EUROPLASMA
A leading Provider of Clean Technology and Clean Energy Solutions

Consolidated results as at 30 June 2012

Continued investments
A decisive year
Confirmation of the CHO POWER MORCENX plant start in production

Europlasma's Board of Directors met on 29 October 2012 and authorised the release of the consolidated accounts for the half year ended 30/06/2012.

Revenue of €21.365m, -€4.396m vs 30/06/2011, the successful commissioning of the CHO Morcenx plant still being the event that will convert the projects portfolio into sales contracts within the Renewable Energy segment

EBITDA of -€1.786m, -€1.367m vs 30/06/2011

Operating result of -€3.596m, -€1.473m vs 30/06/2011, affected by unfavourable non-recurring factors within the Renewable Energy and Hazardous Waste segments

Net result, Group share of -€3.45m, -€1.089m vs 30/06/2011

Self-financing capacity of -€1.636m, -€1.704m vs 30/06/2011

Net investments of €5.493m compared to €9.325m over the 1st half of 2011, linked to the development of the renewable energy segment over the 2 periods

Net debt of €11.931m compared to €3.535m as at 31/12/2011

Commenting on these figures, Didier Pineau, Managing Director, said:

"The Europlasma Group has invested or secured investment for more than €50 million on its Morcenx site over the last two years; thus, €42m have been invested in CHO Morcenx, €7m in KIWI and €2m in the Inertam process.

These large investments illustrate the Group's ability to mobilise investors on its technologies and embody the industrial policy followed for several years.
In parallel, the Group has also expensed its share of financing together with the energy of its employees to implement the CHO Morcenx plants and the KIWI pilot. 2012 is a year devoted to the industrial development of the Renewable Energy segment and to the improvement of operational performances of the Hazardous Waste segment. While the financial performance of 2012 is reflective of these investments, we expect the positive impact on the operating results to be realised in 2013.

As such, Directors and management believe in a positive outlook: with respect to CHO Power, the plant has already started mid October and has produced several hundreds of MWh with a peak power of 6MW and the Group is still focused on its tune-up; what regards Inertam, the significant production improvements in terms of quantity and quality will be fully visible from 2013; regarding Europe Environnement, margins are recovering and the reorganisation measures are already beneficial; For KIWI, the prototype is now operational and initial results are encouraging.

The Board of Directors has initiated discussions regarding an increase in the Group's equity at all levels with the intention of giving it the means to fund for the latest development of CHO Morcenx and for the construction of new plants."

Activity and results

In thousand euros (€ '000)	30/06/2012	30/06/2011	Change	
Revenue	21,365	25,760	-4,396	-17%
EBITDA	-1,786	-419	-1,367	326%
Operating income	-3,596	-2,122	-1,473	69%
Financial income	-232	-183	-49	27%
Net income	-3,623	-2,516	-1,107	44%
Net income, group share	-3,450	-2,362	-1,089	46%
Earnings per share (in euros/share)	-0.22	-0.15	-0.07	44%

Source: Condensed consolidated accounts as at 30/06/2012, non-audited by the Auditors and authorized for release by the Board of Directors of 29/10/2012

Turnover

The half-year 2012 consolidated turnover amounted to €21.365m, compared to €25.76m realised as at 30/06/2011. This overall reduction of €4.396m is explained by the drops in turnover recorded in the Renewable Energy and Air & Gas segments of respectively €1.162m and €4.027m, which were partially offset by the increased turnover achieved in the Hazardous Waste and Torch & Process segments of respectively €0.443m and €0.35m.

The renewable energy business recorded a turnover of €4.545m, representing 21% of the Group's turnover as at 30/06/2012 (stable compared with 30/06/2011). This revenue is linked to the EPC contract of the energy from waste and biomass plant at Morcenx, for which the completion rate was lower over the 1st half 2012 than over the first half 2011.

The Air & Gas activity contributed 57% of the 1st half year 2012 consolidated turnover, with revenues of €12.281m, compared to €16.308m at 30/06/2011 (63% of the consolidated turnover). The activity for the 1st half of 2012 was as steady as per the 1st half of 2011 what regards historical business, the change in the turnover being related to the Sharp/Air Liquide contract which ended in the second half of 2011. In addition, in order to achieve cost savings and enhance its competitiveness, Europe Environnement SA merged with its subsidiaries Protech'Air and Europ-Plast on respectively 01/07/2011 and 01/01/2012, their activities being continued within Europe Environnement.

