HALF-YEAR FINANCIAL REPORT

(English version for information only*)

JUNE 30, 2015

GENFIT

TOWARDS BETTER MEDICINE

*This report has been translated in English for information only. In the event of any differences between the French text and the English text, the French language version shall supersede.

SUMMARY

1. HALF-YEAR CONSOLIDATED FINANCIAL STATEMENTS

1. FINANCIAL STATEMENTS

1.1 CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(in € thousands)	Notes	As of 06/30/2015	As of 12/31/2014
Non-current assets			
Goodwill	3.3.1.	0	75
Intangible assets	3.3.2.	105	86
Property, plant & equipment	3.3.3.	1 337	1 333
Financial assets	3.3.4.	1 026	1 060
Other assets	3.3.5.	4	0
Deferred tax assets	-	0	0
Total non-current assts		2 472	2 553
Current assets			
Inventories	-	64	248
Tax payable	-	0	0
Trade & others receivables	3.3.6.	112	435
Financial assets	3.3.4.	4 026	4 025
Other assets	3.3.5.	8 910	7 100
Cash & short-term deposits	-	61 306	72 005
Total current assets		74 417	83 813
TOTAL ASSETS		**76 889**	**86 366**
Issued capital	3.3.7.	5 989	5 989
Share premium	-	115 757	115 757
Equity warrants	3.2.2.6	217	86
Revaluation surplus	-	259	276
Retained earnings	-	(49 801)	(34 640)
Exchange differences on translation of foreign operations	-	8	(15)
Profit (or loss) for the period	-	(8 871)	(17 025)
Equity attributable to owners of the Company		63 558	70 429
Non-controlling interests		0	0
Total equity		63 558	70 429
Non-current liabilities			
Provisions	3.3.8.	622	614
Conditional & repayable advances	3.3.9.	578	3 660
Financial liabilities	3.3.10.	1 253	1 270
Deferred tax liabilities	-	0	0
Other liabilities	3.3.11.	0	1
Total non-current liabilities		2 453	5 546
Current liabilities			
Provisions	3.3.8.	6	6
Conditional & repayable advances	3.3.9.	3 543	780
Financial liabilities	3.3.10.	893	907
Current tax liabilities	-	0	0
Trade & other payables	-	4 567	5 900
Other liabilities	3.3.11.	1 868	2 798
Total current liabilities		10 878	10 391
TOTAL EQUITIES & LIABILITIES		**76 889**	**86 366**

1.2 CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(in € thousands)	Notes	Half-year ended 06/30/2015	Year ended 12/31/2014	Half-year ended 06/30/2014
Revenue	3.2.1.1.	395	1 614	1 202
Public financing of research expenditure	3.2.1.2.	1 964	5 067	2 334
Other operating income	3.2.1.3.	51	94	43
Total revenues and other income		2 409	6 776	3 578
Raw materials & consumables used	3.2.2.1.	(1 019)	(1 404)	(751)
Contracted research & development activities conducted by third parties	3.2.2.2.	(3 045)	(9 020)	(4 530)
Employee expenses	3.2.2.3.	(3 559)	(8 314)	(5 196)
Other operating expenses	3.2.2.4.	(1 857)	(4 017)	(2 212)
Depreciation, amortization & impairment charges	3.2.2.5.	(272)	(238)	(79)
Current operating profit		(7 343)	(16 218)	(9 189)
Share-based payment transaction expenses	3.2.2.6.	(1 787)	(1 051)	0
Gain / (loss) on disposal of property, plant & equipment	3.2.2.7.	(0)	10	(0)
Operating profit / (loss)		(9 130)	(17 259)	(9 189)
Finance income	3.2.3.	329	492	152
Finance costs	3.2.3.	(69)	(259)	(110)
Net finance costs		260	234	42
Profit before income tax	-	(8 870)	(17 025)	(9 147)
Tax	3.2.4.1.	(0)	(0)	(0)
Profit for the period		**(8 871)**	**(17 025)**	**(9 148)**
Other comprehensive income :				
Exchange differences on translation of foreign operations		23	31	2
Gain on revaluation of properties		0	0	0
Actuarial gains and losses		59	(103)	(39)
Net fair value gain on available-for-sale financial assets		0	0	0
Of which : changes in fair value for the period		0	0	0
Dont : unrealised gains or losses recognised in income for the period		0	0	0
Tax effect from the change in fair value of available-for-sale securities		0	0	0
Other comprehensive income		**82**	**(72)**	**(37)**
Comprehensive income		**(8 789)**	**(17 097)**	**(9 184)**
Profit for the period				
Attributable to non-controlling interests		0	0	0
Attributable to owners of the Company		**(8 871)**	**(17 025)**	**(9 148)**
Comprehensive income				
Attributable to non-controlling interests		0	0	0
Attributable to owners of the Company		**(8 789)**	**(17 097)**	**(9 184)**
(In € / number of shares)				
Earnings per share				
Weighted average number of ordinary shares for basic earnings per share		23 957 671	22 289 901	21 142 463
Basic earnings per share - attributable to owners of the Company	3.2.5.	**(0.37)**	**(0.76)**	**(0.43)**
Weighted average number of ordinary shares adjusted for the effect of dilution		23 957 671	22 289 901	21 142 463
Diluted earnings per share - attributable to owners of the Company	3.2.5.	**(0.37)**	**(0.76)**	**(0.43)**

1.3 CONSOLIDATED STATEMENT OF CASH FLOW

(in € thousands)	Half-year ended 06/30/2015	Year ended 12/31/2014	Half-year ended 06/30/2014
+ Profit for the year	(8 871)	(17 025)	(9 148)
+ Non-controlling interets	0	0	0
+ Depreciation charge on intangible assets, property, plant & equipment	153	292	135
+ Movements in provisions & impairment losses	174	53	4
- Gain / (loss) on disposal of property, plant & equipment	0	(10)	0
- Share-based payment transaction expenses	1 787	1 051	0
+ Other non-cash transactions	12	(43)	(28)
Cash flow after cost of net financial debt& tax charge	**(6 745)**	**(15 683)**	**(9 037)**
- Finance costs	41	94	50
- Income tax charge	0	0	0
Cash flow before changes in working capital, interest expense and income tax	(6 704)	(15 588)	(8 987)
Income tax paid	0	0	0
Decrease (+) / increase (-) in amounts due from customers	322	(273)	79
Decrease (-) / increase (+) in amounts due to suppliers	(1 333)	446	2 851
Decrease (+) / increase (-) in other assets	(1 630)	(1 123)	(2 570)
Decrease (-) / increase (+) in others liabilities	(926)	1 047	2 107
Changes in working capital	(3 567)	96	2 467
Cash flows from operating activities	**(10 271)**	**(15 491)**	**(6 520)**
- Purchase of property, plant & equipment	(199)	(721)	(291)
+ Proceeds from sale of property, plant & equipment	0	15	0
Investing activities - operations	(199)	(706)	(291)
- Purchase of financial instruments	(12)	(4 300)	(0)
+ Proceeds from sale of financial instruments	0	0	0
- Acquisition of subsidiary, net of cash acquired	0	0	0
Investing activities - finance	(12)	(4 300)	(0)
Cash flows from investing activities	**(211)**	**(5 006)**	**(291)**
+ Proceeds from issuance of shares	0	72 296	52 243
+ Subscription for share warrants	131	86	0
+ Proceeds from borrowings & government loans	503	857	147
- Repayments of borrowings & government loans	(841)	(1 606)	(765)
- Financial interests paid (including finance lease)	(54)	(98)	(70)
Cash flows from financial activities	**(261)**	**71 535**	**51 555**
Net increase / (decrease) in cash & cash equivalents	**(10 743)**	**51 037**	**44 744**
Cash & cash equivalents at the beginning of the period	**72 005**	**20 922**	**20 922**
Increase / (decrease) of cash & cash equivalents	**(10 743)**	**51 037**	**44 744**
Financial assets reclassified as short-term deposits	0	0	0
Effects of exchange rate changes on the balance of cash held in foreign currencies	0	0	0
Cash & cash equivalents at the end of the period	**61 262**	**71 959**	**65 666**
Breakdown of cash & cash equivalents :	**0**	**0**	**0**
Short-term deposits	59 977	71 480	58 818
Cash & bank balances	1 329	525	7 157
Bank overdrafts	0	0	(320)
Cash & cash equivalents at the end of the period	**61 306**	**72 005**	**65 655**

(in € thousands)	Issued capital	Share premium	Revaluation surplus	General reserves	Foreign currency translation reserve	Retained earnings	Non-controlling interests	Total equity
Balance at 12/31/2014	**5 989**	**115 843**	**276**	**(34 640)**	**(15)**	**(17 025)**	**0**	**70 429**
Changes for the period								
Other comprehensive income			(18)	77	23			**82**
Profit for the period						(8 871)		**(8 871)**
Other changes								**0**
Total comprehensive income for the period	**0**	**0**	**(18)**	**77**	**23**	**(8 871)**		**(8 789)**
								0
Profit / loss for the period				(17 025)		17 025		**0**
Issue of share capital	0	0						**0**
Mergers and similar		**131**						**131**
Share-based payment transactions				1 787				**1 787**
Payment of dividends								**0**
Balance at 06/30/2015	**5 989**	**115 974**	**259**	**(49 802)**	**8**	**(8 871)**	**0**	**63 558**

2. ACCOUNTING PRINCIPLES AND POLICIES

2.1 BASIS OF PREPARATION OF THE FINANCIAL STATEMENT

The half-year interim consolidated financial statements for the six month period ended June 30, 2015 are presented in thousands of euros (€ k).

2.1.1 Compliance with the IFRS accounting framework

Pursuant to regulation n° EC-1606/2002 issued by the European Commission, the present half-year consolidated financial statements was prepared in accordance with International Financial Reporting Standards (IFRS), as approved by the European Union. As condensed interim financial statements, they do not include all information required by IFRS framework for the preparation of annual financial statements, and must therefore be read in conjunction with the consolidated financial statements for the financial year ended December 31, 2014.

2.1.2 Application of standards and interpretations effective as of June 30, 2015

The half-year consolidated financial statements were prepared in accordance with IFRS standards and interpretations as adopted by the European Union as of June 30, 2015 and available on the website :
http://ec.europa.eu/internal_market/accounting/ias_en.htm#adopted-commission.

They are supplemented by the provisions of IAS34, *Interim financial reporting*, which define the minimum content of this information and identify accounting and valuation principles to be applied to a half-year financial report.

The accounting policies are identical to those used in the preparation of the annual consolidated financial statements for the year ended December 31, 2014, except for the following new standards and interpretations adopted by the European Union :

- IFRIC 21 Levies ;
- Annual improvements to IFRS (2011-2013).

The above new standards and interpretations do not apply to the Group and have had no impact on the Group's financial statements.

The following standards and interpretations, not mandatory as of June 30, 2015 but adopted by the European Union, were not adopted early by the Group for its half-year financial statements as of June 30, 2015 :

- Not applicable

Finally, the Group has not applied standards and interpretations published by the IASB at June 30, 2015 but not mandatory or in force in the European Union at that date :

- IFRS 9, Financial Instruments ;
- IFRS 14 Regulatory Deferral Accounts ;
- Amendments to IAS 16 and IAS 38- Clarification of Accountable Methods of Depreciation and Amortisation ;

- Amendments to IFRS 11 – Accounting for Acquisition of Interests in Joint Operations ;
- IFRS 15, Revenue from contracts with customers.
- Improvements to IFRS (2010-2012) ;
- Improvements to IFRS (2012-2014) ;
- Defined benefit plans : employee contributions (amendments to IAS19) ;
- Amendments to IFRS 10 and IAS 28, Sales or Contribution of Assets between an Investor and its Associate or Joint Venture ;
- Amendments to IAS 1 Presentation of Financial Statements ;
- Amendments to IAS 27 Separate Financial Statement – Equity method.

2.1.3. Saisonnality of operations

The operations of the Group have a low seasonal sensitivity, in terms of both partnership activity and expenditure incurred.

2.2 ISSUANCE OF THE FINANCIAL STATEMENTS

The companies are consolidated on the basis of their interim financial statements prepared as of June 30, 2015.

These half-year consolidated financial statements were prepared under the responsibility of the Executive Board which approved them by a resolution dated September 21, 2015.

2.3 ESTIMATES

In preparing the consolidated financial statements, the Group may have to make estimates and use assumptions that affect the reported amounts of assets and liabilities, income and expenses, as well as the information in the notes.

Determined on the basis of known information and estimates at the reporting date, the final results may differ materially from those estimates, depending on assumptions or situations which could prove to be different from those envisaged.

The assumptions mainly concern asset and goodwill impairment tests, employee commitments, tax credit for research expenses, as well as provisions for risks and expenses.

No unusual element because of its nature, its importance or its impact affecting the balance sheet, the profit and loss account or the cash flows is to be noted on the period closing at June 30, 2015.

2.4 TRANSLATION OF FOREIGN CURRENCY STATEMENTS

The financial statements of Group companies whose functional currency is different from the parent's functional currency are translated using the closing price method.

Assets and liabilities presented in the balance sheet of companies outside the Eurozone are translated into euros (the Group's presentation currency) at the exchange rate in effect at each balance sheet date. Income and expenses presented in the statement of profit or loss are translated based on the average exchange rates for the period. Translation differences resulting from changes

in exchange rates in the balance sheet and statement of profit or loss are recognized as other comprehensive income under "Exchange differences on translation of foreign operations".

Euros / Other currencies parity	Half-year ended 06/30/2015	Year ended 12/31/2014	Half-year ended 06/30/2014
Exchage rate at period-end	0.89373	0.82366	0.73217
Average exchange rate for the period	0.89697	0.75394	0.72973

2.5 CAPITAL INCREASE COST

Following the private placements made by GENFIT, the issuance costs related to the capital increases carried out in 2014, were recognized as a deduction from the share premium.

These costs represent external costs directly attributable to the transactions, including the fees of legal advisors and investment banks, marketing costs and the costs of legal formalities.

2.6 RESEARCH & DEVELOPMENT COSTS

In accordance with IAS 38, *Intangible Assets*, research costs are systematically recorded as an expense in the period in which they were incurred.

Development costs are recognized as intangible assets if and only if the 6 following criteria are simultaneously met :

- The technical feasibility of completing the intangible asset so that it will be available for use or sale ;
- Its intention to complete the intangible asset and use or sell it ;
- How the intangible asset will generate probable future economic benefits, either through its sale, or through its internal use ;
- Its ability to measure reliably the expenditure attributable to the intangible asset during its development ;
- The availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset ;
- Its ability to use or sell the intangible asset.

