



A limited company with an executive board and a supervisory board (*Société anonyme à directoire et conseil de surveillance*) with share capital of EUR 5,314,417.75

Registered office: Parc Eurasanté, 885 avenue Eugène, Avinée 59120 Loos, France

Registered with the Lille Trade and Companies Registry under number 424 341 907

LISTING PROSPECTUS

Made available to the public upon the admission of 21,257,671 ordinary shares currently admitted for trading on the Alternext market of Euronext Paris (Public Offering Compartment) for trading on the Euronext market of Euronext Paris.

14 April 2014



Pursuant to articles L.412-1 and L.621-8 of the French Monetary and Finance Code (*Code Monétaire et Financier*) and the AMF General Regulation, notably Articles 211-1 to 216-1, the French financial markets regulator (AMF for *Autorité des marchés financiers*) registered this Prospectus under visa no.14-148 dated 14 April 2014.

This Prospectus has been prepared by the issuer; the signatories assume responsibility for its content. The visa, pursuant to Article L. 621-8-1-I of the French Monetary and Finance Code, was attributed after the *Autorité des Marchés Financiers* verified “*whether the document is complete and understandable, and whether the information it contains is consistent*”. This does not imply approval of the merits of the transaction or authentication of the accounting and financial documents presented.

Allegra Finance

Company Advisors

IMPORTANT NOTICE

This document is a free non binding English translation (the “**Translation**”) of GENFIT’s Prospectus made available to the public upon the admission of 21.257.671 ordinary shares for trading on the Euronext market of Euronext Paris, which was registered with the AMF on April 14, 2014 under number 14-148 (the “**Prospectus**”).

IN THE EVENT OF ANY AMBIGUITY OR CONFLICT BETWEEN THE PROPECTUS AND THIS TRANSLATION, THE PROSPECTUS IN FRENCH LANGUAGE SHALL PREVAIL.

Copies of the French language version of the Prospectus are available free of charge at the registered office of GENFIT. Moreover, an electronic version in French language is available on the AMF website (www.amf-france.org) and on the GENFIT website (www.genfit.com).

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Note

In this Prospectus, the term:

- “Genfit” or the “Company” shall refer to Genfit SA, a limited company with an executive board and a supervisory board (*société anonyme à directoire et conseil de surveillance*) having its registered office at Parc Eurasanté 885 avenue Eugène Avinée 59120 Loos, France and registered in the Lille Trade and Companies Registry under no. 424 341 907.
- “Group” shall refer to the group of companies formed by the Company and its [2] subsidiaries.

A glossary of terms used in this Prospectus is included in Chapter 26.

Warning

Information on the market and competitive positioning

This Prospectus contains, notably in Chapter 6 “*Overview of the Group's activities*”, information on the Group’s markets and competitive positioning. Some of this information is based on research obtained from external sources. Information that is available to the public and which the Company believes to be reliable has not been checked by an independent expert and the Company cannot guarantee that a third party who uses different methods in order to collect, analyze or calculate these market data will obtain the same results. Moreover, the Group’s competitors may define the markets in a different way.

Forward-looking information

This Prospectus contains indications of the Group’s prospects and key areas of development. This information is sometimes identified by the usage of the future, the conditional or terms of a prospective nature such “consider” “intend”, “think”, “aims to”, “expects to”, “envisages”, “should”, “has the ambition to”, “is of the view”, “believes”, “wants”, “is able” or, where applicable, the negative form of these same terms, or other variants or similar terminology. This information is not historical data and must not be interpreted as a guarantee that the facts and data mentioned will occur. This information is based on data, assumptions and estimates which the Company believes to be reasonable. It is subject to change or modification due to uncertainties related in particular to the economic, financial, competitive and regulatory environment. This information is mentioned in the various Sections of this Prospectus and contains data on the Group’s intentions, estimates and objectives concerning, in particular, the market in which it operates, its strategy, growth, results, financial situation, cash position and forecasts. The forward-looking information contained in this Prospectus is provided only on the date of this Prospectus. The Group operates in a constantly changing competitive environment. It cannot, therefore, anticipate all the risks, uncertainties or other factors that could affect its activity, the potential impacts thereof on its activity, or to what extent the materialization of a risk or a combination of risks could give rise to results significantly different from those mentioned in any forward-looking information, bearing in mind that none of this forward-looking information constitutes a guarantee of actual results.

Risk factors

Investors are invited to read carefully the risk factors described in Chapter 4 “*Risk Factors*” of Part One and in Chapter 2 of Part Two of this Prospectus before making any investment decision. The materialization of all or part of these risks could have an adverse impact on the Group’s business, financial situation, results or prospects. Moreover, other risks not yet identified or considered to be insignificant by the Company on the registration date of this Prospectus could also have an adverse effect.

SUMMARY OF THE PROSPECTUS

AMF visa no.14- 148 dated 14 April 2014

The summary consists of a series of key information, referred to as the “Elements”, which are presented in five sections A to E and numbered from A.1 to E.7.

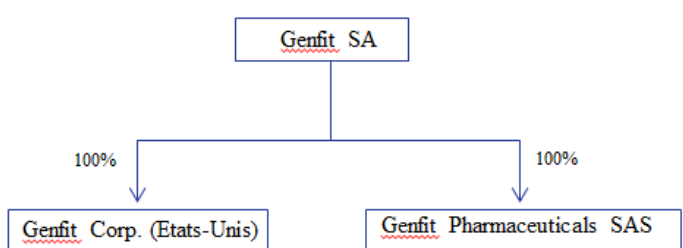
This summary contains all of the Elements that must be included in the summary of a prospectus for this class of securities and this type of issuer. As not all of the Elements need to be completed, the numbering of the Elements in this summary is not continuous.

It is possible that no relevant information can be provided for a given Element that must be included in this summary because of the class of securities and the type of issuer in question. In this case a concise description of the Element is given in the summary with the endorsement “Not applicable”.

Section A - Warning		
A.1	Warning to the reader	<p>This summary must be read as an introduction to the Prospectus.</p> <p>Any decision to invest in the securities being offered to the public or for which admission to trading on a regulated market is being requested must be based on a comprehensive review of this Prospectus by the investor.</p> <p>Where a claim relating to information contained in the Prospectus is brought before a court, the plaintiff investor may have to bear the costs of translation of the Prospectus before the commencement of legal proceedings, depending on the national legislation of the European Community or European Economic Area member states.</p> <p>The persons who have presented the summary, including its translation, shall be subject to civil liability only if the contents of the summary are misleading, inaccurate or contradict other parts of the Prospectus or if, when read together with the other parts of the Prospectus, the summary does not provide key information to help investors to make informed decisions about investing in these securities.</p>
A.2	The Issuer's agreement to use of the Prospectus	Not available.

Section B – Information on the issuer		
B.1	Legal and commercial name	<p>Legal name: Genfit S.A. (The “Company”);</p> <p>- Commercial name: “Genfit”</p>
B.2	Registered office, legal form, applicable law, country of incorporation	<p>- Registered office: Parc Eurasanté, 885 avenue Eugène Avinée, 59120 Loos</p> <p>- Legal form: a limited company with an executive board and a supervisory board (<i>Société anonyme à directoire et conseil de surveillance</i>);</p> <p>- Applicable law: French law</p> <p>- Country of incorporation: France.</p>

