EUROPLASMA
A leading Provider of Clean Technology and Clean Energy Solutions

Consolidated results at 30 June 2013

The Board of Directors of Europlasma met on 29 October 2013 and authorised the release of the consolidated financial statements for the first half of 2013.

Significant events during the period

CHO Power, a subsidiary specialising in Renewable Energies, last year finalised the construction of the 12MW plant for production from waste and biomass at Morcenx. The power station was started up in the summer of 2012 but the provisional technical delivery (Take Over Date) did not take place due to a failure of the gasifier and a technical incident which led to the close-down of the plant in February 2013. The restarting of the plant is scheduled for early in 2014, after the replacement of the defective equipment by a gasifier supplied by the US company PRM Energy Systems Inc. This company has 31 years of experience and 25 gasifiers installed throughout the world.

The delay in the provisional technical delivery caused significant cash flow difficulties due to three additional factors: (i) delay in the recognition of income which should have been generated by the plant, (ii) delay in the release of the guarantee retentions under the terms of the EPC contract and (iii) additional working capital requirements during the start-up period. These difficulties obliged the group to enter into a conciliation procedure and to take some major strategic, financial and operational decisions.

Against this background, the listing of the shares was suspended on 15/04/2013. The conciliation procedure, aimed at preserving the interests of the company and its shareholders, enabled it to obtain better financing terms and the rescheduling of repayments. The judgement approving these agreements was handed down by the Commercial Court on 06/09/2013.

Furthermore, on 28 March 2013, the Executive Committee of FIG (the holding company which holds the subsidiary Europe Environnement) decided to sell the FIG/Europe Environnement sub-group. This sub-group was therefore qualified for the first time as "businesses held for sale" in the financial statements for the half-year to 30 June 2013. The accounting consequences are the following:

- Presentation on a line in the assets of all the assets from businesses held for sale,
- Presentation on a line in the liabilities of all the liabilities from businesses held for sale,
- Presentation on a line in the income statement of the net income from the abandoned activities after deduction of the depreciation related to the estimate of the fair value from activities held for sale.

Several potential purchasers have expressed their interest and it is expected that the transaction will be finalised early in 2014. This transaction is in line with the strategy of refocusing on the core business and it will also provide the Group with additional cash resources.

Results and activities

In thousand euros (€'000)	30/06/2013	Actual 30/06/2012	Change	Pro- forma 30/06/2012	Change
Revenues	5,656	21,365	-15,709	9,083	-3,427
EBITDA	-2,200	-1,786	-414	-2,190	-20
Operating income	-4 114	-3,596	-518	-3,541	-573
Financial income	-297	-232	-65	39	-336
Net income from businesses held for sale	-2,684	0	-2,684	-347	-2,337
Net income	-7,358	-3,623	-3,735	-3,622	-3,736
Net income, Group share	-6,014	-3,450	-2,564	-3,450	-2,564
Earnings per share (in euro/share)	-0.38	-0.22	-0.16	-0.22	-0.16

Source: 2013 half-yearly consolidated financial statements approved by the Board of Directors' meeting on 29/10/2013

The information presented on a pro-forma basis corresponds to the consolidated financial statements at 30 June 2012, on the basis of the same IFRS 5 perimeter as at 30 June 2013, in other words after reclassification of all the income statement items relating to the Air and Gas sector to the line "Net income from businesses held for sale".

Activity and sales revenues

The 2013 half-yearly consolidated sales revenues amounted to €5656K, compared with €21,365K at 30/06/2012. The reduction of €15,709K is explained on the one hand by the reclassification of the sales revenues from the Air and Gas sector to the line 'Net income from businesses held for sale' for €12,397K (vs. €12,281K at 30/06/2012) and by a fall of €3,427K on a like-for-like basis. This 38% fall in the sales revenues from the continuing activities is concentrated mainly at the level of the Renewable Energies sector (-€3,853K).

The Torch & Process business generated sales revenues of €649K, compared with €944K at 30/06/2012. Under the terms of the KNPP (Kozloduy Nuclear Power Plant) contract, in the first half of 2013 Europlasma completed the construction of the plasma furnace for reducing the volume of low-level radioactive waste.
The fourth series of tests of the KIWI (Kobelco Industrial CHO PoWer gasIfication) R&D programme took place in March 2013. This series confirmed the efficiency of the Turboplasma® for the washing of the synthetic gas output from the gasifier, with destruction of tar content of more than 90%.

