

**GLOBAL BIOENERGIES**

[www.global-bioenergies.com](http://www.global-bioenergies.com)

# **Financial Report**

*Consolidated accounts*

Half-year statement - June 2016





Evry, 22 September 2016

Dear Shareholders,

Global Bioenergies is set to take a key step in its history. The Leuna demo plant, currently in the final phase of its construction, will begin bio-sourced isobutene production this autumn. Its production capacity is ten times greater than the Pomacle pilot plant, and this leap forward represents a milestone in the scaling up of our process.

The Leuna demo plant will mimic a commercial plant on a smaller scale. The isobutene produced may be converted into batches of isooctane, i.e. renewable gasoline, which will be delivered to the automobile manufacturer Audi as part of a partnership begun 5 years ago. Other industrials, and particularly the Swedish group Aspen, showed a clear interest in this product and will also receive batches.

Once the Leuna demo plant is operational, Global Bioenergies will shift into a new phase, dominated by the commercialisation of the Isobutene process and the installation of full size plants. An initial project plant, called IBN-One, is currently being researched with the sugar group Cristal Union, given the coming end of sugar quotas in Europe. The French equipment manufacturer Technip is already working on the detailed design of the plant.

The financial statements of the Group as of 30 June 2016 show a net loss of €6.7 million for the half year. The cash position of the Group was €9.1 million as of 30 June. Considering that the Group's burn rate is now much lower because of the increase in recovering the German financing (€5.7 million subsidy from the research ministry) and French financing (€9 million over four years granted by ADEME in June 2016), the Group has sufficient visibility to reach this value-creating step, the start of the demo plant, and capitalise

on the expected commercial and financial opportunities.

Over the last few months, the Group has experienced intense commercial activity, and has a growing number of industrial partners, including Arkema, Arlanxeo, Aspen, Audi, Clariant, and L'Oréal. This is only a start: the commissioning of the Leuna demo plant should enhance the Group's industrial credibility and enable new links to be established with leading industrials.

At the laboratory level, efforts to adapt the process to other resources - and in particular to the CO<sub>2</sub> produced by steel mills, cement plants or power stations - will be stepped up. We have been working in this area since 2011, in partnership with the American company Lanzatech. The context justifies the gradually increasing means now dedicated to it. To go down this path will enable the wastes mainly responsible for global warming to be transformed into resources. The energy and environmental situation would be changed on a global scale.



**François-Henri REYNAUD**

*Chief Financial Officer*

[invest@global-bioenergies.com](mailto:invest@global-bioenergies.com)



**VOLUNTARY PRESENTATION OF THE CONSOLIDATED FINANCIAL  
STATEMENTS  
GLOBAL BIOENERGIES  
HALF-YEAR STATEMENT ENDED 30 JUNE 2016**

*Dear Shareholders,*

*In addition to the financial report on Global Bioenergies SA, we present the Group's consolidated accounts, grouping the parent company, the wholly-owned German subsidiary Global Bioenergies GmbH, and the project companies IBN-One (50% owned) and IBN-Two (wholly owned).*