<p>B.3</p>	<p>Nature of operations and principal activities</p>	<p>Created in 1999, Genfit is a biopharmaceutical company involved in drug discovery and development for the early diagnosis, prevention and treatment of cardiometabolic diseases (diabetes, dyslipidemia, etc.), associated disorders such as non-alcoholic steato hepatitis (NASH) and diseases affecting the liver and intestines. The Company currently focuses the bulk of its investments on a number of in-house research and development programs and, to a lesser extent, on R&D partnerships with other pharmaceutical companies. Genfit is addressing public health challenges and seeking effective solutions to fulfil medical needs that remain largely unmet.</p> <p>Genfit’s in-house program portfolio includes the following:</p> <ul style="list-style-type: none"> - GFT505, the most advanced proprietary drug candidate, which is currently in phase IIb clinical trials for the treatment of NASH. In addition, this program includes molecules that, like GFT505, target PPAR nuclear receptors, and have been demonstrated to have differentiated pre-clinical effects in various models. - Two biomarker programs - one in Type 2 diabetes (BMGFT02) and the other in NASH (BMGFT03) - which benefit from work carried out in partnership with biotech companies and academic laboratories. - The TGFTX1 program, which targets a nuclear receptor involved in the disruption of circadian rhythms (the daily rhythm of glucose and lipid metabolism) associated with Type 2 diabetes. This program is in the “lead optimization” research phase (optimization of the molecule’s structure to increase its activity/safety ratio). - The TGFTX3 program, which targets a nuclear receptor involved in immune system imbalances associated with autoimmune diseases affecting the liver or intestines. This program is in the “hit to lead” research phase (optimization of the molecule’s structure to increase its activity). - The TGFTX4 program targeting fibrosis mechanisms for the treatment of fibrotic diseases affecting the liver and/or intestines: a group of targets are undergoing a pharmacological validation program. - A program to discover new targets in diabetes as part of a research consortium, IT-Diab, working specifically on pancreatic β-cell dysfunction, which is responsible for the progressive onset of the disease. <p>The Company has a portfolio of 305 patents and patent applications (of which 251 have been granted or are in the process of being granted) associated with these programs, including 219 for GFT505.</p> <p>GFT505, Genfit’s most advanced proprietary compound, is currently in Phase IIb. This product, initially developed for diabetes, has shown very promising properties for the treatment of NASH, a disease of the liver which typifies the transition from a healthy state to a state of cirrhosis or fibrosis. There is currently no treatment available for this disease. In view of the clinical results obtained to date, there is good reason to be optimistic about the product’s therapeutic potential.</p>
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<p>B.4a</p>	<p>The principal recent trends affecting the issuer and its sectors of activity</p>	<p>The Group's prospects and objectives for 2014 are as follows:</p> <p><u>Strengthen the Company's funds in order to:</u></p> <ul style="list-style-type: none"> - assure its potential partners that, following the current Phase IIb clinical trial, the Company has the financial capacity to enable it to best negotiate GFT505 operating rights in NASH; - intensify the clinical development of GFT505 in other indications than NASH, thus strengthening its value before beginning Phase III trials; - give it the means to initiate its progressive transformation into a specialized biopharmaceutical company, by seizing the opportunity to acquire and then develop one or two molecule(s) at the clinical development phase in its areas of therapeutic excellence. <p><u>Bring the clinical development of GFT505 up to the beginning of Phase III trials:</u></p> <p>Following the solid scientific results obtained for GFT505 and the discussions that are underway with several biopharmaceutical companies, the Company intends to valorize the clinical, pre-clinical, and toxicological data obtained in order to negotiate the compound commercialization rights in the best interests of the Company and its shareholders.</p> <p>These negotiations will therefore be extended with a view to ensuring the transaction is as beneficial as possible. Therefore, the company may probably consider waiting for the Phase II b results of GFT 505 in Nash before assigning operating rights of the compound.</p> <p><u>Sign a new industrial co-development alliance</u> for compounds developed during the TGFTX1 or TGFTX3 programs.</p>
<p>B.5</p>	<p>The Group to which the issuer belongs</p>	<p><u>Organizational chart as of the date of the visa on the Prospectus</u></p>  <pre> graph TD A[Genfit SA] -- 100% --> B[Genfit Corp. (Etats-Unis)] A -- 100% --> C[Genfit Pharmaceuticals SAS] </pre>

B.6	Main shareholders	Shareholders				
			Number of shares	% of capital	Number of voting rights	% of voting rights
		Biotech Avenir (1)	2 974 574	13,99%	5 949 148	23,01%
		Institut Pasteur de Lille	1 134 203	5,34%	1 134 203	4,39%
		Université de Lille 2	1 116 250	5,25%	2 232 500	8,64%
		Finorpa	241 483	1,14%	241 483	0,93%
		CM-CIC Capital Finance	181 377	0,85%	362 754	1,40%
		Xavier Guille des Buttes	271	0,00%	335	0,00%
		Charles Woler	64	0,00%	128	0,00%
		Total members of the Advisory Board	5 648 222	26,57%	9 920 551	38,38%
		Jean-François Mouney	13 589	0,06%	13 653	0,05%
		Nathalie Huitorel	2 721	0,01%	2 721	0,01%
		Total members of the Executive Board	16 310	0,08%	16 374	0,06%
		Sanofi Recherche et Développement	352 000	1,66%	704 000	2,72%
Free Float	15 241 139	71,70%	15 208 860	58,84%		
	TOTAL	21 257 671	100,00%	25 849 785	100,00%	
<p>(1) 22.5% of shares in Biotech Avenir are held by 16 employees of the Company, 17.1% of shares are held by Jean-François Mouney and 60.4% of shares are held by third parties (13 individuals)</p>						

B.7	Selected historical financial key data		
	<i>Condensed IFRS statement of comprehensive income</i>		
	Consolidated data IFRS (€K)	Year ended 31.12.2013	Year ended 31.12.2012
	Income	5 967	6 010
	Operating profit (loss)	(10 514)	(7 716)
	Net financial income (loss)	180	(13)
	Income tax expenses	(2 318)	2 318
	Net profit (loss)	(12 652)	(5 412)
	<i>Condensed IFRS statement of financial position</i>		
	Consolidated data IFRS (€K)	Year ended 31.12.2013	Year ended 31.12.2012
	Non-current assets	2 052	12 428
	<i>Of which property plant & equipment</i>	<i>1 000</i>	<i>9 401</i>
	<i>Of which financial assets</i>	<i>702</i>	<i>208</i>
	<i>Of which differed taxes assets</i>		<i>2 318</i>
Current assets	27 099	11 154	
<i>Of which other assets</i>	<i>5 838</i>	<i>4 567</i>	
<i>Of which cash and cash equivalents</i>	<i>20 922</i>	<i>6 304</i>	
TOTAL ASSETS	29 151	23 581	
Shareholders' equity	14 093	6 834	
Non-current liabilities	5 983	8 252	
<i>Of which Conditionnal & Repayable advances</i>	<i>4 131</i>	<i>5 058</i>	
<i>Of which financial liabilities</i>	<i>1 397</i>	<i>2 531</i>	
Current liabilities	9 075	8 495	
<i>Of which Conditionnal & Repayable advances</i>	<i>1 067</i>	<i>1 295</i>	
<i>Of which financial liabilities</i>	<i>779</i>	<i>1 838</i>	
<i>Of which Trade & other payables</i>	<i>5 454</i>	<i>2 926</i>	
<i>Of which other liabilities</i>	<i>1 718</i>	<i>2 428</i>	
TOTAL LIABILITIES	29 151	23 581	

<i>Condensed consolidated cash flow statement</i>		
Consolidated data IFRS (€K)		
	Year ended 31.12.2013	Year ended 31.12.2012
Cash flow related to operating activities	(9 191)	(7 862)
Cash flows related to investment activities	7 323	(295)
Cash flows related to financing activities	16 492	1 654
Variation in cash flow over the period	14 624	(6 502)
B.8	Pro forma financial data	The Prospectus does not contain pro forma data.
B.9	Profit forecast or estimate	The Prospectus does not contain profit forecasts or estimates.
B.10	Reserves on the historical financial data	Not available.
B.11	Net working capital	As of the date of the visa on this Prospectus, the Company has sufficient net working capital to meet its obligations and cash requirements for the next twelve months.
Section C - Transferable securities		
C.1	Type, category and identification number of the new shares	The 21,257,671 shares comprising the issued share capital of the Company as of the date of the Prospectus are ordinary shares, all of the same class. - ISIN code: FR0004163111 - Ticker symbol: GNFT - ICB classification : 4573 Biotechnology - Place of listing: Transfer from the Alternext market to the Euronext market (Compartment B) of Euronext Paris
C.2	Issue currency	Not available.
C.3	No. of shares issued/nominal value of the shares	-No. of shares issued: Not available. -Nominal value per share EUR 0.25
C.4	Rights attached to the securities	Under current French legislation and the Company's articles of association, the main rights attached to the Company's shares are as follows: - dividend right; - voting right; -preferential subscription right for shares of the same class; - rights to share in any liquidation surplus.
C.5	Restrictions on the free transferability of the securities.	The articles of association do not contain any clauses limiting the free trading of the shares that make up the share capital of the Company.

C.6	Existence of a request for admission to trade on a regulated market	Not available.
C.7	Dividend policy	No dividends have been paid over the last 3 fiscal years

SECTION D - RISKS

D.1	Principal risks specific to the Issuer or its sector of activity	<p>Investors are asked to take into consideration the risks summarized below and described in Chapter 4 of Part One of this Prospectus and in Chapter 2 of Part Two of the Prospectus before making their investment decision. In particular:</p> <ul style="list-style-type: none"> • Risks related to the research and development activity for 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. Given the risks inherent in the research and development of new drugs, together with the constraints imposed by the regulatory and legal frameworks applicable to the activity, 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 be commercialized or 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. • 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. • 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 Company cannot guarantee the commercial success of its procedures to grant 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. <ul style="list-style-type: none"> • A drug's sales potential depends heavily on the conditions for its reimbursement. • 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 depends on third parties for the conducting of clinical trials and certain preclinical trials on its drug candidates and biomarker candidates. • As part of its research and development activities for its drug candidates and biomarker candidates, the Company has to work with dangerous substances. Some of the Company's employees are therefore exposed to chemical, biological and radiological risks.
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		<ul style="list-style-type: none"> Risks related to the Company's ability to obtain, extend and enforce its patents and other intellectual property rights. The Company cannot guarantee: <ul style="list-style-type: none"> -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 it 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. Risk related to the Company's funding capacity and liquidity risk The Company has conducted a specific review of its liquidity risk and considers that it is able to meet its future maturities. However, its funds could prove insufficient to meet additional financing needs that may arise. The development of the Company's programs requires substantial financial investments. The Company's ability to raise funds in order to ensure the ongoing development of its drug candidates or biomarker candidates is of utmost importance.
D.3	Principal risks pertaining to new shares	Not available.
SECTION E - OFFERING		
E.1	Total net proceeds of the issue	Not available.
E.2a	Reasons for the transfer process	<p>The objectives of the transfer of the Company's shares from the Alternext market to the regulated Euronext market (Compartment B) are:</p> <ul style="list-style-type: none"> - to be admitted to a regulated market and thus gain access to a broader investor base in France and abroad; - to raise the profile of the Company, which targets a global market; - to provide better conditions under which the Company can call on the market to help fund its development. <p>Within the framework of the transfer of the Company's shares from the Alternext market to the regulated Euronext market of Euronext in Paris, it is stated that the Company will not issue any new shares or place any existing shares.</p>
E.3	Terms and conditions of the offer	<p><u>Calendar for the transfer:</u> April 14, 2014: AMF issues visa for Prospectus April 15, 2014: Company issues press release Euronext Paris issues a notice announcing the transfer from the Alternext market to the regulated Euronext market April 16, 2014: Delisting of shares from the Alternext market at the end of the trading session. April 17, 2014: Listing of Genfit shares on the regulated Euronext market</p>
E.4	Interests, including conflicting interests, that may	Not available.

	materially affect the issue/offering	
E.5	Name of the issuing Company and lock-up agreements	- Name of issuing company: Genfit - Lock-up agreements Not available.
E.6	Dilution amount and percentage immediately resulting from the offering	Not available.
E.7	Costs billed to the investor by the Issuer	Not available.