The Renewable Energies branch recorded sales revenues of €692K, compared with €4,545K at 30/06/2012. A technical incident which occurred in February 2013 caused the stoppage of the CHO Morcenx electricity production plant so that the damaged equipment could be repaired. It was decided to take advantage of the stoppage and to extend it in order to replace the gasifier, the defective equipment which jeopardised the start-up of the plant as a result of its instability. The restart of the plant with the new gasifier is scheduled for early 2014, with a provisional technical delivery (Take Over Date) on 28 February 2014.
In parallel, the Group has continued the development of projects for the construction of new electricity production plants, particularly in France and in the United Kingdom.

The Hazardous Waste business grew by 20% at 30/06/2013, compared with 30/06/2012, with a contribution to the consolidated sales revenues of €4315K, reflecting the 32% increase in the volume of waste asbestos processed, with 2420 tonnes processed at 30/06/2013, compared with 1835 tonnes at 30/06/2012. The technical problems encountered at the start of the period relating to the load preparation zone were sorted out at the end of the first half of 2013, thereby enabling an acceleration of the production flows at the end of the period.
Sales activity remained sustained over the first half of 2013, with new orders up by more than 8% in comparison with 2012.

Operational performance

The operational performance resulted in a loss of €4114K at 30/06/2013, compared with €3596K at 30/06/2012, of which €670K represents non-recurring items related to the conciliation procedure (miscellaneous professional fees) and to the internal reorganisation (departure compensation for the former Managing Director).

The operational results of the Air and Gas segment, reclassified onto the line 'Net income from activities held for sale' amounted to a loss of €2386K, compared with a loss of €55K at 30/06/2012, due in particular to an impairment charge of €2651K recognised at 30/06/2013 in order to reduce the net assets of the Air and Gas segment to its probable sale value after deduction of the related costs.

The Holding company, Torch & Process segment recorded a loss of €1119K, compared with €337K at 30/06/2012. This fall is mainly explained by:

- €210K of non-recurring professional fees related to the conciliation period
- €250K of depreciation of the building at the CHO Morcenx plant by the SCI (non-trading property company), which was unable to invoice rents in consideration, since the plant had not yet been accepted by its customer
- €180K of depreciation of the KIWI platform, which was commissioned in October 2012

The operating losses recorded by the Renewable Energies segment (-€2342K vs. €1905K at 30/06/2012) are essentially related to the start-up costs of the plant prior to its stoppage at the end of February 2013. Due to the stoppage of the plant in February 2013, very little revenue was generated during the period.

The Hazardous Waste business performed better than in the first half of 2012 and posted an operational loss of €653K, compared with a loss of €1284K at 30/06/2012. This performance is principally due to the increase in the sales revenues arising from the volume of waste asbestos processed. The productivity gains expected as a result of the commissioning of the new load preparation zone and the tri-annual complete refurbishment of the treatment furnace carried out during the summer of 2013 will be perceptible over a full year with effect from 2014.

Employment expenses were down on a like-for-like basis in comparison with those at 30/06/2012. The reduction of €306K on a like-for-like basis is explained on the one hand by the favourable effect of the recognition of the new Employment Competitiveness Tax Credit deducted from the social security charges for an amount of €68K and, on the other hand, by the absence of bonuses provisioned as at 30/06/2013, as a consequence of the efforts demanded of the company's employees as part of the savings to be achieved in 2013.

The other non-recurring operational income and expenses (€670K) mainly represent the costs provisioned for the departure of the former Managing Director, Didier Pineau and the costs incurred as part of the conciliation procedures.

Net income

The share of the net income from the companies consolidated on an equity basis amounted to a loss of €235K, compared with a loss of €28K at 30/06/2012. This share concerns the company CHO Morcenx, the owner of the electricity power station at Morcenx. Since the plant was not in service, the company recognised very little income in respect of the first half of 2013.

The minority interests' share of the net income at 30/06/2013 is a share of losses of €1344K, compared with a share of losses of €173K at 30/06/2012. The minority interests relate only to the Air and Gas segment, which posted a net loss of €2684K, including €2650K of impairment charges. This impairment charge was recognised in order to reduce the net accounting value of the sub-group to its probable sale value. Since the minority interest is 49.78%, the loss for the Group amounted to €1344K.

The net income, Group share, represents a loss of €6014K, compared with a loss of €3450K recognised at 30/06/2012. The Renewable Energies segment represents 44% of the loss and the Air and Gas segment, held for sale, contributed 22% of the loss; the Torch and Process business accounted for 21% and the Hazardous Waste segment for 13%.

