarded at any time after the start of the public share purchase or exchange offer and even after the offer's closing date, up until the date of publication of the results of the offer,

- the Management Board will have to inform the public and the Autorité des Marchés Financiers of its intention to issue the Anti-Takeover Warrants before the closure of the public share purchase or exchange offer, in compliance with the current legislation, and

- any issued Anti-Takeover Warrants shall, in compliance with the applicable legal provisions, become null and void as soon as the public share purchase or exchange offer in response to which the Warrants were issued or any offer in competition with the said public share purchase or exchange offer shall fail, become null and void or be withdrawn.

The Shareholders,

after having noted that (i) at present, there are 11,970 issued, awarded and non-exercised BSPCEs within the company and (ii) in compliance with Article L. 228-99 of the French Commercial Code and as part of the protection of the rights of the bearers of securities giving entitlement to the share capital in the event of an issuance with maintenance of the preferential subscription rights as set out in the previous resolution, measures must be taken in order to protect the interests of the said bearers, hereby

**decide** to reserve the rights of the said bearers according to the conditions covered by Articles L. 228-99 and R. 228-87 of the French Commercial Code, **decide,** accordingly, to delegate to the Management Board their authority for deciding, whenever it chooses to use the present delegation, an additional issuance of Anti-Takeover Warrants which will be reserved for the bearers of securities giving entitlement to the share capital as it stands on that date and maintaining their rights to entitlement on the date of use of the delegation and subject to their exercise of their rights, given that the number of Anti-Takeover Warrants that can be issued in the said additional issuance will be limited to the number required for protecting the rights of the bearers of securities giving entitlement to the capital as it stands on the date of the issuance, as if they were Shareholders on the said date, and **delegate** full authority to the Management Board to implement the present delegation.

Furthermore, the Shareholders hereby

**decide** to grant full authority to the Management Board for, notably:

- setting the vesting conditions of the said Anti-Takeover Warrants with respect to the terms of the public share purchase or exchange offer or any competing offer, as well as the preferential conditions of exercise of the said Anti-Takeover Warrants and, notably, the latter's exercise price and the procedures for determining this price, which may not be below the nominal value of the share to be issued on exercise of the Anti-Takeover Warrants,

- setting the conditions of issue for the shares to be issued on exercise of the Anti-Takeover Warrants, subject to the terms of the present resolution and in compliance with legal and regulatory provisions, and determine, to this end, the terms and conditions of the issuance contract for the Anti-Takeover Warrants,

- take in a timely manner all necessary measures for protecting the rights of the bearers of Anti-Takeover Warrants, in the circumstances set out in law,

- do everything necessary to ensure that issuance of the Anti-Takeover Warrants and subsequent operations proceed smoothly and notably to register the amount of the share capital increase resulting from exercise of these Anti-Takeover Warrants and to modify the Articles of Association accordingly,

- decide (with the right to subdelegate) the terms of all issuance contracts or supporting documents, sign the said contracts or documents in the company's name for each of the bearers of the Anti-Takeover Warrants and, as the case may be, to modify or amend the said issuance contract, and

- more generally, carry out as part of these legal, regulatory and statutory provisions all actions rendered necessary for implementation of the present authorization, and

**decide** that the Management Board will be able to use the present authorization for a period of eighteen months from the date of the present Shareholders' Meeting onwards, i.e. until December 10th, 2010,

**note** the fact that, in the event whereby the Management Board shall use the delegation of authority granted to it under the terms of the present resolution, the Management Board shall, in compliance with legislative and regulatory provisions, report to the following Annual General Shareholders' Meeting on the use made of the authorizations granted under the present resolution.

## TWELFTH RESOLUTION

*Delegation of authority to the Management Board (with the ability to subdelegate) in order to proceed with a share buy-back program covering up to 10% of the company's share capital*

The Shareholders, subject to the quorum and majority voting rules applicable to Annual General Shareholders' Meetings,

after having heard the Management Board's report to the present Shareholders' Meeting, and

after having noted that, as part of the Listing, the 2007 Special General Shareholders' Meeting delegated their authority to the Management Board in order to buy back in one or several operations a number of company shares representing up to 10% of the company's share capital, by August 27th, 2008, at the latest, and that given that the Management Board had not used this delegation, the 2008 Combined Special and Annual General Shareholders' Meeting had decided in advance to again delegate to the Management Board the authority of proceed with a share buy-back programme,

**note** that term of the delegation relating to the buy-back programme shall expire on the November 28th, 2009,

**note** that at present the Management Board has only used this delegation since the date of the 2008 Combined Special and Annual General Shareholders' Meeting and during the corresponding period for share purchases under the terms of liquidity contract signed with Fortis Bank Succursale de France, under the terms specified in the Management Report presented at the General Shareholders' Meeting.