PART ONE: Base Document

1. PERSONS RESPONSIBLE

1.1 Person responsible for the Prospectus

Jean-François Mouney, Chairman of the Executive Board

1.2 Statement by the person responsible

I hereby declare, after taking every reasonable measure to this effect, that the information contained in this Prospectus is, to my knowledge, a true reflection of the facts and does not contain any omissions liable to alter the scope thereof.

I have received an audit completion letter (lettre de fin de travaux) from the statutory auditors, in which they state that they have verified the information relating to the financial position and the financial statements in this Prospectus and have read through this entire Prospectus.

The consolidated financial statements for the year ended December 31, 2012 included in this Prospectus, have been subjected to a report from the statutory auditors, which contains the following observations:

Without qualifying the opinion expressed above, we draw your attention to the point set out in note 1.2 of the appendix, which presents the company's means to find sufficient financial resources to meet its operating cash needs over the next twelve months.

The consolidated financial statements for the year ended December 31, 2013 included in this Prospectus, have been subjected to a report from the statutory auditors which contains no observations.

Signed in Loos, on 14 April 2014.

Jean-François Mouney
Chairman of the Executive Board

1.3 **Person responsible for the financial disclosure**

Jean-François Mouney

Position: Chairman of the Executive Board

Address: Parc Eurasanté, 885 avenue Eugène Avinée, 59120 Loos

Telephone: +333 2016 4000

Fax: +333 2016 4001

Email: contact@genfit.com

2. **STATUTORY AUDITORS**

2.1 **Principal statutory auditors**

- **ERNST & YOUNG ET AUTRES**

Represented by Mr Franck Sebag

1-2 place des saisons, 92400 Courbevoie – Paris La Défense 1

Start of first mandate: appointed by the Ordinary General Meeting on June 26, 2012.

Expiry date of the current appointment: Annual General Meeting convened in 2018 to approve the financial statements for the financial year ending on December 31, 2017.

The firm Ernst & Young et Autres was appointed upon the expiry of the mandate granted to Ernst & Young Audit, represented at the time by Mr Franck Sebag, who was appointed as statutory auditor when the Company was created and whose term of office was renewed by the General Meeting on June 27, 2006.

- **Audit & Commissariat Aine & Deldique Associés**

Represented by Mr Rémy Aine

59 boulevard Vauban 59000 Lille

Start of first mandate: appointed by the Ordinary General Meeting on 27 June 2006

Renewal date: General Meeting of June 26, 2012

Expiry date of the current appointment: Annual General Meeting convened in 2018 to approve the financial statements for the financial year ending on December 31, 2017.

2.2 **Alternate statutory auditors**

- **AUDITEX**

Represented by Mr Pierre Jouanne

1-2 place des saisons, 92400 Courbevoie – Paris La Défense 1,

Start of first mandate: appointed by the Ordinary General Meeting on June 27, 2006

Renewal date: General Meeting of June 26, 2012

Expiry date of the current appointment: Annual General Meeting convened in 2018 to approve the financial statements for the financial year ending on December 31, 2017.

Auditex was initially represented by Mr Christian Olivier, who remained in office until the renewal of the firm's mandate on June 26, 2012.

- **Audit Flandres Artois**

Represented by Mr Olivier Verrue
9 rue Louis Legay, Les Arrazi, 62000 Arras

Start of first mandate: appointed by the Ordinary General Meeting on June 26, 2012

Expiry date of the current appointment: Annual General Meeting convened in 2018 to approve the financial statements for the financial year ending on December 31, 2017.

The firm Flandres Artois, represented by Mr Verrue, was appointed upon the expiry of the mandate held directly by Mr Olivier Verrue.

During the period covered by the historical financial information, none of the statutory auditors have resigned or been removed from office.

2.3 Fees paid to the statutory auditors

	Year ended 2013				Year ended 2012				
	Ernst & Young et Autres		Audit & Commissariat Aine & Deldique Associés		Ernst & Young et Autres		Audit & Commissariat Aine & Deldique Associés		
	K€	%	K€	%	K€	%	K€	%	
Audit									
> Statutory audit	59 832,48		11 802,00		59 808,49		11 832,00		
>Other diligences related to the audit	9 583,60		1 400,00		23 076,60		2 400,00		
Total	69 416	100%	13 202	100%	82 885	100%	14 232	100%	

3. SELECTED FINANCIAL INFORMATION

The principal financial information presented below is taken from the Group's consolidated accounts for the financial years ended December 31, 2013 and 2012, prepared in accordance with IFRS standards as adopted by the European Union, presented in Chapter 20. This information must be read with the information included in Chapter 9 "Review of financial position and performance", Chapter 10 "Liquidity and capital resources" and Chapter 20 "Financial Information" of Part One of this Prospectus.

- *Condensed IFRS statement of comprehensive income*

Consolidated data IFRS (€K)	Year ended 31.12.2013	Year ended 31.12.2012
Income	5 967	6 010
Operating profit (loss)	(10 514)	(7 716)
Net financial income (loss)	180	(13)
Income tax expenses	(2 318)	2 318
Net profit (loss)	(12 652)	(5 412)

- *Condensed IFRS statement of financial position*

Consolidated data IFRS (€K)	Year ended 31.12.2013	Year ended 31.12.2012
Non-current assets	2 052	12 428
<i>Of which property plant & equipment</i>	1 000	9 401
<i>Of which financial assets</i>	702	208
<i>Of which differed taxes assets</i>		2 318
Current assets	27 099	11 154
<i>Of which other assets</i>	5 838	4 567
<i>Of which cash and cash equivalents</i>	20 922	6 304
TOTAL ASSEIS	29 151	23 581
Shareholders' equity	14 093	6 834
Non-current liabilities	5 983	8 252
<i>Of which Conditionnal & Repayable advances</i>	4 131	5 058
<i>Of which financial liabilities</i>	1 397	2 531
Current liabilities	9 075	8 495
<i>Of which Conditionnal & Repayable advances</i>	1 067	1 295
<i>Of which financial liabilities</i>	779	1 838
<i>Of which Trade & other payables</i>	5 454	2 926
<i>Of which other liabilities</i>	1 718	2 428
TOTAL LIABILITIES	29 151	23 581

- **Condensed IFRS statement of cash flows**

Consolidated data IFRS (€K)	Year ended 31.12.2013	Year ended 31.12.2012	
Cash flow related to operating activities	(9 191)	(7 862)	
Cash flows related to investment activities	7 323	(295)	
Cash flows related to financing activities	16 492	1 654	
Variation in cash flow over the period	14 624	(6 502)	

4. RISK FACTORS

Investors are asked to consider all of the information contained in this Prospectus (including the risk factors described in this Section) before deciding whether to purchase or subscribe for shares in the Company. While preparing this Prospectus, the Company carried out a review of the risks that could have a material adverse effect on the Group, its activity, financial situation, results, development and prospects. The Company considers that there are no significant risks other than those presented herein.

However, investors' attention is drawn to the fact that other risks could exist, which, on the registration date of this Prospectus, are unknown or not considered likely to have a material adverse effect on the Group, its activity, financial situation, results, development and prospects.

4.1 Risks associated with the Company's business

4.1.1 Risks related to the research and development activity in 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 there will be no delays in their development or launch on the market.

4.1.1.1 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.

4.1.1.2 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.

4.1.1.3 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.

4.1.1.4 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 2013 by the French Pharmaceutical Companies Association LEEM (*Les Entreprises du Médicament*), for the preclinical research and development stages, out of 100,000 molecules screened in exploratory research, 10,000 are tested during preclinical trials and only 10 reach the stage of clinical trials in phases I, II and III.

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.

4.1.2 Risks inherent in the marketing of new drugs

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 are on the market or close to being launched.

4.1.3 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.

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

4.1.4.1 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 will not assume the full development of its drug candidates and biomarker candidates alone, but is seeking co-development agreements and/or licenses with pharmaceutical groups for its drug candidates and biomarker candidates as from phase III. For 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 alone, once they have obtained marketing authorization. Here again, it intends to sign distribution and marketing agreements with pharma 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.