The hazardous waste destruction activity grew by nearly 15% at 30/06/2012 compared to 30/06/2011 and contributed €3.594m of the consolidated turnover, reflecting a rise in the average price invoiced and in the volume of asbestos waste treated (1,834 tons treated as at 30/06/2012 versus 1,768 tons as at 30/06/2011). The commercial activity remained steady over the first half of 2012, with a 20% growth in the tonnage received in comparison with 30/06/2011.

Europlasma Torch & Process's activity generated a turnover of €944,000, compared to €594,000 at 30/06/2011; this was essentially in line with the status of the KNPP contract: at 30/06/2012, the majority of the equipment was being made, prior to the tests planned this winter on the Morcenx site. The after sales service provisions were also steady, in Japan in particular.
The Group continued its investments in the 3 major R&D projects of the Torch & Process segment: KIWI, ANR Turboplasma® and SESCO.

Operational performance

The operating result shows a loss of €3.596m at 30/06/2012, as opposed to €2.122m at 30/06/2011, linked mainly to the performances in the Hazardous Waste (-€1.284m vs -€1.279m at 30/06/2011) and Renewable Energy (-€1.905m vs -€34,000 at 30/06/2011) segments .

The Hazardous Waste plant performed better than in the first half of 2011, despite new technical issues encountered in the load preparation area. This performance improvement in the hazardous waste process is compensated by new costs arising from the future operations of the CHO Morcenx plant, personal costs mainly, ca. 20 employees having been recruited over the period. The significant investment finalised in late September 2012 in the load preparation aims to prevent incidents upstream of the process through a better incoming mix and to achieve significant performance improvements.

The operating losses recorded by the Renewable Energy segment are basically linked to the revision made on the Morcenx plant construction contract of the margin on completion: the scheduled date of handover of the plant by its client CHO Morcenx, initially set for the end of the first half-year, has been postponed until the second half of 2012 and the financial costs associated with this postponement have been recorded in the costs at completion of the EPC contract.

Other income increased by €2.518m to €5.743m at 30/06/2012 as a result of:

- the increase in capitalised production, corresponding to the work undertaken by the Group on the CHO plant buildings in Morcenx, the KIWI research and development platform and the Inertam production tool;
- the subsidies recognised in the profit and loss account as regards the hiring of the Morcenx CHO plant operating teams and the work in progress.

Staff expenses went up by 8% at 30/06/2012 compared to 30/06/2011, to €6.908m, following the recruitment effected for the operation of the CHO plant in Morcenx in particular.

The other non-recurring operating expenses and income at 30/06/2012 basically involved disposals of assets.

Net income

The tax income of €0.233m recorded at 30/06/2012 corresponds to a tax payable expense of €0.133m and a deferred tax income of €0.365m.

The share of profits in the equity-accounted companies amounts to a loss of €28t, which is broken down into a loss of €43t for CHO Morcenx and a profit of €15t for RHE America, as opposed to a loss of €97t at 30/06/2011 (of which €195t was a loss for CHO Morcenx and €19t was a profit for RHE America).

The share of minority interests in the net result at 30/06/2012 is a share of €0.173m of losses, as opposed to a share of €0.155m of losses at 30/06/2011.

The Group share of the net result corresponds to a loss of €3.45m compared to a loss of €2.362m achieved at 30/06/2011. The Renewable Energy (-€1.689m) and Hazardous Waste Destruction (-€1.354m) segments recorded the majority of the loss, due to the reasons previously listed.

The Group's Board of Directors and Morcenx's financial partner both renewed their trust in the Group and, in this respect:

- a major investment was made after the half-year was closed to optimise the operation of the asbestos vitrification plant, especially in the load preparation;
- as part of the renegotiations following the postponement of the plant handover date, the financial partner renewed its interest in the Group's technology and know-how by extending the exclusivity and territorial clauses over future projects.