The Shareholders,

after having considered that, given that it is in the company's corporate interest to be able operate a share buy-back program up until the next Annual General Shareholders' Meeting convened to approve the accounts, it would be timely to renew in advance the said delegation according to the same terms and conditions as those decided by the 2008 Combined Special and Annual General Shareholders' Meeting,

accordingly and in compliance with the provisions of Articles L. 225-209 and the subsequent articles of the French Commercial Code, hereby

**authorize** the Management Board, in compliance with the provisions of Articles L. 225-209 and the subsequent articles of the French Commercial Code and of Articles 241-1 and the subsequent articles of the Autorité des Marchés Financiers' General Regulations, to buy back in one or several operations a number of company shares representing up to 10% of the company's share capital on the date of share purchase by the Management Board,

**note** and **confirm** that, subject to the definitive adoption of the present resolution by the Shareholders, the present delegation of authority cancels the delegation granted to the Management Board under the terms of the eighteenth resolution of the 2008 Combined Special and Annual General Shareholders' Meeting, which, having the same purpose, shall become null and void upon definitive adoption of the present resolution,

**decide** that:

- the shares may be acquired by the company in order to enable it to:

1. stimulate the market for the company's shares, promote the liquidity of dealings in the company shares and stabilize the share price, notably via a liquidity contract with a investment services provider in compliance with the Code of Good Practice issued by the "Association Française des Entreprises d'Investissement" (acknowledged by the Autorité des Marchés Financiers) and, notably, in terms of the current liquidity contract between the company and Fortis Bank NV/SA, signed on April 10th, 2007, as part of the Listing;
2. enable the implementation of share purchase option plans and other forms of share award to the company's salaried employees and/or officers, in compliance with the legal provisions, and
3. retain the purchased shares and subsequently exchange or sell them as part of any potential mergers or acquisitions;

and/or,

- all or part of the bought-back shares may be cancelled, subject to current legal restrictions and the adoption by the present Shareholders' Meeting of the thirteenth resolution set out below,

**decide** that the acquisition or sale of these shares may be performed by any means whatsoever, at any time, in one or several operations, on the market or by mutual agreement, including the sale of blocks of shares and the use of option mechanisms or derivatives, within the current regulatory framework,

**decide** that, as part of this share buy-back program, the maximum share purchase price shall not exceed 200% of the company's initial share price on Listing (€8.40), that is to say a maximum share purchase price of €16.80,

**decide** that the Management Board may nevertheless adjust the purchase and sales prices and the number of the above-mentioned shares in the event of modification of the nominal value of the share, a share capital increase by incorporation of reserves, profits or premiums, the award of free shares, the division or merger of shares, share depreciation or cancellation, distribution of reserves or other assets and all other operations affecting the Shareholders' equity, in order to take account of the impact of the above-mentioned operations on the share's value,

**decide** that the present authorization may also be used during the term of a public share purchase, exchange or price guarantee offer, in compliance with the regulations in force,

**grant** full authority to the Management Board (with the ability to subdelegate) to initiate and implement a share buy-back program and, notably, to:

- sign a liquidity contract with an investment services provider other than that referred to above,
- effectively launch the said share buy-back program,
- perform stock market or off-market trading within the above-defined limitations and in compliance with applicable regulations,
- adjust the share purchase or sale price in order to take account of the impact of the above-mentioned operations on the share's value,
- sign agreements with a view notably to keeping a book of share sales and purchases and ensuring perfectly traceable share dealings,
- make all required declarations and carry out all formalities with appropriate bodies and, notably, the Autorité des Marchés Financiers, in accordance with the regulations in force, and, notably, in compliance with Article L. 225-212 of the French Commercial Code,

and
- more generally, complete all other formalities and carry out all necessary operations.

**decide** that the Management Board will be able to use the present authorization for a period of eighteen months from the date of the present Shareholders' Meeting onwards, i.e. until December 10th, 2010, and

**note the fact** that, in the event whereby the Management Board shall use the delegation of authority granted to it under the terms of the present resolution, the Management Board shall, in compliance with legislative and regulatory provisions, report to the following Annual General Shareholders' Meeting on the use made of the authorizations granted under the present resolution.