4.1.4.2 Risks related to maintaining and renewing the collaborative research agreements currently in force and/or signing new collaborative research agreements

In terms of alliances on behalf of third parties, the Company has since its creation developed collaborative research agreements with leading pharmaceutical groups, including Sanofi, Merck KGaA, Laboratoires Pierre Fabre, Laboratoires Fournier (Solvay group, acquired by Abbott) and Servier. Some of these contracts have regularly been renewed over time. The framework agreements for collaborative research currently in force with this type of partner are generally for a set duration of three years. The revenues generated by these agreements currently make up the bulk of the Company's sales.

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 also generates steady 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.

4.1.5 Risks related 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 works notably with the companies Naturalpha and Premier Research in the design and organization of phase I and II clinical trials for its most advanced products.

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 Naturalpha or Premier Research 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.

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.

4.1.6 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 Sécurité 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.

4.1.7 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, Chief Operating Officer and Chief Scientific Officer
- Bart Staels, President of the Scientific Advisory Board

The company has taken out key person insurance covering Jean-François Mouney, Raphaël Darteil and Nathalie Huitorel for a total of EUR 1.6 million.

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, is an important tool to foster the motivation and loyalty of key personnel, by indirectly permitting them to hold a significant interest in the Company's capital. Biotech Avenir is simplified joint stock company (*société par actions simplifiée*) under French law, which, as of the date of this Prospectus, holds around 14% of the Company's shares (22.7% of voting rights). Biotech Avenir's shareholders are notably the Company's founders and 16 executives employed by the Company.

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.

4.1.8 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. As specified in Section 6.2 below, 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.

4.2 Legal risks

4.2.1 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 it 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 be 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.

4.2.2 Risk related to patents and intellectual property rights held by third parties

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.

4.2.3 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.

4.2.4 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 (see Chapter 11.2.5 of this document), 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.

4.2.5 Risk 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, 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.

4.2.6 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 an important source of revenue for the Company (see the points set out in Chapter 4.1.5 above and Chapter 9 below). 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.

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

4.2.7.1 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 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 ;
- 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 a major legal dispute.

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.

4.2.7.2 Liquidity risk

The Company has conducted a specific review of its liquidity risk and considers that it is able to meet its future maturities. As of December 31, 2013, the Group has EUR 20.9 million in cash and cash equivalents.

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 December 31, 2013 amounts to EUR 14.1 million. The table below shows the breakdown of the Group's net debt by maturity as of December 31, 2013.

- Net cash position and repayment schedule.

Net cash position & reimbursement schedule (in € thousands)	31.12.2013	<1 year	<2 years	<3 years	<4 years	<5 years	>5 years
Convertible loans	0,0	0,0	0,0	0,0	0,0	0,0	0,0
Bank loans	344,5	125,5	117,0	102,1	0,0	0,0	0,0
Participating development loan	1 725,0	575,0	460,0	460,0	230,0	0,0	0,0
Renewable credit facility	0,0	0,0	0,0	0,0	0,0	0,0	0,0
Obligations under finance leases and hire purchase contracts	60,3	32,5	27,8	0,0	0,0	0,0	0,0
Other financial liabilities	24,6	24,6	0,0	0,0	0,0	0,0	0,0
Accrued interests	20,5	20,5	0,0	0,0	0,0	0,0	0,0
Bank overdrafts	0,4	0,4	0,0	0,0	0,0	0,0	0,0
FINANCIAL LIABILITIES	2 175,4	778,5	604,8	562,1	230,0	0,0	0,0
INTEREST-FREE LOANS (FROM GOVERNMENT)	5 198,0	1 067,3	680,1	3 202,7	248,0	0,0	0,0
Financial assets	597,7	9,6	0,0	0,0	115,0	0,0	473,0
Short-term deposits	20 750,5	20 750,5	0,0	0,0	0,0	0,0	0,0
Cash & bank balances	171,6	171,6	0,0	0,0	0,0	0,0	0,0
CASH ASSETS	21 519,8	20 931,8	0,0	0,0	115,0	0,0	473,0
NET CASH	14 146,4	19 086,0	-1 284,9	-3 764,7	-363,0	0,0	473,0

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 Métropole Communauté Urbaine" are intended to sustain the development of the company. The elements related to these conditional advances are detailed in the next table (see section 9.1.1.1 of this prospectus):

(in € thousands)	Year ended 31/12/2013		Within 1 year		After 1 year but not more than 2 years		After 2 year but not more than 3 years		After 3 year but not more than 4 years	
	collected	refunded	to be received	to be refunded	to be received	to be refunded	to be received	to be refunded	to be received	to be refunded
OLNORME - OSEO	900 000	600 000		300 000		0		0		0
OLNORME - OSEO - 2	200 000	100 000		100 000		0		0		0
IT-DIAB	2 924 232	0		0	304 919	0		2 924 232		0
B-DIAB 1	30 750	13 050		14 588		3 113		0		0
B-DIAB 2	30 750	13 050		14 588		3 113		0		0
B-DIAB 3	37 000	15 650		17 575		3 775		0		0
AD-INOV 1	171 500	0		41 744		41 744		41 744		46 268
AD-INOV 2	171 500	0		41 744		41 744		41 744		46 268
AD-INOV 3	150 000	0		36 511		36 511		36 511		40 467
OLNORME II - 1	125 000	0		0		37 500		50 000		37 500
OLNORME II - 2	125 000	0		0		37 500		50 000		37 500
OLNORME II - 3	100 000	0		0		30 000		30 000		40 000
REGION NPDC	1 000 000	382 738		334 262		283 000		0		0
LMCU	500 000	143 226		166 291		162 060		28 422		0
TOTAL	6 465 732	1 267 715	0	1 067 302	304 919	680 059	0	3 202 653	0	248 003

On this program, the company is entitled to receive EUR 304,9 k in 2015

The breakdown of the Group's financial liabilities as of December 31, 2013 is presented below:

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

Current & non-current financial liabilities (in € thousands)	31.12.2013		31.12.2012	
	Non-current	Current	Non-current	Current
Convertible loans	0,0	0,0	850,0	0,0
Bank loans	219,1	125,5	10,7	125,0
Participating development loan	1 150,0	575,0	1 610,0	575,0
Renewable credit facility	0,0	0,0	0,0	998,3
Obligations under finance leases and hire purchase contracts	27,8	32,5	60,3	62,9
Other financial liabilities	0,0	24,6	0,0	19,8
Accrued interests	0,0	20,5	0,0	53,1
Bank overdrafts	0,0	0,4	0,0	4,0
TOTAL	1 396,9	778,5	2 531,1	1 838,1

- Bank loans

The bank loans taken out in 2010 and 2013 total EUR 420k and will be fully paid back in 2016. The participating loan agreement taken out in 2010 for a total of EUR 2,300k will be fully reimbursed in 2017.

- Finance leases

As of December 31, 2013, debts under finance leases for furniture totaled EUR 60k.

4.2.8 Risks relating to the Research Tax Credit

To finance its operations, the Company benefits from research tax credits (*CIR for Crédit d'Impôt Recherche*). The French Treasury refunded the 2011 and 2012 research tax credits to the Company during the year following the close of the fiscal year concerned. Regarding the research tax credit recognized for 2013 and future years, it is possible that the tax authorities could call into question the accelerated reimbursement allows to the Small and Medium Size Cies, the methods used by the Company to calculate its research and development expenses or that the CIR itself could be called into question due to a change in policy or because it is contested by the tax authorities, 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.

4.2.9 Other risks

Exchange rate risk

As of the date of this document, the Company's exposure to exchange rate risk is very low because 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 risk

The Company's exposure to interest rate fluctuations mainly affects two items on its 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 (see note 3.7 to the consolidated financial statements for the year to December 31, 2013 which are included in section 20.1 of this Prospectus). 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 31 December 2013, the Group's financial liabilities totaled EUR 2,175.4k 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 to motivate its managers, employees and consultants. As of the date of this Prospectus, the Company's stock option plan has lapsed. In the future, the Company could allocate or issue other capital instruments or securities providing access to its 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

4.3 Insurance policies and 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	Expiry date
<u>Directors and company officers liability insurance</u> <u>Policy 0007904132/0000 avenant 5</u>	AIG		3 500 000 Euros	automatically renewable
<u>Freight transport</u>		maximum overall annual limit		Policy subscribed when needed
<u>Damages & consecutive operating loss policy 013021171</u>	ALLIANZ IARD	damages to property	8 522 563 Euros	automatically renewable
		theft	222 354 Euros	
		broken glass	44 471 Euros	
		machines breakdown	2 223 846 Euros	
		operating loss policy	12 000 000 Euros	
<u>Individual insurance accident</u> <u>Policy 012 513 003</u>	ALLIANZ IARD	Per event	15 000 000 Euros	automatically renewable
		Accidental death	100 000 Euros	
<u>Operating and Product liability policy</u> <u>DB 0000600919</u>	CHUBB	Operating (before delivery)	7 622 451 Euros	automatically renewable
		Product (after delivery)	2 300 000 Euros	

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

The charges paid by the Group for its insurance policies amounted to EUR 114.8k and EUR 112.7k for the fiscal years to December 31, 2013 and December 31, 2012.

4.4 **Judicial and arbitration proceedings**

Please refer to section 20.7 of Part One of this Prospectus.