Consolidated statement of financial position and cash flows

In thousand euros (€ '000)	30/06/2012	31/12/2011	Change in T€	30/06/2011	Change in T€
Non-current assets	53,089	48,631	4,458	45,756	7,333
Current assets	34,026	39,863	-5,837	31,721	2,305
Equity attributable to Group shareholders	31,217	34,556	-3,339	33,563	-2,346
Non-controlling interests	2,256	2,446	-190	2,301	-45
Non-current financial liabilities	16,759	11,997	4,761	11,055	5,704
Other non-current liabilities	1,623	1,523	99	1,907	-285
Current financial liabilities	2,556	3,500	-945	1,544	1,011
Other current liabilities	32,704	34,472	-1,767	27,107	5,598
Net debt	11,931	3,535	8,397	2,593	9,339
Gearing	26.3%	8.7%	17.6%	6.7%	19.6%
Operating cash flows before cost of net financial debt	-1,636	3,627	-5,263	68	-1,704
Net cash flows from investing activities	-5,493	-14,416	8,923	-9,325	3,832
Equity – Group share – per share (in euros)	1.99	2.22	-0.23	2.14	-0.15

Source : Condensed consolidated accounts as at 30/06/2012, non-audited by the Auditors and authorized for release by the Board of Directors of 29/10/2012

The balance sheet total was €87.115m at 30/06/2012, compared to €88.495m at 31/12/2011 and €77.478m at 30/06/2011.

Within the balance sheet assets, this change is the result of an increase in non-current assets and a reduction in current assets when compared with 31/12/2011, because of:

- significant investment in tangible assets (€5.228m) during the half-year on the KIWI research and development platform (€1.44m), on the CHO plant buildings at Morcenx (€2.281m) and on the Inertam production tool (nearly €1m at 30/06/2012);
- a loan granted in respect of a project being developed with Sunrise Renewables (€0.3m) within other non-current assets);
- a reduction in current financial assets, in particular trade and other accounts receivable, because of the level of activity;
- a reduction in the cash related to operating activities and from investments, partially offset by flows from financing.

Within the balance sheet liabilities, the change is broken down as follows:

- equity went down by €3.528m, basically due to the loss for the period;
- non-current liabilities increased by €4.861m, mainly linked to the increase in bank loans, namely:
  - drawdowns made from banking partners in respect of the construction of the building of the Morcenx plant,
  - and the financing obtained from OSEO in respect of investment and growth projects for the hazardous waste treatment segment.
- current liabilities went down as a result of the level of activity.

The group's net debt was €11.931m at 30/06/2012, compared to a net debt of €3.535m at 31/12/2011, with the gearing going from 8.7% to 26.3%. The 2 segments which generated cash flow during the half-year were Hazardous Waste Destruction (€2.661m) and Air & Gas (€1.008m). The other 2 segments (Torch & Process and Renewable Energy) used €3.623m and €3.459m respectively, basically corresponding to an adverse change in the WCR and an increase in the advances granted to other operating segments for the former and a cash deficit on the operating activities for the latter.

Post-balance sheet events and outlook for 2012

Within the Renewable Energy branch, the Group inaugurated the Morcenx energy production plant on 9 July and is focusing on its start-up and ramp-up. The success of these objectives is a priority for the Group which is, at the same time, continuing with the commercial development of that segment of activity. The start of the operation of the Morcenx CHO plant under the O&M (Operations and Maintenance) contract should also help to increase the turnover.

The hazardous waste treatment activity should improve its operational performance thanks to the major new investment made in the load preparation area during the summer of 2012. These expected improvements in performance should be noticeable on a full-year basis from 2013.

The air and gas treatment activity carried out by the Europe Environnement sub-group is developing favourably due to the recovery in industrial orders and also increased exposure to export, rather than the less profitable government contracts, which should improve the operating margin for 2012.
The postponement of the order for the 3rd gas treatment line of the 3Sun plant in Italy should result in a decline in the 2012 turnover but should show an improvement in the result contributed by the Europe Environnement sub-group.

Finally, the Torch & Process segment will continue fulfilling the KNPP contract and its investments in Research and Development: the KIWI/ANR Turboplasma® pilot was commissioned at the start of October for an initial series of tests. 3 series of additional tests are planned over the end of the year and 13 more over 2013/2014 with different types of waste.

