AMYRIS, INC.
Form 10-Q
November 05, 2013

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington D.C. 20549
FORM 10-Q
(Mark One)

x QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended September 30, 2013
OR

¨ TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the Transition Period from to
Commission File Number: 001-34885

AMYRIS, INC.
(Exact name of registrant as specified in its charter)

Delaware	55-0856151
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

Amyris, Inc.
5885 Hollis Street, Suite 100
Emeryville, CA 94608
(510) 450-0761
(Address and telephone number of principal executive offices)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes x No ¨

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuance to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes x No ¨

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, or a non-accelerated filer.

Large accelerated filer	¨	Accelerated filer	x
Non-accelerated filer	¨	Smaller reporting company	¨

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ¨ No x

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date.

Class	Outstanding at October 31, 2013
Common Stock, $0.0001 par value per share	76,270,980 shares

AMYRIS, INC.
QUARTERLY REPORT ON FORM 10-Q
For the Quarterly Period Ended September 30, 2013

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PART I

ITEM 1. FINANCIAL STATEMENTS
Amyris, Inc.
Condensed Consolidated Balance Sheets
(In Thousands, Except Share and Per Share Amounts)
(Unaudited)

	September 30, 2013	December 31, 2012
Assets		
Current assets:		
Cash and cash equivalents	$5,756	$30,592
Short-term investments	580	97
Accounts receivable, net of allowance of $481 as of September 30, 2013 and December 31, 2012	2,789	3,846
Related party accounts receivable	1,022	—
Inventories, net	7,948	6,034
Prepaid expenses and other current assets	7,164	8,925
Total current assets	25,259	49,494
Property, plant and equipment, net	140,718	163,121
Restricted cash	956	955
Other assets	19,725	20,112
Goodwill and intangible assets	9,120	9,152
Total assets	$195,778	$242,834
Liabilities and Equity		
Current liabilities:		
Accounts payable	$12,881	$15,392
Deferred revenue	7,351	1,333
Accrued and other current liabilities	20,305	24,410
Capital lease obligation, current portion	1,031	1,366
Debt, current portion	5,448	3,325
Total current liabilities	47,016	45,826
Capital lease obligation, net of current portion	464	1,244
Long-term debt, net of current portion	55,299	61,806
Related party debt	58,091	39,033
Deferred rent, net of current portion	10,084	8,508
Deferred revenue, net of current portion	5,000	4,255
Other liabilities	19,404	15,933
Total liabilities	195,358	176,605
Commitments and contingencies (Note 5)		
Stockholders’ equity:		
Preferred stock - $0.0001 par value, 5,000,000 shares authorized, none issued and outstanding	—	—
Common stock - $0.0001 par value, 200,000,000 and 100,000,000 shares authorized as of September 30, 2013 and December 31, 2012, respectively; 76,245,375 and 68,709,660 shares issued and outstanding as of September 30, 2013 and December 31, 2012, respectively	8	7
Additional paid-in capital	699,979	666,233
Accumulated other comprehensive loss	(16,961)	(12,807)

Accumulated deficit	(682,016)	(586,327)
Total Amyris, Inc. stockholders’ equity	1,010	67,106
Noncontrolling interest	(590)	(877)
Total stockholders' equity	420	66,229
Total liabilities and stockholders' equity	$195,778	$242,834

See the accompanying notes to the unaudited condensed consolidated financial statements.

Amyris, Inc.
Condensed Consolidated Statements of Operations
(In Thousands, Except Share and Per Share Amounts)
(Unaudited)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2013	2012	2013	2012
Revenues				
Product sales	$3,138	$4,728	$10,130	$46,615
Related party product sales	1,006	—	1,182	—
Total product sales	4,144	4,728	11,312	46,615
Grants and collaborations revenue	2,860	4,605	11,763	11,450
Related party grants and collaborations revenue	—	9,775	2,647	9,775
Total grants and collaborations revenue	2,860	14,380	14,410	21,225
Total revenues	7,004	19,108	25,722	67,840
Cost and operating expenses				
Cost of products sold	8,328	4,444	26,141	71,891
Loss on purchase commitments and write off of production assets	—	1,438	8,423	38,090
Research and development	13,370	15,736	43,116	55,580
Sales, general and administrative	13,057	17,355	42,602	61,301
Total cost and operating expenses	34,755	38,973	120,282	226,862
Loss from operations	(27,751)	(19,865)	(94,560)	(159,022)
Other income (expense):				
Interest income	21	297	114	1,406
Interest expense	(2,110)	(1,224)	(5,230)	(3,538)
Other income (expense), net	4,177	664	3,266	(512)
Total other income (expense)	2,088	(263)	(1,850)	(2,644)
Loss before income taxes	(25,663)	(20,128)	(96,410)	(161,666)
Benefit (provision) for income taxes	1,435	(260)	953	(753)
Net loss	(24,228)	(20,388)	(95,457)	(162,419)
Net (income) loss attributable to noncontrolling interest	29	95	(232)	772
Net loss attributable to Amyris, Inc. common stockholders	$(24,199)	$(20,293)	$(95,689)	$(161,647)
Net loss per share attributable to common stockholders, basic and diluted	$(0.32)	$(0.34)	$(1.27)	$(2.91)
Weighted-average shares of common stock outstanding used in computing net loss per share of common stock, basic and diluted	76,205,853	58,964,226	75,167,877	55,552,949

See the accompanying notes to the unaudited condensed consolidated financial statements.

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Amyris, Inc.
Condensed Consolidated Statements of Comprehensive Loss
(In Thousands)
(Unaudited)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2013	2012	2013	2012
Comprehensive loss:				
Net loss	$(24,228)	$(20,388)	$(95,457)	$(162,419)
Foreign currency translation adjustment, net of tax	(66)	(410)	(4,099)	(6,346)
Total comprehensive loss	(24,294)	(20,798)	(99,556)	(168,765)
Loss (income) attributable to noncontrolling interest	29	95	(232)	772
Foreign currency translation adjustment attributable to noncontrolling interest	(3)	(41)	(55)	(209)
Comprehensive loss attributable to Amyris, Inc.	$(24,268)	$(20,744)	$(99,843)	$(168,202)

See the accompanying notes to the unaudited condensed consolidated financial statements.

Amyris, Inc.
Condensed Consolidated Statements of Stockholders' Equity
(In Thousands, Except Share Amounts)
(Unaudited)

	Common Stock						
	Shares	Amount	Additional Paid-in Capital	Accumulated Deficit	Accumulated Other Comprehensive Income (Loss)	Noncontrolling Interest	Total Equity
December 31, 2012	68,709,660	$ 7	$ 666,233	$ (586,327)	$ (12,807)	$ (877)	$ 66,229
Issuance of common stock upon exercise of stock options, net of restricted stock	510,107	—	747	—	—	—	747
Issuance of common stock in a private placement, net of issuance cost of $21	6,567,299	1	19,978	—	—	—	19,979
Shares issued from restricted stock unit settlement	458,309	—	(590)	—	—	—	(590)
Stock-based compensation	—	—	13,611	—	—	—	13,611
Foreign currency translation adjustment, net of tax	—	—	—	—	(4,154)	55	(4,099)
Net income (loss)	—	—	—	(95,689)	—	232	(95,457)
September 30, 2013	76,245,375	$ 8	$ 699,979	$ (682,016)	$ (16,961)	$ (590)	$ 420

See the accompanying notes to the unaudited condensed consolidated financial statements.

Amyris, Inc.
Condensed Consolidated Statements of Cash Flows
(In Thousands)
(Unaudited)

	Nine Months Ended September 30,	
	2013	2012
Operating activities		
Net loss	$(95,457)	$(162,419)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation and amortization	12,259	10,686
Loss on disposal of property, plant and equipment	81	208
Stock-based compensation	13,611	21,400
Amortization of debt discount	2,135	316
Provision for doubtful accounts	—	236
Loss on purchase commitments and write off of production assets	8,423	38,090
Change in fair value of derivative instruments	(5,295)	364
Other noncash expenses	213	108
Changes in assets and liabilities:		
Accounts receivable	1,390	2,864
Related party accounts receivable	(1,022)	—
Inventories, net	(2,590)	612
Prepaid expenses and other assets	(1,477)	10,655
Accounts payable	2,848	(11,200)
Accrued, other current liabilities and other liabilities	(10,966)	(29,362)
Deferred revenue	6,763	(1,308)
Deferred rent	(340)	(943)
Net cash used in operating activities	(69,424)	(119,693)
Investing activities		
Purchase of short-term investments	(1,820)	(8,240)
Maturities of short-term investments	1,209	—
Sales of short-term investments	—	16,449
Change in restricted cash	(1)	(954)
Purchase of property, plant and equipment, net of disposals	(5,901)	(50,344)
Deposits on property, plant and equipment	—	(562)
Net cash used in investing activities	(6,513)	(43,651)
Financing activities		
Proceeds from issuance of common stock, net of repurchases	157	696
Proceeds from issuance of common stock in private placements, net of issuance costs	19,981	62,490
Principal payments on capital leases	(1,115)	(2,970)
Proceeds from debt issued	2,709	75,624
Proceeds from debt issued to related party	30,000	30,000
Principal payments on debt	(2,494)	(52,052)
Net cash provided by financing activities	49,238	113,788
Effect of exchange rate changes on cash and cash equivalents	1,863	(1,774)
Net decrease in cash and cash equivalents	(24,836)	(51,330)
Cash and cash equivalents at beginning of period	30,592	95,703
Cash and cash equivalents at end of period	$5,756	$44,373

Amyris, Inc.
Condensed Consolidated Statements of Cash Flows—(Continued)
(In Thousands)
(Unaudited)

	Nine Months Ended September 30,	
	2013	2012
Supplemental disclosures of cash flow information:		
Cash paid for interest	$1,610	$2,831
Cash paid for income taxes, net of refunds	$—	$—
Supplemental disclosures of noncash investing and financing activities:		
Acquisitions of property, plant and equipment within accounts payable, accrued liabilities and notes payable	$1,444	$5,672
Financing of insurance premium under notes payable	$43	$—
Long-term deposits used for purchase of property, plant and equipment	$—	$12,286

See the accompanying notes to the unaudited condensed consolidated financial statements.