5. **INFORMATION CONCERNING THE COMPANY**

5.1 **History and development of the Company**

5.1.1 Company name and trade name

The Company's name is: Genfit.

5.1.2 Place of registration and registration number

The Company is registered in the Lille Métropole Trade and Companies Register under number 424 341 907.

5.1.3 Date of incorporation and term

The Company was incorporated on September 15, 1999 for a term of 99 years as from the date of its registration in the Trade and Companies Register, i.e. September 21, 1999, unless its term is extended or the Company is wound up early.

5.1.4 Principal office, legal form and legislation governing the Company's operations

The Company is a French société anonyme (corporation) with an Executive Board and a Supervisory Board, whose operations are governed primarily by Article L. 225-1 et seq. of the French Commercial Code (Code de Commerce).

The Company's principal office is at: Parc Eurasanté, 885 Avenue Eugène Avinée, 59120 Loos

Its contact details are as follows:

Phone: + 33 (0)3 2016 4000

Fax: +33 (0)3 2016 4001

Email: contact@genfit.com

Website: www.genfit.com

5.1.5 Important events in the development of the Group's activities

The following key events have occurred since the Company's inception:

1999	<p>→ Creation of the Company in September by Jean François Mouney and Florence Séjourné, with the scientific assistance of Professors Bart Staels and Jean-Charles Fruchart.</p> <p>→ Conclusion of four research collaboration agreements with four manufacturing groups (Rhône Poulenc, Sanofi, UCB Pharma and Lipha/Merck Santé), which acquired equity in the Company.</p> <p>→ Conclusion of research collaboration agreements with academic institutions (Lille 2 University and the Institut Pasteur in Lille).</p>
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2001	<p>→ In January, Genfit moved into purpose-built premises in Loos (near Lille).</p> <p>→ Creation of IT Omics SA, a subsidiary that specializes in bio-informatics</p> <p>→ Conclusion of two new collaboration agreements with Laboratoires Fournier and Biomérieux-Pierre Fabre. Acquisition by Laboratoires Fournier of an equity interest in Genfit.</p> <p>→ Launch of the Company's first own research programs.</p>
2002	<p>→ Initiation of a business relationship with Cardialpha (now Naturalpha) for the purpose of conducting preclinical and clinical trials.</p> <p>→ Conclusion of two new collaboration agreements with Kowa and LFB (French Separation and Biotechnologies Laboratory).</p> <p>→ Launch of preclinical trials for GFT14, the Company's first proprietary drug candidate.</p>
2003	<p>→ Creation of Genfit Corp. in Massachusetts, USA, in July.</p> <p>→ Two drug candidates resulting from research carried out with an industrial partner enter clinical development for the treatment of atherosclerosis and lipid disorders.</p>
2004	<p>→ Conclusion of a collaboration agreement with Laboratoires Servier.</p> <p>→ Renewal of collaboration agreements with Pierre Fabre and Sanofi-Aventis for three years.</p> <p>→ Launch of preclinical trials for GFT505 (molecule owned by the Company).</p> <p>→ Conclusive results obtained during preclinical tests on GFT14.</p>
2005	<p>→ Commencement of Phase I clinical trials for GFT14.</p> <p>→ Conclusive results obtained during preclinical tests on GFT505.</p> <p>→ Commencement of Phase II trials for a drug candidate resulting from a collaborative research program.</p> <p>→ Commencement of Phase I trials for two drug candidates resulting from research carried out with an industrial partner.</p> <p>→ Renewal of partnership with Laboratoires Servier.</p>
2006	<p>→ Renewal of collaboration agreement with Merck Santé for three years.</p> <p>→ Takeover of all UCB Pharma's rights to the results of six years of joint research in relation to asthma and allergies.</p> <p>→ Commencement of Phase II trials for GFT14 and Phase I trials for GFT505.</p>

	<p>→ Renewal of collaboration agreement with Sanofi-Aventis for two years.</p> <p>→ Renewal of collaboration agreement with Fournier-Solvay for three years.</p> <p>→ Capital increase via the issuance of 1,670,562 new shares, raising a total of EUR 15,035,058.</p> <p>→ Admission to trading of Genfit shares on Euronext Alternext in Paris.</p>
2007	<p>→ Renewal of strategic alliance with Sanofi-Aventis for a further two years, i.e. until 12/31/2008.</p> <p>→ Renewal of strategic alliance with Solvay for a further three years, i.e. until 12/31/2009.</p> <p>→ Renewal of strategic alliance with Laboratoires Pierre Fabre (due to expire at the end of December 2007) for a further two years, i.e. until 12/31/2009.</p> <p>→ Renewal of partnership with Servier until the end of 2008.</p> <p>→ Genfit selected as a member of two collaborative research consortia: in connection with the Genfit ANR (National Research Agency) and the European Commission FP7 (Framework Programme Seventh), Genfit was selected to take part in the three-year TOBI (Targeting OBesity-driven Inflammation) project.</p>
2008	<p>→ EUR 7.1 million in financing obtained from OSEO in the context of the IT-DIAB consortium led by Genfit.</p> <p>→ Genfit also received a steady flow of business through occasional alliances with Abbott and Lesaffre.</p>
2009	<p>→ Research program with Servier extended until 12/31/2011.</p> <p>→ SAVX1 program with Sanofi-Aventis concerning type 2 diabetes and vascular inflammation extended (until 12/3/2010).</p> <p>→ In the context of the partnership with Sanofi-Aventis, a new working relationship was established in relation to the treatment of neurodegenerative diseases.</p> <p>→ Genfit and Merck Santé signed an assignment agreement in relation to the MKG02 program pursuant to which Merck Santé assigned to Genfit all scientific data resulting from a six-year joint program concerning the treatment of type 2 diabetes and obesity.</p>
2010	<p>→ Significant progress made in the SERX1 research program carried out in partnership with Servier (dedicated to the treatment of various factors of insulin-resistance and type 2</p>

	<p>diabetes) during the first six months and the first progress payment was made to the Company.</p> <p>→ Following the success achieved by the Olnorme I consortium, European financing of EUR 1.2 million was obtained for a further three years.</p>
2011	<p>→ Renewal of longstanding alliance with Sanofi for a further three years for the purposes of two new programs.</p> <p>→ Continuation until September of industrial alliance with Servier (development of SERX1) and payment of a progress payment.</p> <p>→ Several capital increases totaling around EUR 5.6 million.</p>
2012	<p>→ Genfit's equity increased as a result of several capital increases totaling EUR 4.85 million, reserved for Yorkville.</p> <p>→ Issuance of bonds convertible into ordinary shares raising EUR 2 million.</p> <p>→ Positive opinions obtained on the design of Phase IIb in NASH issued by the European Medicines Agency followed by the US Food and Drug Administration (FDA). Launch of international multi-center study at the end of Q3 (in Europe and the US) with the aim of recruiting 270 patients.</p> <p>→ Genfit becomes the owner of its premises by exercising an option under its real estate finance lease early.</p>
2013	<p>→ Genfit sells all of its laboratories and offices (on the Parc Eurasanté in Loos) to a real estate investor in the healthcare sector, generating approximately EUR 8 million in net cash.</p> <p>→ Genfit raises EUR 14.3 million (in connection with a capital increase for qualified French and foreign investors).</p> <p>→ Issuance of bonds convertible into ordinary shares raising EUR 7 million.</p> <p>→ In the context of its alliance with Sanofi, an additional scientific milestone was reached in January, leading to the payment of a second progress payment.</p> <p>→ In the context of the GFT505 program, preclinical data reveals the importance of the therapeutic potential of the compound that covers all stages of NASH through to cirrhosis and its development to liver cancer.</p> <p>→ In the context of the TGFX3 program, the therapeutic activity of new proprietary compounds (in in vivo model diabetics) is proven.</p> <p>→ In the context of the TGFTX1 program, Genfit identifies and validates a new family of proprietary ligands for the treatment of maladies autoimmune diseases.</p>
2014	<p>→ EUR 5 million capital increase with maintenance of preferential subscription rights.</p>

	<p>Demand for shares was around four times higher than the number of shares available.</p> <p>→ New preclinical results obtained on the inhibitory effects of GFT505 on the proliferation of cancerous cells of various origins.</p> <p>→ The FDA grants Fast Track designation to GFT505 in NASH.</p> <p>→ Achievement of a new milestone by Sanofi as a result of progress made.</p>
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5.2 Investments

5.2.1 Principal investments made during the last two fiscal years

The following principal investments were made during the period concerned:

Investments (consolidated) (IFRS, in EURk)	2013 12 months audited	2012 12 months audited
Intangible assets	62.2	4.2
Property, plant and equipment	177.4	289.8
Financial assets	483.2	8.3
TOTAL	722.8	302.3

2012

Investments were primarily made in relation to scientific equipment, fit-out costs and installations.

2013

Intangible assets involved acquisitions of software whereas investments in property, plant and equipment were primarily made in relation to fit-out works and installations (EUR 65.7k) and office equipment and computer hardware (EUR 95.9k).

Investments in financial assets (EUR 483.2k) related to the acquisition of shares in the context of the liquidity agreement (EUR 240k) and deposits and guarantees paid pursuant to the lease concluded on March 22, 2013 (EUR 225k) (see Section 8.1).