RESOLUTIONS FOR THE SPECIAL GENERAL MEETING:

## THIRTEENTH RESOLUTION

*Authorization given to the Management Board in order to cancel own shares acquired as part of a share buy-back program by reduction of the company's share capital*

The Shareholders, subject to the quorum and majority voting rules applicable to Special General Shareholders' meetings,

after having heard the Management Board's report to the present Shareholders' Meeting and the Auditors' special report, in compliance with Article L. 225-209 of the French Commercial Code, and

after having noted that the 2008 Combined Special and Annual General Shareholders' Meeting authorized the Management Board to reduce the company's share capital by cancellation of the shares that the company may purchase as part of the implementation of a share buy-back program,

**note** that the term of the delegation of authority to reduce the share capital by cancelation of shares will end on November 28th, 2009,

**note** that to date, the Management Board has not used this delegation during the authorized period and since the date of the 2008 Combined Special and Annual General Shareholders' Meeting,

**note** that under its twelfth resolution, the present Shareholders' Meeting has again delegated authority to the Management Board, with effect from the end of the present Shareholders' Meeting onwards, in order to proceed with a share buy-back program and that, accordingly, it would be timely and coherent to renew in advance the said delegation on the initiation of share capital reductions by cancellation of shares, according to the same terms and conditions as those decided by the 2008 Combined Special and Annual General Shareholders' Meeting.

Accordingly, the Shareholders,

in compliance with the provisions of Articles L. 225-209 and the subsequent articles of the French Commercial Code, and

subject to the definitive adoption of the twelfth resolution and the implementation by the company of a share buy-back program, hereby

**authorize** the Management Board to reduce the company's share capital, in one or several operations at the time or times of its choosing, by cancellation of the shares that the company may purchase following exercise of the share buy-back program enabled by the terms of the twelfth resolution adopted by the present Shareholders' Meeting, given that the reduction in share capital may not exceed 10% of the company's share capital per twenty-four month periods,

**note** and **confirm** that, subject to the definitive adoption of the present resolution by the Shareholders, the present delegation of authority cancels the delegation granted to the Management Board under the nineteenth resolution of the 2008 Combined Special and Annual Shareholders Meeting, which, having the same purpose, shall become null and void upon definitive adoption of the present resolution,

**grant** full authority to the Management Board to perform and implement cancellation of the said own shares and, notably, to:

- set the procedures for cancellation of the shares and transfer the difference between the financial value of the cancelled shares and their nominal value to any reserve or premium accounts,
- take, in a timely manner, all necessary measures for protecting the rights of the bearers of securities giving entitlement to the share capital, in the circumstances set out in law,
- inform the *Autorité des Marchés Financiers* of any cancellations thus performed
- amend the Articles of Association with the modifications resulting from the present authorization and complete all necessary formalities, and

**decide** that the Management Board will be able to use the present authorization for a period of eighteen months from the date of the present Shareholders' Meeting onwards, i.e. until December 10th, 2010.

## FOURTEENTH RESOLUTION

*Increase in the company's equity reserved for salaried employees, according to the conditions set out in Articles L. 225-129-6 and L. 225-138 of the French Commercial Code and Article L. 3332-18 5 of the French Labour Code - Delegation of authority to the Management Board*

The Shareholders, subject to the quorum and majority voting rules applicable to Special General Shareholders' meetings,

after having heard the Management Board's report to the present Shareholders' Meeting and the Auditors' special report,

deliberating in compliance with the provisions of Articles L. 225-129-6 and L. 225-138 of the French Commercial Code and L. 3332-18 of the French Labour Code,

accordingly and in consideration of the delegations granted by the present Shareholders' Meeting to the Management Board in order to proceed with differed share capital increases, hereby,

**decide** to reserve a share capital increase in specie for the company's salaried employees, according to the conditions set out in Article L. 3332-18 of the French Labour Code,

**delegate** to the Management Board their authority to decide on an increase in the share capital, in one or several operations, of up to a nominal amount of €1,000 by the issuance of shares or securities giving entitlement to the share capital to the members of one or several company savings plans, (or any other plan under which the members would be able to benefit from a reserved share capital increase under equivalent conditions to those set out in Article L. 3332-18 of the French Labour Code) set up by the company, in compliance with the provisions of Article L. 3332-18 of the French Labour Code, given that the amount of the share capital increases decided by the present resolution will count toward the 2009 Ceiling defined in the above-mentioned sixth resolution,