Amyris, Inc.
Notes to Unaudited Condensed Consolidated Financial Statements

1. The Company

Amyris, Inc. (the “Company”) was incorporated in California on July 17, 2003 and reincorporated in Delaware on June 10, 2010 for the purpose of leveraging breakthroughs in synthetic biology to develop and provide renewable compounds for a variety of markets. The Company is currently building and applying its industrial synthetic biology platform to provide alternatives to select petroleum-sourced products used in specialty chemical and transportation fuel markets worldwide. The Company's first commercialization efforts have been focused on a renewable hydrocarbon molecule called farnesene ("Biofene®"), which forms the basis for a wide range of products varying from specialty chemical applications to transportation fuels, such as diesel. While the Company's platform is able to use a wide variety of feedstocks, the Company is focused initially on Brazilian sugarcane. In addition, the Company has entered into various contract manufacturing agreements to support commercial production. The Company has established two principal operating subsidiaries, Amyris Brasil Ltda. (formerly Amyris Brasil S.A., “Amyris Brasil”) for production in Brazil, and Amyris Fuels, LLC ("Amyris Fuels"). Nearly all of the Company's revenues through 2012 came from the sale of ethanol and reformulated ethanol-blended gasoline with substantially all of the remaining revenues coming from collaborations, government grants and sales of renewable products. In the third quarter of 2012, the Company transitioned out of the ethanol and reformulated ethanol-blended gasoline business. The Company does not expect to be able to replace much of the revenue lost in the near term as a result of this transition, particularly in 2013, while it continues its efforts to establish a renewable products business.

The Company's renewable products business strategy is to focus on the commercialization of specialty products while moving established commodity products into joint venture arrangements with leading industry partners. To commercialize its products, the Company must be successful in using its technology to manufacture its products at commercial scale and on an economically viable basis (i.e., low per unit production costs). The Company is building experience producing renewable products at commercial scale. The Company's prospects are subject to risks, expenses and uncertainties frequently encountered by companies in this stage of development.

The Company expects to fund its operations for the foreseeable future with cash and investments currently on hand, with cash inflows from collaboration and grant funding, cash contributions from product sales, and with new debt and equity financings. The Company's planned 2013 and 2014 working capital needs and its planned operating and capital expenditures for 2013 and 2014 are dependent on significant inflows of cash from existing collaboration partners and from funds under existing convertible debt facility, as well as additional funding from new collaborations, and may also require additional funding from credit facilities or loans. The Company will continue to need to fund its research and development and related activities and to provide working capital to fund production, storage, distribution and other aspects of its business. The Company's operating plan contemplates capital expenditures of approximately $10.0 million in 2013 and the Company expects to continue to incur costs in connection with its existing contract manufacturing arrangements (see Note 6, "Debt" and Note 10, "Stockholders' Equity").

Liquidity

The Company has incurred significant losses since its inception and believes that it will continue to incur losses and negative cash flow from operations into at least 2014. As of September 30, 2013, the Company had an accumulated deficit of $682.0 million and had cash, cash equivalents and short term investments of $6.3 million. The Company has significant outstanding debt and contractual obligations related to purchase commitments, as well as capital and operating leases. As of September 30, 2013, the Company's debt, net of debt discount, totaled $118.8 million, of which $5.4 million matures within the next twelve months. In addition, the Company's debt agreements contain various covenants, including restrictions on the Company's business that could cause the Company to be at risk of defaults. Please refer to Note 5, "Commitments and Contingencies" and Note 6, "Debt" for further details regarding the Company's obligations and commitments.

In August 2013, the Company entered into a purchase agreement with Total Energies Nouvelles Activités USA (f.k.a. Total Gas & Power USA SAS) ("Total") and Maxwell (Mauritius) Pte Ltd (“Temasek”) to sell up to $73.0 million in convertible promissory notes in private placements, with such notes to be sold and issued over a period of up to 24 months from the date of signing (the "August 2013 Financing"). The purchase agreement provided for the financing to be divided into two tranches (the first tranche for $42.6 million and the second tranche for $30.4 million), each with differing closing conditions. Of the total possible purchase price in the financing, $60.0 million was contemplated to be paid in the form of cash by Temasek ($35.0 million in the first tranche and up to $25.0 million in the second tranche) and $13.0 million was contemplated to be paid by exchange and cancellation of outstanding convertible promissory notes by Total in connection with its exercise of pro rata rights ($7.6 million in the first tranche and up to $5.4 million in the second tranche). In October 2013, the Company amended the financing agreement to include an additional investor in the first tranche convertible promissory notes in the principal amount of $7.6 million in additional cash funding, and to proportionally increase the amount acquired by exchange and cancellation of outstanding convertible promissory notes by Total in connection with its exercise of pro rata rights to $14.6 million ($9.2 million in the first tranche and up to $5.4 million in the second tranche). Also in October 2013, the Company completed the closing of the first tranche of the August 2013 Financing, issuing a total of $51.8 million in convertible promissory notes for cash proceeds of $7.6 million and cancellation of outstanding promissory notes and convertible promissory notes of $44.2 million, of which $35.0 million resulted from the cancellation of the Temasek Bridge Note (as defined below and as described further under Note 17, "Subsequent Events").

In September 2013, the Company entered into a bridge loan agreement with an existing investor to provide additional cash availability of up to $5.0 million as needed before the initial closing of the August 2013 Financing. The bridge loan agreement provided for the sale of up to $5.0 million in principal amount of unsecured convertible promissory notes at any time prior to October 31, 2013 following the satisfaction of certain closing conditions, including a condition that the Company pay an availability fee for the bridge loan. The Company did not use this facility and it expired in October 2013 in accordance with its terms.

In October 2013, the Company sold and issued a senior secured promissory note to Temasek for a bridge loan of $35.0 million (the "Temasek Bridge Note"). The note was due on February 2, 2014 and accrued interest at a rate of 5.5% each four months from October 4, 2013. On October 16, 2013, the note was cancelled as payment for the investor’s purchase of a first tranche convertible promissory note in aggregate principal amount of $35.0 million in the August 2013 Financing. All interest outstanding under the Temasek Bridge Note at the time of cancellation was transferred to the first tranche convertible promissory note.

In addition to cash contributions from product sales and debt and equity financings, the Company also depends on collaboration funding to support its operating expenses. While part of this funding is committed based on existing collaboration agreements, the Company will need to identify and obtain funding under additional collaborations that are not yet subject to any definitive agreement or are not yet identified. In addition, some of the Company’s existing collaboration funding is subject to achievement by the Company of milestones or other funding conditions.

If the Company cannot secure sufficient collaboration funding to support its operating expenses in excess of cash contributions from product sales and existing debt and equity financings, it may need to issue additional preferred and/or discounted equity, agree to onerous covenants, grant further security interest in its assets, enter into collaboration and licensing arrangements that require it to relinquish commercial rights, or grant licenses on terms that are not favorable. If the Company fails to secure such funding, the Company could be forced to curtail its operations, which would have a material adverse effect on the Company's ability to continue with its business plans, and the Company's status as a going concern.

2. Summary of Significant Accounting Policies

Basis of Presentation

The accompanying interim condensed consolidated financial statements have been prepared in accordance with the accounting principles generally accepted in the United States of America (“GAAP”) and with the instructions for Form 10-Q and Regulation S-X. Accordingly, they do not include all of the information and notes required for complete financial statements. These interim condensed consolidated financial statements should be read in conjunction with the consolidated financial statements and notes thereto contained in the Company’s Form 10-K filed with the Securities and Exchange Commission (“SEC”) on March 28, 2013. The unaudited condensed consolidated financial statements include the accounts of the Company and its consolidated subsidiaries. All intercompany accounts and transactions have been eliminated in consolidation.

Use of Estimates

In preparing the unaudited condensed consolidated financial statements, management must make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities as of the date of the unaudited condensed consolidated financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Unaudited Interim Financial Information

The accompanying interim condensed consolidated financial statements and related disclosures are unaudited, have been prepared on the same basis as the annual consolidated financial statements and, in the opinion of management, reflect all adjustments, which include only normal recurring adjustments, necessary for a fair statement of the results of operations for the periods presented. The year-end condensed consolidated balance sheet data was derived from audited financial statements, but does not include all disclosures required by GAAP. The condensed consolidated results of operations for any interim period are not necessarily indicative of the results to be expected for the full year or for any other future year or interim period.

Recent Accounting Pronouncements

In December 2011, the International Accounting Standards Board and the Financial Accounting Standards Board ("FASB") issued common disclosure requirements that are intended to enhance comparability between financial statements prepared on the basis of GAAP and those prepared in accordance with International Financial Reporting Standards. In January 2013, the FASB issued an accounting standard update to limit the scope of the new balance sheet offsetting disclosures to derivative instruments, repurchase agreements, and securities lending transactions to the extent that they are offset in the financial statement or subject to an enforceable master netting arrangement or similar arrangement. While this guidance does not change existing offsetting criteria in GAAP or the permitted balance sheet presentation for items meeting the criteria, it requires an entity to disclose both net and gross information about assets and liabilities that have been offset and the related arrangements. Required disclosures under this new guidance should be provided retrospectively for all comparative periods presented. This new guidance is effective for fiscal years beginning on or after January 1, 2013, and interim periods within those years. The adoption of this guidance in the Company's first quarter of fiscal year 2013 did not have a material effect on the Company's consolidated financial statements.

