NEWS RELEASE

evolva

Evolva reports interim results for first six months of 2012

Reinach, Switzerland, 29 August 2012 – Evolva Holding SA (SIX: EVE) today announced its financial results for the period 1 January to 30 June 2012. The condensed accounts are available on Evolva's website.

Key achievements:

- Two new collaborations (with IFF and Roquette) in the Nutrition & Consumer area
- EV-077 achieves objectives in first group of patients in Phase IIa
- Achievement of a key milestone in one of the IFF projects
- Additional internal project disclosed: Saffron
- Positive efficacy data for Pomecins in food and crop applications, new nail formulation

Key financials:

- Spending remained within guidance
- Revenues of CHF 3.5m (1H2011: CHF 6.9m)
- Cash outflow from operating and investing activities CHF 8.4m (1H2011: CHF 7.3m)
- Total cash position at 30 June 2012: CHF 15.1m

Neil Goldsmith, CEO of Evolva said, "We have made very good progress in the year to date, expanding both our partnering and our proprietary product portfolio. In addition, we have reached important milestones in several of our projects. Thanks to breakthrough science, we have achieved impressive progress in our vanillin project, keeping the product on track for a market launch in 2013 or 2014. The early efficacy data for EV-077 are encouraging and seem to underpin the compound's potential. In summary, Evolva has made significant steps on our path towards sustainable profitability."

CFO **Jakob Dynnes Hansen** commented, "Our cash position developed in line with our forecasts. A slight shortfall in revenues was offset by tight control of costs and investments, as well as additional funds from our SEDA programme, and we believe partnering prospects look good for the remainder of 2012 and 2013. The confidence of the Evolva team is clearly reflected in the fact that all management and board members, as well as a significant number of staff, have agreed to invest part of their annual remuneration into new to-be-issued Evolva options. Overall, our cash runway extends through year-end 2013."

Operational Review

Technology & Partnerships

Evolva has a widely applicable, strongly proven, proprietary technology that allows the creation and production (by fermentation in baker's yeast) of high value ingredients for a variety of uses, notably food and beverages, personal care, consumer health and pharmaceuticals. Evolva has, and intends to maintain, a number of partnerships around its technology and research capabilities – deploying its technology to provide a competitive edge to partner companies and sharing in the returns they make. The first half of 2012 saw additional partnerships in food and nutrition.

In the early days of 2012, we announced a partnership with **Roquette**. This project aims to find novel and optimised biosynthetic production routes for an ingredient with important applications in food products. The Roquette collaboration involves some 7% of Evolva's R&D headcount.

In May 2012, we added a second project with **International Flavors & Fragrances (IFF).** Just as in the first IFF project which started in 2011, the objective is to implement a commercially viable biosynthetic route for the sustainable production of a flavouring ingredient. Evolva achieved a key milestone on the first IFF project, prompting a payment by IFF in the first half of 2012.

After initially covering two projects, the collaboration with **BASF** is now focusing on the more promising of the two. This project is progressing well, with first samples of a natural product with crop protection potential already delivered to BASF.

The partnerships with the **US Department of Defense** came to a successful conclusion, leading to a new series of antibacterials which was presented at several scientific conferences in the first half of 2012.

We made good progress on the **Divinocell** and **Diabat** projects and Evolva is well-placed to land additional projects within the IMI framework. The Innovative Medicines Initiative (**IMI**) is Europe's largest public-private initiative aiming to speed up the development of better and safer medicines for patients.

The active part of the research collaboration with **Roche** came to an end during the first half of 2012, with Roche taking certain compounds forward internally. More recently Roche has decided to reprioritise its focus indications, and rights to these compounds have been returned to Evolva. Evolva is evaluating how to progress the compounds, whether internally or with third parties.

Nutrition & Consumer Product Pipeline

Evolva is developing a number of ingredients for nutrition and consumer markets that derive from its technology. The four most advanced of these are highlighted below. The first product is expected to come to market in 2013 or 2014

Vanilla – a sustainable production route

We have already achieved our 2012 goals for the Vanilla programme: the production titers, productivity and yield all met the targets of our commercialisation strategy. We are continuing our drive to further improve the process and are on schedule to initiate process scale-up by early 2013. Discussions are ongoing regarding the next steps in the preparation of commercial-scale production and launch, expected either in 2013 or 2014.

