EUROPLASMA
A leading Provider of Clean Technology and Clean Energy Solutions

2011 Annual consolidated results

42% growth in turnover
Income affected by non-recurring events
Consolidated accounts published in accordance with IFRS

Europlasma's Board of Directors met on 20 March 2012 and authorized the release of the 2011 consolidated accounts.

Turnover of €58,030 thousand, +€17,194 thousand vs. 31/12/2010, an increase in the majority of business sectors

EBITDA of €2,688 thousand, -€864 thousand vs. 31/12/2010,

Operating income of -€446 thousand, -€856 thousand vs. 31/12/2010, affected by non-recurring negative factors

Net income, group share of -€1,341 thousand, -€1,969 thousand vs. 31/12/2010

Self-financing capacity of €3,627 thousand, +€2,574 thousand vs. 31/12/2010

Net investments of €14,416 thousand compared with €5,325 thousand in 2010, linked to the development of the renewable energies sector

Net debt of €3,534 thousand compared with €248 thousand as at 31/12/2010

Commenting on these figures, Didier Pineau, the Managing Director, indicated:

'Following the Board of Director's decision of 05/10/2011, we have adopted the IFRS standards for drawing up the financial statements for the 2011 financial year and, for the first time, the consolidated accounts of your company are published in accordance with IFRS standards.

The performance of the group shows real improvement compared with 2010. All the business sectors are growing and show positive or close to break-even results with the exception of the hazardous waste treatment sector. CHO Power is building to schedule the factory for CHO Morcenx and Inertam is ready to operate it from H2 2012. Intertam experienced a record year in terms of commercial sales however, its net result was significantly affected a by technical disruption to the furnace and the consequent down time.. To solve this, the group invested €1.2 m in a higher performance load preparation line in order to adapt to the very varied quality of asbestos waste, which has allowed Inertam to overcome and solve the issue fully, thus also justifying the pertinence of our 2012 investment. The business of the sub group Europe Environnement is growing, with a 25% increase in turnover and an improving level of profitability. The Air and Gas activities have shifted from the equipment furniture to turnkey solutions.

The Group has made investments close to €9m within the renewable energies sector without using a bank loan thanks to capital increases in 2010.

For the year 2012, the management is focused to the start-up of the CHO Morcenx factory in order to demonstrate the suitability of our plasma torch technology in the renewable energy production sector.

Activity and results

In thousand euros (€ '000)	31/12/2011	31/12/2010	Difference	
Turnover	58,030	40,836	17,194	42%
EBITDA	2,688	3,552	- 864	- 24%
Operating income	- 446	410	- 856	- 209%
Ordinary income	- 790	98	- 888	-906%
Net income, group share	- 1 341	628	-1 969	- 316%
Income per share (in euros per share)	- 0.086	0.050	-0.136	- 272%

Source: 2011 consolidated accounts audited by the Statutory Auditors and authorized to be released by the Board of Directors on 20/03/2012

Turnover

The 2011 consolidated turnover totals €58,030 thousand, up 42% on 2010.

The renewable energy production business generated a turnover of €17,186 thousand, representing 30% of the Group's turnover in 2011 (compared with 16% in 2010). This revenue is linked to the construction of the first energy production from waste and biomass factory in Morcenx (France) which started on 1 December 2010 and of which the project management was entrusted to CHO Power SAS. The construction of the plant is near completion and the first waste arrived on site this month in order to perform the first sorting line tests. Factory start-up is scheduled for mid-2012. At the same time, CHO Power SAS continues its development and has decided to join forces with Sunrise Renewables in order to finalize the development of four energy production from waste and biomass factories in the United Kingdom.

The air and gas treatment business contributed 54% to the consolidated turnover of the 2011 financial year, with revenues which total €31,516 thousand, compared with €24,885 thousand at 31/12/2010 (61% of the 2010 consolidated turnover). The subgroup Europe Environnement has successfully completed the last contractual stages of the Air Liquide/Sharp contract with the industrial commission of two gas treatment lines from the 3 Sun factory at Catane (Italy) during summer 2011. In order to meet the growing demand of Eastern European countries that have joined the European Union, with regard to air emission limits imposed by the EU, the Hungarian subsidiary, Ventacid, has invested in a new production factory for air treatment products.