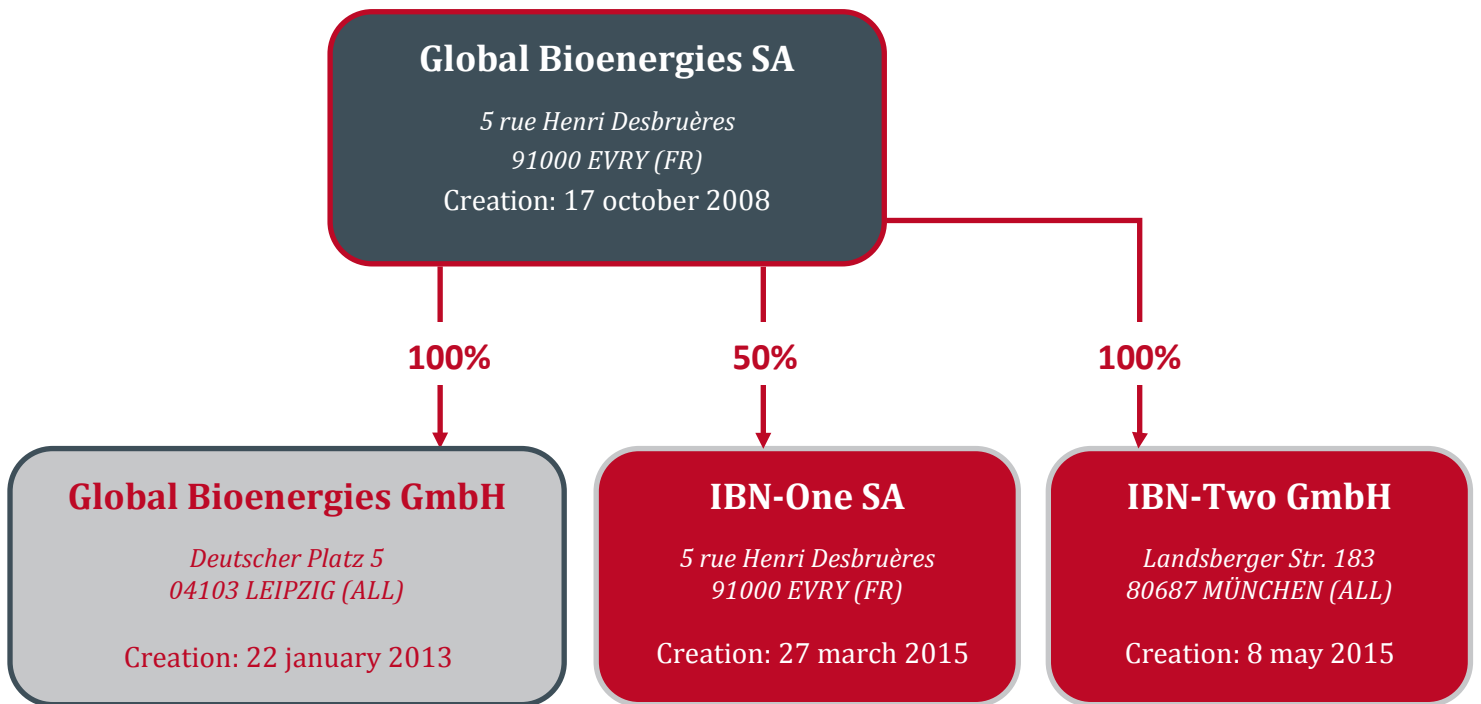
*We are not subject to any obligation to present these consolidated accounts. We choose to present them in order to provide the clearest possible financial information on the Group's activities.*

*The wholly owned subsidiaries (Global Bioenergies GmbH and IBN-Two) were fully consolidated. The 50% owned subsidiary, IBN-One, was proportionally consolidated. The following are the main consolidation principles adopted:*

- 1. Neutralisation of flows between Global Bioenergies SA and its subsidiaries:*
  - equity and the corresponding shares held;*
  - current-account receivables and payables;*
  - current-account interest invoiced under the cash management agreement between the parent company and Global Bioenergies GmbH;*
  - other miscellaneous re-billing.*
- 2. Restatements carried out for purposes of presenting the consolidated financial statements:*
  - finance leased assets recognised as property, plant and equipment at their gross value restated from the total of amortisation calculated since the beginning, with the counterpart entry under borrowings. The financial cost associated with finance leasing is recognised under financial expenses;*
  - retirement benefits recognised as liabilities under provisions, with the counterpart entry of an additional provision charged to profit and loss.*



## STRUCTURE OF THE GLOBAL BIOENERGIES GROUP AS AT 30/06/2016







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## **I. SIGNIFICANT EVENTS SINCE 01/01/2016**

The first half of 2016 confirms the path taken by Global Bioenergies. Month after month, the Group further stakes its presence in the global industrial landscape - evidenced by the increasing interest expressed by large international groups and formalised by the signature of partnerships and agreements.

The Group's buoyant business now exceeds the scope of the Evry laboratory. The industrialisation of the procedures comes first and foremost from the fermentation runs conducted since the end of 2014 on the pilot plant site of Pomacle-Bazancourt, near Reims. These last few months, it is also shown through the continued construction of the Leuna demo plant in Germany - with a production capacity ten times greater than the pilot plant - and whose production should begin before the end of the year. Finally, the IBN-One subsidiary, co-held by the French sugar group Cristal Union, has already begun preliminary studies into the construction of the world's first renewable isobutene production plant, whose first batches should be sold in mid-2019.

These concrete developments enable the progressive intensification of efforts to commercialise the technology.

### **A. In industrial activity**

#### **1. Development of partnerships and industrial agreements**

Announcements of new agreements and partnerships have been numerous over recent months. More and more well-known industrials are confirming their interest in the technology developed by Global Bioenergies.

The company Arlanxeo, which since 1 April 2016 combines the interests of the German chemical group Lanxess and the oil group Saudi Aramco, is the world leader in rubber production. On 21 April, Global Bioenergies announced the delivery to Arlanxeo of a batch of isobutene from the Pomacle-Bazancourt pilot plant for testing.