5.2.2 Main investments currently being made

The amount of the investments made in the first three months of 2014 is less than €100 k, as this made each year during the period referred to in Section 5.2.1 above.

5.2.3 Main investments under consideration

The Company is willing to consider opportunities to acquire new molecules that might be complementary to those already in its portfolio.

The Group is planning to make significant investments in the next few years. However, as of the date of this Prospectus, the Company's governing bodies have not made any firm commitments in this respect.

6. OVERVIEW OF THE GROUP'S ACTIVITIES

6.1 General introduction

Created in 1999, Genfit is a biopharmaceutical company that is involved in the discovery and development of drugs used in the early diagnosis, prevention and treatment of cardiometabolic diseases (diabetes, dyslipidemia, etc.), associated disorders such as non-alcoholic steatohepatitis (NASH), and diseases affecting the liver and intestines. The Company carries out its activities using a variety of complementary approaches, and with programs undertaken alone or in partnership with the pharmaceutical industry. Genfit addresses public health issues and tries to respond effectively to medical needs that are largely unmet.

Cardiometabolic diseases and their complications affect a very large population, which in turn includes numerous sub-populations that react differently to drugs. Although there are drugs currently available that act on one or more risk factors, the probability of patients, even if treated, developing complications such as non-alcoholic steatohepatitis (NASH) remains very high. Diabetes and its complications represent major public health challenges. To respond to these challenges, Genfit is developing a dual strategy comprising:

- Research and development of new diagnostic solutions to enable the early identification and management of the “pre-diabetic” or NASH patient in order to prevent the development of more serious complications that are presently difficult to control;
- Research and development of new drugs for the prevention and/or treatment of micro- and macrovascular complications, and organ dysfunction (liver, pancreas etc.) associated with cardiometabolic diseases. This therapeutic research relies on R&D expertise in drugs that act on nuclear receptors (proteins regulating gene expression).

Genfit is developing several diagnostic and treatment approaches, and offers a wide range of candidate biomarkers and drug candidates in strategic therapeutic areas; some are aimed at very large populations and therefore large markets, and others are aimed at narrower indications, and hence smaller markets.

In its current portfolio, the Company lists several R&D programs in which it is investing directly, and for which it holds 100% of the intellectual property rights. Genfit's portfolio of proprietary products and programs includes programs that are at different stages of advancement, ranging from the exploratory phase to late-stage Phase II clinical trials in humans.

- Earlier-phase programs are pursued with a view to creating industrial alliances for collaborative research and/or co-development.
- More advanced programs, where Genfit takes more risks, present a greater development potential in terms of transfer of their rights of use to pharmaceutical companies at the end of Phase II clinical trials.

In its portfolio of proprietary drug candidates, the Company has molecules that target key nuclear receptors involved in the development of metabolic disorders in the broadest sense, but also potentially in other therapeutic indications.

Genfit's portfolio can be broken down as follows:

- GFT505, the most advanced proprietary drug candidate, which is undergoing Phase IIb clinical trials for the treatment of NASH. It is grouped with other molecules which, like GFT505, target PPAR nuclear receptors, and have been demonstrated to have different preclinical effects distinguishable using various models;

- Two biomarker programs, relating to type 2 diabetes (BMGFT02) on the one hand and NASH on the other (BMGFT03), which benefit from studies carried out in partnership with biotechnology companies and academic laboratories;
- The TGFTX1 program, which targets a nuclear receptor that is implicated in the disruption of circadian rhythms (daily rhythm of glucose and lipid metabolism) associated with type 2 diabetes. This program is in the “lead optimization” research phase (optimization of the structure of the molecule to increase its activity/safety ratio);
- The TGFTX3 program, which targets a nuclear receptor implicated in the dysregulation of the immune system associated with so-called “autoimmune” diseases affecting the liver and/or intestines: This program is in the “hit to lead” research phase (optimization of the structure of the molecule to increase its activity);
- The TGFTX4 program, which targets fibrosis a range of targets is the subject of a pharmacological validation program; mechanisms for the treatment of “fibrotic” diseases affecting the liver and/or intestines;
- A discovery program to find new diabetes targets within the framework of a research consortium, IT Diab, with a specific study on pancreatic β -cell dysfunction, which is responsible for the gradual onset of the disease.

The Company has a portfolio of 305 patents and patent applications (251 of them issued or pending) on these programs, including 213 for GFT 505.

GFT505, Genfit’s most advanced proprietary compound, is currently in Phase IIb trials. This product has displayed characteristics of great interest for the treatment of NASH, a liver disease that typifies the transition from a healthy state to a cirrhosis/fibrosis type state. There is currently no treatment for this disease. Clinical results obtained to date provide grounds for optimism about the therapeutic potential of the product. In October 2013, studies on GFT505 received unanimously favorable conclusions from an international committee of experts appointed by Genfit to independently evaluate the safety of GFT505 (DSMB, Data Safety Monitoring Board). GFT505 currently enjoys Fast Track status (accelerated approval procedure) by the American Food and Drug Administration, which recognizes that NASH is an unqualified indication and that there is a near-urgent need to find adequate treatments. The international trial in progress involves 56 expert centers in the USA and several European countries. Results are expected by the end of 2014.

Besides these proprietary programs, since its foundation Genfit has been carrying out research studies within the framework of industrial alliances with the large pharmaceutical companies (Sanofi, Merck KgA, UCB etc.), as well as within the framework of more short-term partnerships, so-called “service” partnerships. Currently Genfit is seeking a collaboration agreement with Sanofi relating to research on new candidate drugs targeting several metabolic disorders. Within the scope of this agreement, payments for milestones may reach EUR 39 million (not including royalties) from now until market launch.

Genfit organizes its R&D programs around 7 large strategic development objectives:

- Continuation of the clinical development of GFT505 for NASH, and preparation of the last phase before marketing (Phase III of clinical development);
- Validation of new non-invasive biomarkers for “pre-diabetes” and NASH, and development of the related diagnostic tools;
- Study of circadian rhythms and the close link established between disruption of these rhythms and cardiometabolic diseases. Preclinical selection and development of anti-diabetic candidate drugs that play a role in circadian rhythms;
- Study of dysregulation of the immune system in so-called “autoimmune” diseases affecting the liver and/or intestines. Selection and development of candidate drugs for the treatment of autoimmune diseases;
- Study of mechanisms of fibrosis in so-called “fibrotic” diseases affecting the liver and/or intestines. Identification of new anti-fibrotic molecules;

- A search for new targets in diabetes within the framework of a research consortium based on a large program of clinical studies relating to the natural history of the disease over the long term (longitudinal studies);
- Detection and evaluation of licensing opportunities (in-licensing) in the strategic therapeutic areas targeted by Genfit.

Based in Lille, France, and Cambridge, USA, the Company has approximately 80 staff.

Since its creation, the Company has raised EUR 49.5 million. As of February 2014, it has funds of EUR 21.8 million.

6.2 Strategic therapeutic areas

6.2.1 Metabolic diseases linked to overweight and obesity

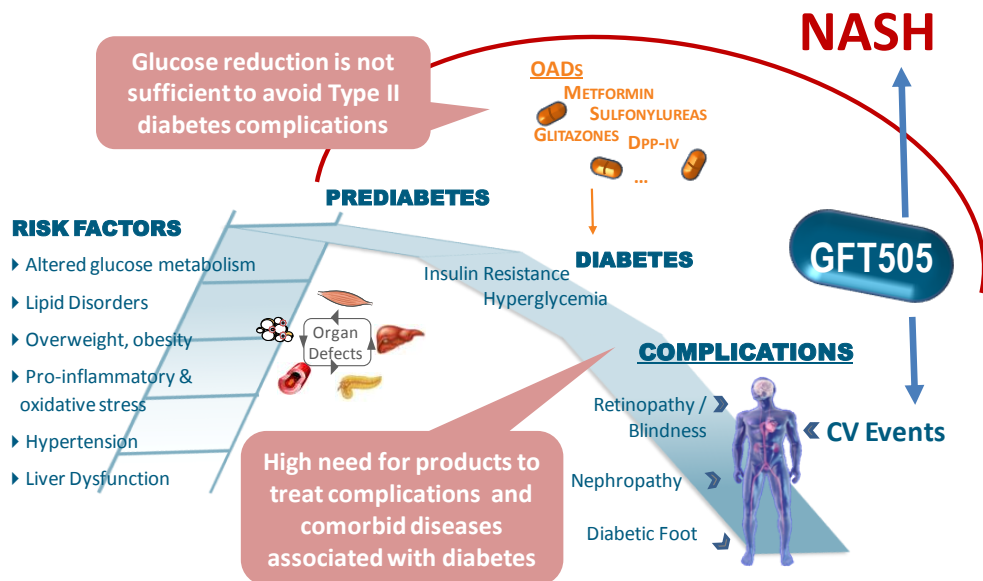
The worldwide obesity epidemic resulting from the widespread adoption of a Western-type lifestyle underlies the worrying increase in the incidence of type 2 diabetes and its retinue of vascular, renal, microcirculatory and hepatic complications. It is currently estimated that almost 1.6 billion adults are overweight, with 400 million of these being clinically obese¹.

