



## 2010 first-half earnings

During the Board meeting held on October 20<sup>th</sup>, 2010, Europlasma's directors approved the financial statements for the first half of 2010 (period ended June 30<sup>th</sup>, 2010).

<b>CONDENSED CONSOLIDATED INCOME STATEMENT</b>	<b>Jun 30, 2010 (6 months)</b>	<b>Jun 30, 2009 (6 months)</b>	<b>Change</b>
<i>Limited statutory auditors' review</i>	<b>€'000</b>	<b>€'000</b>	<b>%</b>
<b>NET REVENUES</b>	<b>16,117</b>	<b>14,800</b>	<b>9%</b>
<b>EBIT</b>	<b>-1,791</b>	<b>-2,296</b>	<b>22%</b>
<b>NET INCOME (GROUP SHARE)</b>	<b>-1,312</b>	<b>-1,933</b>	<b>32%</b>

At the end of the first half of 2010, the breakdown of business for the Group's companies was as follows:

**- Air depollution activities (Europe Environnement subsidiary) represented 66% of revenues for the first half of 2010 (compared with 65% in H1 2009), up 10% yoy thanks to the public contracts won, despite a still slow industrial market.**

The upturn in business reflects the positive impacts of the repositioning of the sales teams on public contracts in order to offset the persistently weak level of industrial investments over the period. Growth has primarily been achieved thanks to various commercial successes in Europe: more specifically, air treatment facilities have been delivered in Poland, the UK, Spain and Ireland. Outside of Europe, the Europe Environnement Group has benefited from contracts in Russia and Morocco, while a recovery seems to be taking shape in the US.

With optimized support structures and a production tool based on leading-edge technology (new industrial site at Aspach-Le-Haut, in Alsace) since May 2009, Europe Environnement is continuing to develop its business internationally with a view to generating profitable growth.

**- The asbestos and hazardous waste destruction activities (Inertam subsidiary) represented 26% of revenues for the first half of 2010 (compared with 30% in H1 2009), achieving a dynamic commercial performance (+5% in relation to H1 2009), in line with the Group's development plan.**

During the first half of the year, public organizations (regional councils, public housing office, etc.) and major institutional players chose the vitrification channel for eliminating waste containing asbestos materials and resulting from their asbestos removal and renovation contracts. Inertam also benefited from new contracts in connection with the national urban renovation program. In this context, Inertam is processing high volumes of floor slabs from schools and colleges. At the same time, with the increase in the number of photovoltaic energy production facilities fitted on buildings in France, Inertam is processing roofs which contain asbestos (fibrocements) and are being replaced with solar panels. In line with its budgets, Inertam vitrified a total of nearly 2,600 tons of hazardous waste processed during the first half of 2010.

**- The historical business for marketing and operating the proprietary plasma torch technology represented 8% of revenues for the first half of 2010 (compared with 5% in H1 2009), up 9%.**

The company is benefiting primarily from the first returns of its arrival on a new market: low-level radioactive waste. Europlasma is currently working to reduce and immobilize radioactive waste at the Kozloduy nuclear power plant in Bulgaria (cf. press release from September 10<sup>th</sup>, 2009). At this stage, the contract represents a contribution of €5.2 million over four years for Europlasma, which has already completed 28% of its mission.

**- During the period, the new green electricity production activities based on energy reclamation from residual waste and/or biomass (CHO-Power) focused primarily on finalizing the agreement for financing production units with a financial partner.**

The development of the project pipeline has continued. However, the main focus has been on finalizing the financing for the Morcenx plant, which will showcase the Group's expertise and gasification technology.

Over the first half of 2010, Europlasma recorded a -€1.8 million **operating income (loss)** (compared with -€2.3 million in H1 2009). The operating margin came to -11% of revenues, compared with -16% for the first half of 2009. The optimization of the cost structure (-€500,000) is mainly linked to the improvement in productivity after billing started up on some significant contracts.

The €197,000 in **non-recurring income** is linked to income from the sale of Europe Environnement's first industrial site, following the move to the new head office in 2009. A second and final site was sold after the end of the half-year period, generating €591,000 in capital gains. This will be recognized in the consolidated accounts at December 31<sup>st</sup>, 2010.

**Net income** (Group share) came to -€1.3 million, compared with -€1.9 million for the first half of 2009, an increase of 26%.

On the **balance sheet** at June 30<sup>th</sup>, 2010, the decrease in cash and cash equivalents (€11.4 million at June 30<sup>th</sup>, 2010, compared with €13.9 million at December 31<sup>st</sup>, 2009) reflects (i) the scheduled repayment of borrowings, and (ii) the financing of activities relating to the deployment of the contract in Bulgaria.

### Events occurred since the end of the half-year period

**Capital increase:** the two capital increases launched by Europlasma on July 12<sup>th</sup>, 2010 to finance part of its share for building the first CHO-Power plant in Morcenx have been carried out successfully, raising €6.3 million.