In June, Arkema, the leading French chemicals group, technically validated the isobutene fermentation product of Global Bioenergies. Submitted to a test of selective oxidation, the bio-sourced isobutene from Global Bioenergies demonstrated identical behaviour to that of petrochemical isobutene. The oxidation reaction of the isobutene enables methacrylic acid, a major component of acrylic paints and synthetic glasses, to be produced. For the record, Global Bioenergies and Arkema are partners in the BioMa+ project. The purpose of this project, started in 2013, is to set up a process to transform plant feedstock into methacrylic acid. The French government is financing this project for €5.2 million (through the Investments for the Future programme managed by ADEME<sup>1</sup>), including €4 million directly allocated to Global Bioenergies.

Following this, the Swiss group Clariant, one of the world leaders in speciality chemicals, has also enquired about the delivery of bio-sourced isobutene. First tests related to an expression of interest for Clariant were conclusive.

Global Bioenergies also revealed financing, through the Investments for the Future programme,

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<sup>1</sup> *Agence de l'environnement et de la maîtrise de l'énergie (ADEME)*, French Agency for the Environment and Energy Management

for a new project involving the sugar group Cristal Union and the cosmetics giant L'Oréal. The purpose of this project, named "Isoprod", is the emergence of the first isobutene production plant using procedures developed by Global Bioenergies. The French government's financing could reach €9 million in the event of a successful outcome, which will be shared between Global Bioenergies (€5.7 million) and its IBN-One subsidiary (€3.3 million). For the record, IBN-One is a joint venture between Global Bioenergies and Cristal Union, aiming to construct and operate the first bio-sourced isobutene plant discussed earlier. Cristal Union sees in this project an innovative and value-creating opportunity to sell a portion of its production - in an environment where European quotas currently imposed on sugar will disappear. Through its participation in the project, L'Oréal reinforces its ambition to integrate sustainable bio-sourced ingredients in the production chain for its products, and position itself in the lead to become one of the first customers of IBN-One once the plant is operational.

The automobile manufacturer Audi, long-time partner of Global Bioenergies, signed a new agreement at the beginning of the year to enlarge the scope of its partnership from 2014 to cover the biological production of high-performance gasoline, isooctane, from isobutene. At the same time, the subsidiary Global Bioenergies GmbH announced that it had obtained new financing from Germany's Federal Ministry of Education and Research to produce gasoline additives, which will be used by Audi in engine tests. The new agreement signed with Audi strengthens the alliance between the two groups and provides for the adaptation of Global Bioenergies' technology to new carbon and energy sources. Audi recently announced the technical validation of the first samples of isobutene provided. The German group is now waiting to receive larger batches to be able to conduct engine tests.

Finally, at the beginning of July, Global Bioenergies and IBN-One announced the signature of a partnership with the Swedish company Aspen, the world leader in alkylate gasoline for two- and four-stroke small engines. Aspen sells speciality fuels, in particular those which are less polluting than traditional fuels. These fuels, with harmful substances like benzene substantially removed, are typically used in chain saw or lawn mower engines, among others. The signed agreement secures Aspen's right of access to the isooctane which will be produced at Leuna and by the IBN-One plant. Isooctane is a compound with excellent properties for speciality fuels. The renewable nature of the isooctane produced by Global Bioenergies enables the Swedish group to affirm its commitment to contributing to the emergence of innovative solutions which are more environmentally-friendly and better for human beings and their health, and less corrosive to the equipment in which the fuel is burned.

## 2. Continued construction of the Industrial Demo Plant in Germany

On 8 June, Global Bioenergies posted an online video<sup>2</sup> showing the progress of the construction works for the Leuna industrial demo plant in Germany. All the large production components of the demo plant have been received. All that remains is to finalise the connections between the different components and test their operation. The commissioning of the demo plant, which will only be possible following a complete audit and the receipt of an operating permit, is expected this autumn.

For the record, the Leuna demo plant will be a replica of a commercial plant in a smaller size and

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<sup>2</sup> <https://youtu.be/u787ravTB34>

will enable very high purity grade isobutene to be directly produced. In the first instance, the demo plant will be used to complete the development of the technology and produce the first batches able to be sent to industrial companies. It will then be used to train teams and transfer technology to full size commercial plants.

## **B. In R&D**

### 1. Reaching a purity level of 99.77% for the Isobutene process

The Group announced at the beginning of the second quarter that it was able to produce isobutene with a 99.77% purity level. This announcement confirms the potential to extend the isobutene produced by Global Bioenergies to all of the markets traditionally covered by petrochemical isobutene. In fact, rubber and plastic production from isobutene only becomes possible with very high purity grade isobutene.