Financial agenda, next steps

- SFAF (Financial analysts) meeting: 8 November 2012
- Release of the social and consolidated annual accounts as at 31/12/2012, of the management report and of the auditors reports to the abovementioned accounts: 30 April 2013
- SFAF meeting: first half of May 2013
- 2012 « Document de référence »: May 2013

About Europlasma

Europlasma is a French Group operating in the clean technologies and renewable energy production industries. Founded in 1992 to apply its proprietary plasma torch technology to hazardous waste destruction, it is now built on the following four business units:

> **Europlasma** is a world-wide supplier of plasma heating systems and related applications

> **Inertam** is the global specialist in the destruction and recycling of asbestos and hazardous waste

> **Europe Environnement** is the European expert in industrial ventilation and gas cleaning systems.

> **CHO Power** is a producer of electricity from waste and biomass gasification.

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Important notice

APPENDICES

1. OPERATING SEGMENT INFORMATION

30/06/2012	Holding, R&D, Engineering torch & process	Hazardous waste	Renewable Energies	Air and Gas	**Total**
Goodwill	0	2,615	0	5,819	**8,434**
Other intangible assets	384	31	877	44	**1,336**
Property, plant and equipment	7,734	6,028	2,792	7,697	**24,250**
Other non-current assets	1,684	717	16018	650	**19,068**
Cash and cash equivalents	1,856	3,817	384	1,256	**7,313**
Financial liabilities	6,055	2,666	0	10,594	**19,314**
Total assets	15,657	17,447	28,429	25,582	**87,115**
Revenues	944	3,594	4,545	12,281	**21,365**
Operating income	-337	-1,284	-1,905	-69	**-3,596**
EBITDA	-36	-495	-1,700	444	**-1,786**
Net increase in depreciation, amortisation and impairment	-301	-789	-248	-498	**-1,837**

30/06/2011	Holding, R&D, Engineering torch & process	Hazardous waste	Renewable Energies	Air and Gas	**Total**
Goodwill	0	2,615	0	5,705	**8,320**
Other intangible assets	598	36	1,510	73	**2,216**
Property, plant and equipment	2,764	5,634	0	8,284	**16,682**
Other non-current assets	1,219	797	15,752	771	**18,538**
Cash and cash equivalents	1,427	401	5,029	2,900	**9,757**
Financial liabilities	1,224	5	0	11,370	**12,599**
Total assets	9,014	12,937	28,602	26,925	**77,478**
Revenues	594	3,151	5,707	16,308	**25,760**
Operating income	-874	-1,279	-34	64	**-2,122**
EBITDA	-511	-389	37	444	**-419**
Net increase in depreciation, amortisation and impairment	-363	-891	-186	-360	**-1,800**

31/12/2011	Holding, R&D, Engineering torch & process	Hazardous waste	Renewable Energies	Air and Gas	**Total**
Goodwill	0	2,615	0	5,795	**8,410**
Other intangible assets	465	28	1,035	60	**1,587**
Property, plant and equipment	5,536	5,664	1,212	7,930	**20,343**
Other non-current assets	1,687	556	15,439	608	**18,291**
Cash and cash equivalents	5,480	1,176	3,842	1,465	**11,963**
Financial liabilities	3,451	4	0	12,044	**15,498**
Total assets	17,129	14,779	29,993	26,593	**88,495**
Revenues	1,369	7,960	17,186	31,516	**58,030**
Operating income	-42	-1,179	-176	952	**-446**
EBITDA	596	634	-259	1,718	**2 688**
Net increase in depreciation, amortisation and impairment	-639	-1,813	-539	-755	**-3,745**

Source : Condensed consolidated accounts as at 30/06/2012, non-audited by the Auditors and authorized for release by the Board of Directors of 29/10/2012