Given the inherent risks associated with the Group's development programs and the stage of completion of its projects, GENFIT does not consider the criteria set out in IAS 38 to be fully met as of June 30, 2015. Therefore, development costs have been recognized as an expense in the period in which they were incurred.

2.7 TAX CREDIT FOR RESEARCH EXPENSES

In principle, the State grants, in the form of tax relief over three years and, if appropriate, a rebate at the end of the three years for the balance, a “tax credit for research expenses” corresponding to a share of the research and development costs incurred by the Group.

Due to the economic climate, the tax credit for research expenses for 2008, 2009 and 2010 were repayable immediately for all businesses. Since 2011, the State maintained this immediate repayment mechanism for SMEs.

The tax credit for research expenses is recognized in income under the heading “public financing of research expenditure”.

With respect to half-year financial statement closing at June 30, it should be noted that the tax credit for research expenses has been calculated and recorded on the basis of the state of progress of the actual costs for research programs covered by the base of the tax credit for research expenses.

2.8 OPERATING SEGMENTS

IFRS 8, Operating Segments, has not been adopted, since only one operating segment has been identified by the Group.

As at December 31, 2014, the Group is currently focused on a single activity, the research and development of innovative medicines, the marketing of which depends on the success of the clinical development phase.

The research is conducted in different therapeutic areas using a range of tools and technological platforms. There is no material difference in the risks and costs of the various research programs.

The Group has not identified a particular geographical sector, since GENFIT CORP currently only provides commercial presence.

3 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

3.1 CONSOLIDATED SCOPE

Companies included in the consolidatation scope :

Consolidation scope	Country	Consolidation method	% of control	% of interest	
At 30 June 2014					
SA Genfit	France		PARENT		
Genfit Corp.	USA	AM (*)	100.00%	100.00%	(*) Acquisition method
Genfit Pharmaceuticals	France	AM (*)	100.00%	100.00%	(*) Acquisition method

Companies		Address	Identification number
SA Genfit	Parent company	Parc Eurasanté - 885, avenue Eugène Avinée - 59120 Loos	42434190700022
Genfit Corp.		245 First Street - 18th floor - Office 1806 - Cambridge, Massachussets 02042	06-1702052
Genfit Pharmaceuticals		Parc Eurasanté - 885, avenue Eugène Avinée - 59120 Loos	53870766200010

No changes in the consolidation scope occurred during the first half of 2015.

GENFIT CORP

GENFIT CORP is GENFIT's subsidiary acting as a representative in the USA. The company was incorporated in July 2003 and is located in Cambridge, Massachusetts.

GENFIT CORP has been assigned the following objectives :
- detect opportunity of co-research alliances and licence agreements with local players in the pharmaceutical industry and biotechnology companies ;
- set up, develop and run a local network of academic partners and scientist opinion leaders in the Group's strategic therapeutic area of business ;
- develop locally the investor and financial analysts relations ;
- monitor relationships of the Group with the FDA as regards regulatory clinical matters ;
- monitor the management of products clinical development, notably in the US.

GENFIT and GENFIT CORP have entered into an annual service contract which came into force in July 2003.

GENFIT PHARMACEUTICALS SAS

GENFIT PHARMACEUTICALS SAS, which is wholly-owned by GENFIT and was incorporated on December 14, 2011 to take advantage of any new financing opportunities, does not trade.

3.2 NOTES TO THE CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

3.2.1. Revenue

3.2.1.1. Industrial Revenue

Industrial revenue generated in respect of the first half-year 2015 totaled € 394.9k compared to € 1,201.8k in respect of the first-half year 2014. This decrease was mainly driven by the revenue generated in 2014 thanks to a milestone of € 1,000.0k.

3.2.1.2. Public financing of research expenditure

Tax credit for research expenses is an integral part of the Company's revenue.

Public financing of research expenditure (in € thousands)	06/30/2015 6 months	06/30/2014 6 months
Government grants	0	34
Tax credit for research expenses	1 964	2 300
TOTAL	**1 964**	**2 334**

3.2.1.3. Other operating income

Other operating income (in € thousands)	06/30/2015 6 months	06/30/2014 6 months
Tax credit for competitivity and employment	50	43
Other operating income	1	0
TOTAL	**51**	**43**

In the first half of 2015, the Group has recorded in other operating income an amount of € 50k related to the tax credit for encouraging competitiveness and jobs (CICE-. Crédit d'Impôt pour la Compétitivité et l'Emploi).

The tax credit will be used in the context of strengthening of research teams and for investments related to the evolution of information systems.

3.2.2. Operating expenses

3.2.2.1. Raw material and consumables used

This heading comprises, among other things, consumables and small laboratory equipment totaling € 1,019k.

The increase observed at June 30, 2015 is particularly linked to the increased number of staff members in laboratories as well as to the gradual clearance of inventory of raw materials and consumables operate as from the first half 2015. This clearance is related to the decrease of a collaborative research programs.

3.2.2.2. Contracted research and development activities conduted by third parties

This heading includes all services subcontracted to research partners for regulatory reasons, i.e. production of active ingredients, production of therapeutic units, pharmacokinetics studies and work of synthesis in medicinal chemistry for the most upstream programs. It is mainly composed of the costs related to clinical trials (trials coordination cost of hospital packages, etc.) and pre-clinical studies (tolerability and interaction studies etc.) that are necessary to the development of drug candidates and candidates-biomarkers of the Group.

Costs included under this heading totaled € 3,045k in the first half of 2015 compared with € 4,530k in the first half of 2014.

The decrease of this heading was mainly due to the diminution of financial burden of study for phase II trials associated with the GFT 505 Elafibranor program and to the diminution of costs of pharmaceutical development linked to the same program which have been recorded in full during the first half 2014.

3.2.2.3. Employee expenses

Breakdown of employee costs

Employee costs (in € thousands)	06/30/2015 6 months	06/30/2014 6 months
Wages and salaries	(2 336)	(3 611)
Social security costs	(1 116)	(1 587)
Pension costs	(106)	2
Individual training entitlement	0	0
Employee profit sharing	0	0
Share-based payment transaction expenses	0	0
TOTAL	**(3 559)**	**(5 196)**

The Group's employment costs decreased by 31.5% between the first half of 2014 and the first half of 2015.

This decrease in the wage bill for the first half of 2015 is largely cyclical, as at June 30, 2014, extraordinary bonuses related to staff's involvement in the scientific successes and financial successes specifically obtained during this period, had been recorded. However, this decrease is partially offset by the impact of staff's strengthening initiated during the first half of 2015.

Social security costs relating to the defined contribution pension schemes totaled € 198k in respect of the first half-year 2015 compared with € 156k in respect of the first half of 2014.

Number of employees at year-end

Number of employees at year-end	06/30/2015 6 months	06/30/2014 6 months
Research & development	62	55
Services related to science	9	8
Administration & management	19	18
TOTAL	**90**	**81**

Number of employees at year-end	06/30/2015 6 months	06/30/2014 6 months
Senior staff	60	53
Staff	29	26
Others (apprentices)	1	2
TOTAL	**90**	**81**

Average number of employees

The average number of employees in first half of 2015 was 88 compared with 81 in first half of 2014.

3.2.2.4. Other operating expenses

Other operating expenses (in € thousands)	06/30/2015 6 months	06/30/2014 6 months
Repairs & maintenance of equipment	(67)	(58)
Repairs & maintenance of premises	(557)	(557)
Intellectual property fees	(177)	(416)
Fees (legal, accounting, communication, scientific, business dev...)	(628)	(544)
Travel expenses	(177)	(165)
Taxes (other than income tax)	(28)	(103)
Other expenses (insurance, mail-phone-web, bank fees...)	(222)	(368)
TOTAL	**(1 857)**	**(2 212)**

The rigorous management policy of expenses has been maintained in 2015.

Repairs and maintenance of premises included in the half-year consolidated financial statements comprises real estate rental costs.

Intellectual property fees corresponded to the filing and maintenance fees in respect of the Group's patents. The increase in these fees being linked to filing of patent phases, we observe a significant decrease of these fees in the first half of 2015. This decrease is due to the translation of patents for which the Group received a European validation or an entry into the National Phase in the first half of 2014. These fees should be higher in the second half of 2015.

Fees included legal, audit and accounting fees, the fees paid to different advisers (press - communication, business intelligence, IT services…), the costs of external employees seconded to the Company (security and reception). The increase in these fees are notably linked to advisers fees and external employees seconded to the company.

The reduction of taxes in 2015 is primarily linked to the adjusting entries of provision for vocational training.

The importance of the heading "other expenses" in 2014 was mainly explained by the costs associated with the transfer of shares from Alternext to the regulated market of Euronext in April 2014. In 2015, the "other expenses" have represented a lesser amount, composed of the recruitment costs, the cost of training, insurance, and the costs of listing.

3.2.2.5. Depreciation, amortization and impairment charges

Depreciation, amortization & impairment charges (in € thousands)	06/30/2015 6 months	06/30/2014 6 months
Depreciation charge - buildings & fittings	0	0
Depreciation charge - equipments	(157)	(139)
Provision - current assets	(42)	(2)
Provision - financial assets	(12)	0
Provision - risks & expenses	0	0
Impairments losses	(75)	0
Provision reversal - current assets	9	0
Provision reversal - financial assets	0	10
Provision reversal - risks & expenses	0	48
Reversal of the balance of investment grants	4	4
TOTAL	**(272)**	**(79)**

The detail of provisions for risks and charges is indicated in section 3.3.8 - “Current and non current provisions”.

The evaluation of goodwill during the first half of 2015 results in recognition of an impairment loss of € 75k.

3.2.2.6 Share-based payments

Share-based payments Equity warrants	BSA 2014-A		BSA 2014-B	
	Executive officers (1)	Consultants	Executive officers (1)	Consultants
Date of the Shareholder's meeting	04/02/2014		04/02/2014	
Date of the Executive board meeting	07/24/2014		07/24/2014	
Subscription period	From 08/01/2014 To 09/15/2014		From 01/02/2015 To 02/15/2015	
Total number of BSA - allocated	-	-	-	-
Nombre total de BSA - subscribed	23 385	23 380	23 385	23 380
Start date for exercise	11/01/2014		03/01/2015	
Term of exercise	09/30/2018		02/28/2019	
Issue price	0,01 €		0,01 €	
Exercise price (3)	23,50 €		23,50 €	
Price of the underlying share	27,46 €	37,79 €	27,46 €	37,79 €
Dividend yield	0%		0%	
Volatility	74,9%		74,9%	
Risk-free interest rate	0,40%		0,40%	
Expected life of warrant	4 ans		4 ans	
Estimated fair value - valued by expert opinion (2)	13,02 €		13,02 €	
Estimated fair value - according to IFRS 2 (4)	15,61 €	24,84 €	15,61 €	24,85 €
Methods of exercise	Exercisable per tranches			

(1) : Independant members of the Supervisory board.
(2) : Valuation of the financial instrument by expert opinion at the time of allocation.
(3) : Exercise price of the BSA 2014 is equal to the average, weighted by the volumes, of the closing prices of the share over five consecutive trading days from July 07, 2014 to July 11, 2014, decreased by a discount of 5.00 %.
(4) : Estimated fair value - According to IFRS 2 as of June 30, 2015.

Share-based payments Redeemable share subscription warrants	BSAAR 2014-A		BSAAR 2014-B		BSAAR 2014-C	
	Members of the Executive Board	Employees	Members of the Executive Board	Employees	Members of the Executive Board	Employees
Date of the Shareholder's meeting	04/02/2014		04/02/2014		04/02/2014	
Date of the Executive board meeting	09/15/2014		09/15/2014		09/15/2014	
Subscription period	From 09/19/2014 To 10/15/2014		From 05/07/2015 To 05/29/2015		From 07/06/2015 To 07/31/2015	
Total number of BSAAR - allocated	-	-	18 711	17 248	18 711	17 248
Nombre total de BSAAR - subscribed	5 901	9 299	17 822	5 416	0	0
Start date for exercise	09/15/2015		09/15/2015		09/15/2015	
Term of exercise	09/15/2018		05/04/2019		07/01/2019	
Issue price (1)	5,61 €		5,61 €		5,61 €	
Exercise price (2)	23,50 €		23,50 €		23,50 €	
Price of the underlying share	34,63 €	34,63 €	46,85 €	43,95 €	46,85 €	43,95 €
Dividend yield	0%		0%		0%	
Volatility	74,9%		74,9%		74,9%	
Risk-free interest rate	0,40%		0,40%		0,40%	
Expected life of warrant	4 ans		4 ans		4 ans	
Estimated fair value - according to IFRS 2 (3)	8,44 €	8,44 €	11,29 €	10,61 €	11,29 €	10,61 €
Methods of exercise	Forcing clause - Exercisable per tranches					

(1) : Valuation of the financial instrument by independant expert opinion at the time of allocation.
(2) : Exercise price of the BSAAR 2014 is equal to the average, weighted by the volumes, of the closing prices of the share over five consecutive trading days from August 13, 2014 to August 19, 2014, decreased by a discount of 13.60 %.
(3) : Estimated fair value - According to IFRS 2 as of June 30, 2015.

Share-based payments Equity warrants	BSA 2015-A		BSA 2015-B	
	Executive officers (1)	Consultants	Executive officers (1)	Consultants
Date of the Shareholder's meeting	04/02/2014		04/02/2014	
Date of the Executive board meeting	01/09/2015		01/09/2015	
Subscription period	From 01/20/2015 To 02/25/2015		From 07/01/2015 To 09/15/2015	
Total number of BSA - allocated	7 015	5 845	0	0
Nombre total de BSA - subscribed	-	-	7 015	11 690
Start date for exercise	06/01/2015		12/01/2015	
Term of exercise	05/31/2019		11/30/2019	
Issue price	0,01 €		0,01 €	
Exercise price (3)	35,95 €		35,95 €	
Price of the underlying share	43,12 €	44,84 €	43,12 €	44,20 €
Dividend yield	0%		0%	
Volatility	74,9%		74,9%	
Risk-free interest rate	0,40%		0,40%	
Expected life of warrant	4 ans		4 ans	
Estimated fair value - valued by expert opinion (2)	14,64 €		14,64 €	
Estimated fair value - according to IFRS 2 (4)	25,33 €	26,89 €	25,33 €	26,31 €
Methods of exercise	Exercisable per tranches			

(1) : Independant members of the Supervisory board.
(2) : Valuation of the financial instrument by expert opinion at the time of allocation.
(3) : Exercise price of the BSA 2015 is equal to the average, weighted by the volumes, of the closing prices of the share over five consecutive trading days from December 03, 2014 to December 09, 2014, decreased by a discount of 4.98 %.
(4) : Estimated fair value - According to IFRS 2 as of June 30, 2015.