### 2. The Pomacle-Bazancourt pilot delivers results identical to those obtained in the laboratory

Several fermentation runs have been carried out throughout the first half. These runs have two main objectives: to improve the procedure by working closely with the Evry laboratory teams, and to produce batches of bio-sourced isobutene suitable for industrial companies. The performance achieved by the procedure used at the Pomacle-Bazancourt site reflects that reached several months earlier in the Evry laboratory, confirming that the scaling up of the procedure is progressing satisfactorily.

## **C. Other**

In January 2016, Global Bioenergies carried out a capital increase via a private placement. On this occasion, 274,931 new shares have been issued at a unit price of €23.70, for a total amount subscribed of more than €6.5 million. The funds raised will be used to complete the development of the Isobutene process and roll it out commercially.

In addition, the Group has recently hired a new vice president devoted to Business Development. The integration of James Iademarco into the management team of Global Bioenergies enables planning for the commercialisation phase, which will characterise the development of Global Bioenergies once the Leuna demo plant becomes operational.

## II. GROUP CONSOLIDATED FINANCIAL STATEMENTS

### A. INCOME STATEMENT OF THE GLOBAL BIOENERGIES GROUP <sup>3</sup>

€ thousands	from 01/01/16 to 30/06/16 6 months	from 01/07/15 at 31/12/15 6 months	from 01/01/15 to 30/06/15 6 months
Operating income	767	1,467	761
Operating expenses	7,200	7,439	6,801
<b>Operating profit (loss)</b>	<b>(6,433)</b>	<b>(5,973)</b>	<b>(6,040)</b>
Financial income	(245)	(189)	(69)
Exceptional profit (loss)	(32)	(89)	(20)
Income tax	N/A*	(1,985)	N/A*
<b>Net profit (loss)</b>	<b>(6,709)</b>	<b>(4,266)</b>	<b>(6,129)</b>

\* Note: by convention, the Group does not recognise the Research Tax Credit in the half-yearly accounts.

#### 1. Operating income

€ thousands	from 01/01/16 to 30/06/16	from 01/07/15 at 31/12/15	from 01/01/15 to 30/06/15
<b>OPERATING INCOME</b>	<b>767</b>	<b>1,467</b>	<b>761</b>
REVENUE	86	635	708
OPERATING SUBSIDIES	675	823	36
OTHER INCOME	6	9	16

#### a. Revenue

The revenue for the first half of 2016 corresponds to the invoicing for services carried out on behalf of the subsidiary IBN-One, co-held by the sugar group Cristal Union, as well as on behalf of Cristal Union directly.

#### b. Operating subsidies

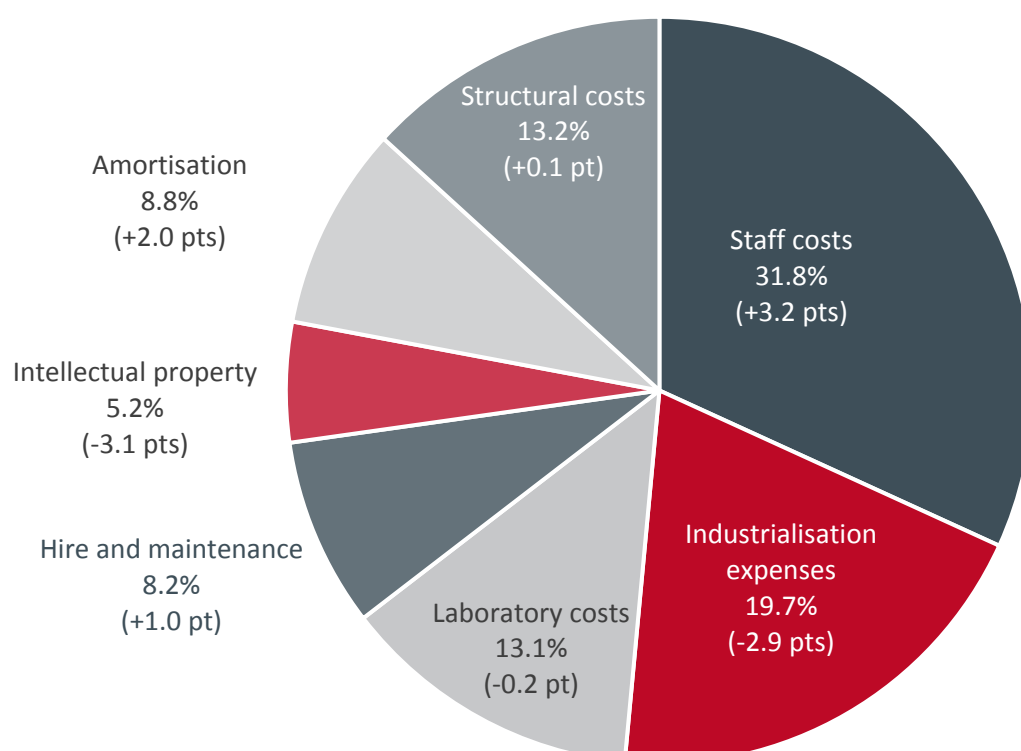
In 2013, the German government committed to participating in the financing of the design, construction and commissioning of the Leuna industrial demo plant by granting a subsidy of €5.7 million. To date, €1.8 million have been received by Global Bioenergies GmbH, including €0.7 million during the first half of 2016.