2. CONSOLIDATED STATEMENT OF FINANCIAL POSITION

In €'000s	30/06/2012	31/12/2011	Change
Goodwill	8,434	8,410	24
Other intangible assets	1,336	1,587	-251
Property, plant and equipment	24,250	20,343	3,907
Investment properties	-	-	-
Investments in associates	7,297	7,340	-43
Other non-current financial assets	9,453	8,978	475
Deferred tax assets	2,318	1,973	345
Non-current assets	**53,089**	**48,631**	**4,458**
Inventories and work-in-progress	2,155	2,156	-1
Accounts receivable	16,294	17,586	-1,292
Other operating receivable	6,578	6,798	-220
Current tax receivable	177	133	44
Other current assets	1,439	1,227	212
Cash and cash equivalents	7,383	11,963	-4,581
Assets from activities held for sale	-	-	-
Current assets	**34,026**	**39,863**	**-5,837**
Assets	**87,115**	**88,495**	**-1,380**
Capital	15,737	15,656	81
Additional paid-in capital	34,658	34,658	-
Reserves and retained earnings	-15,728	-14,417	-1,311
Net income for the financial year	-3,450	-1,341	-2,109
Equity attributable to Group shareholders	31,217	34,556	-3,339
Non-controlling interests	2,256	2,446	-190
Equity	**33,473**	**37,002**	**-3,528**
Non-current employee benefits	567	451	117
Non-current provisions	-	-	-
Non-current financial liabilities	16,759	11,997	4,761
Deferred tax liabilities	547	563	-16
Other non-current liabilities	509	510	-1
Non-current liabilities	**18,381**	**13,521**	**4,861**
Current provisions	759	697	62
Current financial liabilities	2,556	3,500	-945
Trade payables and related accounts	14,860	18,124	-3,264
Current tax payables	2	-	2
Other operating payables	6,260	5,914	346
Other current liabilities	10,823	9,737	1,086
Liabilities of businesses held for sale	-	-	-
Current liabilities	**35,260**	**37,972**	**-2,712**
Liabilities	**87,115**	**88,495**	**-1,380**
Average number of shares	15,672,989	15,537,116	135,873
Average diluted number of shares	20,006,401	19,852,728	153,673
Equity – Group share – per share (in euros)	1.99	2.224	-0.3
Equity – Group share – per share, diluted (in euros)	1.56	1.741	-0.2

Source : Condensed consolidated accounts as at 30/06/2012, non-audited by the Auditors and authorized for release by the Board of Directors of 29/10/2012

3. CONSOLIDATED INCOME STATEMENT

In €'000s	30/06/2012	30/06/2011	Change
Revenue	21,365	25,760	-4,396
Other operating income	5,743	3,226	2,518
Purchases consumed	-16,130	-16,927	797
External expenses	-5,191	-5,353	162
Personnel costs	-6,908	-6,411	-497
Other operating expenses	-79	-225	145
Taxes	-458	-393	-65
Depreciation and amortisation, impairment, and provisions	-1,837	-1,800	-38
Current operating income	**-3,496**	**-2,122**	**-1,374**
Impairment	0	0	0
Other non-recurring operating income and expenses	-100	0	-100
Operating income	**-3,596**	**-2,122**	**-1,473**
Income from cash and cash equivalents	11	9	2
Cost of gross financial debt	-283	-263	-20
Cost of net financial debt	**-256**	**-254**	**-17**
Other financial income	91	116	-25
Other financial expense	-52	-45	-7
Financial income	**-232**	**-183**	**-49**
Income tax	233	-114	347
Net income of consolidated companies	**-3,580**	**-2,420**	**-1,161**
Share of net income from associates	-28	-97	69
Net income from discontinued operations	0	0	0
Net income for the period	**-3,623**	**-2,516**	**-1,107**
Non-controlling interests	173	155	18
Net income (Group share)	**-3,450**	**-2,362**	**-1,089**
Average number of shares	15,672,989	15,416,225	256,764
Average diluted number of shares	20,006,401	19,686,037	320,364
Basic earnings per share (in euros)	-0.22	-0.15	-0.07
Diluted earnings per share (in euros)	-0.17	-0.12	-0.05

Source : Condensed consolidated accounts as at 30/06/2012, non-audited by the Auditors and authorized for release by the Board of Directors of 29/10/2012

4. CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

In €'000s	30/06/2012	30/06/2011	Change
Net income of the consolidated Group	-3,623	-2,516	-1,107
Exchange differences on translation of consolidated companies	22	22	0
Change in the value of cash flow hedges	-71	48	-119
Income tax effect relating to these items	24	-16	40
Non-current assets held for sale			
Other comprehensive income for the period, net of tax	-25	54	-79
Total comprehensive income for the period, net of tax	**-3,649**	**-2,463**	**-1,186**
- attributable to Group shareholders	-3,462	-2,335	-1,127
- attributable to non-controlling interests	-187	-128	-59