At June 30, 2015, the fair value used for the calculation of the expense related to equity warrants ("BSA") and redeemable share subscription warrants (BSAAR) resulted from an evaluation in compliance with IFRS 2.

3.2.3 Finance income and costs

Finance income

Finance income (in € thousands)	06/30/2015 6 months	06/30/2014 6 months
Finance income (on short-term investments & term deposits)	238	139
Net finance income	**238**	**139**
Net foreign exchange gains	7	1
Other finance income	84	11
Other finance income	**91**	**12**
TOTAL	**329**	**152**

Finance costs

Finance costs (in € thousands)	06/30/2015 6 months	06/30/2014 6 months
Interest expenses on bank borrowings	(40)	(49)
Interest expenses on financial leases	(0)	(1)
Net finance costs	**(41)**	**(50)**
Net foreign exchange losses	(35)	(8)
Other finance costs	6	(52)
Other finance costs	**(29)**	**(60)**
TOTAL	**(69)**	**(110)**

3.2.4. Tax

3.2.4.1 Breakdown of the tax charge

Tax charge (in € thousands)	06/30/2015 6 months	06/30/2014 6 months
Current tax	(0.4)	(0.3)
Deferred tax	(0.0)	(0.1)
TOTAL	**(0.4)**	**(0.4)**

3.2.4.2 Analysis of deferred tax by nature

Breakdown of deferred tax assets & liabilities (in € thousands)	Year ended 12/31/2014	Impact on equity	Impact on the profit/loss	Year ended 06/30/2015
Temporary differences	(1)	0	(3)	(3)
Construction lease rents	0	0	0	0
Finance leases	(41)	0	9	(32)
Discounting of receivables	0	0	0	0
Intangible assets / Property, plant & equipment	(5)	0	(4)	(9)
Operating grants	0	0	0	0
Taxation of unrealized gains on short-term deposits and liquidity contracts	(14)	0	7	(7)
Post-employment benefit & individual training entitlement	205	(20)	22	207
Tax losses carryforwards	0	0	0	0
Others	(145)	0	(11)	(156)
TOTAL	**0**	**(20)**	**20**	**0**
Dont : Deferred tax liabilities	0	0	0	0
Dont : Deferred tax assets	0	(20)	20	0
Deferred tax assets (+) & liabilities (-)	**0**	**(20)**	**20**	**0**

3.2.4.3 Losses available for offsetting against future taxable income

Losses available for offsetting against future taxable income (in € thousands)	06/30/2015 6 months	12/31/2014 12 months
Genfit S.A. - 2006	(1 944)	(1 944)
Genfit S.A. - 2006 - Tup It-omics	(389)	(389)
Genfit S.A. - 2007	(8 185)	(8 185)
Genfit S.A. - 2008	(4 766)	(4 766)
Genfit S.A. - 2009	(10 673)	(10 673)
Genfit S.A. - 2010	(11 602)	(11 602)
Genfit S.A. - 2011	(10 593)	(10 593)
Genfit S.A. - 2012	(6 851)	(6 851)
Genfit S.A. - 2013	(15 493)	(15 493)
Genfit S.A. - 2014	(24 677)	(24 677)
Genfit S.A. - 2015 - First half-year	(8 920)	0
TOTAL	**(104 094)**	**(95 175)**
Recognised	**0**	**0**
Unrecognised	**(104 094)**	**(95 175)**

3.2.4.4 Effective tax rate

The following table provides a breakdown of the difference between the current tax rate in France and the effective tax rate :

Effective tax rate (in € thousands)	06/30/2015 6 months	06/30/2014 6 months
Profit for the period	(8 871)	(9 148)
Income tax expenses	(0)	(0)
Profit before tax	**(8 870)**	**(9 147)**
French tax rate	0	0
Income tax expense calculated at the French tax rate	**2 956**	**3 049**
Tax credit for research expenses, exempt from taxation	655	767
Tax credit for competitivity and employment, exempt from taxation	17	14
Other non deductible expenses / non-taxable income	(599)	(3)
Utilisation of previously unrecognised tax losses	(6)	1
Recognition of pre-period tax loss carryforwards (It-omics)	0	0
Limitation of deferred tax assets	(46)	(20)
Tax losses for the period, unrecognised as deferred tax assets	(2 973)	(4 674)
Reversal of previously recognized deferred tax assets	0	0
Effect of different tax rates of subsidiaries operating in other jurisdictions	0	0
Others	(4)	840
Income tax expense recognised in profit or loss	**(1)**	**(26)**
Effective income rate	0.01%	0.28%

3.2.5 Earnings per share

Earnings per share	06/30/2015 6 months	06/30/2014 6 months
Profit for the period - attributable to owners of the Company (in € thousands)	**(8 871)**	**(9 148)**
Weighted average number of ordinary shares for the period	23 957 671	21 142 463
Profit for the period - attributable to owners of the Company per share (in €)	**(0,37)**	**(0,43)**
Weighted average number of ordinary shares used in the above calculation	23 957 671	21 142 463
Effect of dilution arising from share options	0	0
Weighted average number of ordinary shares adjusted for the effect of dilution	23 957 671	21 142 463
Diluted profit for the period - attributable to owners of the Company per share (in €)	**(0,37)**	**(0,43)**

3.3 NOTES TO THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION

3.3.1 Goodwill

Goodwill (in € thousands)	06/30/2015	12/31/2014
Cost	365	365
Impairment	(365)	(290)
Balance	0	75
Additional amounts recognised	0	0
Impairments	75	0

Goodwill relates solely to the long-standing subsidiary IT.OMICS (dissolved by a transfer of all its assets and liabilities to GENFIT in 2006), which is classified as a Cash Generating Unit.

An impairment test required the recognition of an impairment loss of € 75k of in addition to € 290k. At June 30, 2015, the residual value of the Cash Generating Unit is therefore zero.

3.3.2. Intangible assets

Gross amounts

Intangible assets - Gross amounts (in € thousands)	12/31/2014	Additions	Disposals	Effect of foreign currency exchang	In progress - reclassified	06/30/2015
Original costs	0	0	0	0	0	0
Softwares	1 046	100	388	0	105	863
Patents	29	0	8	0	0	21
In progress	105	32	0	0	(105)	32
TOTAL	**1 180**	**132**	**395**	**0**	**0**	**917**

Accumulated depreciation and impairments

Intangible assets - Accumulated depreciation & impairment (in € thousands)	12/31/2014	Amortisation expense	Disposals	Effect of foreign currency exchang	In progress - reclassified	06/30/2015
Original costs	0	0	0	0	0	0
Softwares	960	218	388	0	0	790
Patents	29	0	8	0	0	21
In progress	0	0	0	0	0	0
TOTAL	**989**	**218**	**395**	**0**	**0**	**812**

Net amounts

Intangible assets - Net amounts (in € thousands)	06/30/2015
Original costs	0
Softwares	73
Patents	0
In progress	32
TOTAL	**105**

GENFIT decided to equip its laboratories with electronic laboratory notebooks. This investment will be into service in September 2015.

3.3.3 Property, plant and equipment

Gross amounts

Property, plant & equipment - Gross amounts (in € thousands)	12/31/2014	Additions	Disposals	Effect of foreign currency exchang	Revaluation surplus	In progress - reclassified	06/30/2015
Buildings	0	0	0	0	0	0	0
Fittings	4 789	26	54	0	0	0	4 762
Scientific equipment	845	22	0	0	0	0	867
Vehicles	62	17	0	0	0	0	79
Computer equipment	781	34	174	0	0	7	649
Furniture	298	0	1	0	0	0	297
In progress	112	45	0	0	0	(7)	150
TOTAL	**6 888**	**144**	**229**	**0**	**0**	**0**	**6 803**

Accumulated depreciation and impairment

Property, plant & equipment - Accumulated depreciation & impairment (in € thousands)	12/31/2014	Amortisation expense	Disposals	Effect of foreign currency exchang	Revaluation surplus	In progress - reclassified	06/30/2015
Buildings	(0)	0	0	0	0	0	(0)
Fittings	4 101	91	54	0	0	0	4 139
Scientific equipment	554	15	0	0	0	0	569
Vehicles	13	4	0	0	0	0	17
Computer equipment	628	27	174	0	0	0	481
Furniture	259	2	1	0	0	0	260
In progress	0	0	0	0	0	0	0
TOTAL	**5 556**	**139**	**229**	**0**	**0**	**0**	**5 466**

Net amounts

Property, plant & equipment - Net amounts (in € thousands)	06/30/2015
Buildings	0
Fittings	623
Scientific equipment	298
Vehicles	62
Computer equipment	168
Furniture	37
In progress	150
TOTAL	**1 337**

3.3.4 Current & non-current financial assets

Current & non-current financial assets	06/30/2015		12/31/2014	
(in € thousands)	Non-current	Current	Non-current	Current
Cash equivalents	300	4 000	300	4 000
Loans	148	0	137	0
Guarantee withholding	115	17	115	17
Deposits & guarantees	225	8	225	8
Liquidity contract	238	0	283	0
TOTAL	**1 026**	**4 026**	**1 060**	**4 025**

On June 15th, 2010, BPI France approved a loan contract of € 2,300k for a period of 7 years (see section 3.3.10 - Financial liabilities). A retention bond of € 115.0k has been operated on the funds loaned. The receivable and the interest will be repaid to GENFIT at the end of the contract.

On the date of signature of the lease contrat of the real estate in March 2013, a guarantee deposit of € 225.0k has been paid.

At June 30, 2015, the balance of the liquidity contract entrusted to an investment service provider is of € 238k.

3.3.5 Other current & non-current assets

Other current & non-current assets	06/30/2015		12/31/2014	
(in € thousands)	Non-current	Current	Non-current	Current
Tax credit for research expenses	0	6 937	0	4 973
Receivables - Social security costs	0	10	0	2
Receivables - VAT	0	682	0	798
Receivables - Grants	0	395	0	395
Other receivables	4	152	0	99
Issued capital, called but not paid	0	0	0	0
Prepaid expenses	0	735	0	833
TOTAL	**4**	**8 910**	**0**	**7 100**

Tax credit for research expenses

As of June 30, 2015, GENFIT did not yet received the reimbursement of its tax credit for research expenses in respect of financial year 2014, for an amount of € 4,973k. Payment : see section 3.6 - "Events after the reporting period".
The early repayment of the debt born under the first half of 2015 for an amount of € 1,964k should also be effective as from 2016.

Receivables – Grants

They concern the program IT-Diab for € 394.7k, cashable in 2015.

3.3.6. Trade receivables

The heading « Trade receivables » shows a balance of € 112k as of June 30, 2015 compared with € 82.5k as of June 30, 2014.

No provision for doubtful debt has been recorded.

The aged trial balance of trade receivable does not reveal particular exposure to the risk of customer credits :

Trade receivables (in € thousands)	06/30/2015	12/31/2014
Trade receivables - Neither past due nor paid	112	426
Trade receivables - Past due < 30 days	0	8
Trade receivables - Past due from 30 to 90 days	0	0
Trade receivables - Past due from 91 days to 180 days	0	0
Trade receivables - Past due from 181 days to 360 days	0	0
Trade receivables - Past due > 360 days	0	0
TOTAL	**112**	**435**

3.3.7. Capital

At June 30, 2015, GENFIT's share capital totaled EUR € 5.989.417,8. It was divided into 23,957,671 shares with a par value of € 0.25, fully subscribed and fully paid-up.

Shares held for more than two years entitle their holders to double voting rights. 2,569,737 shares, i.e. 10.73% of the issued share capital, have been held for more than two years.

Changes in issued capital & premium	Share capital			Share premium	Merger premium	Premium
	Number of shares	Face value	Share capital			
At 31 December 2005	150 001	16,00	2 400 016	0	0	0
06/27/2006 - Division of shares' par value	9 600 064	0,25	2 400 016	609 796	0	609 796
10/18/2006 - Private placement	11 270 626	0,25	2 817 657	14 323 832	0	14 323 832
11/21/2006 - Absorption of IT.OMICS	11 270 626	0,25	2 817 657	14 323 832	37 833	14 361 665
02/16/2010 - Private placement	11 662 166	0,25	2 915 542	16 240 395	37 833	16 278 228
07/15/2011 & 07/19/2011 - Private placement	13 340 295	0,25	3 335 074	20 864 969	37 833	20 902 802
10/04/2011 - Reserved share capital increase	13 424 328	0,25	3 356 082	20 968 324	37 833	21 006 157
10/28/2011 - Reserved share capital increase	13 580 578	0,25	3 395 145	21 427 072	37 833	21 464 905
10/28/2011 - Share capital increase - offset against receivables (BSA 2011)	13 630 578	0,25	3 407 645	21 406 881	37 833	21 444 714
02/22/2012 - Reserved share capital increase - exercise of BSA (2011)	13 726 762	0,25	3 431 691	21 606 965	37 833	21 644 798
From 03/07/2012 to 07/03/2012 - Reserved share capital increase	15 085 665	0,25	3 771 416	23 707 055	37 833	23 744 888
08/01/2012 - Share capital increase - offset against receivables (OCA 2012)	15 148 321	0,25	3 787 080	23 690 141	37 833	23 727 974
From 09/05/2012 to 10/14/2012 - Conversion of bonds (OCA 2012)	15 969 232	0,25	3 992 308	25 437 239	37 833	25 475 072
From 12/21/2012 to 03/08/2013 - Share capital increase - offset against receivables (OCA 20	16 029 806	0,25	4 007 452	25 415 946	37 833	25 453 779
From 12/27/2012 to 04/11/2013 - Conversion of bonds (OCA 2012-2)	17 370 068	0,25	4 342 517	30 591 512	37 833	30 629 345
04/17/2013 - Private placement	20 299 516	0,25	5 074 879	43 294 235	37 833	43 332 068
04/19/2013 & 05/02/2013 - Share capital increase - offset against receivables (OCA 2012-2)	20 317 291	0,25	5 079 323	43 287 291	37 833	43 325 124
From 04/24/2013 to 08/02/2013 - Conversion of bonds (OCA 2012-2)	20 541 821	0,25	5 135 455	44 270 698	37 833	44 308 531
02/03/2014 - Share capital increase - maintenance of preferential subscription rights	21 257 671	0,25	5 314 418	48 839 327	37 833	48 877 160
06/20/2014 - Private placement	23 374 238	0,25	5 843 560	95 698 624	37 833	95 736 457
12/17/2014 - Private placement	23 957 671	0,25	5 989 418	115 719 368	37 833	115 757 201

To date, the Group has not made any distributions of dividends.