Stevia – zero-calorie, natural sweetener

During the first half of 2012 we hit the key milestones towards the commercialisation of Stevia. These included several technical breakthroughs which significantly improved lab-scale production metrics. Stevia research is conducted at our Copenhagen site.

The European Commission's decision to authorise the use of steviol glycosides in food and beverages last December further cleared the way for the launch of stevia-based products in a number of major global brands, significantly boosting the sweetener's potential. Evolva's lower cost fermentation technology and ability to produce a range of individual steviol glycosides will allow manufacturers much greater flexibility in the formulation of great tasting natural low calorie consumer products. We remain on track for launching our first Stevia product in 2015.

Saffron – colour, flavour and fragrance

Saffron is the world's most expensive spice, with c. 95% of world supply originating from Iran. Adulteration of the product in the supply chain is a major problem. A high quality product, with a simple supply chain and a significantly lower price, could, we believe, greatly expand the market for saffron. Our work on saffron is located at our Chennai site. The project is progressing well. We are presently optimising the performance of all enzymes involved in the saffron pathway. The intention is to produce three molecules primarily responsible for the colour, aroma and flavour of saffron. We expect products to be available either in 2015 or 2016.

Pomecin™ – natural mould protectants

Pomecins are potent mould inhibitors that derive from a pathway that occurs in pomegranates. They have application in food, skin and crop protection against fungal attacks. We expect the first Pomecin™ products to be available in 2015. Key achievements in first half 2012 included:

- Pomecin™ A clearly outperformed comparator products in preservation of fresh beverages and demonstrated constant activity throughout the observation period.
- An innovative formulation of Pomecin™ A showed excellent penetration of human nails.
- In a field study on rice studying efficacy against rice blast disease, Pomecin™ B performed equal to or better than (in terms of resultant crop yield) the current market leading product (Tricyclazole) at 3-fold lower doses.

Pharmaceutical Product Pipeline

Whilst Evolva sees the clinical development of new chemical entities as outside its future focus, our two pharmaceutical assets have considerable value. We believe these will be partnered during the next 1-2 years.

EV-077 for the treatment of diabetic complications

The recently published initial efficacy data for the first 32 patients enrolled in the Phase IIa study indicate that 300mg EV-077 given orally twice daily to patients with type 2 diabetes provided significant anti-platelet activity, reduced exercise-induced proteinuria (by 34%, versus a 12% increase in placebo) and increased macrovascular forearm blood flow (by 43%, versus 20% in placebo). This was achieved with only a slight increase in bleeding time.

The analysis also indicated that EV-077 was generally well tolerated, with adverse events mostly limited to increases in liver enzymes, which were transient or resolved after discontinuation.

Evaluation of the data of the first 32 patients of the Proof-of-Concept study was part of the adaptive design agreed with the German regulatory authority BfArM. Evolva is exploring, in consultation with BfArM, how to best address the liver enzyme elevations, for example by using lower doses in a next group of patients. The initial analysis supports the hypothesis that lower doses will demonstrate efficacy.

EV-035 – addressing the threat of bad bugs

In early in vivo infection models, EV-035 has shown an efficacy comparable to or better than gold standard drugs against both Gram-positive and Gram-negative strains, including E. coli and MRSA as well as other multidrug-resistant pathogens.

The final selected lead compound has good oral bio-availability and exhibits a favourable safety profile. Data generated to date indicate that EV-035 is an excellent candidate for further characterisation and promotion as a broad-spectrum, first-line antibiotic in the hospital as well as the community. In the first half of 2012, further biochemical and microbiological profiling of the selected lead compound confirmed its broad range of activity on multidrug-resistant pathogens, in combination with excellent tolerability. In September, the compound will be presented at ICAAC in San Francisco, the world's leading conference on antimicrobial agents and infectious diseases.

Personnel

As of 30 June 2012, the total headcount of Evolva amounted to 78 (FTE), of which around 60 are directly involved in R&D activities while the remaining staff are employed with managerial, commercial and administrative tasks. The decrease in headcount was largely achieved in the US, where operations were reduced after completion of the two large projects for the Department of Defense.