Furthermore, in order to achieve cost savings and thus maintain its competitiveness, Europe Environnement SA merged with its subsidiaries Protech'Air and Europ-Plast, on 01/07/2011 and 01/01/2012 respectively.

The business for destructing hazardous waste contributed 14% to the Group's turnover with €7,959 thousand generated at 31/12/2011 compared with €8,982 thousand at 31/12/2010 (22% of the 2010 consolidated turnover). The turnover, calculated on the basis of effective waste treatment, does not reflect the good performance of the commercial sales which was sustained through-out 2011 to achieve a record year for waste delivered on site, an increase of 17% on 2010. Production was penalized by non-recurring technical problems which lead to nine weeks of additional stoppages. Therefore, in 2011, 4,521 tons were treated compared with 5,472 tons the previous year. Appropriate measures were implemented to resolve these two incidents that were clearly identified and analyzed. New investment in the load preparation line is envisaged for 2012 in order to increase efficiency and productivity. This investment is financed by a 'green loan' approved by OSEO as part of the 'future investment' program decided by the State.

Europlasma's traditional activity 'Research and Engineering, torches and processes' represented 2% of the consolidated turnover at 31/12/2011. Europlasma is collaborating with Iberdrola and Belgoprocess as part of a contract signed in 2010 for the treatment and conditioning of radioactive waste from the Bulgarian nuclear power plant. Europlasma is responsible for the implementation of the plasma furnace with a capacity for 250 tons per year of low-level radioactive waste. The client thus extended the remaining deadlines by one year to the summer of 2011, an amendment taking account of this delay has been negotiated. Furthermore, the spare parts order set out in the contract was received in 2011.

In terms of R&D, Europlasma has continued its Turboplasma® program supported by the ANR (the French National Research Agency) which triggered the second installment of €110 thousand in 2011. At the same time, Europlasma and Kobelco Eco-Solutions (Kobe Steel Group) have launched their joint 'KIWI' programme[1] which aims to test the combination of their technology (gasifier and turboplasma®) for electricity production from different types of waste. This program of more than €6 million over 3 years is underway on the Europlasma test platform in Morcenx (France). Furthermore, the research program SESCO, in partnership with the PROMES and Cemthi laboratories as well as Silimelt, which involves the use of COFALIT (material made from the vitrification of asbestos waste) for storing solar energy, won an award from ADEME (French Environment and Energy Management Agency) in the category 'innovative technology for the environment' at the Pollutec exhibition in December 2011.

Operational performance

EBITDA totals €2,688 thousand compared with €3,552 thousand at 31/12/2010. In contrast with the 2010 financial year (which was positively affected by non-recurring factors such as the capital gains realised from the sale of two former Europe Environnement buildings), the operational performances of the Group during the 2011 financial year have been affected by non-recurring negative factors. In particular:

- the renewable energy production sector registered fees that were paid to third parties which helped the Group finalize its financial research for the construction of the first CHO factory in Morcenx (France);
- the performance of the sector for processing hazardous waste suffered the consequences of a reduction in production caused by using the new type of refractory and by changes made to the process.

Despite these unfavourable events, the EBITDA remains positive on three out of four activities on 2011:

- the air and gas sector generates an EBITDA of €1,718 thousand in 2011, +€970 thousand vs. in 2010, reflecting the improved profitability of the historical traditional businesses which have been impacted by the economic crisis and the redeployment of major new projects in United States.
- the hazardous waste segment generates a positive EBITDA of €634 thousand in 2011, despite the technical incidents
- the historical business of Europlasma reports an EBITDA of €596 thousand thanks to the long-term contracts in progress.