3.3.8. Current & non-current provisions

Non-current & current provisions	06/30/2015		12/31/2014	
(in € thousands)	Non-current	Current	Non-current	Current
Provision for taxes	0	0	0	0
Provision for litigation	0	6	0	6
Provision for risks	0	0	0	0
Provision for formation benefit	0	0	0	0
Provision for pension	622	0	614	0
TOTAL	**622**	**6**	**614**	**6**

Provisions for retirement commitments

The calculation assumptions are as follows :

Population	Permanent staff
Retirement age	67
Terms of retirement	Initiated by the employee
Life expectancy	On the bassis of the INSEE table
Probability of continued presence in the company at retirement age	On the bassis of the DARES table
Salary growth rate - 30.06.2015	2.00%
Salary growth rate - 31.12.2014	2.00%
Discount rate - 30.06.2015	2.06%
Discount rate - 31.12.2014	1.49%

Based on the table produced by the Directorate for Research, Studies and Statistics (*Direction de l'animation de la recherche, des études et des statistiques* - DARES), which provides information at national level on the average working lives of employees in all activity sectors and all professional categories, a table has been drawn up showing, for each year of age, the probability of Group employees continuing to be employed by the Group until retirement.

Net benefit expense, recognised in cost of sales (in € thousands)	06/30/2015	12/31/2014
Current service cost	(106)	20
Interest cost on benefit obligation	39	(119)
Actuarial losses / (gains) on obligation	59	(103)
Change of legislation	0	0
Net benefit expense, recognised in cost of sales	**(8)**	**(202)**

Note that effective June 30, 2014, the calculation of the cost for retirement liabilities takes into account basic monthly salaries, which include the various non extraordinary bonuses awarded to employees and a personalized rate of social charges by employee.

The following table provides a breakdown of changes in the present value of the defined benefit obligation :

Changes in the present value of the defined benefit obligation (in € thousands)	06/30/2015	12/31/2014
Defined benefit obligation at 1st January	**614**	**412**
Net benefit expense, recognised in cost of sales	8	202
Benefits paid	0	0
Defined benefit obligation at 31 December	**622**	**614**

3.3.9. Conditional & repayable advances

Current & non-current conditional & repayable advances	06/30/2015		12/31/2014	
(in € thousands)	Non-current	Current	Non-current	Current
Conditional & repayable advances	578	3 543	3 660	780
TOTAL	**578**	**3 543**	**3 660**	**780**

In the first half of 2015, repayments made by GENFIT totaled € 319k. These repayments were made in particular in connection with the amounts due by the Nord-Pas de Calais Region, by Lille Metropolitan Urban Community and by BPI France.

3.3.10. Financial liabilities

Breakdown between current & non-current financial liabilities

Current & non-current financial liabilities	06/30/2015		12/31/2014	
(in € thousands)	Non-current	Current	Non-current	Current
Convertible loans	0	0	0	0
Bank loans	793	389	580	264
Participating development loan	460	460	690	575
Renewable credit facility	0	0	0	0
Obligations under finance leases and hire purchase contracts	0	14	0	28
Other financial liabilities	0	24	0	21
Accrued interests	0	6	0	19
Bank overdrafts	0	0	0	0
TOTAL	**1 253**	**893**	**1 270**	**907**

Changes in financial liabilities

Changes in financial liabilities (in € thousands)	12/31/2014 12 months	Cash-in	Cash-out	Others	06/30/2015 12 months
Convertible loans	0	0	0	0	0
Bank loans	844	500	(162)	0	1 182
Participating development loan	1 265	0	(345)	0	920
Renewable credit facility	0	0	0	0	0
Obligations under finance leases and hire purchase contracts	28	0	(14)	0	14
Other financial liabilities	21	0	3	0	24
Accrued interests	19	6	(19)	0	6
Bank overdrafts	0	0	0	0	0
TOTAL	**2 178**	**506**	**(538)**	**0**	**2 146**

Net cash position and reimbursement schedule

Net cash position & reimbursement schedule (in € thousands)	06/30/2015	< 1 year	< 2 years	< 3 years	< 4 years	< 5 years	> 5 ans
Convertible loans	**0**	0	0	0	0	0	0
Bank loans	**1 182**	389	316	227	198	51	0
Participating development loan	**920**	460	460	0	0	0	0
Renewable credit facility	**0**	0	0	0	0	0	0
Obligations under finance leases and hire purchase contracts	**14**	14	0	0	0	0	0
Other financial liabilities	**24**	24	0	0	0	0	0
Accrued interests	**6**	6	0	0	0	0	0
Bank overdrafts	**0**	0	0	0	0	0	0
FINANCIAL LIABILITIES	**2 146**	**893**	**776**	**227**	**198**	**51**	**0**
CONDITIONAL & REPAYABLE ADVANCES	**4 121**	**3 543**	**284**	**294**	**0**	**0**	**0**
Financial assets	**4 904**	4 026	300	115	0	0	463
Short-term deposits	**59 977**	59 977	0	0	0	0	0
Cash & bank balances	**1 329**	1 329	0	0	0	0	0
CASH ASSETS	**66 209**	**65 331**	**300**	**115**	**0**	**0**	**463**
NET CASH	**59 942**	**60 895**	**(760)**	**(405)**	**(198)**	**(51)**	**463**

The conditional advances consist only in state financing.

The financial assets comprise the guarantee withholding paid to the lender in respect of the € 2,300.0k participating loan agreement, the security deposit related to the lease and the liquidity contract.

3.3.11. Other current & non-current liabilities

Other current & non-current liabilities (in € thousands)	06/30/2015		12/31/2014	
	Non-current	Current	Non-current	Current
Payables - Social security costs	0	1 582	0	2 052
Employee profit sharing	0	17	0	17
Payables - VAT	0	12	0	58
Payables - Taxes	0	141	0	300
Other payables	0	111	0	111
Deferred revenue arising from contracts with customers	0	0	0	251
Deferred revenue arising from equipment grants	0	5	1	9
Deferred revenue arising from operating grants	0	0	0	0
TOTAL	**0**	**1 868**	**1**	**2 798**

Evolution of social security debts : see section 3.2.2.3 - “Employee expenses”.

3.3.12. Financial instruments

IFRS 7 requires the disclosure of information on the measurement of financial instruments in light of the Company’s financial position and performance. The following breakdown of the statement of financial position provides details of the carrying amount of each category of financial assets and liabilities.

The following two tables provide details of the impact on the measurement of the financial instruments and the financial performance for the period ended June 30, 2015 :

Financial instrument as per statement of financial position & statement of profit or loss & other comprehensive income Year 06/30/2015 (in € thousands)	As per statement of financial position	Assets / liabilities at fair value through profit & loss	Available for sale	Assets held to maturity	Loans & receivables	Other financial liabilities at amortised cost	Non-financial instruments
Current & non-current financial assets	5 051	4 300	0	0	751	0	0
Trade receivables	112	0	0	0	112	0	0
Other current & non-current assets	8 914	0	0	0	395	0	8 520
Cash & cash equivalents	61 306	61 306	0	0	0	0	0
Assets as per statement of financial position	**75 384**	**65 606**	**0**	**0**	**1 258**	**0**	**8 520**
Current & non-current interest-free loans (from government)	4 121	0	0	0	0	0	4 121
Current & non-current financial liabilities	2 146	0	0	0	0	2 146	0
Tax payables	0	0	0	0	0	0	0
Trade payables	4 567	0	0	0	0	4 567	0
Other current & non-current liabilities	1 869	0	0	0	0	111	1 758
Liabilities as per statement of financial position	**12 702**	**0**	**0**	**0**	**0**	**6 823**	**5 879**

Financial instrument as per statement of financial position & statement of profit or loss & other comprehensive income Year 06/30/2015 (in € thousands)	As per statement of profit or loss & other compre-hensive income	Assets at fair value through profit & loss	Available for sale	Assets held to maturity	Loans & receivables	Other financial liabilities at amortised cost	Non-financial instruments
Revenue	395	0	0	0	395	0	0
Public fundings for research & development	1 964	0	0	0	1 964	0	0
Other operating income	51	0	0	0	51	0	0
Total income	**2 409**	**0**	**0**	**0**	**2 409**	**0**	**0**
Raw material & consumables used	(1 019)	0	0	0	0	(1 019)	0
Contracted research & development activities conducted by third parties	(3 045)	0	0	0	0	(3 045)	0
Employee benefit expenses	(3 559)	0	0	0	0	(3 559)	0
Other operating expenses	(1 857)	0	0	0	0	(1 857)	0
Depreciation, amortization & impairment charges	(272)	0	0	0	0	0	(272)
Current operating profit	**(7 343)**	**0**	**0**	**0**	**2 409**	**(9 481)**	**(272)**
Share-based payment transaction expenses	(1 787)	0	0	0	0	(1 787)	0
Gain / (loss) on disposal of property, plant & equipment	(0)	0	0	0	(0)	0	0
Operating profit	**(9 130)**	**0**	**0**	**0**	**2 409**	**(11 268)**	**(272)**
Finance income	329	0	0	0	323	7	0
Finance costs	(69)	0	0	0	0	(69)	0
Net finance costs	**260**	**0**	**0**	**0**	**323**	**(63)**	**0**
Income tax expenses	(0)	0	0	0	0	0	(0)
Profit for the period	**(8 871)**	**0**	**0**	**0**	**2 732**	**(11 330)**	**(272)**

3.4 OTHER INFORMATION

3.4.1. Litigation and contingent liabilities

On October 17, 2014, the Company received an accounting audit notice from the Public Finances General Directorate (DGFiP) spanning the fiscal years 2011, 2012 and 2013, as well as the Tax credit for research expenses for 2010.

On December 18, 2014, the Company received a reassessment proposal with respect to fiscal year 2011 and concerning solely the Tax credit for research expenses for 2010. The notified payment of back taxes amounts to € 1.140.531.

The Company challenged the notification, contestation that as yet has remained unanswered.

In September 2015, the tax administration has nevertheless given a positive response to the request for early repayment of the Tax credit for research expenses 2014, after deduction, as a precautionary measure of the amount on the reassessment proposal linked to the CIR 2010.

In these circumstances, and although the Company is still confident in its arguments, it has proceeded to the calculation of the potential expense induced by the change of the calculation methods advocated at this stage by the tax administration for the Tax credit for research expenses 2010. This amount could reach € 560 k.
The mention of these contingent liabilities does not in any case constitute recognition of the validity of the arguments put forward by the tax administration, in the context of this control.

As a reminder, the discussions with the tax administration with regard to the rules on calculation of the Tax credit for research expenses having started on February 16, 2015, the Company has therefore used the same method of calculation as the previous years for the Tax credit for research expenses 2014, and used an express reference in its statement 2069-A-SD. Indeed, the Company had been controlled for the fiscal years 2005 to 2009 and the control had approved these methods. These methods are still being used to date.

3.4.2. Related parties

Biotech Avenir SAS is a related party within the meaning of IAS 24.9.

As of June 30, 2015, Biotech Avenir SAS held 7.25% of GENFIT's share capital compared with 13.1% as of December 31, 2014.

Biotech Avenir SAS is the holding company incorporated in 2001 by GENFIT's founding managers. Most of its share capital is currently held by individuals, i.e. the four founders and around 15 of the Company's managerial staff.
Jean-François Mouney, the Chairman of GENFIT's Executive Board, is also the Chairman of Biotech Avenir.

There are currently no agreements in force between Biotech Avenir SAS and GENFIT.
The Companies of the Group did not carry out any transaction with the related party in 2015.

3.4.3 Compensation of key management personnel of the Group

Compensation paid to key management personnel (employers' contributions included) (in € thousands)	06/30/2015 6 months	12/31/2014 12 months	06/30/2014 6 months
Short-term employee benefits	986	2 126	438
Post-employment pension & medical benefits	221	205	144
Attendance fees	0	0	0
Share-based payment transactions	0	0	0
TOTAL	**1 206**	**2 331**	**582**

The number of members of the Executive Board increased from two members as of January 01, 2014 to three members as of May 13, 2014. The above mentioned compensation paid to the members of the Executive Board includes only the wages and social charges for the period during which the office of member of the Board has been exercised.

The amount of pension fund contribution is a calculation of provision for pension liabilities. Its fluctuation relates to rates mentioned in section 3.3.8 - "Current and non-current provisions".

Director fees Genfit Corp (in € thousands)	06/30/2015 6 months	12/31/2014 12 months	06/30/2014 6 months
Director fees Genfit Corp (net)	12	29	12
TOTAL	**12**	**29**	**12**

GENFIT PHARMACEUTICALS SAS' executives do not receive any compensation since the company does not currently have operational activity.

3.5 COMMITMENTS

3.5.1 Financial commitments

Operating lease commitments

The minimum future lease payments under the operating lease of the real estate totaled € 6,412 at the end of the reporting period :

Operating lease commitments - group as lessee (in € thousands)	06/30/2015 6 months	12/31/2014 12 months
Minimum payments - for the period	460	920

Operating lease commitments - group as lessee (in € thousands)	06/30/2015 6 months	12/31/2014 12 months
Minimum payments - Within 1 year	920	920
Minimum payments - After 1 year but no more than 5 years	3 679	3 679
Minimum payments - More than 5 years	1 813	2 273
TOTAL	**6 412**	**6 872**

3.5.2 Liabilities guaranteed by collateral and pledges

GENFIT agreed with the implementation of a First Demand Guarantee under the terms of the lease contract that exists between the Group and PRIMOVIE since March 22, 2013. Said guarantee was issued by CIC.

3.5.3 Other commitments

3.5.3.1 Obligations in respect of the co-ownership of intellectual property rights

The Company has entered into certain agreements with a number of partners, which define the co-ownership rules applicable to certain intellectual property rights. Under the terms of these agreements, the Company generally bears the costs of filing, examining and extending patents, as well as those related to their protection.

3.5.3.2 Potential obligation

The IT-Diab innovation aid, dated December 23, 2008, was granted by BPI France in the form of an operating grant and a repayable advance. The repayable advance amounted to € 3,229.2k, € 2,924.2k of which had already been received at the end of December 2013. The balance of the advance should be received at the end of 2015.

As regards repayment of this advance, the recipient has undertaken to pay to BPI France the financial returns over a period known as the reference period, corresponding to, on the one hand, repayment of the advance and, on the other hand, additional payments.

In the event of success, i.e. if the commercial spin-offs of the IT-Diab program involve products for the treatment or diagnosis of type 2 diabetes, the financial returns generated will be used initially to repay the € 3,229.2k advance[1]. Beyond, they will be classified as additional payments, knowing that the gross amount of the financial returns will be equal to 8 % of the revenue on the sale of products and services resulting from the project and, that it will be limited to € 14.8 million.

3.5.4 Commitments received

None.

3.6 EVENTS AFTER THE REPORTING PERIOD

In September 2015, the tax administration has given a positive response to the request for early repayment of the Tax credit for research expenses 2014, after deduction, as a precautionary measure of the amount on the reassessment proposal linked to the CIR 2010. The result is that a payment of € 3,832,701 is expected in the next few weeks. More detailed information is available in the notes 3.4.1 - Litigation and contingent liabilities.

