

DEINOVE SA

Financial results to December 31st 2011

- *A net financial position of €8.9 million at the end of December 2011, covering the company's anticipated R&D to 2013 with the scheduled €3.2million milestone payments from Oseo.*
- *The successful achievement of the first key phase of the DEINOL project (development of a bacterial process for producing cellulosic bioethanol) which led to a €1.6 million in funding from OSEO's ISI programme.*
- *Significant progress in R&D projects and intellectual property supported by 50% increase in R&D expenditure.*
- *A net loss of €3.3 million for the 2011 accounting period, in line with forecasts*

Paris, February 17th, 2012: Deinove (Alternext Paris: ALDEI), the world's leading specialist in *Deinococcus* bacteria for biofuels and green chemistry, today published its financial results to December 31st 2011.

The 2011 accounting period enabled significant progress in research and development programmes, in particular the DEINOL project which successfully achieved its first key phase, according to the forecast, leading to a €1.6 million in funding from OSEO's ISI programme. The Company's operating costs amounted to €4.6 million over the accounting period, 80 % of which corresponded to R&D expenditure. The Company's net financial position of €8.9 million on December 31st 2011 is enough (in conjunction with the public financial support awarded) to cover the needs of the current R&D programmes to 2013 (with the scheduled €3.2 million milestone payments from Oseo)

Commenting on the financial results, Deinove CEO Jacques Biton stated: "*We are satisfied with our attainments in 2011 for we have been able to improve and strengthen our technological platform aimed at leveraging the remarkable potential of Deinococcus. This progress translated into achieving an important technological milestone in the Deinol programme within the designated timeframe. In addition, it has enabled us to widen the portfolio of applications for our bacterial cell factory and to initiate active discussions for collaborations with several industrial companies in the field of green chemistry.*"

Key figures

(in thousands of euros)

	2011	2010
TOTAL OPERATING REVENUES	637	603
TOTAL OPERATING COSTS	4,628	3,137
<i>Research & development costs</i>	3,724	2,471
<i>General, administrative and accounts costs</i>	904	666
OPERATING PROFIT/LOSS	-3,991	-2,534
FINANCIAL PROFIT/LOSS	45	20
PROFIT/LOSS BEFORE TAX AND NON RECURRING ITEMS	-3,946	-2,514
NON-RECURRING ITEM	-13	-13
Income Tax (Research tax credit)	-682	-276
NET PROFIT/LOSS	-3,277	-2,251
NET FINANCIAL POSITION	8,876	11,708
TOTAL ASSETS	10,571	13,152
TOTAL SHAREHOLDERS EQUITY	9,342	11,712

Highlights

In 2011, Deinove devoted most of its activity to:

- developing genetic engineering tools to optimize deinococci;
- optimizing the two selected bacteria, one of which will be the industrial bacteria strain for the Deinol project's bacterial factory;
- protecting its technological progress with 3 new patent applications in 2011, taking the Company's portfolio to 13 families, or 63 international patent applications.

The year 2011 thus saw Deinove finalize a complete "tool box" enabling efficient optimization of deinococci for various technological applications. This tool box was used to optimize our chassis that have been greatly improved with, for example, stable insertion of genes coding for enzymes capable of digesting plant biomass.

Apart from the Deinol project, to which it devoted to a large part of its resources, the Company is simultaneously conducting two other programmes:

- In the green chemistry programme, Deinove is continuing the exploration, both internally and as part of the R&D programmes with industrial companies, of certain potential applications for its deinococci for the production of chemical compounds of interest. These applications may be related to the use of either one of the bacteria, or of a specific enzyme directly extracted from one of the bacteria and optimized using proprietary tools to improve its efficacy. This two-pronged approach, bacterial and enzymatic, means a diversification of the possible industrial applications for Deinove's technology. Various discussions and feasibility studies are underway with industrial companies in the sector to

explore the metabolic pathways of deinococci or enzymes which would lead to new processes for the production of chemical molecules of interest.

- The antibiotic programme, consisting of the DEINOBIOTICS and DEINOPHARM projects: Deinove has continued work on screening bacteria from the library and on selection of antibiotic activities. If successful, the work programme will then consist of identifying original structures which could be used to fight infections resistant to existing antibiotics, a major challenge for public health worldwide.