<sup>3</sup> The expenses relating to the capital increases were recognised under share premiums by a transferred charge. In this report, these expenses were deducted from operating expenses and the transferred charge was correspondingly deducted from operating income.

## 2. Operating expenses

€ thousands	from 01/01/16 to 30/06/16	from 01/07/15 at 31/12/15	from 01/01/15 to 30/06/15
<b>OPERATING EXPENSES</b>	<b>7,200</b>	<b>7,439</b>	<b>6,801</b>
<b>STAFF COSTS</b>	<b>2,291</b>	<b>2,194</b>	<b>1,882</b>
<i>Average number of employees (No.)</i>	<i>62</i>	<i>62</i>	<i>65</i>
<b>INDUSTRIALISATION EXPENSES</b>	<b>1,416</b>	<b>1,574</b>	<b>1,635</b>
<b>LABORATORY COSTS</b>	<b>942</b>	<b>973</b>	<b>924</b>
<i>laboratory consumables</i>	<i>510 (54%)</i>	<i>566 (58%)</i>	<i>637 (69%)</i>
<i>laboratory subcontracting</i>	<i>432 (46%)</i>	<i>408 (42%)</i>	<i>287 (31%)</i>
<b>HIRE AND MAINTENANCE</b>	<b>590</b>	<b>584</b>	<b>442</b>
<b>INTELLECTUAL PROPERTY</b>	<b>374</b>	<b>666</b>	<b>521</b>
<i>licence fees</i>	<i>114 (30%)</i>	<i>129 (19%)</i>	<i>120 (23%)</i>
<i>legal fees in relation to IP</i>	<i>260 (70%)</i>	<i>537 (81%)</i>	<i>401 (77%)</i>
<b>AMORTISATION</b>	<b>635</b>	<b>534</b>	<b>444</b>
<b>STRUCTURAL COSTS</b>	<b>953</b>	<b>914</b>	<b>954</b>

*Breakdown of H1 2016 operating expenses  
(change compared with 2015)*



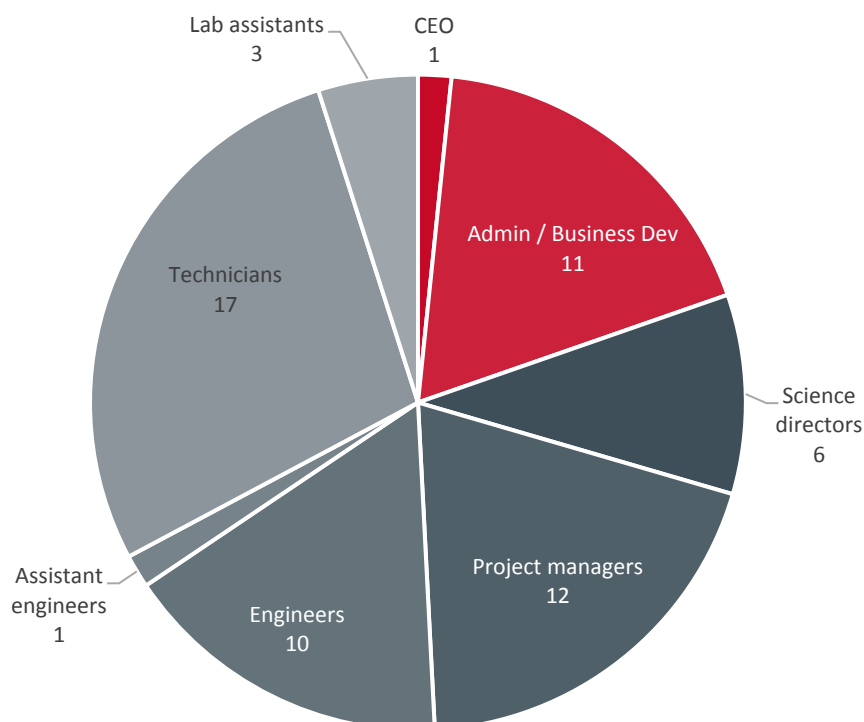
### a. Staff costs (€2,291k)

The Group employed an average number of 62 employees during the first half of 2016. In 2015, the average number of employees was 64. As of 30 June 2016, the Group employed 5 staff on fixed term contracts, including 2 in apprenticeship.