**Change of governance:** the Board of Directors appointed Pierre Catlin as non-executive Chairman in August 2010. Pierre Catlin has strong experience of the waste and utilities sector after 25 years spent in executive management positions, particularly within the Suez group. He joined Europlasma in May 2009 as a member of the Advisory Board. Didier Pineau and Jean Claude Rebuschung were reappointed as Chief Executive Officer and Deputy Chief Executive Officer respectively for a five-year period.

**Major contract for Europe Environnement:** Amplast, a fully-owned subsidiary of Europe Environnement, signed a major contract of over €10 million at the end of August 2010 with Air Liquide Italy to manufacture and install the gas treatment line for 3Sun's solar cell and panel production plant, which is under construction in Sicily. Final delivery is scheduled for July 2011. The implementation of this contract will have an impact on this fiscal year's accounts with approx. €3 million in revenue recognized in 2010 and the rest in 2011.

**Recruitment of a new Chief Financial Officer:** Estelle Mothay, a statutory auditor and member of the Association of Chartered Certified Accountants (ACCA), joined Europlasma in September 2010. She previously worked with Europlasma as an auditor for PricewaterhouseCoopers.

**Finalization of an agreement for financing CHO-Power units with the financial partner specialized in renewable energies:** the Group is currently completing the financing agreement for CHO-Power. A separate press release will be published.

### Outlook for 2010

**For FY 2010, the Europlasma group intends to generate profitable growth with revenues increasing by over 50% vs. 2009.**

With a clear improvement in the order book for 2010 compared with 2009, **Europe Environnement** is targeting a return to growth and profitability through major orders, such as the Air Liquide Italy contract signed in September 2010.

In 2010, **Inertam** will benefit, among other factors, from institutional and private operators planning ahead for moves to tighten up the regulatory framework and extend it to include new materials which contain asbestos (non-crumbly materials) and whose harmfulness was previously not recognized by the law.

Lastly, **CHO-Power** will recognize its first income in FY 2010.

## HY financial statement

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

<i>Condensed consolidated income statement (€'000)</i>	Jun 30, 2010 (6 months)		Jun 30, 2009 (6 months)		Change %
	€'000	% of revenues	€'000	% of revenues	
<b>NET REVENUES</b>	<b>16,117</b>	<b>100%</b>	<b>14,800</b>	<b>100%</b>	<b>+9%</b>
Other operating income	802	5%	1,250	8%	-36%
Purchases consumed	-10,837	-67%	-10,755	-73%	+1%
Staff costs	-5,991	-37%	-5,811	-39%	+3%
Other operating expenses	-31	-	-25	-	+24%
Tax	-440	-3%	-419	-3%	+5%
Net change in depreciation and amortization	-1,412	-9%	-1,337	-9%	+6%
<b>EBIT</b>	<b>-1,791</b>	<b>-11%</b>	<b>-2,296</b>	<b>-16%</b>	<b>+22%</b>
Financial income and expenses	-164	-1%	-92	-1%	+78%
Non-recurring income and expenses	197	1%	-77	-1%	-
Corporate income tax	389	2%	-442	-3%	-
Share in earnings from equity affiliates	1	-	-	-	-
Goodwill amortization	-447	-3%	436	3%	-
<b>CONSOLIDATED NET INCOME</b>	<b>-1,815</b>	<b>-11%</b>	<b>-2,460</b>	<b>-17%</b>	<b>+26%</b>
Minority interests	503	3%	527	4%	-5%
<b>NET INCOME (GROUP SHARE)</b>	<b>-1,312</b>	<b>-8%</b>	<b>-1,933</b>	<b>-13%</b>	<b>+32%</b>

<i>Balance sheet - Assets (€'000)</i>	Jun 30, 2010	Dec 31, 2009
Goodwill	12,285	12,403
Intangible fixed assets	2,236	2,376
Tangible fixed assets	19,498	19,887
Long-term financial investments	468	490
<b>Fixed assets</b>	<b>34,488</b>	<b>35,157</b>
Inventories and work-in-progress	1,695	1,505
Receivables	15,711	14,568
Cash, cash equivalents and other	11,359	13,923
<b>Current assets</b>	<b>28,864</b>	<b>29,995</b>
<b>TOTAL ASSETS</b>	<b>63,252</b>	<b>65,152</b>

<i>Balance sheet - Liabilities (€'000)</i>	Jun 30, 2010	Dec 31, 2009
<b>Shareholders' equity (group share)</b>	<b>30,125</b>	<b>31,404</b>
Minority interests	3,785	4,243
Provisions	940	983
Financial liabilities	14,550	15,135
Sundry liabilities and other	13,852	13,386
<b>TOTAL LIABILITIES</b>	<b>63,252</b>	<b>65,152</b>

HY financial report will be published on [www.europlasma.com](http://www.europlasma.com) on October 29<sup>th</sup>, 2010

### 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 main units 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.

### Press and investor contacts

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