**decide** accordingly to cancel (in favour of the company's salaries) the Shareholders' preferential subscription right to the said shares or securities,

**decide** that the issue price of the new shares or securities will be determined according to the conditions set out in the Article L. 3332-18 of the French Labour Code and in compliance with legislative and regulatory provisions,

**set** the term of the delegation of authority under the present resolution to eighteen months from the date of the present Shareholders' Meeting onwards, i.e. until December 10th, 2010,

**grant** full authority to the Management Board to implement the present resolution according to current legal and regulatory conditions, and notably to:

- determine whether the increases will be made directly in favour of the beneficiaries or through a corporate body,
- determine the nature of and the procedures for the share capital increases,
- set the number of shares or securities to be issued, the latter's date of entitlement, their paying-up term, the term within which the salaried employees may exercise their rights and, as the case may be, the minimum duration of salaried employment required for participation in the operation, notwithstanding all current legal limitations,
- determine, if required, the magnitude of the sums to be incorporated into the share capital within the above-

mentioned limitations, the equity account from which the said sums will be taken and the award conditions,
- record the realization of the share capital increases in proportion to the subscribed shares or securities and amend the company's Articles of Association accordingly, and
- more generally, carry out as part of these legal, regulatory and statutory provisions all actions rendered necessary for implementation of the present delegation of authority.

## FIFTEENTH RESOLUTION

*Delegation of authority for formalities*

The Shareholders **give** full powers to the bearer of an original, copy or extract of the minutes of this Meeting to carry out all legal and administrative formalities and to make all filings and publish all notices required by the applicable law.

# GLOSSARY

**Bacterium**
A single-cell micro-organism lacking a nucleus (a prokaryote). Bacteria are the most numerous living organisms on earth. Even though some are pathogens which cause diseases, bacteria are essential for the human body, which is home to hundreds of billions of them. Bacteria are also used in everyday life via fermentation processes, from the food industry (for the production of dairy products, bread and wine) to the chemicals industry.

**Biochemistry**
This is the study of the chemistry of the molecules found in living organisms, their structures and their transformations during chemical reactions.

**Bioinformatics**
Computer programs developed for and applied to biology.

**Bioprocess**
A production process using micro-organisms.

**DNA**
The molecule that carries a living being's genetic information. In most organisms, the DNA is primarily contained with the cell nucleus. All an individual's cells contain the same DNA, which thus determines the individual's genetic identity. A gene is a piece of DNA coding for a protein.

**Enzyme**
A molecule capable of accelerating the speed of a metabolic reaction inside or outside a cell by up to several million times. Enzymes work at low concentrations and are not degraded by this reaction; they are biological catalysts.

**Fermentation**
A set of biochemical reactions which consist in releasing energy from a carbohydrate (glucose, starch, etc.) under the action of microbial enzymes and then excreting the products. Fermentation was the first ever biochemical process to be mastered by humankind.

**Fermenter**
A container in which micro-organisms are cultured. A fermenter allows culture conditions (temperature, pH, aeration, stirring, etc.) to be accurately controlled, in order to optimize production yields. Fermenters are used for a variety of purposes, from the small-scale production of beer to the industrial production of bulk chemicals.

**Genetic engineering**
A set of techniques for the identification, isolation, transfer and controlled modification of genetic material.

**Glucose**
The most common sugar in Nature. Industrially, glucose is produced from corn or potato starch.

**Glycerol**
An alcohol derived from plant oils. It is a transparent, viscous, colourless, odourless, non-toxic liquid with a sweet taste.

**Metabolism**
The set of chemical reactions which take place in a living organism, as well as the accompanying energy exchanges. It comprises reactions which synthesize and degrade molecules.

**Molecular biology**
The science of molecular biology is situated at the interface between genetics, biochemistry and physics and seeks to understand how cells work on the molecular level. The field was created after the discovery of the molecular structure of DNA in 1953.

**Process book**
A guide which defines all the data, parameters and equipment needed to produce a chemical from renewable feedstocks on the industrial scale. It also specifies the investment and production costs for a unit with an annual production capacity of 50,000 to 100,000 metric tons.
Il includes a true validation of the process (from the raw material through to the finished product) in a continuously operating industrial fermentation pilot unit.

**Purification**
A process for extracting the target chemical from the culture medium (the liquid environment in which bacterial fermentation takes place).

**Purity**
The state of a substance when it does not contain any detectable traces of another substance.

**Starch**
A natural substance which constitutes the food reserves (in the form of white granules) of many plants (notably cereals).

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