In predisposed individuals, calorie-rich diets combined with a sedentary lifestyle cause dysregulation of the energy metabolism and chronic inflammatory processes in the liver, pancreas, muscles, adipose tissue and/or arteries. Over the long term, this dysfunction can lead to degeneration of one or more of these organs underlying the development of serious, or even fatal, conditions such as:

- type 2 diabetes;
- atherosclerosis and cardiovascular problems (myocardial infarction, stroke, etc.);
- renal failure;
- blindness;
- leg ulcers;
- non-alcoholic hepatitis (NASH) and cirrhosis.

Therefore, the prevention and treatment of metabolic conditions are major challenges for public health, and there is no real solution that really allows the onset of complications and comorbidities to be stopped. By way of example, the current treatment for type 2 diabetes does not reduce the risk of stroke in these patients. There is also no treatment for NASH.

¹ Source: OMS



There are various warning signs that enable at-risk patients to be identified. Several risk factors are generally discovered in the same individual:

- An elevated fasting blood glucose level associated with resistance to the action of insulin;
- Abdominal obesity;
- Atherogenic dyslipidemia (elevated level of triglycerides, low level of HDL-cholesterol or “good cholesterol”);
- A pro-inflammatory state;
- Hypertension.

The “metabolic” patient’s management can therefore be improved by the research and development of new drugs that can act simultaneously on several facets of the disease.

Faced with this therapeutic challenge, Genfit has developed the scientific and clinical expertise to find and develop solutions that are adapted to these multifactorial diseases.

6.2.2 Type 2 diabetes

Type 2 diabetes is a complex and progressive disease that initially presents in the form of pre-diabetes before being diagnosed as overt diabetes with chronic hyperglycemia.

Pre-diabetes is currently defined as an impairment of glucose metabolism that has not reached the diagnostic thresholds of confirmed diabetes.

Pre-diabetic patients present with multiple risk factors (obesity, lipid disorders, arterial hypertension, impaired blood glucose etc.) that gradually lead to:

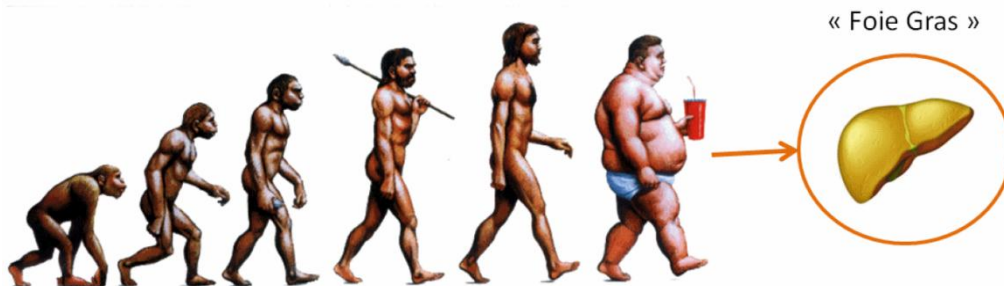
- Deterioration in organ function, especially the pancreas and liver;
- Type 2 diabetes;
- Subsequent complications of diabetes: NASH, myocardial infarction, stroke, retinopathy, nephropathy and “diabetic foot” all form part of the micro and macrovascular complications associated with diabetes.
- However, the current definition of pre-diabetes, based solely on the measurement of plasma glucose levels, does not allow the identification of patients genuinely at risk of type 2 diabetes and its complications.

For example, the Diabetes Prevention Program (DPP) study shows that more than half of patients considered today to be “pre-diabetic” do not go on to develop diabetes in the subsequent 10 years. (*Diabetes Prevention Program Research Group Lancet. 2009 Nov 14;374(9702):1677-86.*)

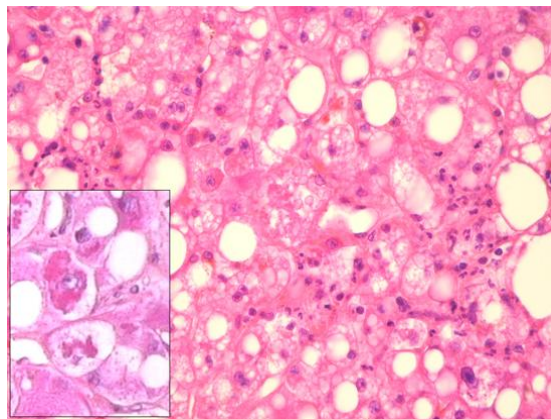
Therefore, early management of cardiometabolic disease requires new diagnostic tests in order to identify and then treat the patients most at risk of type 2 diabetes and its complications.

6.2.3 NASH: A ticking timebomb

NASH, or non-alcoholic metabolic steatohepatitis, results from accumulation of fat in the liver (steatosis), inflammation and cellular degeneration. Once it has set in, the disease brings with it a risk of cirrhosis, a condition in which liver function is disrupted, ultimately leading to hepatic insufficiency. Therefore NASH can result in serious, life-threatening, hepatic failure or liver cancer which requires liver transplantation.



There are multiple risk factors and predictive signs: age, obesity and body mass index, loss of insulin sensitivity, dyslipidemia, hypertension and raised hepatic enzymes. Hepatologists generally agree that NASH represents a “ticking timebomb.” As proof, the international scientific community has multiplied by 7 the number of publications dedicated to this topic over the last 10 years (source: PubMed), and the main regulatory authorities (FDA and EMA) have intensified their warning messages to the pharmaceutical industry regarding the absence of effective treatment.



Macroscopic photograph of a biopsy showing non-alcoholic steatohepatitis.

Non-alcoholic steatohepatitis is a disease that is histologically defined. Microscopic analysis of the liver biopsy reveals steatosis (lipid droplets) accompanied by liver cell lesions (hepatocyte ballooning/necrosis) and inflammation (inflammatory foci/Mallory bodies). In more advanced cases, NASH is accompanied by more or less extensive areas of fibrosis.

Throughout the world the number of cases of NASH is increasing constantly, correlated with the diabetes and obesity pandemic. Thus the current prevalence of NASH in the general population has already increased from 5 to 16% in Europe, and from 8 to 15% in the USA (Ryan, Johnson et al. 2002; Browning, Szczepaniak et al. 2004; Tran, Changsri et al. 2006; Williams, Stengel et al. 2011).

In the majority of cases, NASH is asymptomatic but silently evolves into cirrhosis with its range of serious complications. Thus over a period of 5-6 years it is estimated that 15-25% of NASH patients will go on to develop cirrhosis (Musso, Gambino et al. If one considers that almost one half of these cirrhotic patients will develop hepatic failure (Ekstedt, Franzen et al. 2006), it is not surprising that NASH is on its way to becoming the primary cause of liver transplantation in the USA and probably also in Europe (Charlton, Burns et al. 2011). These figures are all the more alarming when one realizes that the majority of so-called “unexplained” cirrhosis cases may in fact be due to undiagnosed NASH (Ratziu, Bellentani et al. 2010). Moreover, NASH represents a very significant risk of liver cancer, and epidemiological studies show that this risk is 25 times greater than that measured in the general population (Kawamura, Arase et al. 2012). Ultimately, patients with NASH are at 10 times greater risk of dying from a liver-related disorder. Finally, besides its serious effects on the liver, NASH multiplies the risk of cardiovascular problems (myocardial infarction, stroke, peripheral vascular accident), which thus contribute to the excess mortality measured in these patients (Musso, Gambino et al. 2011).

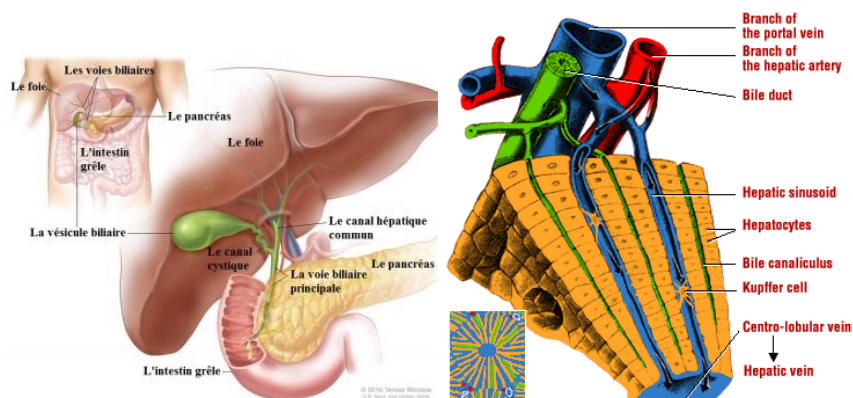
Hepatologists are powerless as there is currently no specific treatment for their patients. Several existing drugs have been tested but have failed in the clinical phase (metformin or pioglitazone combined with vitamin E; rosiglitazone etc.).

The ideal drug candidate has to show several fundamental actions aimed at improving insulin sensitivity, glucose metabolism and dyslipidemia (reduction of triglycerides and LDL-cholesterol; increase of HDL-cholesterol) in particular. It also has to have anti-inflammatory and antioxidant properties and reduce hepatic steatosis and circulating levels of hepatic enzymes—while blocking the development of fibrosis.

This ideal profile corresponds to the properties demonstrated by GFT505 during numerous pre-clinical and clinical studies (Phase I and Phase II). A handful of other biotechnology companies are also working on the discovery of a drug for the treatment of NASH, e.g. Intercept Pharmaceuticals and Raptor Pharmaceuticals (Phase IIB), Immuron (Phase II) and Phenex Pharmaceuticals AG (Phase I). To date, Genfit is among the three most advanced companies in this field.