In July 2012, the FASB issued an amended accounting standard update to simplify how entities test indefinite-lived intangible assets for impairment which improve consistency in impairment testing requirements among long-lived asset categories. The amended guidance permits an assessment of qualitative factors to determine whether it is more likely than not that the fair value of an indefinite-lived intangible asset is less than its carrying value. For assets in which this assessment concludes it is more likely than not that the fair value is more than its carrying value, then the amended guidance eliminates the requirement to perform quantitative impairment testing as outlined in the previously issued standards. The amended guidance is effective for fiscal years beginning after September 15, 2012 and early adoption is permitted. The adopted and amended guidance did not have an impact on the Company's consolidated financial statements.

In February 2013, in connection with the accounting standard related to the presentation of the statement of comprehensive income, the FASB issued an accounting standard update to improve the reporting of reclassifications out of accumulated other comprehensive income of various components. This guidance requires companies to present either parenthetically on the face of the financial statements or in the notes, significant amounts reclassified from each component of accumulated other comprehensive income and the income statement line items affected by the reclassification. This standard is effective for interim periods and fiscal years beginning after December 15, 2012. The adoption of this guidance in the Company's first quarter of fiscal year 2013 did not have a material effect on the Company's consolidated financial statements.

In July 2013, the FASB issued a new accounting standard update on the financial statement presentation of unrecognized tax benefits. The new guidance provides that a liability related to an unrecognized tax benefit would be presented as a reduction of a deferred tax asset for a net operating loss carryforward, a similar tax loss or a tax credit carryforward if such settlement is required or expected in the event the uncertain tax position is disallowed. The new guidance becomes effective for the Company on January 1, 2014 and will be applied prospectively to unrecognized tax benefits that exist at the effective date with retrospective applications permitted. The Company is currently assessing the impact of this new guidance.

3. Fair Value of Financial Instruments

The inputs to the valuation techniques used to measure fair value are classified into the following categories:

Level 1: Quoted market prices in active markets for identical assets or liabilities.

Level 2: Observable market-based inputs or unobservable inputs that are corroborated by market data.

Level 3: Unobservable inputs that are not corroborated by market data.

As of September 30, 2013, the Company’s financial assets and financial liabilities are presented below at fair value and were classified within the fair value hierarchy as follows (in thousands):

	Level 1	Level 2	Level 3	Balance as of September 30, 2013
Financial Assets				
Money market funds	$245	$—	$—	$245
Certificates of deposit	580	—	—	580
Total financial assets	$825	$—	$—	$825
Financial Liabilities				
Loans payable[(1)]	$—	$19,502	$—	$19,502
Credit facilities[(1)]	—	8,555	—	8,555
Convertible notes[(1)]	—	—	88,261	88,261
Compound embedded derivative liability	—	—	13,836	13,836
Currency interest rate swap derivative liability	—	3,074	—	3,074
Total financial liabilities	$—	$31,131	$102,097	$133,228

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[(1)] These liabilities are carried on the condensed consolidated balance sheet on a historical cost basis.

The Company’s assessment of the significance of a particular input to the fair value measurement in its entirety requires management to make judgments and consider factors specific to the asset or liability. The fair values of money market funds are based on fair values of identical assets. The fair values of the loans payable, convertible notes, credit facilities and currency interest rate swaps are based on the present value of expected future cash flows and assumptions about current interest rates and the creditworthiness of the Company. Market risk associated with fixed and variable rate long-term debt relates to the potential reduction in fair value and negative impact to future earnings, respectively, from an increase in interest rates.

The carrying amounts of certain financial instruments, such as cash equivalents, accounts receivable, accounts payable, accrued liabilities and notes payable, approximate fair value due to their relatively short maturities, and low market interest rates, if applicable. The fair values of the loans payable, convertible notes and credit facilities are based on the present value of expected future cash flows and assumptions about current interest rates and the creditworthiness of the Company.

The following table provides a reconciliation of the beginning and ending balances for the compound embedded derivative liability measured at fair value using significant unobservable inputs (Level 3) (in thousands):

	Compound Embedded Derivative Liability	
Balance at December 31, 2012	$7,894	
Transfers in to Level 3	13,076	
Total (gain) losses included in other income (expense), net	(7,134	)
Balance at September 30, 2013	$13,836	

The compound embedded derivative liability, which is included in other liabilities, represents the fair value of the equity conversion option and a "make-whole" provision relating to the outstanding senior unsecured convertible promissory notes issued to Total (see Note 6, "Debt"). There is no current observable market for this type of derivative and, as such, the Company determined the fair value of the embedded derivative using a Black-Scholes valuation model that combines expected cash outflows with market-based assumptions regarding risk-adjusted yields, stock price volatility, probability of a change of control and the trading information of the Company's common stock into which the notes are convertible. The Company marks the compound embedded derivative to market due to the conversion price not being indexed to the Company's own stock. Except for the "make-whole" provision included in the conversion option, which is only required to be settled in cash upon a change of control at the noteholder's option, the compound embedded derivative will be settled in either cash or shares. As of September 30, 2013, the Company has sufficient common stock available to settle the conversion option in shares.

The Company’s financial assets and financial liabilities as of December 31, 2012 are presented below at fair value and were classified within the fair value hierarchy as follows (in thousands):

	Level 1	Level 2	Level 3	Balance as of December 31, 2012
Financial Assets				
Money market funds	$ 15,847	$—	$—	$ 15,847
Certificates of deposit	757	—	—	757
Total financial assets	$ 16,604	$—	$—	$ 16,604
Financial Liabilities				
Notes payable(1)	$—	$ 1,676	$—	$ 1,676
Loans payable(1)	—	20,707	—	20,707
Credit facilities(1)	—	11,503	—	11,503
Convertible notes(1)	—	—	62,522	62,522
Compound embedded derivative liability	—	—	7,894	7,894
Currency interest rate swap derivative liability	—	1,367	—	1,367
Total financial liabilities	$—	$ 35,253	$ 70,416	$ 105,669

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(1) These liabilities are carried on the condensed consolidated balance sheet on a historical cost basis.

Derivative Instruments

The Company’s derivative instruments included Chicago Board of Trade ethanol futures and Reformulated Blendstock for Oxygenate Blending gasoline futures. All derivative commodity instruments were recorded at fair value on the condensed consolidated balance sheets. None of the Company’s derivative instruments were designated as hedging instruments. Changes in the fair value of these non-designated hedging instruments were recognized in cost of products sold in the condensed consolidated statements of operations. As of September 30, 2013, the Company had no outstanding derivative commodity instruments resulting from the Company's transition out of its ethanol and ethanol-blended gasoline business in the quarter ended September 30, 2012.

In June 2012, the Company entered into a loan agreement with Banco Pine S.A. ("Banco Pine") under which Banco Pine provided the Company with a short term loan of R$52.0 million (approximately US$25.6 million based on the exchange rate as of September 30, 2012, the time of the loan repayment) (the “Banco Pine Bridge Loan”). At the time of the Banco Pine Bridge Loan, the Company also entered into a currency interest rate swap arrangement with Banco Pine with respect to the repayment of R$22.0 million (approximately US$9.9 million based on the exchange rate of as of September 30, 2013). The swap arrangement exchanges the principal and interest payments under the Banco Pine loan of R$22.0 million entered into in July 2012 (the "Banco Pine Loan") for alternative principal and interest payments that are subject to adjustment based on fluctuations in the foreign exchange rate between the U.S. dollar and Brazilian real. The swap has a fixed interest rate of 3.94%. Changes in the fair value of the swap are recognized in other income (expense), net in the condensed consolidated statements of operations.

As of September 30, 2013, included in Other Liabilities on the condensed consolidated balance sheet is the Company's compound embedded derivative liability of $13.8 million, which represents the fair value of the equity conversion option and "make-whole" provision relating to the outstanding senior unsecured convertible promissory notes issued to Total as described above.

Derivative instruments measured at fair value as of September 30, 2013 and December 31, 2012, and their classification on the condensed consolidated balance sheet and condensed consolidated statements of operations, are presented in the following tables (in thousands except contract amounts):

	Asset/Liability as of			
	September 30, 2013		December 31, 2012	
Type of Derivative Contract	Quantity of Contracts	Fair Value	Quantity of Contracts	Fair Value
Currency interest rate swap, included as net liability in other liabilities	1	$3,074	1	$1,367

Type of Derivative Contract	Income Statement Classification	Three Months Ended September 30,		Nine Months Ended September 30,	
		2013	2012	2013	2012
		Gain (Loss) Recognized		Gain (Loss) Recognized	
Regulated fixed price futures contracts	Cost of products sold	$—	$(31)	$—	$(288)
Currency interest rate swap	Other income (expense), net	$(137)	$82	$(1,707)	$(1,133)

4. Balance Sheet Components

Inventories

Inventories are stated at the lower of cost or market and consist of the following (in thousands):

	September 30, 2013	December 31, 2012
Raw materials	$1,527	$1,574
Work-in-process	5,218	1,771
Finished goods	1,203	2,689
Inventories, net	$7,948	$6,034

The Company evaluates the recoverability of its inventories based on assumptions about expected demand and net realizable value. If the Company determines that the cost of inventories exceeds its estimated net realizable value, the Company records a write-down equal to the difference between the cost of inventories and the estimated net realizable value. Cost is computed on a first-in, first-out basis. Inventory costs include transportation costs incurred in bringing the inventory to its existing location. The Company also evaluates the terms of its agreements with its suppliers and establishes accruals for estimated adverse purchase commitments as necessary, applying the same lower of cost or market approach that is used to value inventory.