On the Pomacle-Bazancourt site, operation of the pilot site was sub-contracted to Agro-industrie Recherches et Développements (ARD) and so did not require local recruitment by Global Bioenergies. At Leuna, the commissioning and operation of the demo plant has been outsourced to the Fraunhofer Centre for Chemical and Biotechnological Processes (CBP).

The relative increase in staff costs (+3.2 pts) in comparison to the 2015 financial year is mainly explained by the loss of the Young Innovative Enterprise (JEI) status acquired by the company on its founding in 2008. This status exempts in particular a portion of the social security contributions on researchers' salaries. The French General Tax Code provides, amongst other conditions, that companies may only claim this status for the first seven years after their founding. As such, the Company therefore lost the benefit of the JEI status this year.

*Breakdown of Group employees as of 30 June 2016*



#### **b. Industrialisation expenses (€1,416k)**

As explained in the preceding paragraph, the Group sub-contracted to the company ARD (a subsidiary of Cristal Union) the operation of the pilot plant at Pomacle-Bazancourt, and the successive fermentation runs there since the first runs carried out at the end of 2014. The results from these runs are used to continue the work to select the best possible strains and protocols.

In Germany, due to the construction of the demo plant, most expenses have been recognised on the balance sheet (increase in non-current assets during the first half: +€3.5 million). Expenses of €0.3 million recognised in the income statement correspond to services related to the preparation for its operation. In 2014 and 2015, engineering works for the demo plant represented €1.6 million and €0.8 million, respectively, of expenses in the income statement.

Moreover, several chemical engineering companies with which Global Bioenergies has worked since 2013 continue to be called in to optimise the process' operations protocol on an industrial scale (€1.2 million in 2014, €0.9 million in 2015, €0.6 million during the first half of 2016).

Finally, the subsidiary IBN-One has called for preliminary engineering studies for its planned plant as well as work to adapt the process for industrial sugars (€0.5 million, half of which has been taken in the consolidation of accounts).

#### **c. Laboratory costs (€942k)**

These costs are carried solely by the laboratory at Evry, and therefore by the parent company. These expenses are strongly correlated with the number of employees working in the laboratory. The stability of the laboratory workforce between 2015 and 2016 accounts for the small change in these expenses.

#### **d. Rentals and maintenance (€590k)**

This item includes rents and lease expenses for the premises occupied by Global Bioenergies (€310k), the hire of laboratory equipment (€150k), maintenance contracts and maintenance and repair of laboratory equipment (€130k). The consolidation of accounts requires the recognition of expenses related to finance leasing contracts as non-current assets. For information purposes, Global Bioenergies SA recognised €273k of finance leasing expenses during the first half of 2016.

#### **e. Patent and intellectual property fees (€374k)**

Global Bioenergies holds exclusive rights to a portfolio of some thirty patents extended internationally, whose management is overseen by the German intellectual property consultancy firm Vossius, one of the foremost in Europe. There was a significant decrease in this item during the first half of 2016 with some patent applications entering less costly stages.



**f. Amortisation (€635k)**

The increased amortisation charge directly reflects the investments made in 2015 ("full year" effect in 2016) and 2016, in particular with the recognition of the Pomacle-Bazancourt industrial pilot plant as a balance sheet asset<sup>4</sup>.

**g. Structural costs (€953k)**

During the first half of 2016, the share of structural costs in operating expenses represented 13.2% of the latter, compared with 13.1% in 2015.

3. Financial income

The change in financial income in 2016 is mainly due to the recognition of accrued interest on bank loans and repayable advances. This item also includes the financial cost of finance leasing contracts recognised under balance sheet assets in line with the consolidation principles.

4. Exceptional profit (loss)

Exceptional loss is mainly made up of the balance of treasury-share buyback transactions.

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<sup>4</sup> The comparison of this line with the accounts of Global Bioenergies SA shows a strong increase, giving the impression that most of the assets were recognised in the subsidiaries' accounts. In reality, the increase results from the calculation of the amount recognised under non-current assets in respect of lease financing contracts.