The ordinary income totals -€790 thousand, compared with -€98 thousand at 31/12/2010. Net appropriations to amortizations and depreciations increased from -€3,201 thousand at 31/12/2010 to -€3,745 thousand at 31/12/2011. This increase is mainly due to the effect over a full year of the amortization of significant intangible assets commissioned on 1 July 2010. The net financial charges amount to -€345 thousand, a slight increase on 2010.

Net income

The net income (group share) sees a loss of €1,341 thousand compared with a profit of €628 thousand in 2010. Inertam, has alone recorded a net loss of €1,334 thousand and constitutes the business unit with the most significant loss.

The tax income of €166 thousand reported for 2011 is broken down by a current tax charge of €283 thousand, a deferred tax income of €443 thousand and a Group Tax Income of €6 thousand.

The share of profits in the equity-accounted companies amounts to a loss of -€611 thousand in 2011 compared with -€59 thousand for the previous year. This share of losses is essentially linked to the equity-accounted company CHO Morcenx of which the business is still not active. As indicated in the comments on turnover, the electric power plant is in the construction phase and its start-up is scheduled for mid-2012.

The share of minority interests in the net income at 31/12/2011 amounts to a profit share of €106 thousand, compared with a share of losses of €92 thousand at 31/12/2010, thanks to the positive performances of the American subsidiaries of the Air and Gas sector in particular.

[1] **K**obelco **I**ndustrial CHO Po**W**er Gas**I**fication

Cash flow and balance sheet

In thousand euros (€ '000)	31/12/2011	31/12/2010	Difference	
Current assets	48,631	38,020	10,611	28%
Current assets	39,863	31,599	8,264	26%
Shareholders' equity (group share)	34,556	35,843	-1,287	-4%
Minority interests	2,446	2,442	4	0%
Non-current financial liabilities	11,997	10,744	1,253	12%
Other non-current liabilities	1,524	1,722	-198	-11%
Current financial liabilities	3,500	1,839	1,661	90%
Other current liabilities	34,472	17,029	17,443	102%
Net debt	-3,534	-248	-3,286	1297%
Gearing	0,1	0,0	0,1	1230%
Self-financing capacity	3,627	1,053	2,574	244%
Net (investments)/disinvestments	-14,416	-5,325	-9,091	171%
Total equity (Group share) per share in €/share	2.224	2.860	-0.636	-22%

Source: 2011 consolidated accounts audited by the Statutory Auditors and authorized to be released by the Board of Directors on 20/03/2012

The total balance sheet amounts to €88,495 thousand compared with €69,619 thousand at 31/12/2010, i.e. an increase of €18,875 thousand.

Within the balance sheet assets, this increase is distributed between non-current assets and current assets, +€10,611 thousand and +€8,264 thousand respectively. The main items concerned are:

- tangible assets (+€4,265 thousand) of which the increase essentially concerns the electric power plant building in Morcenx (France) that is nearing completion;
- other non-current financial assets (+€7,484 thousand) following the placement of €7,500 thousand on an escrow account to guarantee the EPC contract for the technical installations and industrial equipment of CHO Morcenx;
- trade debtors and related accounts (+€4,572 thousand) which increase due to the increase of activity and withheld payments applied within the framework of long-term contracts;
- other operating receivables (+€4,667 thousand), and in particular deductible VAT and VAT claims.

Within the balance sheet liabilities, the increase focuses on the level of current liabilities which have increased by €19,104 thousand between 2010 and 2011. The supplier item shows the highest difference with +€11,444 thousand, linked to the significant increase in activity and withheld payments applied to suppliers within the framework of long-term contracts. The other current liability items have increased by +€4,502 thousand, the difference essentially lies at the level of current tax liabilities, and in particular the VAT item collected.

Net debt for the group totals €3,534 thousand at 31/12/2011 compared with a net debt of €248 thousand at 31/12/2010. The difference is mainly linked to the construction of the electric power plant building in Morcenx (France) which is financed by a bank loan, of which €2,746 thousand was received in 2011.

The Group did not require external financing for significant investment within the business sector for renewable energy production during the financial year. These net investments of €8,566 thousand were in fact financed thanks to the capital increases in summer 2010.