Summary of the consolidated financial situation and cash flow

In thousand euros ('000€)	30/06/2013	Actual 31/12/2012	Change	Pro- forma 31/12/2012	Change
Non-current assets	31,170	46,055	-14,886	32,433	-1,263
Current assets	36,523	26,941	9,582	41,296	-4,773
Equity attributable to Group shareholders	7,875	13,808	-5,933	13,808	-5,933
Non-controlling interests	829	2,133	-1,304	2,133	-1,304
Non-current financial liabilities	9,629	19,753	-10,124	12,661	-3,032
Other non-current liabilities	655	1,648	-993	717	62
Current financial liabilities	3,617	3,803	-186	956	2,661
Other current liabilities	45,087	31,852	13,235	43,456	1,631
Net debt	12,701	19,501	-6,800	10,816	1,885
Gearing	0.6	0.6	0.0	0.4	0.2
Operating cash flows before cost of net financial debt	-1,462	-9,579	8,117	-10,550	9,088
Net cash flows from investing activities	-887	-7,609	-6,722	-7,365	-6,478
Equity-Group share - per share (in euros)	-0.50	0.89	-0.39	0.89	-0.39

Source: 2013 half-yearly consolidated financial statements approved by the Board of Directors' meeting on 29/10/2013

The information presented on a pro-forma basis corresponds to the consolidated financial statements at 31 December 2012, on the basis of the same IFRS 5 perimeter as at 30 June 2013, in other words after reclassification of all the assets of the Air and Gas sector onto the line 'Assets of businesses held for sale' and of all its liabilities onto the line 'Liabilities of businesses held for sale'.

The balance sheet total amounted to €67,692K, compared with €72,996K at 31/12/2012, or a reduction of €5304K.

Within the balance sheet assets, this change is the result of a reduction in non-current assets and an increase in current assets by reference to those at 31/12/2012.

The variation of -€14,886K in the non-current assets is explained, on the one hand, by the reclassification of the activities destined for sale (€13,622K) and, on the other hand, by the tangible asset depreciation charges (-€1946K) which were greater than the acquisitions of assets (€484K).

At the level of the current assets, the variation is mainly explained by the reclassification of the non-current share of the activities destined for sale for €13,622K, and by the reduction in cash balances (-€3510K), of which (€887K) is related to capital investment activities, (€656K) to operational activities and (€1237K) to financing activities.

Within the balance sheet liabilities, the shareholders' net equity fell by (€7236K) between 31/12/2012 and 30/06/2013, in line with the loss over the period, which amounted to (€7358K), of which (€6014K) was the group share.

The non-current liabilities fell by €11,117K. This reduction is concentrated mainly at the level of the non-current financial debts (-€10,124K) as a result of the reclassification of the share which became current for an amount of €3768K and of the reclassification of the non-current financial debts of the activities held for sale on to the line 'Liabilities from activities held for sale' for €6727K.

The current liabilities grew by €13,049K, a change explained mainly, on the one hand, by the reclassification of the non-current liabilities of the activities destined for sale onto the line representing the current liabilities for €7493K, and, on the other hand, by the reduction in trade payables of €4234K due to a reduction in activity.

The group's net indebtedness amounted to €12,701K at 30/06/2013, compared with net indebtedness of €19,501K at 31/12/2012. This reduction is mainly explained by the reclassification of the financial debts not related to the Europe Environnement sub-group.

Post balance sheet events

Change in governance and the organisation

- More than 20 years after having founded the Europlasma company, Mr Didier Pineau resigned his position as Group Managing Director at the end of June 2013. François Marchal, a director, was appointed as his successor until 01/01/2014. In parallel, the Board of Directors engaged a high-level management recruitment firm to find a permanent replacement for Mr Pineau.
- The employees operating the CHO Morcenx plant, initially recruited by Inertam, and the O&M (operation and maintenance) contract, initially entrusted to Inertam, were transferred to CHOPEX, a company created in July 2013 and 100%-held by CHO Power.
- At 01/10/2013, the employees working for the Renewable Energies sector were transferred from the Europlasma parent company to its dedicated subsidiary CHO Power.

Principal financial measures implemented as part of the conciliation

- Revision of the loan contracts entered into in December 2012
- Implementation of new financing by the Group's financial partners
- Obtaining of moratorium periods
- Recapitalisation of the subsidiary CHO Power

For more details, see note 10. Events subsequent to the closing date of the summary 2013 half-year financial statements.