In July 2015, 18,711 BSAAR 2014-C have been subscribed by the members of the Executive Board of the Company and 5,568 BSAAR 2014-C by employees not holding a corporate office.

[1] The agreement stipulates that the repayable advance will be regarded as repaid in full when the total payments made in this regard by the recipient, discounted at the rate of 5.19%, equal the total amount, discounted at the same rate, of the aid paid. Nevertheless, the interest relating to the sums received is not recognized given the uncertainty of achieving the contractual objectives and the fact that the corresponding amount is not material.

In September 2015, 5,845 BSA 2015-B have been subscribed by a scientific consultant of the Company and 7,015 BSA 2015 B by an independant individual of the Supervisory Board of the Company.

In September 2015, the Company announced positive results in the framework of its proprietary research program of biomarkers in the NASH, materialized by the development of a new proprietary diagnostic tool that enables the identification of NASH patients that deserve to be treated, according to the consensual definition agreed between experts and regulatory agencies, without the use of invasive liver biopsy.

2. HALF-YEARLY ACTIVITY REPORT

2.1 KEY EVENTS OF THE FIRST HALF OF 2015

Proprietary Research Programs

In January 2015, the Company announced the results of a clinical trial of cardiac safety of its most advanced proprietary drug candidates in NASH, the GFT505 in which two doses were tested: a therapeutic dose of 120mg/d and a supra –therapeutic dose of 300mg/d. These results showed that a repeated daily administration for 14 days of GFT505 at up to 2.5 times the therapeutic dose had no effect on cardiac electrical activity, thus meeting regulatory requirements.

In March and April 2015, the Company announced the topline results of the Phase 2b clinical trial of GFT505 in NASH (GOLDEN-505 study). It involved 56 centers in nine countries in North America and Europe.

This 52 week Phase 2b trial evaluated the efficacy and safety of GFT505 in 274 subjects (double blind, placebo-controlled; three arms: placebo, 80mg, 120mg) with centrally-read, liver biopsy-proven NASH. It involved 56 centers in nine countries in North America and Europe. Study criteria required patients to have all three histological components of NASH. The patients' NAFLD Activity Score, or NAS, ranged from those with early disease with NAS=3 to severe disease of NAS=8. The primary endpoint was defined as "resolution of NASH without worsening of fibrosis" which requires reaching a NAS of zero on any one of the three histological components. This trial also assessed a comprehensive set of safety and secondary efficacy endpoints.

The results showed that GFT505 at the dose of 120mg met the primary endpoint of the study, reversal of NASH without worsening of fibrosis, after correction for baseline severity and site heterogeneity and treatment with GFT505 showed significant cardiometabolic benefits,GFT505 is safe and was well tolerated throughout the one-year treatment study.

With correction for this baseline severity and site heterogeneity, GFT505 120mg meets the primary endpoint: Reversal on NASH without worsening of fibrosis : treatment with GFT505 provides a significant beneficial effect on the primary endpoint (GFT505 120mg vs placebo, p=0.016, RR=2.03) in the global randomized population (n=274, full analysis set), where patients without an end of treatment biopsy were considered as non-responders. The primary endpoint was also achieved in the evaluable population of patients who underwent both baseline and end of study liver biopsies (n=237, ITT; p=0.027 vs placebo; RR=1.94). In the evaluable patient population, GFT505 120mg also has a beneficial effect of a decrease of NAS-score ≥2 (p=0.04 vs placebo).

By keeping only the patients with more severe disease defined by NAS≥4 (n=202), GFT505 120mg demonstrates a doubling of responders on the primary endpoint (22.4% vs 12.7%, p=0.046, RR=1.9).
On the population of patients with an initial NAS score of >4, from centers that randomized at least one patient in each of the study treatment groups (120 patients in Europe and United States), the activity of GFT505 at 120mg/d is very strong and significant on both the primary endpoint (29% versus 5% for placebo; p=0.01) and on the lowering of the NAS score by at least two points (48%

versus 21% for placebo; p=0.02). These effects are mainly due to a significant improvement in ballooning (p=0.02) and liver inflammation (p=0.05).

The evaluation of various biomarkers confirms the beneficial biological activity of GFT505 120mg. Specifically, using the initial protocol analysis, statistically significant improvement of the following liver related biomarkers was noted: decrease of ALT, GGT, ALP, and improvement on various NAFLD composite scores (Steatotest, Fibrotest, Fatty Liver Index, NAFLD Fibrosis score).

Even on top of various standard of care therapies, GFT505 provides additional improvements vs placebo on cardio-metabolic risk factors, commonly found in NASH patients:

- lipid profile: TG, LDL-C (-0,24mmol/L, p<0,001 vs placebo), HDL-C (+0,11mmol/L, p<0,01 vs placebo) ;
- glycemic indices/insulin resistance in Diabetics: HbA1c(-0,46%, p<0,05 vs placebo), FPG, Fasting insulin.

Taken together, these beneficial effects on cardio-metabolic parameters are very important for the treatment and management of NASH patients, in whom cardiovascular disease is the leading cause of mortality.

The safety assessment of this one-year study demonstrates a very favorable profile, which is consistent with the conclusions of the DSMB reviews throughout the study. There were no cardiac events, signal on cancer, nor death in the GFT505 treatment groups. Weight remained stable, and no signal for edema was observed. A mild dose dependent increase in creatinine was noted (< 5%; GFT505 120mg vs placebo), which is a known reversible effect of GFT505. The most common adverse events were of gastrointestinal nature of mild intensity.
In June 2015, the Company announced that the World Health Organization (WHO) has accepted the international non-proprietary name (INN, or generic name) Elafibranor for its drug candidate previously referred to as GFT505. The new non-proprietary name, Elafibranor, reflects the first-in-class nature of the drug candidate, since it does not contain a pre-existing INN stem. The novel pre-stem "-fibranor" may thus become an established stem over time, as other later developed drugs are recognized to be related in structure or activity.

The alliance of co-research with Sanofi

The research sharing phase between the scientific teams of both parties extended by addendum to the last Contract of Collaboration and License Agreement with Sanofi in September 2014 was completed in May 2015.

The results of this additional research sharing phase are being evaluated by both parties.

2.2 FINANCIAL RESULTS

Revenue

The total revenue of the Group decreased to € 2,409.2k at June 30, 2014 compared to € 3,578.2k at June 30, 2014.

Among this revenue, almost all the industrial revenue, amounting to € 394.9k as of June 30, 2015 was generated after the extension to May 2015 of the research sharing phase obtained by Genfit in the framework of the last tri-annual Contract of Collaboration and License Agreement signed with Sanofi in 2011. This decrease is mainly explained by the fact that the revenues generated during the first half of 2014 included a scientific milestone payment of € 1,000k paid by Sanofi in the framework of the same tri-annual contract due to the crossing of a key scientific step.

The public financing of research expenditure now comprises exclusively the tax credit for research expenses, to the extent that the research programs under which the company was entitled to those public subsidies are completed.

This tax credit for research expenses slightly decreased from € 2,299.9k at June 30, 2014 to € 1,963.8k at June 30, 2015.

Operating expenses

As of June 30, 2015, the current operating expenses decreased to € -9,752.4k € compared to € -12,767.2k at June 30, 2014.

Among them, contracted research and development activities conducted by third parties have been decreased compared to the same period of last year, since they represents a total of € -3,045.2k at June 30, 2015 compared with € -4,530.3k at the same period in 2014.

This heading includes all services subcontracted to research partners for regulatory reasons, i.e. production of active ingredients, production of therapeutic units, pharmacokinetics studies and works of synthesis in medicinal chemistry for the most upstream programs and is mainly composed of the costs related to preclinical and clinical trials of the Group's drug candidates. The decrease of this heading between the two periods was mainly due to the diminution of financial burden of study for phase II trials associated with the GFT 505/Elafibranor program in NASH and to the diminution of costs of pharmaceutical development linked to the same program which have been recorded in full during the first half of 2014.

The Group's employment costs also decreased to € -3,558.5k at June 30, 2015 compared to -5,195.8k at the same period in 2014. This decrease in the wage bill for the first half of 2015 is largely cyclical , as at June 30, 2014, extraordinary bonuses related to staff's involvement in the scientific successes and financial successes specifically obtained during this period, had been recorded. However, this decrease is partially offset by the impact of staff's strengthening initiated during the first half of 2015. The average number of employees in first half of 2015 was 88 compared with 81 in the first half of 2014.

The increase in purchases consumed, comprising among other things, consumables and small laboratory equipment totaling € -1,019.5k at June 30, 2015 (compared with € -750.8k at 30 June 2014), reflects the efforts made by the Group regarding its most upstream; including in its program of discovery of drug candidate named TGFTX1 and in its program of discovery of biomarkers candidates in the NASH named BMGFT03.

The variations in other operating expenses (from € -2,211.7k at June 30, 2014 to € -1,857.5k at June 30, 2015) are due in particular to :

- the heading “Intellectual property fees” including fees engaged by the Group for filing and maintenance of patents of the Group. This decrease is due to the translation of patents for which the Group received a European validation or an entry into the National Phase in the first half of 2014.

- the heading “fees” which notably includes legal, audit and accounting fees, the fees paid to different advisers (press -communication, business intelligence, IT services…), the costs of external employees seconded to the Company (security and reception). The increase in these fees are notably linked to advisers fees and external employees seconded to the company.

- the heading “other expenses” which decreases as in 2014, the importance of the heading "other expenses" was mainly explained by the costs associated with the transfer of shares from Alternext to the regulated market of Euronext in April 2014. At June 30, 2015, this heading only comprises the recruitment costs, the cost of training, insurance, and much more modest costs of listing**.**

Current operating result

The current operating loss amounted to € -7,343.1k in the first half of 2015 compared to € -9,188.9k in the first half of 2014.

Net result

Taking into account a financial result of € 259.9k at June 30, 2015 (compared to € 42k at June 30, 2015), a charge linked to share-based payment resulting from an evaluation of equity warrants and redeemable share subscription warrants established by the Company according to IFRS II standard at June 30, 2015, totaling € 1,787.1k and an income tax of almost zero (€-0.4k), net result amounted €-8,870.7k at June 30, 2015 compared with €-9,147.7k at the same period a year earlier. As of June 30, 2015, the net loss per share amounted to € 0.37 per share compared to € 0.43 per share at June 30, 2014.

Investments

Purchase of property, plant & equipment reached € 275.9k in the first half of 2014, compared to €291.1k on the same period in 2014.

Loans, Conditional advances and repayable advances

During the first half of 2015, the Group took out a loan of € 500k, with the aim of financing a portion of its investments.

In the same period, the Group proceeds :

- to a repayment of an amount totaling € 162.5k, corresponding to refundable advances granted by the Nord-Pas de Calais Region and Lille Metropolitan Urban Community ;
- to a repayment of €345k, corresponding to a participating loan agreement granted by Oseo.

Conditional advances, which are made up of public financing entirely, include a number of repayable advances, repayment of which depends on the success of research programs it supports, the promotion of the results on a given territory, etc.

Cash & cash equivalent at the end of the period :

At June 30, 2015 the Group Genfit had € 61.306k of Cash & cash equivalent compared to € 72.005k as of December 31, 2014.

2.3. MAIN RELATED-PARTIES TRANSACTIONS

This information is available in note 3.4.2 attached to half-year consolidated financial statements published in this report.

2.4. SHARE CAPITAL

Changes in the share capital, since the Company's shares were admitted on the Alternext market by Euronext (on the listing segment for companies calling for public capital - visa of the Autorité des Marchés Financiers of August 6, 2007), are described below by nature of transaction :

Changes in issued capital & premium	Share capital			Share premium	Merger premium	Premium
	Number of shares	Face value	Share capital			
At 31 December 2005	150 001	16,00	**2 400 016**	0	0	**0**
06/27/2006 - Division of shares' par value	9 600 064	0,25	**2 400 016**	609 796	0	**609 796**
10/18/2006 - Private placement	11 270 626	0,25	**2 817 657**	14 323 832	0	**14 323 832**
11/21/2006 - Absorption of IT.OMICS	11 270 626	0,25	**2 817 657**	14 323 832	37 833	**14 361 665**
02/16/2010 - Private placement	11 662 166	0,25	**2 915 542**	16 240 395	37 833	**16 278 228**
07/15/2011 & 07/19/2011 - Private placement	13 340 295	0,25	**3 335 074**	20 864 969	37 833	**20 902 802**
10/04/2011 - Reserved share capital increase	13 424 328	0,25	**3 356 082**	20 968 324	37 833	**21 006 157**
10/28/2011 - Reserved share capital increase	13 580 578	0,25	**3 395 145**	21 427 072	37 833	**21 464 905**
10/28/2011 - Share capital increase - offset against receivables (BSA 2011)	13 630 578	0,25	**3 407 645**	21 406 881	37 833	**21 444 714**
02/22/2012 - Reserved share capital increase - exercise of BSA (2011)	13 726 762	0,25	**3 431 691**	21 606 965	37 833	**21 644 798**
From 03/07/2012 to 07/03/2012 - Reserved share capital increase	15 085 665	0,25	**3 771 416**	23 707 055	37 833	**23 744 888**
08/01/2012 - Share capital increase - offset against receivables (OCA 2012)	15 148 321	0,25	**3 787 080**	23 690 141	37 833	**23 727 974**
From 09/05/2012 to 10/14/2012 - Conversion of bonds (OCA 2012)	15 969 232	0,25	**3 992 308**	25 437 239	37 833	**25 475 072**
From 12/21/2012 to 03/08/2013 - Share capital increase - offset against receivables (OCA 20	16 029 806	0,25	**4 007 452**	25 415 946	37 833	**25 453 779**
From 12/27/2012 to 04/11/2013 - Conversion of bonds (OCA 2012-2)	17 370 068	0,25	**4 342 517**	30 591 512	37 833	**30 629 345**
04/17/2013 - Private placement	20 299 516	0,25	**5 074 879**	43 294 235	37 833	**43 332 068**
04/19/2013 & 05/02/2013 - Share capital increase - offset against receivables (OCA 2012-2)	20 317 291	0,25	**5 079 323**	43 287 291	37 833	**43 325 124**
From 04/24/2013 to 08/02/2013 - Conversion of bonds (OCA 2012-2)	20 541 821	0,25	**5 135 455**	44 270 698	37 833	**44 308 531**
02/03/2014 - Share capital increase - maintenance of preferential subscription rights	21 257 671	0,25	**5 314 418**	48 839 327	37 833	**48 877 160**
06/20/2014 - Private placement	23 374 238	0,25	**5 843 560**	95 698 624	37 833	**95 736 457**
12/17/2014 - Private placement	23 957 671	0,25	**5 989 418**	115 719 368	37 833	**115 757 201**

* before deduction of expenses related to transactions , as mentioned in section 5 of the chapter “Accounting principles and policies” of the 2015 half-year consolidated financial statements published in this report.