Financial review

Key financials (unaudited)

CHF million (IFRS, consolidated)	**Jan. - June 2012**	Jan. - June 2011
Revenues	**3.5**	6.9
Research & Development costs (R&D)	**-9.9**	-12.5
General & Administrative costs (G&A)	**-4.6**	-5.0
Net result	**-10.6**	-10.5
Cash flow from operating and investing activities	**-8.4**	-7.3
Equity financing (including option exercise)	**1.2**	0.1
Earnings per share (CHF)	**-0.07**	-0.08
	30 June 2012	31 December 2011
Cash at end of period	**15.1**	22.7
Equity at end of period	**65.8**	73.2

Income statement

Total revenues in the first half of 2012 declined compared with the same period in 2011, primarily due to the scheduled expiry of two biodefense projects for the US Department of Defense in August 2011 and in January 2012, respectively. Furthermore, contract research income from Abunda, Inc. ceased in July 2011 when Abunda was acquired by Evolva. Adjusted for these factors, underlying revenues grew from CHF 2.6 million to CHF 3.5 million. Revenues in the first half of 2012 were almost entirely derived from commercial clients such as BASF, IFF, Roche and Roquette with 4 % of revenues coming from projects funded by the European Union and the Danish government.

Research & development costs were CHF 2.6 million lower in the first half of 2012 than in the same period in 2011, primarily due to the completion of the biodefense projects. Charges for option plans (non-cash) reduced R&D costs by CHF 0.5 million and G&A costs by CHF 0.4 million compared with the first half of 2011.

Due to the decline in the share price since year-end 2011, the contingent liability (earn-out) in the purchase price allocation related to the acquisition of Abunda, has been re-valued leading to an accounting gain of CHF 0.4 million.

The net loss for the first half of 2012 amounted to CHF 10.6 million, virtually unchanged from the first half of last year.

Balance sheet and cash flow

Evolva's cash balance decreased from CHF 22.7 million at year-end 2011 to CHF 15.1 million at the end of June 2012 – in line with the Company's expectations.

The cash outflow from operating activities accounted for CHF 8.4 million while amortisation of loans accounted for CHF 0.3 million and purchase of equipment amounted to CHF 0.1 million. The sale of treasury shares under the SEDA facility provided fresh funds worth CHF 1.2 million in the first six months of 2012.

Equity decreased from CHF 73.2 million to CHF 65.9 million during the first half of 2012. The net loss reduced equity by CHF 10.6 million while share-based payments and share placements under the SEDA facility increased equity by CHF 3.0 million.

Evolva has recently offered all staff, management and board members the possibility to invest in new to-be-issued Evolva options. All management and board members as well as a significant number of staff have agreed to participate. This initiative will provide Evolva with CHF 0.6 million in additional funds while providing additional incentive to those participating.

Outlook

Total revenues in 2012 are currently expected to reach CHF 8-10 million (2011: CHF 11 million) subject to the size and timing of new contracts that are currently under negotiation with potential partners. Based on current partnering discussions, the Company expects revenues in 2013 to increase significantly relative to 2012.

The Company maintains its expectation of a net loss for 2012 at the same level as in 2011 (CHF 22.9 million). The cash outflow from operations and capital expenditure and the inflow from SEDA financing are forecast to a net amount of CHF 13 million (2011: CHF 17.5 million). Based on the current cash position and the above projections, Evolva expects to be financed through year-end 2013.

In order to boost the further progress of key projects, the Company intends to raise CHF 10 – 20 million in additional funds from an equity financing over the next 6 months. It is currently in discussions with existing and new investors regarding the structure of this financing.

- Ends –

Press/analyst conference call at 10.00am CET on 29 August 2012

Neil Goldsmith, CEO and Jakob Dynnes Hansen, CFO, will present the results in a conference call for media and analysts. The call will be accessible via dial-in.

The dial-in numbers:

+41 (0)91 610 5600	Switzerland / Continental Europe
+44 (0)203 059 5862	UK
+ 1 (1) 866 291 4166	(USA – Toll-Free)

A replay will be available as a podcast for 2 weeks after the call. The link to the podcast will be posted on Evolva's website. The news release and the Powerpoint presentation are available on the website.

About Evolva Holding SA

Evolva's mission is to discover and provide **innovative, sustainable ingredients for health, nutrition and wellness.** Evolva uses biosynthetic and evolutionary technologies to create and optimise small molecule compounds and their production routes. We are active in pharma (infectious disease and complications of diabetes) as well as in consumer healthcare and nutrition. In both areas we have partnered projects as well as proprietary programmes. For more information see www.evolva.com.

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