Outlook for 2012

In the Renewable Energies branch, CHO Power is completing the construction of the electric power plant in Morcenx (France) and will ensure its start-up this summer with the assistance of the future operator of the plant, Inertam. The successful launch and the ramp-up period of CHO Morcenx is a strategic and financial priority for the Group which at the same time continues the commercial development of this business sector
The air and gas treatment business, led by the sub group Europe Environnement, should provide better results in both the traditional businesses and on new markets essentially driven by engineering and photovoltaic.
The hazardous waste treatment activity driven by Inertam should return to the processing rates already reported in the years 2009/2010 and improve its operating performances thanks to the significant investment in the load preparation line.
Finally, the Torches and Processes sector should experience significant growth with the continuation of the contracts in progress and with the signing of new equipment contracts currently under negotiation.
The 2012 consolidated turnover is not expected to grow because of the CHO Morcenx plant start-up date which represents the trigger for new order taking.

Next steps :

Publication of 2011 social and consolidated accounts, Management report and Statutory Auditors' report on the abovementioned accounts : 30 April 2012

SFAF (French Association of financial analysts) meeting: 10 May 2012

Publication of the French 2011 "Document de reference": May 2012

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.

http://www.europlasma.com [Alternext - NYSE Euronext Paris – Mnemo : ALEUP – Isin : FR0000044810]

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Important notice

This release contains provisional information and statements based on the best estimates of the Management at the date of their publication. This information is, by nature, subject to risks and uncertainties which are difficult to predict and generally outside of the Group's field of action. These risks include the risks listed in the Group's reference document available on its website http://www.europlasma.com.

Consequently, the future performance of the Group may differ significantly from the provisional data communicated and the Group can make no commitment to the achievement of these provisional elements.

APPENDICES

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.

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

In T€	31/12/2011	31/12/2010	Var
Goodwill	8,410	8,383	27
Other intangible assets	1,587	2,334	-747
Tangible assets	20,343	16,078	4,265
Investment properties	0	0	0
Investment in associates	7,340	7,945	-605
Other non-current financial assets	8,978	1,494	7,484
Deferred tax assets	1,973	1,786	187
Non-current assets	**48,631**	**38,020**	**10,611**
Inventories	2,156	1,830	326
Trade receivables	17,586	13,014	4,572
Other operating receivables	6,798	2,132	4,667
Income tax receivables	133	18	115
Other current assets	1,227	2,271	-1,044
Cash and cash equivalent	11,963	12,335	-372
Assets classified as held for sale	0	0	0
Current assets	**39,863**	**31,599**	**8,264**
Total assets	**88 495**	**69,619**	**18,875**
Share capital	15,656	15,285	371
Share premium	34,658	34,670	-12
Reserves and retained earnings	-14,417	-14,740	323
Profit for the year	-1,341	628	-1,969
Equity attributable to owners of the parent	34,556	35,843	-1,287
Non-controlling interests	2,446	2,442	4
Equity	**37,002**	**38,285**	**-1,283**
Employee benefits	451	452	-2
Non current provisions	0	0	0
Other non current financial liabilities	11,997	10,744	1,253
Deferred tax liabilities	563	862	-299
Other non current liabilities	510	408	102
Non-current liabilities	**13,521**	**12,466**	**1,055**
Current provisions	697	577	120
Current financial liabilities	3,500	1,839	1,662
Trade payables	18,124	6,680	11,444
Income tax payables	0	20	-20
Other operating payables	5,914	4,518	1,396
Other current liabilities	9,737	5,235	4,502
Liabilities classified as held for sale	0	0	0
Current liabilities	**37,972**	**18,868**	**19,104**
Total equity and liabilities	**88,495**	**69,619**	**18,875**
Equity – Group share - per share, in Euros per share	2,224	2,860	- 0,636
Equity – Group share - per share, in Euros per share, diluted	1,741	2,089	- 0,348
Average number of shares	15 537 116	12 530 479	3 006 637
Average number of diluted shares	19 852 728	17 161 279	2 691 449