## B. BALANCE SHEET FOR THE GLOBAL BIOENERGIES GROUP

Assets (€ thousands)		30/06/16	31/12/15	Liabilities (€ thousands)		30/06/16	31/12/15
Intangible assets		91	106	Capital		159	142
Assets		10,202	7,230	Share premium		45,541	37,817
Financial assets		144	142	Retained earnings		(30,066)	(19,665)
				Profit (loss)		(6,709)	(10,395)
				Investment grant		156	0
<b>NON-CURRENT ASSETS</b>		<b>10,437</b>	<b>7,478</b>	<b>EQUITY</b>		<b>9,081</b>	<b>7,899</b>
				<b>PROVISIONS</b>		<b>40</b>	<b>30</b>
Inventories – Receivables – Prepaid expenses		2,376	4,313	Conditional advances and loans		9,830	10,440
Cash and equivalents		9,107	10,418	Trade payables and related accounts		2,497	3,181
				Other debts		473	660
<b>CURRENT ASSETS</b>		<b>11,483</b>	<b>14,731</b>	<b>PAYABLES</b>		<b>12,799</b>	<b>14,281</b>
<b>TOTAL ASSETS</b>		<b>21,920</b>	<b>22,209</b>	<b>TOTAL LIABILITIES</b>		<b>21,920</b>	<b>22,209</b>

### 1. Non-current assets: +€2,959k

The change in this item mainly reflects the progress in construction work on the Leuna demo plant<sup>5</sup>. The method of consolidation used recognises as non-current assets the finance-leased items. The restated net amount is €912k, corresponding to a gross amount of €2,395k from which is deducted €1,483k of amortisation already charged.

### 2. Current assets: -€3,248k

#### a. **Inventories, receivables, prepaid expenses (-€1,937k)**

This item decreased compared to 31 December 2015 mainly due to the receipt, during June, of the research tax credit (CIR) related to fiscal year 2015 (€1.98 million).

#### b. **Cash and equivalents (-€1,311k)**

The cash position of the Global Bioenergies Group was €9.1 million as of 30 June 2016; it was €10.4 million as of 31 December 2015.

### 3. Equity: +€1,182k

On 20 January 2016, the Board of Directors approved a capital increase by a private placement and issued 274,931 new shares at a unit price of €23.70, including share premium. The gross amount of the subscription was therefore more than €6.5 million.

<sup>5</sup> See I.A.2 "Continued construction of the Industrial Demo Plant in Germany"

On top of this transaction, different drawdowns have been set on the standby equity facility established with Société Générale in 2015 (the Paceo®) for a total gross subscription of €1.6 million. The fees related to these various transactions have been charged to the share premium for an amount of €684k.

At the signing of the new agreement at the beginning of the year, the Audi group subscribed to new equity warrants and, to this end, made a first payment of €250k.

#### 4. Payables: -€1,482k

##### a. **Conditional advances and loans (-€610k)**

In 2014, the Group contracted its first bank loan, obtaining €800k from BNP-Paribas to finance the 500 litre fermenter at the Pomacle-Bazancourt pilot plant as well as part of new acquisitions at the Evry laboratory. A second loan of €218k was also contracted in 2014 with Société Générale, to finance more laboratory equipment and site works. The repayment of these two loans continued during the first half **(-€125k)**.

In 2015, the Group obtained a new loan of €4.4 million from a consortium of four French banks (BNP-Paribas, Société Générale, CIC and Bpifrance) to complete the financing of the Leuna industrial demo plant. The Group also obtained an interest-free innovation loan (PTZI) from Bpifrance amounting to €1.4 million. The amortisation of these two loans continued during the first half of 2016 **(-€360k)**.

Since 2014 Global Bioenergies has received several payments from ADEME as repayable advances in relation to the BioMA+ project. The accrued interest not yet due increased **(+€178k)** due to the deferred repayment granted by ADEME.

During the first half, the Group also began repayment to Bpifrance of an interest free innovation loan (PTZI) issued in 2013 to support the isobutene programme **(-€74k)**.

The remainder of the year's change net value of equipment acquired by the consolidation principles. **(-€229k)** corresponds to the recording in borrowings of the lease financing and recognised as non-current assets under the consolidation principles.

CONDITIONAL ADVANCES AND LOANS <sup>6</sup>	at 31/12/15	Increase	Decrease	at 30/06/16
BPIFRANCE	€2,740k	+€8k	-€74k	€2,674k
BNP	€1,972k	-€ k	-€243k	€1,729k
SOCIETE GENERALE	€1,493k	-€ k	-€174k	€1,319k
CIC	€712k	-€ k	-€77k	€635k
ADEME	€2,381k	+€178k	-€ k	€2,559k
RECOGNITION OF FINANCE-LEASED ASSETS UNDER FIXED ASSETS	€1,141k	-€ k	-€229k	€912k
<b>TOTAL</b>	<b>€10,440k</b>	<b>+€186k</b>	<b>-€796k</b>	<b>€9,830k</b>

<sup>6</sup> Includes accrued interest

**b. Trade payables and related accounts (-€684k)**

As of 31 December 2015, the trade accounts payable of the Global Bioenergies GmbH subsidiary were particularly high due to the significant works carried out throughout the year on the fermenter of the Leuna demo plant.