KNPP (Kozloduy Nuclear Power Plant) contract

The installation is in the process of being disassembled to be shipped to Bulgaria at the end of 2013, with a view to its reassembly in the Kozloduy nuclear power station in Bulgaria.

CHO Morcenx electricity production plant

The new gasifier is in the process of construction with a view to the restart of the plant in early 2014. The new deadline for the Take Over Date has been set at 28 February 2014.

Hazardous Waste business

The complete tri-annual refurbishment of the furnace was carried out during the summer of 2013. Production restarted at the end of September 2013 and the production flows demonstrated a clear improvement by reference to the average flows in 2012 and the first half of 2013.

The Group's prospects are therefore largely dependent on compliance with the new timetable for the start-up and provisional technical acceptance of the CHO Morcenx plant (Take Over Date) set for 28 February 2014, on the operational recovery of the asbestos waste treatment business and on the sale of the Air and Gas business segment.

Next news on 08/11/2013: General Meeting of the shareholders (Bordeaux)

The details of the 2013 half-yearly consolidated financial statements are available on the company's website, in the section "Shareholders & Investors", under the heading "Financial information".

Press and investor contacts

François MARCHAL – Managing Director / **Anne BORDERES** – Manager of press and shareholder relations
Estelle MOTHAY – Director of Administration and Finance
Tel: + 33 (0) 556 497 000
contactbourse@europlasma.com

APPENDICES

1. GLOSSARY

AD : The Acceptance Date is the date of the final delivery of the CHO Morcenx plant to the client within the EPC contract.

CHO Morcenx : Simplify joint-stock company (Société par Actions Simplifiée), owner of the waste and biomass-to-energy power plant in Morcenx (France), 25% owned by Europlasma Group, through its sub CHO Power.

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 : **K**obelco 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 form waste and biomass.

KNPP : **K**ozloduy **N**uclear **P**ower **P**lant is a contact for the supply of a plasma furnace to reduce and immobilize low level radioactive waste in Bulgaria.

O&M : Operations and Maintenance contract

SESCO : **S**olar **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.

TOD : The Take Over Date is the provisional technical delivery of the power plant in Morcenx within the EPC contract.

2. SECTORIAL INFORMATION

30/06/2013	Holding, R&D, Engineering torch & process	Hazardous Waste	Renewable Energies	Air et Gas	Total
Goodwill	0	2,615	0	0	**2,615**
Other intangible assets	695	17	649	0	**1,361**
Property, plant and equipment	10,988	4,931	2	0	**15,920**
Other non-current assets	1,290	737	9,246	0	**11,273**
Cash and cash equivalents	233	309	2	0	**545**
Total assets	24,394	7,810	15,163	20,325	**67,692**
Financial liabilities	9,464	2,686	1,097	0	**13,247**
Total liabilities	-9,489	14,732	35,098	18,648	**58,988**
Revenues	649	4,315	692	0	**5,656**
Operating income	-1,119	-653	-2,342	0	**-4,114**
EBITDA	-486	585	-2,299	0	**-2,200**
Net increase in depreciation, amortisation and impairment	-633	-1,238	-279	0	**-2,150**

31/12/2012	Holding, R&D, Engineering torch & process	Hazardous Waste	Renewable Energies	Air et Gas	Total
Goodwill	0	2,615	0	5,256	**7,872**
Other intangible assets	496	21	805	35	**1,357**
Property, plant and equipment	11,216	5,776	2	7,387	**24,380**
Other non-current assets	1,273	738	9,490	944	**12,46**
Cash and cash equivalents	1,715	786	300	1,254	**4,055**
Total assets	30,378	8,213	15,859	18,546	**72,996**
Financial liabilities	9,321	2,673	1,622	9,940	**23,556**
Total liabilities	-9,258	14,381	33,158	18,775	**57,056**
Revenues	2,457	6,250	2,544	24,087	**35,338**
Operating income	-647	-3,180	-14,165	-222	**-18,215**
EBITDA	179	-1,481	-8,973	1,071	**-9,204**
Net increase in depreciation, amortisation and impairment	-826	-1,699	-743	-770	**-4,038**

30/06/2012	Holding, R&D, Engineering torch & process	Hazardous Waste	Renewable Energies	Air et 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	16,018	650	**19,068**
Cash and cash equivalents	1,856	3,817	384	1,256	**7,313**
Total assets	15,657	17,447	28,429	25,582	**87,115**
Financial liabilities	6,055	2,666	0	10,594	**19,314**
Total liabilities	-24,660	21,646	31,089	25,567	**53,642**
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**