Prepaid and Other Current Assets

Prepaid and other current assets is comprised of the following (in thousands):

	September 30, 2013	December 31, 2012
Advances to contract manufacturers[1]	$10	$784
Manufacturing catalysts	1,441	1,895
Recoverable VAT and other taxes	4,146	4,167
Other	1,567	2,079
Prepaid and other current assets	$7,164	$8,925

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(1) At December 31, 2012, the amount of $0.8 million, relates to the current unamortized portion of equipment costs funded by the Company to a contract manufacturer. The related amortization was offset against purchases of inventory during 2013.

Property, Plant and Equipment, net

Property, plant and equipment, net is comprised of the following (in thousands):

	Useful Life	September 30, 2013	December 31, 2012
Leasehold improvements	Lesser of remaining useful life or lease term	$39,114	$39,290
Machinery and equipment	7 - 15 Years	98,350	105,162
Computers and software	3 - 5 Years	8,509	8,232
Furniture and office equipment	5 years	2,520	2,467
Buildings	15 Years	6,829	5,888
Vehicles	5 years	465	575
Construction in progress		42,933	45,372
		198,720	206,986
Less: accumulated depreciation and amortization		(58,002)	(43,865)
Property, plant and equipment, net		$140,718	$163,121

The Company's first, purpose-built, large-scale Biofene production plant in southeastern Brazil commenced operations in December 2012. This plant is located at Brotas in the state of São Paulo, Brazil and is adjacent to an existing sugar and ethanol mill, Paraíso Bioenergia. The Company's construction in progress consists primarily of the upfront plant design and the initial construction of a second large-scale production plant in Brazil, located at the Usina São Martinho sugar and ethanol mill (also in the state of São Paulo, Brazil).

Property, plant and equipment, net includes $3.4 million and $9.1 million of machinery and equipment and furniture and office equipment under capital leases as of September 30, 2013 and December 31, 2012, respectively. Accumulated amortization of assets under capital leases totaled $1.3 million and $4.1 million as of September 30, 2013 and December 31, 2012, respectively.

Depreciation and amortization expense, including amortization of assets under capital leases, was $3.8 million and $3.1 million for the three months ended September 30, 2013 and 2012, respectively, and was $12.2 million and $10.4 million for the nine months ended September 30, 2013 and 2012, respectively.

The Company capitalizes interest costs incurred to construct plant and equipment. The capitalized interest is recorded as part of the depreciable cost of the asset to which it relates to and is amortized over the asset's estimated useful life. Interest cost capitalized as of September 30, 2013 and December 31, 2012 was R$1.1 million (approximately $0.5 million and $0.6 million based on the exchange rates as of September 30, 2013 and December 31, 2012, respectively).

Other Assets

Other assets are comprised of the following (in thousands):

	September 30, 2013	December 31, 2012
Deposits on property and equipment, including taxes	$2,137	$2,363
Advances to contract manufacturers, net of current portion[(1)]	—	2,222
Recoverable taxes on purchased property, plant and equipment and inventory[(2)]	15,609	13,597
Other	1,979	1,930
Total other assets	$19,725	$20,112

(1)

At December 31, 2012, the amount of $2.2 million relates to the non-current unamortized portion of equipment costs funded by the Company to a contract manufacturer. The related amortization was offset against purchases of inventory during 2013.

(2) At September 30, 2013 and December 31, 2012, the amounts of $15.6 million and $13.6 million, respectively, are recoverable taxes from Brazilian governmental entities.

Accrued and Other Current Liabilities

Accrued and other current liabilities are comprised of the following (in thousands):

	September 30, 2013	December 31, 2012
Professional services	$2,859	$824
Accrued vacation	2,179	2,673
Payroll and related expenses	5,099	5,809
Tax-related liabilities	641	851
Deferred rent, current portion	1,111	1,448
Accrued interest(1)	1,435	965
Contractual obligations to contract manufacturers, current	5,868	9,952
Customer advances	372	970
Other(1)	741	918
Total accrued and other current liabilities	$20,305	$24,410

(1) Certain reclassifications of prior period amounts have been made to conform to the current period presentation. Such reclassifications did not materially change previously reported consolidated financial statements.

Other Liabilities

Other liabilities are comprised of the following (in thousands):

	September 30, 2013	December 31, 2012
Contractual obligations to contract manufacturers, non-current	$1,000	$4,000
Fair market value of swap obligations	3,074	1,367
Fair value of compound embedded derivative liability(1)	13,836	7,894
Tax-related liabilities(2)	469	1,609
Other(2)	1,025	1,063
Total other liabilities	$19,404	$15,933

(1) The compound embedded derivative liability represents the fair value of the equity conversion feature and a "make-whole" feature related to the outstanding senior unsecured convertible promissory notes issued to Total.

(2) Certain reclassifications of prior period amounts have been made to conform to the current period presentation. Such reclassifications did not materially change previously reported consolidated financial statements.

5. Commitments and Contingencies

The Company leases certain facilities and finances certain equipment under operating and capital leases. Operating leases include leased facilities and capital leases include leased equipment (see Note 4, "Balance Sheet Components"). Rent expense under operating leases was approximately $1.4 million and $1.2 million, respectively, for the three months ended September 30, 2013 and 2012, respectively, and was $3.5 million and $3.7 million for the nine months ended September 30, 2013 and 2012, respectively.

In April 2013, the Company entered into an amendment to its operating lease for its headquarters in Emeryville, California (the "Amendment"). The Amendment provided for an extension of the lease term to May 2023, a modification of the base rent and elimination of the Company's loans and notes payable to the lessor of approximately $1.6 million (see Note 6, "Debt"). In addition, per the terms of the Amendment, the Company also received a rent credit of approximately $71,000 per month for the period of June 2013 through December 2013 and a rent credit of approximately $42,000 per month for the full year of 2014.

Future minimum payments under the Company's lease obligations as of September 30, 2013, are as follows (in thousands):

Years ending December 31:	Capital Leases	Operating Leases	Total Lease Obligations
2013 (Remaining Three Months)	$274	$1,477	$1,751
2014	1,007	6,277	7,284
2015	289	6,581	6,870
2016	—	6,595	6,595
2017	—	6,585	6,585
Thereafter	—	38,973	38,973
Total future minimum lease payments	1,570	$66,488	$68,058
Less: amount representing interest	(75)		
Present value of minimum lease payments	1,495		
Less: current portion	(1,031)		
Long-term portion	$464		

Guarantor Arrangements

The Company has agreements whereby it indemnifies its officers and directors for certain events or occurrences while the officer or director is, or was, serving at the Company's request in such capacity. The term of the indemnification period is for the officer's or director's lifetime. The maximum potential amount of future payments the Company could be required to make under these indemnification agreements is unlimited; however, the Company has a director and officer insurance policy that limits its exposure and enables the Company to recover a portion of any future amounts paid. As a result of its insurance policy coverage, the Company believes the estimated fair value of these indemnification agreements is minimal. Accordingly, the Company had no liabilities recorded for these agreements as of September 30, 2013 and December 31, 2012.

The Company has a credit facility with Financiadora de Estudos e Projetos ("FINEP"), a state-owned company subordinated to the Brazilian Ministry of Science and Technology (the "FINEP Credit Facility") to finance a research and development project on sugarcane-based biodiesel (see Note 6, "Debt"). The FINEP Credit Facility provides for loans of up to an aggregate principal amount of R$6.4 million (approximately US$2.9 million based on the exchange rate as of September 30, 2013), which was available to the Company in four disbursements and is guaranteed by a chattel mortgage on certain equipment of the Company. The Company's total acquisition cost for the equipment under this guarantee is approximately R$6.0 million (approximately US$2.7 million based on the exchange rate as of September 30, 2013). Through December 31, 2012, the Company received all four disbursements after meeting certain terms and conditions for availability under the FINEP Credit Facility, as described in more detail in Note 6, "Debt." After the release of the first disbursement and prior to any subsequent drawdown from the FINEP Credit Facility, the Company provided bank letters of guarantee of R$3.3 million (approximately US$1.5 million based on the exchange rate as of September 30, 2013) through Banco ABC Brasil S.A. ("ABC Bank"). As of September 30, 2013, all available credit under this facility was fully drawn.

The Company has a credit facility with Banco Nacional de Desenvolvimento Econômico e Social ("BNDES"), a government-owned bank headquartered in Brazil (the "BNDES Credit Facility") to finance a production site in Brazil. The BNDES Credit Facility provides for loans of up to an aggregate principal amount of R$22.4 million (approximately US$10.0 million based on the exchange rate at September 30, 2013). This credit facility is collateralized by a first priority security interest in certain of the Company's equipment and other tangible assets with a total acquisition cost of R$24.9 million (approximately US$11.2 million based on the exchange rate as of September 30, 2013). The Company is a parent guarantor for the payment of the outstanding balance under the

BNDES Credit Facility. Additionally, the Company is required to provide certain bank guarantees under the BNDES Credit Facility.

The Company entered into loan agreements and a security agreement where the Company pledged certain farnesene production assets as collateral (the fiduciary conveyance of movable goods) with each of Banco Nossa Caixa ("Nossa Caixa") and Banco Pine. Under the loan agreements, Banco Pine agreed to lend R$22.0 million and Nossa Caixa agreed to lend R$30.0 million as financing for capital expenditures relating to the Company's production facility in Brotas, Brazil. The Company's total acquisition cost for the farnesene production assets pledged as collateral under these agreements is approximately R$68.0 million (approximately US$30.5 million based on the exchange rate as of September 30, 2013). The Company is also a parent guarantor for the payment of the outstanding balance under these loan agreements.