Following the authorization granted by the Shareholders’ Combined General Meeting of April 2, 2014, the Company adopted two equity warrants plans (BSA 2014 and BSA 2015) and allocated equity warrants to independent individuals of the Company’s Supervisory Board and Company’s scientific consultants. 23,380 BSA 2014-B and 5,845 BSA 2015-A has been subscribed by Company’s scientific consultants during the first half of 2015, as well as 23,385 BSA 2014 B and 7,015 BSA 2015 A

by independant individuals of the Company's Supervisory Board. None of these warrants have been exercised during this period and to the date of this report.

Following the authorization given by the same general meeting, the Company adopted a redeemable equity warrants plan (BSAAR 2014) for the benefit of members of the Executive Board and employees not holding a corporate office. 17,822 BSAAR 2014-B have been subscribed by the members of the Executive Board of the Company during the first half of 2015, as well as 5,416 BSAAR 2014-B by the employees not holding a corporate office. None of these warrants have been exercised during this period and to the date of this report.

More detailed information on these instruments and the impact of their evaluations at the June 30, 2015 according to standards IFRS II on the half-year consolidated financial statements 2015, are available in the note 3.2.2.6 to the half-year consolidated financial statements 2015 published in this report.

2.5. MAIN RISKS AND UNCERTAINTIES

The main risks and uncertainties with which the Group and the Company could be faced are listed below :

Risks associated with Company's business

Risks related to the research and development activity of new drugs and biomarkers

The development of a new drug candidate, such as those of the Company, is a long, complex and expensive process with a high failure rate.
The common development and marketing stages for a pharmaceutical product are as follows :

- Research (in vitro and in vivo tests on laboratory animals) ;
- Preclinical development (regulatory pharmacology and toxicology studies on animals) ;
- Pharmaceutical development (formulation, production and stability of the final product) ;
- Phase I clinical trials: the molecule is administered to healthy subjects in order to assess its safety, identify potential side effects and assess its tolerance at the doses administered, as well as their distribution and metabolism ;
- Phase II clinical trials are carried out on a limited population of patients affected by the disease. The objective is to provide initial proof of the drug's efficacy, determine its dosage and assess its tolerance when administered in effective doses ;
- Phase III clinical trials are conducted on a broader population of patients affected by the disease studied. The objective is to demonstrate the product's efficacy and tolerance in comparison with products already on the market or placebos, in order to compile a dossier containing sufficient data to be filed with the regulatory authorities ;
- Application for and obtaining of Marketing Authorization (MA) ;
- Commercialization ;
- Pharmacovigilance procedures to monitor the effects and safety of the products authorized;

- Post-approval phase IV clinical trials are regularly conducted to monitor the effects and safety of the products authorized.

Given the risks inherent in the research and development of new drugs, together with the constraints imposed by the activity's regulatory and legal frameworks, the Company cannot guarantee that the drug candidates or biomarker candidates that it is working on at present or may work on in the future will effectively be commercialized or that that there will be no delays in their development or launch on the market.

Risks related to clinical trials

The results obtained from phases of preclinical trials on animals cannot systematically be transposed to humans. In addition, during phase I, II or III clinical trials, the drug candidates developed by the Company may not prove to be as effective as expected or may cause unexpected side effects or toxic effects. Significant side effects caused by a drug candidate or the fact that it is less effective than products already on the market can be sufficient grounds for discontinuing its development. Moreover, disappointing results during the initial phases of development are often not a sufficient basis for a decision as to whether or not a project should be continued. At these early stages, sample sizes, the duration of studies and the parameters examined may not be sufficient to enable a definitive conclusion to be drawn, in which case further investigations are required and the Company's results may be negatively affected. Conversely, promising results during the initial phases, and even after advanced clinical trials have been conducted, do not guarantee that a project will be successfully completed.

Should one or more of these risks materialize, this would have a material adverse effect on the Company's activity, results, prospects, financial situation and development.

Risks related to the Company's regulatory environment

Within the framework of its preclinical development activities, the Company must comply with many regulations concerning safety, the use of laboratory animals, and health and environmental issues. Should these regulations change, failure to comply with them, even though the Company's Quality Assurance department has always taken such changes into account in the implementation of the Company's research and development activities, could result in consequences for the Company such as financial penalties or the temporary suspension of its operations. Furthermore, these regulations could be tightened, which could incur additional costs or cause delays in the products' development.

Each of the research and development stages leading to the commercialization of a pharmaceutical product is governed by a complex regulatory and legislative process. The facilities required to implement these stages of research, development and production are thus subject to protocols, directives and regulations defined and overseen by regulatory agencies such as France's Agence Française de Sécurité Sanitaire des Produits de Santé (AFSSAPS), the European Medicines Agency (EMA) and the US Food and Drug Administration (FDA). These agencies and their counterparts in other countries have the authority to permit the commencement of clinical trials or to temporarily or permanently halt a study. They are entitled to request additional clinical data before authorizing the

commencement or resumption of a study, which could result in delays or changes to the Company's product development plan.
Should any one of these risks materialize, this could have a material adverse effect on the Company's business, prospects, financial situation, results and development.

Risks related to obtaining marketing authorization (MA)

The Company's drug candidates or biomarker candidates may not obtain marketing authorization (MA) for the indication sought in the countries in which the Company wants to market its products. The regulatory agencies (AFSSAPS, EMEA, FDA and other national agencies) can also request further information before granting marketing authorization, even if the molecule concerned has already been authorized in other countries. The procedure for granting marketing authorization is long and costly. The refusal by one or more agencies to deliver an MA, or a request for additional information, could compromise or adversely affect the ability of the Company or a third party to which it grants commercialization rights to market the product.
Should any one of these risks materialize, this could have a material adverse effect on the Company's business, prospects, financial situation, results and development.

Risks related to the delay or failure of product development by the Company, or to the absence of appropriate planning control and monitoring

A drug's launch on the market exposes a large number of patients to potential risks associated with the ingestion of a new pharmaceutical product. Certain side effects, which may not have been statistically identified during phase II and III clinical trials, can then appear. This is why the regulatory agencies require companies to implement post-approval pharmacovigilance. Depending on the occurrence of serious undesirable effects, the agencies can take a drug off the market temporarily or permanently, even if it is effective and has obtained all the necessary marketing authorizations.

The legislation, regulations and directives applicable in each country are subject to change. Such changes may lead the regulatory authorities, at the recommendation of the ethics committee or even the Company itself or a third party licensed to market the drug, to suspend or definitively end a product's development or marketing in a given country. The Company cannot guarantee that there will be no change in the regulatory agencies' recommendations concerning the preclinical development of its compounds, giving rise to delays and additional costs.

All these risks result in a high level of attrition in this activity, at every stage of the process. According to data published in June 2014 by the French Pharmaceutical Companies Association LEEM (Les Entreprises du Médicament), for the preclinical research and development stages, out of 10,000 molecules screened in exploratory research, 100 will be tested during preclinical trials , 10 will lead to patent application and to the pursuit of their development at clinical research stage and only one molecule will successfully complete clinical trials in phase I, II and III and then the procedure to obtain marketing authorization.

So, in addition to the risk of higher-than-expected preclinical development costs, various other factors can disrupt or delay the program underway. The Company cannot, therefore, guarantee that

all the drug candidates or biomarker candidates that it is working on at present or may work on in the future will effectively be commercialized or that there will be no delays in their development or launch on the market.
Should one or more of these risks materialize, this would have a material adverse effect on the Company's business, results, prospects, financial situation and development The set of procedures put in place to oversee the research and development activities, whether in terms of decision-making or project monitoring, help to mitigate this risk.

Risks inherent in the marketing of new drugs or biomarkers

The Company cannot guarantee the commercial success of its procedures for the granting of marketing licenses for its drug candidates or biomarker candidates. It cannot guarantee the commercial success of these products, or the commercial success of its partners, for which it collaborates in the development of these products, once the MA is obtained and the product is launched on the market.

Many factors can impede the launch or commercialization of a drug candidate or biomarker candidate, including the following :

- prescribers' misperception of the drug's therapeutic benefits ;
- the occurrence of too great a number of undesirable effects during treatment ;
- difficulties related to the product's administration ;
- a lack of support from "opinion leaders", i.e. leading physicians or scientists whose opinions on a drug's usefulness are very influential ;
- the cost of treatment ;
- an unsuitable reimbursement policy.

A competitor could launch a drug that is more effective, better tolerated or less expensive than that developed by the Company, thus disrupting its marketing.

Poor market penetration, resulting from one of these factors, could have an adverse effect on the Company's business, prospects, financial situation, results and development. This risk, however, will only materialize when the Company's products will be on the market or close to being launched.

Risks related to potential changes in drug reimbursement conditions

A drug's commercial potential depends heavily on the conditions for its reimbursement.

The successful marketing of a drug largely depends on the reimbursement rate granted by public health bodies, private medical insurers and other bodies concerned. Given that European governments and other bodies have spoken in favor of reducing the levels of reimbursement granted for new drugs, future reimbursement rates are a real concern. A change in the reimbursement rate or the application of a rate that is too low can seriously undermine a drug's sales performance.

Should this risk materialize, this could have a material adverse effect on the Company's business, prospects, financial situation, results and development.

Risks related to the search for new partnerships and dependence on current and future partners

Risks related to the Company's signature of new partnerships to meet requirements for products that it is developing for its own account

The development and marketing of the Company's drug candidates and biomarker candidates relies partially on the Company's ability to sign partnership agreements.

The Company could not assume the full development of its drug candidates and biomarker candidates alone, but could have to seek co-development agreements and/or licenses with pharmaceutical groups for its drug candidates and biomarker candidates as from phase III. For Elafibranor/GFT505, there are existing expressions of interest from biopharmaceutical companies, and early-stage discussions are ongoing.

Neither will the Company take on the marketing of its drugs or biomarkers alone, once they have obtained marketing authorization. Here again, it intends to sign distribution and marketing agreements with pharma or diagnostic industry leaders in order to optimize the launch and market penetration of its products.

The risks inherent in the signature of such contracts are as follows :

- The negotiation and signature of these agreements is a long process that may not result in an agreement being signed or that can delay the development or commercialization of the candidate drug or candidate biomarker concerned ;
- These agreements can be cancelled or may not be renewed by the partners, or may not be fully complied with by the partners ;
- In the case of a license granted by the Company, the Company could lose control of the development of the candidate drug or candidate biomarker thus licensed. Also, in such cases the Company would have only limited control over the means and resources allocated by its partner for the commercialization of its product.

Risks relating to maintaining and renewing the alliances of co-research and/or signing new alliances of co-research

In terms of alliances of co-research, the Company has since its creation developed collaborative research with leading pharmaceutical groups, including Sanofi, Merck KGaA, Laboratoires Pierre Fabre, Laboratoires Fournier (Solvay group, acquired by Abbott) and Servier. Some of these collaborations have regularly been renewed over time. The last framework agreements of research collaboration concluded with these types of partner determines a research sharing phase between the two partners for a period usually set at three years. The revenues generated by these collaborations currently make up the bulk of the Company's sales.

Until recently, the Company also potentiates its research efforts by relying on technology partnerships as part of national or European consortia alongside academic research institutions and other biopharmaceutical companies. The management of and participation in these consortia still generates revenue and funding for the Company in the form of operating grants and/or repayable advances. Given that, in the pharmaceutical industry, the trend is towards reducing the co-financing of research carried out further upstream, these two types of resources could diminish.
Therefore, the Company may not be able to renew its collaborative research contracts and consortia agreements or may be unable to sign new agreements with new partners. The early termination of a contract, or the non-renewal of a contract or the Company's inability to find new partners would change the Company's sales forecasts and, consequently, its results forecasts.
Should any one of these risks materialize, this could have a material adverse effect on the Company's business, prospects, financial situation, results and development. In order to limit the risks related to current and future partnerships, the Company is maintaining its strategies involving partnerships, growth and the acquisition of new candidates.

Risks relating to the subcontracting of certain activities

The Company relies on third parties to carry out clinical trials and certain preclinical trials on its drug candidates and biomarker candidates.

The Company subcontracts to external service providers the performance of its clinical trials and certain preclinical trials on its drug candidates and biomarker candidates.

In particular, the Company subcontracts to third parties (CROs - Contract Research Organisations) the design and conducting of its clinical tests.
The Company contracts external investigators to carry out its trials supervise them and collect and analyze the results obtained.

Although the Company is involved in establishing the protocols for these trials and in monitoring them, it does not control all the stages of test performance and cannot guarantee that the third parties will fulfil their contractual and regulatory obligations. In particular, a partner's failure to comply with protocols or regulatory constraints, or repeated delays by a partner, could compromise the development of the Company's products or engage its liability. Such events could also inflate the product development costs borne by the Company.
All clinical trials are subject to strict regulations and quality standards. Within the Company, specific quality procedures are in place and are controlled regularly for each clinical trial; at the same time, corrective action is implemented and monitored during all trials in order to identify and correct any deficiencies.

Should these third parties be unable to provide the services required and fulfil their obligations; the Company could call upon other clinical service providers. It would not, however, be guaranteed to obtain equally favorable conditions.

This could have a material adverse effect on the Company's business, prospects, financial situation, results and development.

Furthermore, the Company does not currently own or operate a production unit.

The Company does not currently produce the drug candidates and biomarker candidates tested during its preclinical and clinical trials. The Company has no production units and relies largely on third parties to manufacture its products (e.g. synthesizing molecules).

This strategy means that the Company does not directly control certain key aspects of its product development, such as:

- the quality of the product manufactured ;
- the delivery times for therapeutic units (pre-packaged lots specifically labelled for a given clinical trial) ;
- the clinical and commercial quantities that can be supplied ;
- compliance with applicable laws and regulations.

Should these third parties breach their obligations, the manufacturing contracts be cancelled or the Company fail to renew the contracts, the Company cannot guarantee that it will be able to find new suppliers within a timeframe and under conditions that would not be detrimental to the Company.

The Company could also be faced with delays or interruptions in its supplies, which could result in a delay in the clinical trials and, ultimately, a delay in the commercialization of the drug candidates or biomarker candidates that it is developing.

However, the development of drugs and their production are two highly distinctive businesses. The financial and regulatory risk borne by the Company if it had to set up its own production unit would without any doubt be much higher than the risk that it currently assumes by subcontracting these operations.

