



2009 first-half earnings: strong level of business despite the crisis

Europlasma, the French Group specialized in clean technologies and renewable energy production, is releasing its earnings for the first half of 2009 (ended June 30th, 2009).

For Didier Pineau, Chairman and Chief Executive Officer: *"In a very difficult economic climate, Europlasma has moved ahead with its transformation and maintained its operational efforts. Revenues are stable, while earnings improved significantly over the first half of the year, thanks in particular to the measures adopted to reduce costs and optimize commercial efficiency. The responsiveness of the teams has been outstanding, and our Group is in great shape, full of fighting spirit, looking ahead to the end of 2009".*

2009 first-half consolidated earnings

During the first half of 2009, the breakdown of the Group's activities was as follows:

- **The air depollution activities for industry** (*Europe Environnement* subsidiary, 65% of revenues, compared with 63% in 2008) have been affected by the slowdown in industrial investment due to the economic environment. Public contracts linked to the various stimulus plans around the world have enabled a balance to be achieved on the global business, while making up for the cancellation or deferral of orders from the industrial sector. During the first half of the year, new references were brought on board, with clients in Russia, the US and Central and Eastern Europe. In addition, Europe Environnement's odor treatment solutions have been selected in connection with the extension of the "Les Grésillons" treatment plant, one of the largest in Europe.

At the end of the first semester, Europe Environnement also inaugurated its new headquarters and a high-end 15,000 sq.m. plant located in the Alsace region of France. The building's leading advanced infrastructures represented an investment of €9.7 million.

- **The asbestos and hazardous waste destruction activities** (*Inertam* subsidiary, 30% of revenues) have remained stable as compared with 2008, with 2,500 tons of waste vitrified. The Morcenx processing plant has notably benefited from the continuation of ongoing contracts, some significant contract renewals as well as new signatures, including the cities of Montpellier and Lille, and the Calais public housing management office (OPH). Furthermore, Inertam has finalized its transformation while ramping up its cost reduction program, **paving the way for positive EBIT over the half-year period.**

- **The historical business for marketing and operating the proprietary plasma torch technology** accounted for 5% of the Group's revenues, compared with 6% in 2008, in line with historical trends.

- **The new renewable energy production activities** (*CHO Power* subsidiary) have moved forward as expected, talks being held with financial partners with a view to financing CHO-Power production units in Europe. Investments have also continued in order to prepare for the Morcenx plant to be brought online.

At the end of the first half of 2009, EBIT showed a loss of €2.2 million (-€0.3 million at December 31st, 2008). This reflects the seasonal nature of spending, with expenses higher over the first half of the year, as well as a reverse seasonality effect on revenues, with turnover primarily recognized when missions have been finalized. In this way, the increase in expenses linked to raw material purchases, which had been exceptionally low in 2008, factors in the supplies needed to carry out the missions contracted for 2009.

As a result, net income (Group share) shows a loss of €2.5 million (compared with -€0.9 million at December 31st, 2008).

	Jun 30, 2009 (6 months)		Dec 31, 2008 (12 months)	
	€'000,000	% of turnover	€'000,000	% of turnover
NET TURNOVER	14.800	100%	35.298	100%
Other operating income	1.250	8.4%	2.329	6.6%
Purchases of goods	0.322	2.2%	0.464	1.3%
Change in inventories (goods)	0.001	0.0%	0.024	0.1%
Purchases of raw materials and other supplies	2.988	20.2%	1.179	3.3%
Change in inventories (raw materials)	-0.032	-0.2%	0.214	0.6%
Other external expenses and purchases	7.476	50.5%	22.218	62.9%
Tax, duties and related	0.419	2.8%	0.731	2.1%
Salaries and wages	3.993	27.0%	7.262	20.6%
Payroll taxes	1.818	12.3%	3.142	8.9%
Depreciation and provisions	1.337	9.0%	2.022	5.7%
Other expenses	0.025	0.2%	0.701	2.0%
EBIT	-2.296	-15.5%	-0.331	-0.9%
FINANCIAL RESULT	-0.092	-0.6%	0.463	1.3%
NON-RECURRING INCOME	-0.765	-0.5%	0.302	0.9%
Employee profit-sharing	-	-	0.096	0.3%
Corporate income tax	-0.442	-3.0%	0.445	1.3%
Goodwill amortization	0.436	2.9%	0.790	2.2%
NET INCOME	-2.460	-16.1%	-0.896	-2.5%
Minority interests	-0.527	3.6%	0.150	0.4%
NET INCOME (GROUP SHARE)	-1.933	-16.6%	-1.046	-3.0%

**Limited statutory auditors' review on the consolidated interim financial statements.*

With regard to the main items on the balance sheet at June 30th, 2009, the changes specifically concern the integration of the Europe Environnement's new industrial tool as a fixed asset, while the level of financial liabilities reflects the finance lease.