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The Company has an export financing agreement for approximately $2.5 million for a one-year term to fund exports through March 2014. This loan is collateralized by future exports from the Company's subsidiary in Brazil.

Under an operating lease agreement for its office facilities in Brazil, which commenced on November 15, 2011, the Company is required to maintain restricted cash or letters of credit equal to 3 months of rent of approximately R$0.2 million (approximately US$0.1 million based on the exchange rate as of September 30, 2013) in the aggregate as a guarantee that the Company will meet its performance obligations under such operating lease agreement.

Purchase Obligations

As of September 30, 2013, the Company had $11.8 million in purchase obligations which included $11.1 million in non-cancellable contractual obligations and construction commitments, of which $4.0 million have been accrued as a loss on purchase commitments.

On June 25, 2013, the Company and Tate & Lyle Ingredients Americas LLC ("Tate & Lyle") entered into a Settlement Agreement, Termination Agreement and Mutual Release (the "Termination Agreement") to terminate the parties' November 2010 contract manufacturing agreement. Under the Termination Agreement, no further payments will be owed for the remaining term of the Contract Manufacturing Agreement (i.e., through 2016). In the third quarter of 2013, the Company paid $6.2 million of its obligation pertaining to the Termination Agreement. As of September 30, 2013, the Company has an outstanding liability of $2.6 million pertaining to its obligation under the Termination Agreement.

Other Matters

Certain conditions may exist as of the date the financial statements are issued which may result in a loss to the Company but will only be recorded when one or more future events occur or fail to occur. The Company's management assesses such contingent liabilities, and such assessment inherently involves an exercise of judgment. In assessing loss contingencies related to legal proceedings that are pending against and by the Company or unasserted claims that may result in such proceedings, the Company's management evaluates the perceived merits of any legal proceedings or unasserted claims as well as the perceived merits of the amount of relief sought or expected to be sought.

If the assessment of a contingency indicates that it is probable that a material loss has been incurred and the amount of the liability can be estimated, then the estimated liability would be accrued in the Company's financial statements. If the assessment indicates that a potential material loss contingency is not probable but is reasonably possible, or is probable but cannot be estimated, then the nature of the contingent liability, together with an estimate of the range of possible loss if determinable and material would be disclosed. Loss contingencies considered to be remote by management are generally not disclosed unless they involve guarantees, in which case the guarantee would be disclosed.

In May 2013, a securities class action complaint was filed against the Company and its CEO, John G. Melo, in the U.S. District Court for the Northern District of California. In October 2013, the lead plaintiffs filed a consolidated amended complaint. The complaint, as amended, seeks unspecified damages on behalf of a purported class that would comprise all individuals who acquired the Company's common stock between April 29, 2011 and February 8, 2012. The complaint alleges securities law violations based on the Company's commercial projections during that period. The Company believes the complaint lacks merit, and intends to defend itself vigorously. Because the case is at a very early stage and no specific monetary demand has been made, it is not possible for us to estimate the potential loss or range of potential losses for the case.

In August 2013, a complaint entitled Steve Shannon, derivatively on behalf of Amyris, Inc. v. John G. Melo et al and Amyris, Inc., was filed against the Company as nominal defendant in the United States District Court for the Northern District of California. The lawsuit seeks unspecified damages on behalf of the Company from certain of its current and former officers, directors and employees and alleges these defendants breached their fiduciary duties to the Company and unjustly enriched themselves by making allegedly false and misleading statements and omitting certain material facts in our securities filings. Because this purported stockholder derivative action is based on substantially the same facts as the securities class action described above, the two actions have been related and will be heard by the same judge. The Company does not believe the claims in the complaint have merit, and intends to defend itself vigorously. Because the case is at a very early stage and no specific monetary demand has been made, it is not possible to estimate the potential loss or range of potential losses for the case.

The Company is subject to disputes and claims that arise or have arisen in the ordinary course of business and that have not resulted in legal proceedings or have not been fully adjudicated. Such matters that may arise in the ordinary course of business are subject to many uncertainties and outcomes are not predictable with assurance. Therefore, if one or more of these legal disputes or claims resulted in settlements or legal proceedings that were resolved against the Company for amounts in excess of management's expectations, the Company's consolidated financial statements for the relevant reporting period could be materially adversely affected.

6. Debt

Debt is comprised of the following (in thousands):

	September 30, 2013	December 31, 2012
Credit facilities	$9,750	$12,409
Notes payable	—	1,572
Convertible notes	25,000	25,000
Related party convertible notes	58,091	39,033
Loans payable	25,997	26,150
Total debt	118,838	104,164
Less: current portion	(5,448)	(3,325)
Long-term debt	$113,390	$100,839

FINEP Credit Facility

In November 2010, the Company entered into the FINEP Credit Facility. The FINEP Credit Facility was extended to partially fund expenses related to the Company's research and development project on sugarcane-based biodiesel ("FINEP Project") and provided for loans of up to an aggregate principal amount of R$6.4 million (approximately US$2.9 million based on the exchange rate as of September 30, 2013) which is secured by a chattel mortgage on certain equipment of the Company as well as by bank letters of guarantee. All available credit under this facility has been fully drawn.

Interest on loans drawn under the FINEP Credit Facility is fixed at 5% per annum. In case of default under or non-compliance with the terms of the agreement, the interest on loans will be dependent on the long-term interest rate as published by the Central Bank of Brazil (such rate, the "TJLP"). If the TJLP at the time of default is greater than 6%, then the interest will be 5% plus a TJLP adjustment factor, otherwise the interest will be at 11% per annum. In addition, a fine of up to 10% shall apply to the amount of any obligation in default. Interest on late balances will be 1% interest per month, levied on the overdue amount. Payment of the outstanding loan balance is being made in 81 monthly installments, which commenced in July 2012 and extends through March 2019. Interest on loans drawn and other charges are paid on a monthly basis and commenced in March 2011. As of September 30, 2013 and December 31, 2012, the total outstanding loan balance under this credit facility was R$5.5 million (approximately US$2.5 million based on the exchange rate as of September 30, 2013) and R$6.4 million (approximately US$3.1 million based on the exchange rate as of December 31, 2012), respectively.

The FINEP Credit Facility contains the following significant terms and conditions:

- The Company was required to share with FINEP the costs associated with the FINEP Project. At a minimum, the Company was required to contribute from its own funds approximately R$14.5 million (approximately US$6.5 million based on the exchange rate as of September 30, 2013) of which R$11.1 million was to be contributed prior to the release of the second disbursement. All four disbursements were completed and the Company has fulfilled all of its cost sharing obligations;
- After the release of the first disbursement, prior to any subsequent drawdown from the FINEP Credit Facility, the Company was required to provide bank letters of guarantee of up to R$3.3 million in aggregate (approximately US$1.5 million based on the exchange rate as of September 30, 2013). On December 17, 2012 and prior to release of

the second disbursement on December 26, 2012, the Company obtained the required bank letter of guarantees from ABC Bank;

- Amounts disbursed under the FINEP Credit Facility were required to be used by the Company towards the FINEP Project within 30 months after the contract execution.

BNDES Credit Facility

In December 2011, the Company entered into the BNDES Credit Facility in the amount of R$22.4 million (approximately US$10.0 million based on the exchange rate at September 30, 2013). This BNDES Credit Facility was extended as project financing for a production site in Brazil. The credit line is divided into an initial tranche for up to approximately R$19.1 million (approximately US$8.6 million based on the exchange rate at September 30, 2013) and an additional tranche of approximately R$3.3 million (approximately US$1.5 million based on the exchange rate at September 30, 2013) to become available upon delivery of additional guarantees. The credit line was available for 12 months from the date of the Credit Facility, subject to extension by the lender.
The principal of the loans under the BNDES Credit Facility was required to be repaid in 60 monthly installments, with the first installment due in January 2013 and the last due in December 2017. Interest was due initially on a quarterly basis with the first installment due in March 2012. From and after January 2013, interest payments are due on a monthly basis together with principal payments. The loaned amounts carry interest of 7% per annum. Additionally, there is a credit reserve charge of 0.1% on the unused balance from each credit installment from the day immediately after it is made available through its date of use, when it is paid.

The BNDES Credit Facility is collateralized by a first priority security interest in certain of the Company's equipment and other tangible assets totaling R$24.9 million (approximately US$11.2 million based on the exchange rate as of September 30, 2013). The Company is a parent guarantor for the payment of the outstanding balance under the BNDES Credit Facility. Additionally, the Company was required to provide a bank guarantee equal to 10.0% of the total approved amount (R$22.4 million in total debt) available under this Credit Facility. For advances of the second tranche (above R$19.1 million), the Company is required to provide additional bank guarantees equal to 90.0% of each such advance, plus additional Company guarantees equal to at least 130.0% of such advance. The BNDES Credit Facility contains customary events of default, including payment failures, failure to satisfy other obligations under this credit facility or related documents, defaults in respect of other indebtedness, bankruptcy, insolvency and inability to pay debts when due, material judgments, and changes in control of Amyris Brasil. If any event of default occurs, the Lender may terminate its commitments and declare immediately due all borrowings under the facility. As of September 30, 2013 and December 31, 2012, the Company had R$16.2 million (approximately US$7.3 million based on the exchange rate as of September 30, 2013) and R$19.1 million (approximately US$9.3 million based on the exchange rate as of December 31, 2012), respectively, in outstanding advances under the BNDES Credit Facility.