Source : Condensed consolidated accounts as at 30/06/2012, non-audited by the Auditors and authorized for release by the Board of Directors of 29/10/2012

5. CONSOLIDATED CASH FLOW STATEMENT

In €'000s	30/06/2012	30/06/2011	Change
Total consolidated net income	**-3,623**	**-2,516**	**-1,107**
Adjustments	**1,937**	**2,220**	**-282**
Elimination of net income from associates	28	97	-69
Elimination of depreciation, amortisation and provision	1,809	1,905	-96
Elimination of revaluation gains and losses (fair value)	3	106	-103
Elimination of gains and losses on disposals of assets and dilution gains	-5	6	-11
Elimination of dividend income	0	0	0
Elimination of income and expenses with no impact on cash flow	0	0	0
Calculated income and expense form share-based payments	103	102	1
Operating cash flows after cost of net financial debt and tax	**-1,686**	**-300**	**-1,385**
Elimination of the income tax expense (income)	-233	114	-347
Elimination of the cost of net financial debt	283	254	29
Operating cash flows before cost of net financial debt and tax	**-1,636**	**68**	**-1,704**
Impact of the change in working capital requirement	-777	7,548	-8,325
Taxes paid	-152	-124	-28
Net cash flows from operating activities	-2,564	7,492	-10,056
Impact of changes in scope	-1	-10	9
Capital expenditure on tangible and intangible assets	-4,897	-1,813	-3,084
Capital expenditure on financial assets	0	0	0
Change in loans and advances granted	-460	-7,502	7,042
Investment subsidies received	1	0	1
Proceeds from disposal of tangible and intangible assets	4	0	4
Disposal of financial assets	0	0	0
Dividends received	0	0	0
Other cash flows from investing activities	-141	0	-141
Net cash flows from investing activities	**-5,493**	**-9,325**	**3,832**
Share capital increase	0		0
Sale (purchase) of treasury shares	25	-10	35
Increase in loans	5,185	561	4,624
Repayment of loans	-462	-536	74
Net financial interest paid	-113	-252	139
Dividends paid to Group shareholders	0	0	0
Dividends paid to non-controlling interests	0	0	0
Other cash flows from financing activities	0	0	0
Net cash flows from financing activities	**4,635**	**-238**	**4,873**
Impact of exchange rate fluctuations	9	-249	258
Impact of changes in accounting policies	0	0	0
Change in cash and cash equivalent	**-3,413**	**-2,319**	**-1,094**
Opening cash position	10,175	12,321	-2,146
Closing cash position	6,762	10,002	-3,239

Source : Condensed consolidated accounts as at 30/06/2012, non-audited by the Auditors and authorized for release by the Board of Directors of 29/10/2012

6. GLOSSARY

EBITDA: This is the net consolidated revenue, including companies' fiscal expenses, net financial expenses and net appropriations to depreciation and provisions.

Net debt: Financial debt less liquid assets and short term investment securities

EPC: Engineering, Procurement and Construction contract. This is a contract of engineering, supply and construction.

Gearing: net debt / (net debt + equity ratio)

KIWI: Kobelco Eco Solution (KES) **I**ndustrial CHO Po**W**er Gas**I**fication is a R&D program that aims to test the combination of a new type of gasifier developed by KES and the turboplasma® (syngas cleaning process by plasma) developed by Europlasma, for the production of energy from waste and biomass.

KNPP: Kozloduy Nuclear Power Plant is a contract for the supply of a plasma furnace to reduce and immobilize radioactive waste in Bulgaria.

O&M: Operation and Maintenance contract.

SESCO: Solar **E**nergy **S**torage with **CO**falit material is a R&D program that aims to reuse the Cofalit material (product coming from vitrified asbestos waste) in the solar thermal energy storage industry.

SFAF: the French Financial Analysts' Association (or SFAF) is a professional association that aims to contribute to the improvement of financial analysis techniques, as well as to the development of high- quality economic and financial information. Its members are mostly financial analysts or portfolio managers.