<i>Balance sheet - Assets (€'000,000)</i>	<i>Jun 30, 2009*</i>	<i>Dec 31, 2008</i>
Intangible fixed assets	14.717	15.610
Tangible fixed assets	17.844	7.292
Long-term financial investments	0.352	0.378
Fixed assets	32.913	23.280
Inventories and work-in-progress	2.735	2.692
Receivables	12.226	14.844
Cash, cash equivalents and other	17.846	20.688
Current assets	32.806	38.224
TOTAL ASSETS	65.719	61.504
<i>Balance sheet - Liabilities (€'000,000)</i>	<i>Jun 30, 2009*</i>	<i>Dec 31, 2008</i>
Shareholders' equity	37.556	39.958
Other equity	0.212	0.200
Provisions for liabilities and charges	1.214	1.205
Financial liabilities	15.694	6.866
Sundry liabilities	9.389	11.555
Accrued income	1.633	1.720
TOTAL LIABILITIES	65.719	61.504

Further advances since the end of the first six months

Since June 30th, a number of significant breakthroughs have been achieved:

Europlasma's transfer to the Marché Libre on Alternext, effective since July 21st, marks a new stage in the Group's development and is in line with the structural and operational progress made since the start of the year.

The opening up of a new market for Europlasma: low-level radioactive waste. Europlasma has been selected to provide Iberdrola and Belgoprocess with its plasma technology know-how in a contract aiming at reducing and immobilizing radioactive waste. The contract sealed with Kozloduy Nuclear Power Plant, Plc. (KNPP) includes the construction and operation of a strong volume-reducing solid radioactive waste treatment and conditioning plant. . This four-year contract, worth €6.5 million, represents a first step forward in the implementation of the Group's strategy in the sector of radioactive waste management at the international level.

The technical and industrial validation of the first trials for the waste gasification technology developed by Europlasma and tested under a three-way agreement with Eneria and Caterpillar. The tests carried out jointly by Europlasma and Eneria in July 2009 have made it possible to confirm a transformation rate of around 98% of tars present in the syngas resulting from the gasification, validating its compatibility with gas engines. This first technical and industrial success confirms the relevance of the R&D efforts made by Europlasma, and will enable the Group to firm up the first commercial opportunities in the renewable energy segment.

Funding from the French national research agency (ANR) for the Turboplasma® development program for 36 months from November 2009, for a total amount (all partners included) of €2.93 million. Turboplasma® is the biomass gasification technology developed by Europlasma since 2007. This technology aims to produce a combustible gas that can then be reclaimed (electricity, liquid fuel, chemical synthesis). The percentage of the national research agency's funding for Europlasma covers 45% of the Group's planned investments, in line with standard practices for SMEs.

The signing of an exclusive partnership with a specialist renewable energy investment fund for financing and developing plasma technology-based biomass gasification projects in Europe (GBP and euro zones). Both partners have signed a letter of intent for financing a holding structure (CHO Invest EU1), which is looking to finance at least 50 MWe over three years, then a further 150 MWe over two years, representing a potential total of 200 MWe over five years in the Electricity from Waste (EfW) and Biomass to Electricity (BtE) sectors. The investment fund is already planning to devote around €16.8 million to developing the Morcenx 12 MW production unit (Landes Region). The conditions for financing the Morcenx contract will be concluded following the legal diligence processes and final approvals, scheduled for before the end of 2009.

Outlook for 2009

For the current year, Europlasma expects its revenues to remain stable, with an improvement in its net income. In this way, the Group is continuing to develop its business focusing on three key areas:

Further strengthening its industrial capabilities, driven by the proprietary plasma torch technology and its various applications. First of all, the operational transformation of Inertam has been finalized and will enable this subsidiary to make a lasting contribution to improving profitability, while continuing to ramp up its commercial operations. In addition, moving forward with financing for CHO-Power's activities is subject to the due diligence processes being completed successfully, which the Group expects to see in the autumn.

Continuing with efforts to accompany and effectively manage Europe Environnement's growth, notably with the deployment of internal control tools. The outlook for Europe Environnement is solid, with its billable order book trending up at the end of June. Orders have continued to come in since then, and should make it possible to have a satisfactory year, despite the orders put back to 2010 by a certain number of clients affected by the economic environment.

Rolling out a structuring framework for the Group's governance, in line with the transfer to Alternext and its development ambitions. More specifically, Europlasma has adopted a new set of internal bylaws and prepared to set up ad hoc committees with a view to improving the Group's performance and control. The Group took a first step forward in June, with the operational creation of an advisory board, currently made up of three members. This advisory board provides strategic advice and recommendations based on the business and industrial experience of its members, supporting the work of the Group's Board of Directors and management team.

About Europlasma



Founded in 1992, Europlasma is a French Group specialized in clean technologies and renewable energy production. The Europlasma Group is made up of four companies and 260 employees who are all firmly committed to sustainable development and experts in waste processing and reclamation.

- > **Europlasma** develops, produces and markets waste processing and energy production solutions based on its proprietary plasma torch technology.
- > **Inertam** is the global specialist for the destruction and reclamation of asbestos and hazardous waste.
- > **CHO Power** is a waste gasification power producer (EfW – Electricity from Waste).
- > **Europe Environnement** is the European market leader for ventilation and air depollution systems for industry.

[\[www.europlasma.com\]](http://www.europlasma.com)

[\[Alternext Euronext Paris – Ticker: ALEUP – ISIN: FR0000044810\]](#)

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