Notes Payable

During the period between May 2008 and October 2008, the Company entered into notes payable agreements with the lessor of its headquarters under which it borrowed a total of $3.3 million for the purchase of tenant improvements, bearing an interest rate of 9.5% per annum and to be repaid over a period of 55 to 120 months. As of September 30, 2013 and December 31, 2012, a principal amount of zero and $1.6 million, respectively, was outstanding under these notes payable. In June 2013, as part of the April 30, 2013 Amendment to the Company's operating lease for its headquarters, the Company recorded the elimination of these notes payable as a lease incentive and recorded approximately $1.4 million to deferred rent liability in the condensed consolidated balance sheet. The deferred rent liability is being amortized to expense over the remaining lease term.

Convertible Notes

In February 2012, the Company completed the sale of senior unsecured convertible promissory notes in an aggregate principal amount of $25.0 million pursuant to a securities purchase agreement, between the Company and certain investment funds affiliated with Fidelity Investments Institutional Services Company, Inc. (the "Fidelity Securities Purchase Agreement"). The offering consisted of the sale of 3.0% senior unsecured convertible promissory notes with a March 1, 2017 maturity date and an initial conversion price equal to $7.0682 per share of the Company's common stock, subject to proportional adjustment for adjustments to outstanding common stock and anti-dilution provisions in case of dividends and distributions (the "Fidelity Notes"). As of September 30, 2013, the Fidelity Notes were convertible into an aggregate of up to 3,536,968 shares of the Company's common stock. The note holders have a right to require repayment of 101% of the principal amount of the Fidelity Notes in an acquisition of the Company, and the notes provide for payment of unpaid interest on conversion following such an acquisition if the note holders do not require such repayment. The Fidelity Securities Purchase Agreement and Fidelity Notes include covenants regarding payment of interest, maintaining the Company's listing status, limitations on debt, maintenance of corporate existence, and filing of SEC reports. The Fidelity Notes include standard events of default resulting in acceleration of indebtedness, including failure to pay, bankruptcy and insolvency, cross-defaults, material adverse effect clauses and breaches of the covenants in the Fidelity Securities Purchase Agreement and Fidelity Notes, with default interest rates and associated cure periods applicable to the covenant regarding SEC reporting. Furthermore, the Fidelity Notes include restrictions on the amount of debt the Company is permitted to incur. With exceptions for certain existing debt, refinancing of such debt and certain other exclusions and waivers, the Fidelity

Notes provide that the Company's total outstanding debt at any time cannot exceed the greater of $200.0 million or 50% of its consolidated total assets and its secured debt cannot exceed the greater of $125.0 million or 30% of its consolidated total assets. In connection with the Company’s closing of a short-term bridge loan for $35.0 million in October 2013, holders of the Fidelity Notes waived compliance with the debt limitations outlined above as to the $35.0 million bridge loan and the August 2013 Financing. In consideration for such waiver, the Company granted to holders of the Fidelity Notes or their affiliates, the right to purchase up to an aggregate of $7.6 million worth of convertible promissory notes in the first tranche of the August 2013 Financing. As of September 30, 2013 and December 31, 2012, a principal amount of $25.0 million and $25.0 million, respectively, was outstanding under these notes payable.

Related Party Convertible Notes

In July 2012, the Company entered into an agreement with Total that expanded Total's investment in Biofene collaboration with the Company, provided a new structure for a joint venture (the “Fuels JV”) to commercialize the products encompassed by the diesel and jet fuel research and development program (the “Program”), and established a convertible debt structure for the collaboration funding from Total.

The purchase agreement for the notes related to the funding from Total (the "Total Purchase Agreement") provided for the sale of an aggregate of $105.0 million in notes as follows:

- As part of an initial closing under the purchase agreement (which initial closing was completed in two installments), (i) on July 30, 2012, the Company sold a 1.5% Senior Unsecured Convertible Note Due March 2017 to Total in the face amount of $38.3 million, including $15.0 million in new funds and $23.3 million in previously-provided diesel research and development funding by Total, and (ii) on September 14, 2012, the Company sold another note (in the same form) for $15.0 million in new funds from Total.
- At a second closing under the Total Purchase Agreement (also completed in two installments) the Company sold additional notes for an aggregate of $30 million in new funds from Total ($10.0 million in June 2013 and $20.0 million in July 2013).
- The Total Purchase Agreement provides that additional notes may be sold in subsequent closings in July 2014 (for cash proceeds to the Company of $21.7 million, which would be settled in an initial installment of $10.85 million payable at such closing and a second installment of $10.85 million payable in January 2015).

The notes issued have a maturity date of March 1, 2017, an initial conversion price equal to $7.0682 per share for the notes issued under the initial closing and an initial conversion price equal $3.08 per share for the notes issued under the second closing. The notes bear interest of 1.5% per annum (with a default rate of 2.5%), accruing from the date of funding and are payable at maturity or on conversion or a change of control where Total exercises the right to require the Company to repay the notes. Accrued interest is cancelled if the notes are cancelled based on a “Go” decision. The agreements contemplate that the research and development efforts under the Program may extend through 2016, with a series of “Go/No Go” decisions by Total through such date tied to funding by Total.

The notes become convertible into the Company's common stock (i) within 10 trading days prior to maturity (if they are not cancelled as described above prior to their maturity date), (ii) on a change of control of the Company, (iii) if Total is no longer the largest stockholder of the Company following a “No-Go” decision (subject to a six-month lock-up with respect to any shares of common stock issued upon conversion), and (iv) on a default by the Company. If Total makes a final “Go” decision, then the notes will be exchanged by Total for equity interests in the Fuels JV, after which the notes will not be convertible and any obligation to pay principal or interest on the notes will be extinguished. If Total makes a “No-Go” decision, outstanding notes will remain outstanding and become payable at maturity.

In connection with the December 2012 private placement described below (see Note 10, "Stockholders Equity"), Total elected to participate in the private placement by exchanging approximately $5.0 million of its $53.3 million in senior unsecured convertible promissory notes then outstanding for 1,677,852 of the Company's common stock at a conversion price of $2.98 per share. As such, $5.0 million of the outstanding $53.3 million in senior unsecured convertible promissory notes was cancelled. The cancellation of the debt was treated as an extinguishment of debt in accordance with the guidance outlined in ASC 470-50.

In March 2013, the Company entered into a letter agreement with Total (the "March 2013 Letter Agreement") under which Total agreed to waive its right to cease its participation in the parties' fuels collaboration at the July 2013 decision point and committed to proceed with the July 2013 funding tranche of $30.0 million (subject to the Company's satisfaction of the relevant closing conditions for such funding in the Total Purchase Agreement). As consideration for this waiver and commitment, the Company agreed to:

- Reduce the conversion price for the senior unsecured convertible promissory notes to be issued in connection with such funding from $7.0682 per share to a price per share equal to the greater of (i) the consolidated closing bid price of the Company's common stock on the date of the letter agreement, plus $0.01, and (ii) $3.08 per share, provided that the conversion price would not be reduced by more than the maximum possible amount permitted under the rules of NASDAQ Stock Market ("NASDAQ") such that the new conversion price would require the Company to obtain stockholder consent; and
- Grant Total a senior security interest in the Company's intellectual property, subject to certain exclusions and subject to release by Total when the Company and Total enter into final documentation regarding the establishment of the Fuels JV.

In addition to the waiver by Total described above, Total also agreed that, at the Company's request and contingent upon the Company meeting its obligations described above, it would pay advance installments of the amounts otherwise payable at the July 2013 closing. Specifically, if the Company requested such advance installments, subject to certain closing conditions and delivery of certifications regarding the Company's cash levels, Total was obligated to fund $10.0 million no later than May 15, 2013, and an additional $10.0 million no later than June 15, 2013, with the remainder to be funded on the original July 2013 closing date.

In June 2013, the Company sold and issued a 1.5% Senior Unsecured Convertible Note to Total in the face amount of $10.0 million with a March 1, 2017 maturity date pursuant to the Total Purchase Agreement as discussed above. In accordance with the March 2013 Letter Agreement, this convertible note has an initial conversion price equal to $3.08 per share of the Company's common stock. The Company did not request the May advance of $10.0 million, but did request the June advance (as described above), under which this convertible note was issued.

In July 2013, the Company sold and issued a 1.5% Senior Unsecured Convertible Note to Total in the face amount of $20.0 million with a March 1, 2017 maturity date pursuant to the Total Purchase Agreement as discussed above. This purchase and sale completed Total's commitment to purchase $30.0 million of such notes by July 2013. In accordance with the March 2013 Letter Agreement, this convertible note has an initial conversion price equal to $3.08 per share of Company common stock.

The conversion prices of the notes issued under the Total Purchase Agreement are subject to adjustment for proportional adjustments to outstanding common stock and under anti-dilution provisions in case of certain dividends and distributions. Total has a right to require repayment of 101% of the principal amount of the notes in the event of a change of control of the Company and the notes provide for payment of unpaid interest on conversion following such a change of control if Total does not require such repayment. The Total Purchase Agreement and notes include covenants regarding payment of interest, maintenance of the Company's listing status, limitations on debt, maintenance of corporate existence, and filing of SEC reports. The notes include standard events of default resulting in acceleration of indebtedness, including failure to pay, bankruptcy and insolvency, cross-defaults, and breaches of the covenants in the purchase agreement and notes, with added default interest rates and associated cure periods applicable to the covenant regarding SEC reporting. Furthermore, the notes include restrictions on the amount of debt the Company is permitted to incur. With exceptions for certain existing debt, refinancing of such debt and certain other exclusions and waivers, the notes provide that the Company's total outstanding debt at any time cannot exceed the greater of $200.0 million or 50% of its consolidated total assets and its secured debt cannot exceed the greater of $125.0 million or 30% of its consolidated total assets. In connection with the Company’s closing of a short-term bridge loan for $35.0 million in October 2013, Total waived compliance with the debt limitations outlined above as to the $35.0 million bridge loan and the August 2013 Financing. As of September 30, 2013 and December 31, 2012, $58.1 million and $39.0 million, respectively, was outstanding under these convertible notes, net of debt discount of $20.2 million and $9.3 million, respectively. The debt discount is the result of the bifurcation of the equity conversion option and "make-whole" provision features associated with outstanding debt.