Risks related to the dangerous nature of certain of the Company's activities

As part of its research and development activities for its drug candidates and biomarker candidates, the Company has to work with dangerous substances. As a result, certain of the Company's employees are exposed to chemical, biological and radiological risks. During their work, the Company's researchers notably have to :

- come into contact with radioelements, the purchase and handling of which are subject to authorization by France's Nuclear Safety and Radiation Protection Directorate (DGSNR for Direction Générale de Sûreté Nucléaire et de la Radioprotection) ;
- handle genetically modified organisms (GMO). Safety issues for individuals who handle these substances are overseen by the French Genetic Engineering Commission (Commission de Génie Génétique) ;
- carry out in vivo experiments on animals, which requires authorization from the French Department of Veterinary Services (DSV for Direction des Services Vétérinaires) ;
- carry out research that requires the use of human samples. This research is subject to application for authorization from the competent authorities to assess the usefulness of the

research, ensure that patients have been properly informed, and assess the management of information obtained from the sampling.

Should it fail to comply with applicable laws and regulations, the Company could be subject to fines or could be forced to temporarily or permanently suspend its operations. In the event of accidental contamination, injuries or other damage, the Company could be held liable. This could be detrimental to its activity, even though it has insurance to cover the risks inherent in its operations.
The Company is also obliged to invest in healthcare, and in the environment and safety of its employees in compliance with French legislation.

Should the current legislation change, the Company could be obliged to acquire new equipment, to adapt its laboratories or to incur other significant costs.

Failure to comply with these regulations could result in serious consequences for the Company, such as substantial financial penalties, or the rejection, suspension or withdrawal of the MA for its drugs. This could result in the Company's activity and, ultimately, its results and development capacity being materially diminished.

Risks related to the Company's human resources management

The Company's ability to retain key persons in its organization and to recruit qualified personnel is crucial for its success. In particular, the Company's success depends heavily on its ability to retain key people in its organization, i.e. its co-founders and its principal managers, researchers and scientific advisers, notably :

- Xavier Guille des Buttes, Chairman of the Supervisory Board
- Jean-François Mouney, Chairman of the Executive Board
- Nathalie Huitorel, Member of the Executive Board and Chief Financial Officer;
- Dean Hum, Member of the Executive Board and Chief Operating Officer and Chief Scientific Officer
- Bart Staels, President of the Scientific Advisory Board

Should the Company be unable to retain the individuals who form its team of key managers and key scientific advisors, this could have a material adverse effect on its business and development and could consequently affect its financial situation, results and prospects. In view of this, the holding company of the Company's founders and executives, Biotech Avenir, as well as equity warrants plans and redeemable equity warrants plans set up by the Company, is an important tool to foster the motivation and loyalty of key personnel, experts and executives by indirectly permitting them to hold a significant interest in the Company's capital.

The Company's ability to recruit quality scientific, commercial, administrative or technical staff to support its growth is crucial. In this respect, the Company's internal procedures and structure facilitate the rigorous selection of candidate profiles for recruitment and the integration of new hires in the Company. Since its creation, a high number of quality spontaneous applications and the Company's proximity to university communities have provided an extensive recruitment pool which has to date satisfied all of the Company's recruitment needs. The Company cannot, however,

guarantee that these favorable conditions will remain in place. Nor can it fully guarantee the sustainability of its attractiveness to candidates.

Risks related to competition

The Company operates within a highly competitive sector.

Several companies in the biotechnology sector and large pharmaceutical groups are working on technologies, therapeutic targets or drug or biomarker candidates that aim to treat or diagnose the same diseases that the Company is working on. The cardiometabolic diseases represent one of the drug industry's biggest global markets, targeting more than 100 million people and involving therapeutic needs that remain unmet.

If rival products were marketed before those of the Company, or at lower prices, or covering a wider therapeutic spectrum, or if they proved to be more effective or better tolerated, the Company's activity and development prospects and, ultimately, its results and financial situation would certainly be penalized.

The Company builds competition-related considerations into its development choices. The Company constantly analyzes the market and drug or biomarker candidates currently under development, notably by seeking the opinions of experts in its sector.

Legal risks

Risks related to the Company's ability to obtain, extend and enforce its patents and other intellectual property rights

The Company cannot guarantee:

- that it will obtain the patents that it has applied for and that are under review, that it will be able to develop new patentable inventions, or that ill will obtain patents to protect such new inventions ;
- that there is no risk of the patents belonging to the Company or licensed by it to third parties being challenged or invalidated by a third party ;
- that a third party will not assert claims on the Company's patents or other intellectual property rights or those licensed by the Company to a third party ;
- that third parties will respect its patents, or that it is able, in general terms, to enforce all the elements that make up its intellectual property and effectively defend itself against infringement ;
- that the extent of the protection provided by its patents is sufficient to defend the Company against its rivals;
- that it is impossible for third parties to infringe or circumvent its patents ;
- that there will be no change in national regulations that would allow third parties to access certain parts of the Company's intellectual property without having to pay financial compensation to the Company.

Even though the Company has put in place an organization that enables it to limit these risks as far as possible, challenges from competitors or other third parties could reduce the scope of the Company's patents or render them invalid.

The legal proceedings that the Company may then have to enter into in order to defend its intellectual property could be very costly, notably in the case of lawsuits in the USA.
The probability of disputes arising over the Company's intellectual property will increase progressively as patents are granted and as the value and appeal of the inventions protected by these patents are confirmed.

The risk of circumvention of the patents applied for or obtained by the Company seems much lower. It is difficult to circumvent a patent in the Company's area of activity: in order to market a drug similar to that of the Company –which would not protected by a patent belonging to the Company – a third party would have to recommence the entire process of clinical trials and obtain new marketing authorizations from the regulatory agencies (AFSSAPS, EMEA, FDA, etc.), bearing in mind that a very slight difference between two molecules can result in vastly different biological activity and could easily give rise to a molecule that is inactive or toxic. Given the difficulties and considerable investment required to attempt to circumvent a patent, in the pharmaceutical sector rivals tend to contest the validity of a patent rather than trying to circumvent it.

The occurrence of any of these events concerning any of the Company's patents or intellectual property rights could have an adverse effect on the Company's business, prospects, financial situation, results and development. These risks are all the higher for the Company, because of its limited financial and human resources. In order to limit this risk, the Company has put in place a well-structured, well-organized process for the management of its patents and intellectual property rights.

Risks related to patents and intellectual property rights held by third party

The field of biotechnology research and pharmaceuticals is subject to many applications for patents for technical devices to be used in laboratory research or for large families of molecules. These patent applications, and, where applicable, these patents, are usually extremely complex and it is often difficult to identify and estimate the exact protection conferred by them.

The Company could infringe or be accused of infringing the patents or other intellectual property rights owned or controlled by third parties. Should the molecules currently being developed by the Company lead to the development of drugs, these drugs would be marketed in many states. Although patents for these molecules have been applied for in many states, their launch on the market could infringe patents that are more extensive in scope or older, belonging to third parties in one or more of these states. The Company could unknowingly violate a third party's intellectual property rights during the development or commercialization of its drug or biomarker candidates or could face lawsuits brought against it by third parties claiming to own an intellectual property right infringed by the Company.

Should the Company be subject to legal proceedings for infringement of intellectual property rights, the Company's intellectual property department, assisted by their advisers, would assess the situation in order to contest any allegations considered to be unfounded, contest the validity of the intellectual property right being enforced against the Company, or enter into negotiations with the third party with a view to obtaining a commercialization license for the intellectual property right concerned.
In such a case, the Company could be required to:

- bear the potentially significant costs of proceedings brought against it;
- pay significant damages to the complainants;
- abandon the work/development in progress that is considered to infringe a third party's intellectual property right;
- discontinue the commercialization of a drug or biomarker candidate either temporarily or permanently in one or more regions (depending on the geographical scope of the third party's patents that have been infringed).
- acquire a potentially costly license from one or more third parties holding intellectual property rights in order to continue its work or development or the commercialization of the disputed molecule or technology. Moreover, the license acquired may not be exclusive, so the Company could potentially be required to share the associated rights with competitors;

At present, the Company is not aware of any patents belonging to third parties that could hamper the commercialization of the molecules it is developing in the following regions: European Union, North America, Japan and Australia. The Company's intellectual property department is particularly vigilant concerning the issues mentioned herein. The introduction of new technologies by the Company is systematically subject to "freedom to operate" studies in order to reduce as far as possible the Company's risk of being sued for infringement of intellectual property rights. Similarly, the freedom to use the innovative products being developed by the Company is also systematically assessed. At present, the Company is not aware of any technologies that it may use that could violate a third party's intellectual property right in France.

Should one or more of these risks materialize, this would give rise to material costs and would compromise the Company's reputation, seriously affecting its ability to continue its operations. The Company's active monitoring in terms of intellectual property helps to limit this risk.

Risks related to the Company's inability to protect the confidentiality of its information and expertise

The Company could fail to ensure the confidentiality of its trade or technical secrets.

The Company's trade and technical secrets include :

- certain unpatented technical expertise that enables it to offer to conduct research and development work for third parties ;
- certain scientific knowledge generated by the work carried out by the Company ;
- certain information relating to the products currently being developed within the Company ;
- certain information relating to the agreements signed between the Company and third parties.

These various trade and technical secrets give the Company a number of advantages. The disclosure of certain of these secrets could allow third parties to offer products or services to rival those of the Company or to generally prejudice the Company.

In order to protect its trade and technical secrets, the Company has put in place a well-structured organization, requiring that its personnel comply with strict rules on the security and protection of confidential information and ensuring that its partners (clients, subcontractors, advisors, potential or actual partners, etc.) systematically sign confidentiality agreements. Although this structure limits the risks, it does not constitute a guarantee that one or more of the Company's secrets will not be disclosed. The possibility cannot be ruled out that these agreements or other arrangements to protect the Company's trade secrets fail to provide the protection sought, or are breached, or that the Company's trade secrets are disclosed to, or developed independently by, its competitors.

Should any one of these risks materialize, this could have a material adverse effect on the Company's business, prospects, financial situation, results and development.

Risks related to the use of the Company's trademark by third parties

The Company's trademark is a key component of its identity and its products. Although the key components of its trademarks have been registered, notably in France and the USA, other companies in the pharmaceutical sector might use or attempt to use components of this trademark, and thereby create confusion in the minds of third parties.
The Company would then have to redesign or rename its products in order to avoid encroaching on the intellectual property rights of third parties. This could prove to be impossible or costly in terms of time and financial resources and could be detrimental to its marketing efforts.

Should this risk materialize, this could have a material adverse effect on the Company's business, prospects, financial situation, results and development. The Company aims to limit this risk by filing and maintaining its trademarks and ensuring that appropriate monitoring is conducted by its intellectual property department.

Risks related to the Company's product liability

Given that the Company develops diagnostic and therapeutic products intended to be tested on humans in an initial phase and then commercialized, it may be subject to product liability.

Notably because of its products, the Company is exposed to the liability risk that is inherent in the production and commercialization of diagnostic and therapeutic products.

The Company may also be held liable in connection with clinical tests carried out on the administration of these products. Third parties, patients, regulatory agencies, biopharmaceutical companies or others could bring a lawsuit against the Company following actions resulting from its own activities or the activities of service providers appointed to act on its behalf.

Should the Company, its partners or its subcontractors be held liable in this context, the ongoing development and commercialization of its candidate drugs or biomarkers could be compromised and the Company's financial situation could subsequently be affected.

The insurance cover purchased by the Company may not be sufficient to cover the liability claims against it or the risk involved, or it may prove to be very costly. In particular, should the Company be faced with a lawsuit for bodily injury related to its products, and should the insurance cover prove to be insufficient, all or part of the Company's assets could be pledged to settle a liability lawsuit brought against the Company because of its products.

Financial risks

Financial performance risks

Since its creation in 2006, the Group had consistently generated a net profit. Following the substantial investments required in the phase I and II clinical trials for its most advanced products, however, it has reported a net loss.

The Group uses external service providers whose tariffs may increase faster than the Company's revenues, especially for the conducting of clinical and preclinical trials and the production of drug or biomarker candidates, thus undermining the Group's net results.

Finally, the agreements signed with pharmaceutical companies constitute a significant source of revenue for the Company. Should the Company prove unable to extend these agreements or sign new ones, it could be forced to delve deeper into its own cash reserves.

Risks related to the Company's financing capacity and liquidity risk

Risks related to the Company's financing capacity

The development of the Company's programs calls for significant financial investments. The Company's ability to raise funds to ensure the ongoing development of its drug candidates or biomarker candidates is of utmost importance.

The Company could need additional funds to finance future investments that are as yet unknown or difficult to quantify since they concern projects that have yet to reach maturity. The clinical development of future drugs and biomarkers is becoming increasingly expensive and subject to strict regulations. It is therefore difficult to quantify with any precision the overall costs associated with preclinical and clinical development, while many products are still at an early stage of development.

The Company may also need additional funding if :

- an external acquisition opportunity is identified ;
- an opportunity is identified to accelerate internal programs, e.g. in hepatobiliary disorders or chronic inflammatory bowel diseases ;

- the developments underway prove to be lengthier and more expensive than currently expected ;
- the regulatory authorities require the Company to undertake additional studies or the negotiations with the authorities are delayed ;
- the Company has to settle major legal disputes.

Should the Company fail to find additional funding, its business, results and development could be affected, and it could be forced to delay or discontinue the development or commercialization of certain products. In addition, should French or European government policies concerning research and development aid and funding impose a reduction or suppression of aid in the form of subsidies, repayable advances or research tax credits, this could have a material adverse effect on the Group's business, prospects, financial situation, results and development.

Liquidity risks

The Company has conducted a specific review of its liquidity risk and considers that it is able to meet its future maturities. As of June 30, 2015, the Group has € 61,306k in cash and cash equivalents and current financial instruments.

However, these funds could prove insufficient to cover any additional financing needs, in which case new funding would be required. The conditions and arrangements for such new financing would depend, among other factors, on economic and market conditions that are beyond the Company's control. Such new funding could take the form of bank financing, but this would undermine the Company's financial structure. New funding could also take the form of a capital increase, which would dilute the holdings of existing shareholders.

The Group's net cash as of June 30, 2015 amounts to € 59.942k.