**c. Other (-€187k)**

The change in this item is mainly due to the decrease in tax and social security liabilities recognised as of 30 June 2016 as compared to December 2015.

## C. CASH FLOWS FOR GLOBAL BIOENERGIES GROUP

The Group's net cash-flow shows a cash reduction of €1.5 million<sup>7</sup> between 1 January 2016 and 30 June 2016.

CASH-FLOW (€thousands)	H1 2016	2015	2014
<b>Operating cash-flow</b>	<b>(4,994)</b>	<b>(8,840)</b>	<b>(8,009)</b>
Net profit (loss)	(6,709)	(10,395)	(7,578)
Amortisation (+)	647	979	586
Gain on asset disposal (-)	(3)	-	(11)
Change in Working Capital Requirement	1,065	576	(1,029)
<b>Investing cash-flow</b>	<b>(3,598)</b>	<b>(4,488)</b>	<b>(2,798)</b>
Acquisition of non-current assets (-)	3,601	4,489	2,801
Sale of non-current assets (+)	3	1	3
<b>Financing cash-flow</b>	<b>7,096</b>	<b>7,873</b>	<b>2,720</b>
Capital increase in cash (+)	8,426	1,882	1,148
Capital-increase costs charged to share premium (-)	684	71	83
Other variations	(6)	0	0
Investment grant (+)	156	0	0
Repayable advances received (+)	0	1,726	398
Loans contracted (+)	0	5,800	1,996
Repayable advances repaid (-)	0	338	360
Loans repaid (-)	796	1,125	379
<b>Net cash-flow</b>	<b>(1,496)</b>	<b>(5,454)</b>	<b>(8,087)</b>
<i>Cash at start of year</i>	<i>10,153</i>	<i>15,608</i>	<i>23,695</i>
<i>Cash at year-end</i>	<i>8,657</i>	<i>10,153</i>	<i>15,608</i>

### 1. Operating cash-flow: -€4,838k

The net loss of €6,553k was adjusted for amortisation. The working capital requirement was reduced by more than a million euros.

### 2. Investment cash-flow: -€3,598k

These flows correspond mainly to expenses incurred for the construction of the Leuna industrial demo plant (€3.5 million), and, to a lesser extent, to equipment expenses for the Evry laboratory and the Pomacle-Bazancourt pilot site (€0.1 million).

<sup>7</sup> By convention, accrued interest not yet due is not included in the change in working capital requirement, but is adjusted in the net cash-flow.

3. Financing cash-flow: +€6,940k

The total capital increases in cash in the first half of 2016 represented €8,426k from which was deducted €690k in fees directly attributable to these transactions (private placement in January and successive drawdowns on the PACEO equity financing line).

On previous page, in section 4.a. "Conditional advances and loans", details of the funds used to repay the various loans obtained (-€796k) are shown.

### III. OUTLOOK

Global Bioenergies is now fully committed to the industrialisation and commercialisation of the Isobutene process. The next steps will consist of:

- finalising the construction of the Leuna demo plant and commencing its operation in autumn 2016;
- supporting, alongside Cristal Union, the development of the company IBN-One in its continuing engineering phases and constructing the plant at the beginning of 2018. The commissioning of the plant is expected for mid-2019, in an environment where sugar production should be in surplus due to the disappearance of European quotas.

The laboratory teams will continue their work in the coming months and years to further improve the process and approach performance targets. The best possible strains and fermentation protocols will thus be able to be used first at Leuna, then at the IBN-One plant. The Leuna demo plant will then be able to produce high purity isobutene batches by the tonne. These batches will then be sent to the numerous industrials that have expressed their interest in the smallest size samples, produced and purified currently from the Pomacle pilot plant. Links with new industrials will be created.

The earlier stage R&D works are organised around two axes:

- replicate the isobutene success with other molecules in the light olefin family, such as butadiene or propylene;
- adapt the process to use with other less costly resources, such as CO<sub>2</sub> produced by various industries (steel mills, cement plants or power stations). Emphasis will be placed on this second axis in the coming months and years as the use of CO<sub>2</sub> as a resource is becoming a priority objective in the fight against global warming.

Mindful of the expectations that surround its technology and based on the progress made month after month, Global Bioenergies is more than ever determined to play a major role in the energy and environmental transition that is taking shape on an international scale.









# GLOBAL BIOENERGIES

5 rue Henri Desbruères  
91030 EVRY Cedex  
France

Tel (+33) 1 64 98 20 66  
Fax (+33) 1 64 98 20 51

[contact@global-bioenergies.com](mailto:contact@global-bioenergies.com)



Twitter : [GlobalBioenergi](#)



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