In connection with the August 2013 Financing, the Company entered into a Securities Purchase Agreement ("August 2013 SPA") with Total and Temasek to sell up to $73.0 million in convertible promissory notes in private placements, with such notes to be sold and issued over a period of up to 24 months from the date of signing. The August 2013 SPA provided for the August 2013 Financing to be divided into two tranches (the first tranche for $42.6 million and the second tranche for $30.4 million), each with differing closing conditions. Of the total possible purchase price in the financing, $60.0 million was contemplated to be paid in the form of cash by Temasek ($35.0 million in the first tranche and up to $25.0 million in the second tranche) and $13.0 million was contemplated to be paid by the exchange and cancellation of outstanding convertible promissory notes by Total in connection with its exercise of pro rata rights ($7.6 million in the first tranche and $5.4 million in the second tranche). The August 2013 SPA included requirements that the Company meet certain production milestones before the second tranche would become available, obtain stockholder approval prior to completing any closing of the transaction, and issue a warrant to Temasek to purchase 1,000,000 shares of the Company's common stock at an exercise price of $0.01 per share, exercisable only if Total converts preexisting promissory notes with a certain per share conversion price. In September 2013, the Company's stockholders approved the August 2013 Financing. As of September 30, 2013, the first closing of the August 2013 Financing was pending final regulatory approval.

In October 2013, the Company amended the August 2013 SPA to include an additional cash investor in the first tranche convertible promissory notes in the principal amount of $7.6 million, and to proportionally increase the amount acquired by exchange and cancellation of outstanding convertible promissory notes by Total in connection with its exercise of pro rata rights to $14.6 million (US$9.2 million in the first tranche and up to $5.4 million in the second tranche). The August 2013 Financing closed with respect to the initial tranche of notes in October 2013 (see Note 17, "Subsequent Events"). Additional closing conditions for the second tranche of up to $30.4 million in principal amount of additional convertible promissory notes, which may be issued up to 24 months from the date of the August 2013 SPA, include requirements that prior to any issuance of such notes: (i) a specified Company manufacturing plant has achieved total production of 750,000 liters within a run period of 45 days, (ii) the current chief executive officer or an individual approved by a majority of the purchasers remains chief executive officer of the Company, (iii) there is no material adverse change in the Company’s business and (iv) all security interests held by the purchasers in the Company’s intellectual property shall have been released in full.

In September 2013, the Company entered into a bridge loan agreement with an existing investor to provide additional cash availability of up to $5.0 million. As of September 30, 2013, the Company had not drawn any funds from the agreement and the facility expired in October 2013 in accordance with its terms.

Loans Payable

In December 2009, the Company entered into a loans payable agreement with the lessor of its Emeryville pilot plant under which it borrowed a total of $0.3 million, bearing an interest rate of 10.0% per annum, to be repaid over a period of 96 months. As of September 30, 2013 and December 31, 2012, a principal amount of zero and $0.2 million, respectively, was outstanding under the loan. During the three months ended June 30, 2013, as part of the April 30, 2013 amendment entered into regarding the Company's operating lease for its headquarters, the Company recorded the elimination of this loan payable as a lease incentive and recorded approximately $0.2 million to deferred rent liability in the condensed consolidated balance sheet. The deferred rent liability is being amortized to expense over the remaining lease term.

In June 2012, the Company entered into a loan agreement with Banco Pine under which Banco Pine provided the Company with the Banco Pine Bridge Loan of R$52.0 million (approximately US$25.6 million based on the exchange rate as of September 30, 2012, the time of loan repayment). The interest rate for the Banco Pine Bridge Loan was 0.4472% monthly (approximately 5.5% on an annualized basis). The principal and interest due under the Banco Pine Bridge Loan matured and were required to be repaid on September 19, 2012, subject to extension by Banco Pine. At the time of the Banco Pine Bridge Loan, the Company entered into a currency interest rate swap arrangement with the lender for R$22.0 million (approximately US$9.9 million based on the exchange rate as of September 30, 2013). The interest rate swap arrangement exchanged the principal and interest payments under the Banco Pine Loan of R$22.0 million entered into in July 2012 for alternative principal and interest payments that were subject to adjustment based on fluctuations in the foreign exchange rate between the U.S. dollar and Brazilian real. The swap had a fixed interest rate of 3.94%. In July 2012, the Company repaid the Banco Pine Bridge Loan.

In July 2012, the Company entered into a Note of Bank Credit and a Fiduciary Conveyance of Movable Goods Agreement (together, the "July 2012 Bank Agreements") with each of Nossa Caixa and Banco Pine. Under the July 2012 Bank Agreements, the Company pledged certain farnesene production assets as collateral for the loans of R$52.0 million. The Company's total acquisition cost for such pledged assets was approximately R$68.0 million (approximately US$30.5 million based on the exchange rate as of September 30, 2013). The Company is also a parent guarantor for the payment of the outstanding balance under these loan agreements. Under the July 2012 Bank Agreements, the Company could borrow an aggregate of R$52.0 million (approximately US$23.3 million based on the exchange rate as of September 30, 2013) as financing for capital expenditures relating to the Company's manufacturing facility located in Brotas, Brazil. Specifically, Banco Pine agreed to lend R$22.0 million and Nossa Caixa agreed to lend R$30.0 million. The funds for the loans are provided by BNDES, but are guaranteed by the lenders. The loans have a final maturity date of July 15, 2022 and bear a fixed interest rate of 5.5% per year. The loans are also subject to early maturity and delinquency charges upon occurrence of certain events including interruption of manufacturing activities at the Company's manufacturing facility in Brotas, Brazil for more than 30 days, except during sugarcane off-season. For the first two years that the loans are outstanding, the Company is required to pay interest only on a quarterly basis. After August 15, 2014, the Company is required to pay equal monthly installments of both principal and interest for the remainder of the term of the loans. As of September 30, 2013 and December 31, 2012, a principal amount of $23.3 million and $25.4 million, respectively, was outstanding under these loan agreements.

In October 2012, the Company entered into a loan payable agreement with a lender under which it borrowed $0.6 million to pay the insurance premiums of certain policies. The loan was payable in nine monthly installments of principal and interest. Interest accrued at a rate of 3.24% per annum. As of September 30, 2013 and December 31, 2012, the outstanding unpaid loan balance was zero and $0.4 million, respectively.

In March 2013, the Company entered into an export financing agreement with ABC Bank for approximately $2.5 million for a one-year term to fund exports through March 2014. This loan is collateralized by future exports from the Company's subsidiary in Brazil. As of September 30, 2013, the principal amount outstanding under this agreement was $2.5 million.

Letters of Credit

In June 2012, the Company entered into a letter of credit agreement for $1.0 million under which it provided a letter of credit to the landlord for its headquarters in Emeryville, California in order to cover the security deposit on the lease. This letter of credit is secured by a certificate of deposit. Accordingly, the Company has $1.0 million as restricted cash as of September 30, 2013 and December 31, 2012.

Future minimum payments under the debt agreements as of September 30, 2013 are as follows (in thousands):

Years ending December 31:	Related Party Convertible Debt	Convertible Debt	Loans Payable	Credit Facility
2013 (Remaining three months)	$—	$192	$492	$682
2014	—	760	5,243	2,681
2015	—	765	4,042	2,542
2016	—	761	3,887	2,404
2017	83,267	25,125	3,726	2,264
Thereafter	—	—	15,052	579
Total future minimum payments	83,267	27,603	32,442	11,152
Less: amount representing interest[(1)]	(25,176)	(2,603)	(6,445)	(1,402)
Present value of minimum debt payments	58,091	25,000	25,997	9,750
Less: current portion	—	—	(3,286)	(2,162)
Noncurrent portion of debt	$58,091	$25,000	$22,711	$7,588

[(1)] Including debt discount of $20.2 million associated with the related party convertible debt.

7. Joint Ventures and Noncontrolling Interest

SMA Indústria Química

In April 2010, the Company established SMA Indústria Química ("SMA"), a joint venture with Usina São Martinho, to build a production facility in Brazil. SMA is located at the Usina São Martinho mill in Pradópolis, São Paulo state. The joint venture agreements establishing SMA have a 20 year initial term.

SMA is managed by a three member executive committee, of which the Company appoints two members, one of whom is the plant manager, who is the most senior executive responsible for managing the construction and operation of the facility. SMA is governed by a four member board of directors, of which the Company and Usina São Martinho each appoint two members. The board of directors has certain protective rights which include final approval of the engineering designs and project work plan developed and recommended by the executive committee.

The joint venture agreements provided that the Company would fund the construction costs of the new facility and Usina São Martinho would reimburse the Company up to R$61.8 million (approximately $27.7 million based on the exchange rate as of September 30, 2013) of the construction costs after SMA commences production. After commercialization, the Company would market and distribute Company renewable products produced by SMA and Usina São Martinho would sell feedstock and provide certain other services to SMA. The cost of the feedstock to SMA would be a price that is based on the average return that Usina São Martinho could receive from the production of its current products, sugar and ethanol. The Company would be required to purchase the output of SMA for the first four years at a price that guarantees the return of Usina São Martinho's investment plus a fixed interest rate. After this four year period, the price would be set to guarantee a break-even price to SMA plus an agreed upon return.