The table below shows the breakdown of the Group's net debt by maturity as of June 30, 2015 :

- Net cash position and repayment schedule

Net cash position & reimbursement schedule (in € thousands)	06/30/2015	< 1 year	< 2 years	< 3 years	< 4 years	< 5 years	> 5 ans
Convertible loans	**0**	0	0	0	0	0	0
Bank loans	**1 182**	389	316	227	198	51	0
Participating development loan	**920**	460	460	0	0	0	0
Renewable credit facility	**0**	0	0	0	0	0	0
Obligations under finance leases and hire purchase contracts	**14**	14	0	0	0	0	0
Other financial liabilities	**24**	24	0	0	0	0	0
Accrued interests	**6**	6	0	0	0	0	0
Bank overdrafts	**0**	0	0	0	0	0	0
FINANCIAL LIABILITIES	**2 146**	**893**	**776**	**227**	**198**	**51**	**0**
CONDITIONAL & REPAYABLE ADVANCES	**4 121**	**3 543**	**284**	**294**	**0**	**0**	**0**
Financial assets	**4 904**	4 026	300	115	0	0	463
Short-term deposits	**59 977**	59 977	0	0	0	0	0
Cash & bank balances	**1 329**	1 329	0	0	0	0	0
CASH ASSETS	**66 209**	**65 331**	**300**	**115**	**0**	**0**	**463**
NET CASH	**59 942**	**60 895**	**(760)**	**(405)**	**(198)**	**(51)**	**463**

The Company's financial assets are made up entirely of "dynamic" marketable securities comprising either "dynamic" money market funds, term deposits, negotiable medium-term notes, or mutual funds with at least a guaranteed capital return. These investments can be monetized at any time.

Conditional advances are made up of public financing entirely, mainly from BPI France which intended to finance defined research programs. Those from “Région Nord Pas de Calais” and “Lille Metropole Communauté Urbaine” are intended to sustain the development of the Company.

The breakdown of the Group’s financial liabilities as of June 30, 2015 is presented below :

- Breakdown of the Group’s financial liabilities into current and non-current liabilities

Current & non-current financial liabilities	06/30/2015		12/31/2014	
(in € thousands)	Non-current	Current	Non-current	Current
Convertible loans	0	0	0	0
Bank loans	793	389	580	264
Participating development loan	460	460	690	575
Renewable credit facility	0	0	0	0
Obligations under finance leases and hire purchase contracts	0	14	0	28
Other financial liabilities	0	24	0	21
Accrued interests	0	6	0	19
Bank overdrafts	0	0	0	0
TOTAL	**1 253**	**893**	**1 270**	**907**

- Bank loans

The bank loans totaled € 1,500k at the time they were granted and will be fully paid back in 2019. The participating development loan agreement taken out in 2010 for a total of € 2,300k will be fully reimbursed in 2017.

- Finance leases

As of June 30, 2015, debts under finance leases totaled € 14k.

Risks related to Tax credit for research expenses

To finance its operations, the Company benefits from Tax credit for research expenses (“CIR” for “Crédit d’Impôt Recherche”).

The French Treasury always refunded Tax credit for research expenses to the Company during the year following the close of the fiscal year concerned. Regarding the Tax credit for research expenses recognized for 2014 and future years, it is possible that the tax authorities could call into question the accelerated reimbursement allowed to the Small and Medium Size Cies, the methods used by the Company to calculate its research and development expenses or even the CIR itself could be called into question due to a change in policy or because it is contested by the tax authorities, this even though the Company complies with the requirements in terms of documentation and eligibility of its expenditure. Should this happen, it could have an adverse effect on the Company’s results, financial situation and prospects.

At the date of this report, a fiscal control on the CIR for 2010, 2011, 2012 is in progress. The Company received a reassessment proposal concerning CIR 2010. The notified payment of back taxes amounts to € 1.140.531. The Company challenged the notification, contestation that as yet has remained unanswered.

The tax administration has nevertheless given a positive response to the request for early repayment of the CIR 2014, after deduction, as a precautionary measure of the amount on the reassessment proposal linked to the CIR 2010.

In these circumstances, and although the Company is still confident in its arguments, it is not excluded that the current tax inspection on CIR led to calling into question the CIR for controlled fiscal years and subsequent fiscal years what would have an adverse effect on the results and financial position of the Group. Thus, the potential expense induced by the change of the calculation methods advocated by the tax administration for the tax credit for research expenses 2010 could reach € 560 k.

The mention of these contingent liabilities does not in any case constitute recognition of the validity of the arguments put forward by the tax administration, in the context of this control.

Other risks

Exchange rate risks

As of the date of this report, the Company's exposure to exchange rate risk is very low because almost all of its operations are denominated in euros.

In the future, the Company could generate part of its sales in the USA and part in Europe and could therefore be subject to an unfavorable Euro/Dollar exchange rate. It could also sign contracts denominated in other foreign currencies, which would increase its exposure to currency risk. In accordance with the Company's business decisions, its exposure to this type of risk could change depending on:

- the currencies in which it receives its revenues ;
- the currencies chosen when agreements are signed, such as licensing agreements, or co-marketing or co-development agreements ;
- the location of clinical trials on drug or biomarker candidates ;
- its policy for insurance cover.

At present, the Company has not put any specific hedging arrangements in place. However, if its currency exposure were to change, the Company would consider implementing a procedure to manage its foreign exchange risk.

Market risks

The Company's exposure to interest rate fluctuations mainly affects two items on the balance sheet: cash and cash equivalents. These items comprise mainly term deposits, units in mutual funds, negotiable medium-term notes and SICAV money market funds. These are highly liquid short-term investments subject to an insignificant risk of change invalue. The Company's policy in terms of investing its cash has always been to favor the absence of risk on capital. These are highly liquid short-term investments subject to an insignificant risk of change in value. The Company's policy in terms of investing its cash has always been to favor the absence of risk on capital.

Interest rate risk

As of June 30, 2015, the Group's financial liabilities totaled € 2,145.9k and included no variable-rate loans. The exposure of the Company's financial assets to interest rate risk is also limited, since these assets are mainly euro-denominated money market funds (SICAV), medium-term negotiable notes or term deposits with progressive rates.
The Company estimates that a +/-1% movement in interest rates would have an insignificant impact on its bottom line in view of the losses generated by its operating activity.

Risk of volatility in the Company's share price

It is likely that that the price of the Company's shares would be significantly affected by events such as changes in market conditions related to its sector of activity, announcements of new contracts, technological innovations and collaborations by the Company or its main competitors, developments concerning intellectual property rights (including patents), announcements regarding scientific and clinical results concerning products currently being developed by the Company or its main competitors, the obtention of required approvals and regulatory authorizations as well as the development, launching and sale of new products by the Company or its main competitors and changes in the Company's financial results.

The stockmarkets have seen considerable price fluctuations over the last few years, and often, these movements do not reflect the operational and financial performance of the listed companies concerned. In particular, biotechnology companies' share prices have been highly volatile and may continue to be highly volatile in the future. Fluctuations in the stock-market as well as the macro-economic environment could significantly affect the price of the Company's shares.

Dilution risk

Since the Company's creation, it has regularly allocated or issued stock-options, equity warrants ("BSA") and redeemable share subscription warrants ("BSAAR") to motivate its managers, employees and consultants. As of the date of this report, the Company's stock option plan has lapsed. The BSA and BSAARs plans are however in effect. In the future, the Company could allocate or issue new capital instruments or securities providing access to its share capital.
As of the date of this report, the exercise of financial instruments giving access to the Company's share capital would enable the subscription of 181.967 new shares, representing approximately 0.76 per cent of the diluted share capital. The exercise of financial instruments giving access to the Company's share capital which could be put in place, as well as all allocations or new issues, would lead to dilution for the shareholders.

Insurance policies & risk hedging

The Group has implemented a policy for hedging against key insurable risks, providing cover which it believes to be appropriate in light of the nature of its business. The Group's main insurance policies at present are as follows :

Insurance Policies	Insurers	Risks covered	Insurance guaranties (in Euros)	Expiry date
Directors and Company officers liability insurance Policy 0007904132/0000 avenant7	AIG	Loss arising out of any complaint against an executive officer and defence of executive officers	15,000,000	automaticaly renewable
Freight transport Description		Overall ceiling per shipment		Policy subscribed when needed
		Per exhibition		
		After Sale Service		
Property and Casualty insurance of the Company Policy - property damage "All risks except" 013021171	ALLIANZ IARD	Damages to property/ contents	7,152,000	automaticaly renewable
		theft	222,786	
		broken glass	44,757	
		machines breakdown	2,238,166	
		operating loss policy	12,000,000	
Individual insurance accidents Policy 012513003	ALLIANZ IARD	Per event	15,000,000	automaticaly renewable
		Accidental death	100,000	
Operating and Products liability Policy DB0000600919	CHUBB	Operating (before delivery)	7,622,451	automaticaly renewable
		Product (after delivery)	2,300,000	

Moreover, as a sponsor, the Company takes out specific insurance cover for each trial carried out.

The total expenses paid by the Group for all insurance policies were respectively € 137.1k and € 114.8k for the fiscal years ended on December 31, 2014, and 2013.

2.6 EVENTS AFTER THE REPORTING PERIOD

In July 2015, the Supervisory Board of the Company noted the resignation of the Company Finorpa as member of the Supervisory Board and consequently as Chairman of the Audit Committee of the Company. It decided to co-opt Mr Philippe Moons, as member of the Supervisory Board and member of the Audit Committee in replacement of the Company Finorpa for the remainder of its mandate i.e. until the Ordinary General Meeting called to approve the financial statements for the financial year ending December 31, 2017, subject to the ratification of this co-optation by the Ordinary Genaral Meeting called to approve the financial statements and reports of the financial year ending December 31, 2015.

Given that decision, the Supervisory Board is thus composed as follows :

- Mr Xavier Guille des Buttes, Chairman,
- Mr Charles Woler, Vice Chairman,
- Biotech Avenir SAS, represented by Ms. Florence Séjourné,
- Mr Frédéric Desdouits,
- Mr Philippe Moons.

In July 2015, 18,711 BSAAR 2014-C have been subscribed by the members of the Executive Board of the Company and 5,568 BSAAR 2014-C by employees not holding a corporate office.

In September 2015, the Company announced positive results in the framework of its proprietary research program of biomarkers in the NASH, materialized by the development of a new proprietary diagnostic tool that enables the identification of NASH patients that deserve to be treated, according to the consensual definition agreed between experts and regulatory agencies, without the use of invasive liver biopsy.

The diagnostic tool requires a simple blood sample and is based on algorithms including a new type of NASH biomarkers: small non-coding RNAs or miRNAs (ribonucleic micro-acid). A comparative study demonstrates that these algorithms are more powerful than existing scoring systems for the identification of NASH patients that deserve to be treated.

The Company has filed new patents to protect these inventions and announced that a new proprietary diagnostic tool will be used in the Phase 3 trial for GFT505/Elafibranor in NASH and express its willingness to build up a partnering program to make a NASH diagnosis kit -approved by FDA and EMA- available at the time of commercialization of anti-NASH drugs.

In September 2015, the tax administration has given a positive response to the request for early repayment of the Tax credit for research expenses 2014, after deduction, as a precautionary measure of the amount on the reassessment proposal linked to the CIR 2010. The result is that a payment of € 3,832,701 is expected in the next few weeks. More detailed information is available in the note 3.4.1 to the half-year financial stamements published in this report.

In September 2015, 5,845 BSA 2015-B have been subscribed by a scientific consultant of the Company and 7,015 BSA 2015 B by an independent individual of the Supervisory Board of the Company.

2.7 DECLARATION BY THE PERSON RESPONSIBLE FOR THIS HALF-YEAR ACTIVITY REPORT

”I hereby declare, to the best of my knowledge, that the financial statements for the last six month period have been prepared in accordance with generally accepted accounting principles and give a true and fair view of the assets and liabilities, the financial position and the results of the Company at June 30, 2015, and that the half-year activity report reflects a true picture of the important events that have occurred during the first six months of the financial year and of their impact on the half-year financial statements, of the main transactions between the related parties as well as a description of the principal risk factors and uncertainties for the remaining six months of the financial year.”

Jean-François Mouney
Chairman of the Executive Board

Loos, 21st day of September 2015

3. STATUTORY AUDITOR'S LIMITED REVIEW REPORT ON 2015 HALF-YEAR FINANCIAL STATEMENTS (IN FRENCH ONLY)

GRANT THORNTON
Membre français de Grant Thornton International

ERNST & YOUNG et Autres

Genfit
Période du 1er janvier au 30 juin 2015

Rapport des commissaires aux comptes sur l'information financière semestrielle

GRANT THORNTON
Membre français de Grant Thornton International
100, rue de Courcelles
75017 Paris
S.A. au capital de € 2.297.184

Commissaire aux Comptes
Membre de la compagnie
régionale de Paris

ERNST & YOUNG et Autres
1/2, place des Saisons
92400 Courbevoie - Paris-La Défense 1
S.A.S. à capital variable

Commissaire aux Comptes
Membre de la compagnie
régionale de Versailles

Genfit
Période du 1er janvier au 30 juin 2015

Rapport des commissaires aux comptes sur l'information financière semestrielle

Aux Actionnaires,

En exécution de la mission qui nous a été confiée par vos assemblées générales et en application de l'article L. 451-1-2 III du Code monétaire et financier, nous avons procédé à :

- l'examen limité des comptes semestriels consolidés résumés de la société Genfit, relatifs à la période du 1er janvier au 30 juin 2015, tels qu'ils sont joints au présent rapport ;
- la vérification des informations données dans le rapport semestriel d'activité.

Ces comptes semestriels consolidés résumés ont été établis sous la responsabilité de votre directoire. Il nous appartient, sur la base de notre examen limité, d'exprimer notre conclusion sur ces comptes.

1. Conclusion sur les comptes

Nous avons effectué notre examen limité selon les normes d'exercice professionnel applicables en France. Un examen limité consiste essentiellement à s'entretenir avec les membres de la direction en charge des aspects comptables et financiers et à mettre en œuvre des procédures analytiques. Ces travaux sont moins étendus que ceux requis pour un audit effectué selon les normes d'exercice professionnel applicables en France. En conséquence, l'assurance que les comptes, pris dans leur ensemble, ne comportent pas d'anomalies significatives obtenue dans le cadre d'un examen limité est une assurance modérée, moins élevée que celle obtenue dans le cadre d'un audit.

Sur la base de notre examen limité, nous n'avons pas relevé d'anomalies significatives de nature à remettre en cause la conformité des comptes semestriels consolidés résumés avec la norme IAS 34 - norme du référentiel IFRS tel qu'adopté dans l'Union européenne relative à l'information financière intermédiaire.

2. Vérification spécifique

Nous avons également procédé à la vérification des informations données dans le rapport semestriel d'activité commentant les comptes semestriels consolidés résumés sur lesquels a porté notre examen limité.

Nous n'avons pas d'observation à formuler sur leur sincérité et leur concordance avec les comptes semestriels consolidés résumés.

Paris et Paris-La Défense, le 25 septembre 2015

Les Commissaires aux Comptes

GRANT THONTON *Membre français de Grant Thornton International*	ERNST & YOUNG et Autres
	
Jean-Pierre Colle	Franck Sebag