In addition, the company received confirmation in May that its founding patent entitled "Process for chromosomal engineering using a novel DNA repair system" had been granted by the European Patent Office. This patent, whose principle inventor is Professor Radman, co-founder of Deinove, covers a process of genetic engineering which exploits the unique ability of deinococcus to auto-repair its genome. It forms a cornerstone of the Company's intellectual property and of its genetic "tool box."

Financial results 2011

Over the financial year, the company received €0.6 million in grants (among a total €1.6 million in funding) from the OSEO ISI programme for the DEINOL project.

In 2011, the Company's operating costs amounted to €4.6 million, of which 80 % was spent on R&D. This increase of nearly 50 % in comparison with 2010 reflects the moving forward of projects. In addition to the collaboration agreement with VTT-Technical Research of Finland, the increase in operating costs is also due to development of the lab in Montpellier where the research team was increased from 17 to 22 between January 1st and December 31st. Staff costs were also impacted by the new legislation to young innovative company status which had a negative effect of around €100 K on social contributions.

Deinove placed an important part of its funds in bonds, which offer a better return and diversify risks. Although investments generated financial revenues of €0.2 million a provision of an equivalent amount, due to a temporary drop in value on the market price of bonds at December 31st 2011, was observed. In all, the financial result saw a profit of €45 K.

The research tax credit over the accounting period was estimated to be €682 K versus €274 K in the previous year.

The financial year 2011 closed with a loss of €3.3 million, in line with forecasts.

A solid financial situation

At the end of December, the Company's cash and cash equivalents stood at € 9.1 million.

These liquidities have been invested in a variety of vehicles, as a function of the company's forecast cash flow. €2.7 million has been invested in term deposit accounts and € 6.0 million in blue-chip industrial and financial bonds, set to mature between early 2012 and early 2014, enabling a higher return and diversification of risks.

About Deinove

The greentech company Deinove (Alternext Paris: ALDEI) is dedicated to the development and commercial exploitation of innovative technological processes for the production of biofuels and other compounds of industrial or pharmaceutical interest, by exploiting the exceptional natural properties of Deinococci bacteria. Deinove successfully floated on the Alternext stock market in April 2010. The company intends to leverage its proprietary bacterial strains, technologies and processes by outlicensing to industrial partners. Deinove has partnered with leading sugar, ethanol and starch company TEREOS in order to develop the Deinol project, which aims at producing cellulosic ethanol in existing industrial facilities. Deinove currently has 28 staff and operates several collaborative R&D programmes with the CNRS (Montpellier and Marseille), INSA in Toulouse and the VTT-Technical Research Centre in Finland, It was incorporated in late 2006 under the joint impetus of Philippe Pouletty MD (Managing Partner at the private equity firm Truffle Capital) and Professor Miroslav Radman (Professor of Cell Biology at Paris-Descartes University, a member of the French Academy of Science and winner of the 2003 INSERM Medical Research Prize). Miroslav Radman elucidated the genetic mechanism behind the extraordinary natural properties of the bacterium Deinococcus (biodiversity and robustness) on which Deinove's innovation strategy is based. The Company's headquarters are in Paris and its laboratories are in Montpellier (Cap Alpha technopark). For further information, visit the Deinove website at www.deinove.com

Disclaimer:

This press release contains forward-looking statements. Such forward-looking statements do not guarantee the future performance of the Company. Its financial situation, operating result and current cash flow as well as the development of the industry in which the Company operates may differ substantially from the forward-looking statements mentioned or suggested in this press release. In addition, if the financial situation, operating result and cash flow of the Company and the development of the industry in which it operates are in line with the information given in the present press release, these results or these developments may not be indicative of future results or developments. These forward-looking statements are based solely on the current expectations and assumptions of the Company's management and involve risk and uncertainties which may affect the results and render them substantially different to those described in the present document. The risk factors affecting the Company are described in Chapter 4 of its prospectus registered on March 25th 2010 by the French Autorité des Marchés Financiers (AMF), visa no. I.10-014.

Updates are available on the company's website: www.deinove.com

Contacts

ALIZE RP

Caroline Carmagnol
Communication Agency
Tel.: +33 142 68 86 43 /
+33 664 18 99 59
caroline@alizerp.com

DEINOVE

Alain Chevallier, Chief Financial Officer
Tel.: +33 1 42 03 27 37
alain.chevallier@deinove.com

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