Under the terms of the joint venture agreements, if the Company becomes controlled, directly or indirectly, by a competitor of Usina São Martinho, then Usina São Martinho has the right to acquire the Company's interest in SMA. If Usina São Martinho becomes controlled, directly or indirectly, by a competitor of the Company, then the Company has the right to sell its interest in SMA to Usina São Martinho. In either case, the purchase price shall be determined in accordance with the joint venture agreements, and the Company would continue to have the obligation to acquire products produced by SMA for the remainder of the term of the supply agreement then in effect even though the Company would no longer be involved in SMA’s management.

The Company has a 50% ownership interest in SMA. The Company has identified SMA as a variable interest entity ("VIE") pursuant to the accounting guidance for consolidating VIEs because the amount of total equity investment at risk is not sufficient to permit SMA to finance its activities without additional subordinated financial support, as well as because the related commercialization agreement provides a substantive minimum price guarantee. Under the terms of the joint venture agreement, the Company directs the design and construction activities, as well as production and distribution. In addition, the Company has the obligation to fund the design and construction activities until commercialization is achieved. Subsequent to the construction phase, both parties equally fund SMA for the term of the joint venture. Based on those factors, the Company was determined to have the power to direct the activities that most significantly impact SMA’s economic performance and the obligation to absorb losses and the right to receive benefits. Accordingly, the financial results of SMA are included in the Company’s condensed consolidated financial statements and amounts pertaining to Usina São Martinho’s interest in SMA are reported as noncontrolling interests in subsidiaries.

Novvi S.A.

In June 2011, the Company entered into joint venture agreements with Cosan Combustíveis e Lubrificantes S.A. and Cosan S.A. Industria e Comércio (such Cosan entities, collectively or individually, “Cosan”), related to the formation of a joint venture to focus on the worldwide development, production and commercialization of base oils made from Biofene for the automotive, commercial and industrial lubricants markets (the "Original JV Agreement"). The parties originally envisioned operating their joint venture through Novvi S.A., a Brazilian entity jointly owned by Cosan and Amyris Brasil.

Under the Original JV Agreement and related agreements, the Company and Cosan each owned 50% of Novvi S.A. and each party would share equally any costs and any profits ultimately realized by Novvi S.A. The joint venture agreement had an initial term of 20 years from the date of the Original JV Agreement, subject to earlier termination by mutual written consent or by a non-defaulting party in the event of specified defaults by the other party. The shareholders' agreement had an initial term of 10 years from the date of the agreement, subject to earlier termination if either the Company or Cosan ceased to own at least 10% of the voting stock of Novvi S.A. Since its formation, Novvi S.A. had minimal operating activities while the Company and Cosan continued to determine and finalize the strategy and operating activities for the joint venture. Upon determination by the Company and Cosan that the joint venture should be operated out of a US entity, the operating activities of Novvi S.A. ceased. The Company has identified that Novvi S.A. is a VIE and determined that the power to direct activities, which most significantly impact the economic success of the joint venture, is equally shared between the Company and Cosan. Accordingly, the Company is not the primary beneficiary and therefore accounts for its investment in Novvi S.A. under the equity method of accounting.

In March 2013, the Company, Amyris Brasil and Cosan entered into a termination agreement to terminate the Original JV Agreement. In addition, Amyris Brasil agreed to sell, its 50% ownership in Novvi S.A. for approximately R$22,000 which represented the current value of its 50% equity ownership in Novvi S.A., a now-dormant company, to Cosan. Upon the consummation of the transaction with the shares transferring from Amyris Brasil to Cosan, the Novvi S.A. shareholders agreement automatically terminated.

Novvi LLC

In September 2011, the Company and Cosan US, Inc. (“Cosan U.S.”) formed Novvi LLC, a U.S. entity that is jointly owned by the Company and Cosan U.S. ("Novvi"). In March 2013 the Company and Cosan U.S. entered into agreements to (i) expand their base oils joint venture to also include additives and lubricants and (ii) operate their joint venture exclusively through Novvi. Specifically, the parties entered into an Amended and Restated Operating Agreement for Novvi (the "Operating Agreement"), which sets forth the governance procedures for Novvi and the joint venture and the parties' initial contribution. The Company also entered into an IP License Agreement with Novvi (the "IP License Agreement") under which the Company granted Novvi (i) an exclusive (subject to certain limited exceptions for the Company), worldwide, royalty-free license to develop, produce and commercialize base oils, additives, and lubricants derived from Biofene for use in automotive and industrial lubricants markets and (ii) a non-exclusive, royalty free license, subject to certain conditions, to manufacture Biofene solely for its own products. In addition, both the Company and Cosan U.S. granted Novvi certain rights of first refusal with respect to alternative base oil and additive technologies that may be acquired by the Company or Cosan U.S. during the term of the IP License Agreement. Under these agreements, the Company and Cosan U.S. will each own 50% of Novvi and each party will share equally in any costs and any profits ultimately realized by the joint venture. Novvi is governed by a six member Board of Managers (the "Board Managers"), with three managers represented by each investor. The Board of Managers appoints the officers of Novvi, who are responsible for carrying out the daily operating activities of Novvi as directed by the Board of Managers. The IP License Agreement has an initial term of 20 years from the date of the agreement, subject to standard early termination provisions such as uncured material breach or a party's insolvency. Under the terms of the Operating Agreement, Cosan U.S. is obligated to fund its 50% ownership share of Novvi in cash in the amount of $10.0 million and the Company is obligated to fund its 50% ownership share of Novvi through the granting of an IP License to develop, produce and commercialize base oils, additives, and lubricants derived from Biofene for use in the automotive, commercial and industrial lubricants markets which has been agreed upon by Cosan U.S. and Amyris valued at $10.0 million. In March 2013, the Company measured its initial contribution of intellectual property to Novvi at the Company's carrying value of the licenses granted under the IP License Agreement, which was zero. Additional funding requirements to finance the ongoing operations of Novvi are expected to happen through revolving credit or other loan facilities provided by unrelated parties (i.e. such as financial institutions); cash advances or other credit or loan facilities provided by the Company and Cosan U.S. or their affiliates; or additional capital contributions by the Company and Cosan U.S.

The Company has identified Novvi as a VIE and determined that the power to direct activities, which most significantly impact the economic success of the joint venture (i.e. continuing research and development, marketing, sales, distribution and manufacturing of Novvi products), is equally shared between the Company and Cosan U.S. Accordingly, the Company is not the primary beneficiary and therefore accounts for its investment in Novvi under the equity method of accounting. The Company will continue to reassess its primary beneficiary analysis of Novvi if there are changes in events and circumstances impacting the power to direct activities that most significantly affect Novvi's economic success. Under the equity method, the Company's share of profits and losses are included in “Income (loss) from equity method investments, net” in the condensed consolidated statements of operations. During the three and nine months ended September 30, 2013, the Company recorded no amounts for its share of Novvi's net loss as the carrying amount of the Company's investment in Novvi was zero and losses in excess of the carrying amount were offset by the accretion of the Company's share in the basis difference resulting from the parties' initial contribution. For both the three months ended September 30, 2013 and 2012, the Company recorded zero and for the nine months ended September 30, 2013 and 2012, the Company recorded $2.6 million and zero, respectively, of revenue from the research and development activities that it has performed on behalf of Novvi. In addition, for the three and nine months ended September 30, 2013, we recognized $1.0 million and $1.1 million in product sales, respectively, from Novvi.

Glycotech

In January 2011, the Company entered into a production service agreement ("Glycotech Agreement") with Glycotech, Inc. ("Glycotech"), under which Glycotech provides process development and production services for the manufacturing of various Company products at its leased facility in Leland, North Carolina. The Company products manufactured by Glycotech are owned and distributed by the Company. Pursuant to the terms of the production Glycotech Agreement, the Company is required to pay the manufacturing and operating costs of the Glycotech facility, which is dedicated solely to the manufacture of Amyris products. The initial term of the Glycotech Agreement was for a two-year period commencing on February 1, 2011 and the Glycotech Agreement renews automatically for successive one-year terms, unless terminated by the Company. Concurrently with the Glycotech Agreement, the Company also entered into a Right of First Refusal Agreement with the lessor of the facility and site leased by Glycotech (the "ROFR Agreement"). Per the conditions of the ROFR Agreement, the lessor agreed not to sell the facility and site leased by Glycotech during the term of the Glycotech Agreement. In the event that the lessor is presented with an offer to sell or decides to sell an adjacent parcel, the Company has the right of first refusal to acquire it.

The Company has determined that the arrangement with Glycotech qualifies as a VIE. The Company determined that it is the primary beneficiary of this arrangement because it has the power through the management committee over which it has majority control to direct the activities that most significantly impact Glycotech's economic performance.

In addition, the Company is required to fund 100% of Glycotech's actual operating costs for providing services each month while the facility is in operation under the Glycotech Agreement. Accordingly, the Company consolidates the financial results of Glycotech. As of September 30, 2013, the carrying amounts of the consolidated VIE's assets and liabilities were not material to the Company's condensed consolidated financial statements.

The table below reflects the carrying amount of the assets and liabilities of the two consolidated VIEs for which the Company is the primary beneficiary. As of September 30, 2013, the assets include $22.7 million in property, plant and equipment, $4.1 million in other assets and $0.4 million in current assets. The liabilities include $0.2 million in accounts payable and accrued current liabilities and $0.1 million in loan obligations by Glycotech to its shareholders that are non-recourse to the Company. The creditors of each consolidated VIE have recourse only to the assets of that VIE.

September 30,