CONSOLIDATED INCOME STATEMENT

In T€	31/12/2011	31/12/2010	Var
Revenue	58,030	40,836	17,194
Other operating income	8,890	3,503	5,387
Raw materials and consumables used	-38,867	-16,941	-21,926
External expenses	-11,010	-9,952	-1,058
Employee benefits expense	-12,627	-12,378	-249
Other operating expenses	-359	-722	363
Taxes	-758	-735	-23
Amortization, depreciation and provisions	-3,745	-3,201	-544
Operating income	**-446**	**410**	**-856**
Finance income	-345	-312	-33
Profit before tax from continuing operations	**-790**	**98**	**-888**
Extraordinary income	0	0	0
Income tax	166	497	-331
Profit for the year from continuing operations	**-624**	**595**	**-1,219**
Share of profit/(loss) of associates	-611	-59	-552
Goodwill impairment	0	0	0
Profit/(loss) after tax from discontinued operations	0	0	0
Profit for the year	**-1,235**	**536**	**-1,771**
Non-controlling interests	-106	92	-199
Profit for the year attributable to owners of the parent	**-1,341**	**628**	**-1,969**
			0
Earnings per share in €			
Basic profit for the year attributable to ordinary equity holders of the parent	- 0.086	0.050	- 0.136
Diluted profit for the year attributable to ordinary equity holders of the parent	- 0.068	0.037	- 0.104
Average number of shares	15,537,116	12,530,479	3,006,637
Average number of diluted shares	19,808,284	17,161,279	2,647,005

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

In T€	31/12/2011	31/12/2010	Var
Profit for the year	-1,235	536	-1,771
Exchange differences on translation of foreign operations	-49	20	-69
Net movement on cash flow hedges	-201	-122	-80
Income tax effect	67	41	27
Non current assets held for sale			0
Other comprehensive income for the year, net of tax	**-184**	**-61**	**-122**
Total comprehensive income for the year, net of tax	**-1,419**	**475**	**-1,893**
- attributable to owners of the parent	-1,433	597	-2,030
- attributable to non-controlling interests	14	-123	137

Consolidated statement of cash flows

In T€	2011	2010
Profit for the year	**-1,235**	**536**
Adjustments :		
Share of profit/(loss) of associates	611	59
Depreciation and amortisation	3,726	7,871
Fair value adjustments	-18	-7,737
Loss/(gain) on disposals of assets and other	38	-220
Dividends	0	0
Share based payments	152	454
Operating cash flows after change in working capital, interests and tax	**3,274**	**962**
Income tax expense/(gain)	-166	-497
Net financial costs	519	588
Operating cash flows before change in working capital, interests and tax	**3,627**	**1,053**
Change in working capital	8,402	-1,075
Income tax (paid)/received	-309	-262
Net cash flows from/(used in) operating activities	**11,719**	**-284**
Change in the consolidation scope	-10	0
Capital expenditure on tangible and intangible assets	-6,968	-5,662
Capital expenditure on financial assets	0	0
Decrease/(increase) in loans and other non current financial assets	-7,524	121
Investment grants	84	581
Proceeds from disposal of tangible and intangible assets	0	1,612
Dividends	2	0
Other cash flows from/(used in) investing activities	0	-1,978
Net cash flows used in investing activities	**-14,416**	**-5,325**
Proceeds from share capital increase	0	6,208
Purchase/sale of treasury shares	13	0
Increase in loans and borrowings	2,752	262
Repayment of loans and borrowings	-1,672	-1,757
Net interests paid	-459	-513
Dividends paid to owners of the parent	0	0
Dividends paid to non-controlling interests	-3	-2
Other cash flows from/(used in) financing activities	0	1
Net cash flows from financing activities	**631**	**4,199**
Net foreign exchange difference	-80	-14
Net change in cash and cash equivalent	**-2,146**	**-1,424**
Cash and cash equivalents at 1 January	12,321	13,746
Cash and cash equivalent at 32 December	10,175	12,321
Net change in cash and cash equivalent	**-2,146**	**-1,424**