The international NASH market was valued at over 200 million dollars in 2010, despite “default” treatment solutions. According to the same studies, it should exceed 2 billion dollars in 2018 (see Section 6.7.8) – *source: Portzamparc, Global Data.*

6.2.4 Chronic cholestatic diseases: orphan indications



6.2.4.1 Primary biliary cirrhosis (PBC)

PBC is an autoimmune disease. It mainly affects the small and medium-sized intrahepatic bile canaliculi. PBC is a rare disease, with a prevalence of 40 cases per 100,000 head of population. Women are ten times more likely to be affected than men, and the incidence increases after the age of 50. PBC is said to be responsible for 2 to 3% of deaths due to cirrhosis. The highest incidences have been reported in the USA and northern Europe. Cirrhosis is not generally advanced at the time of diagnosis, and 60% of patients are asymptomatic at the time of diagnosis, which is based on the presence of antimitochondrial antibodies and an increase in alkaline phosphatase. The initial symptoms are general fatigue and pruritus or itching (20-70% of cases). Other potentially associated symptoms include dry eyes, dry mouth and icterus (jaundice).

Left untreated, PBC invariably leads to cirrhosis, liver failure and transplantation. In the absence of treatment, the 10-year survival of asymptomatic patients is between 50 and 70%, with a mean survival of 16 years. Among symptomatic patients, mean survival in the absence of treatment is only 7-8 years.

Today, UDCA is the only drug approved for the treatment of PBC, but 40% of patients do not respond or respond poorly to treatment, and remain at elevated risk of cirrhosis, liver failure and transplantation. PBC remains a rare and serious, still poorly managed condition.

6.2.4.2 Primary sclerosing cholangitis (PSC)

Primary Sclerosing Cholangitis (PSC) is a disease that affects the intra- or extrahepatic bile ducts. This condition is associated with a very high morbidity due to its progression to [cirrhosis](#) and its complications, and a very elevated risk of cholangiosarcoma. PSC is a rare disease of young people (mean age of diagnosis = 40) and tends to affect men (70%). Unlike [primary biliary cirrhosis](#) (PBC), this disease can affect children. In 80% of cases it is associated with chronic inflammatory bowel disease. Its incidence is estimated to be around 1/100,000 in the USA and in Europe.

Diagnosis relies on a combination of the following four signs: (i) signs of cholestasis, (ii) evidence of abnormalities (stenosis) of the bile ducts on imaging, (iii) histological lesions upon microscopic examination of a liver biopsy and (iv) the presence of associated chronic inflammatory bowel disease. The symptoms appear gradually and are largely shared with PBC: asthenia, pruritus, jaundice and weight loss. Abdominal pain may accompany these symptoms in 10 to 15% of cases. PSC invariably progresses, and a liver transplant is generally required within 10-15 years of the diagnosis. Identified prognostic factors include age, serum [bilirubin](#) and albumin levels, transaminase activity and histological stage of fibrosis. PSC is associated with a very significant risk of cancer of the bile ducts. Thus 30 to 50% of cholangiocarcinomas are diagnosed within 2 years following the discovery of PSC. There is also an increased risk of colorectal cancer due to the presence of chronic inflammatory bowel disease.

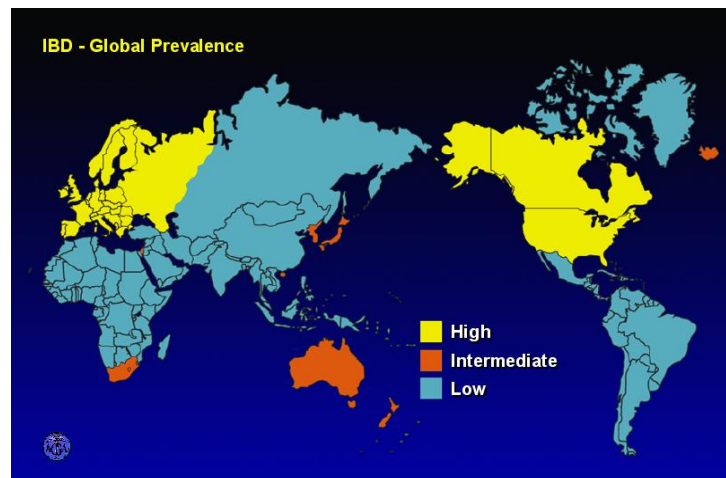
There is no treatment for PSC, which remains a rare disease.

6.2.5 Chronic inflammatory bowel disease (CIBD)

CIBD is a group of chronic diseases characterized by acute episodes interspersed with periods of remission. The etiology is still not well known but is generally agreed to be multifactorial, with environmental factors and genetic predisposition combining to destabilize the immune and inflammatory system. These are chronic diseases that can become extremely debilitating in 88% of cases without treatment. Therefore, given its seriousness, chronic inflammatory bowel disease is on the list of long-term conditions that are 100% covered by social security in France.

In 2012, 6.5 million people were reported to be affected, including approximately 4.4 million cases in the USA and Europe. In France there are currently 200,000 patients, and more than 3,000 new cases are diagnosed each year. The prevalence is growing, and in 2025 over 10 million people will be affected by this disease.

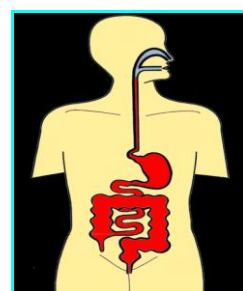
There is a north-south gradient in the prevalence of CIBD in Europe and France (Lumleain, 2012, “Disease State Primer; Inflammatory Bowel Disease”).



There are two distinct forms of CIBD, depending on the location of the inflammatory areas and the severity of the lesions. Crohn’s disease (CD) may affect the entire digestive tract, whereas ulcerative colitis (UC) affects the rectum and may extend to the colon. Epidemiologically, 50-60% of cases of CIBD are UC.



Ulcerative colitis



Crohn’s disease

There is presently no curative treatment for CIBD. Current treatments essentially attempt to treat the episodes (attack treatment) and prevent a recurrence of the episodes (maintenance treatment) during the remission phases. It is estimated that current treatments only control 25 to 30% of IBD cases over the long term. The worldwide market for CIBD treatment is growing (+7% per annum), and had already risen to 7.5 billion dollars in 2011, due essentially to the anti-TNF α drugs (infliximab and adalimumab). (Lumleain, 2012, “Disease State Primer; Inflammatory Bowel Disease”).

6.2.5.1 Ulcerative colitis

The incidence of UC in the USA and Europe is estimated at 15 cases per 100,000 head of population annually. The diagnosis of UC is made in adults of between 20 and 40 years during endoscopic examination (colonoscopy), which enables the intestinal wall to be visualized. Typically, colonoscopy reveals rectal inflammation that extends continuously upwards through the colon. Biopsies may be taken during colonoscopy to enable the severity of the inflammation to be assessed.

The symptoms are mainly digestive, with chronic, bloody and sometimes hemorrhagic diarrhea over several weeks. These episodes can be very painful. Apart from these digestive symptoms, the patient suffers from chronic fatigue. The episodes can be febrile, accompanied by weight loss and/or anemia. Finally, patients can present with hepatobiliary disorders (Primary Sclerosing Cholangitis), rheumatic pain, and ophthalmic and/or

cutaneous symptoms. UC can ultimately lead to toxic dilation of the colon or serious acute colitis, associated with a very significant increase in the risk of colon cancer.

Treatment for UC includes salicylates (5-ASA) and corticosteroids, immunosuppressants and anti-TNF α drugs. Used as a last resort, surgery is the only treatment that can “cure” the patient (removal of the rectum and colon). Approximately one third of severe forms of UC result in this very invasive surgery.

6.2.5.2 Crohn’s disease (CD)

The prevalence of Crohn’s disease is approximately 150 cases per 100,000 people. It affects adolescents and young adults between 15 and 40 years of age. However, young children can also be affected.

Colonoscopy is essential for a diagnosis but does not always enable the uppermost affected areas to be visualized. Video-capsule endoscopy enables the entire digestive tract to be visualized, the small intestine in particular. Unlike in UC, changes to the wall of the intestine are not continuous, and typically affect the colon and distal part of the ileum (ileitis). The lesions may be ulcerative and deep, and pseudo-polyps may be seen. Biopsies are useful for a differential diagnosis of CD under microscopic examination. The symptoms during CD episodes are similar to those encountered in UC. These are abdominal pain, which can be intense after eating, and chronic diarrhea. These episodes can be febrile and accompanied by weight loss. Fatigue is a persistent symptom. There are many complications associated with the progression of CD: intestinal stricture/occlusion, fissures, perforations (fistulas), peritonitis, toxic dilation of the colon and serious colitis. There is also an increased risk of colorectal cancer after ten years’ progression.

Current treatments (immunosuppressants and anti-TNF α drugs) only control 30% of cases of CD, and 50 to 70% of patients have to undergo surgery within ten years. However, surgery to eliminate the part damaged by CD does not eliminate the disease, and 80% of patients who undergo surgery suffer recurrences within months of being operated on.

6.3 **The expertise and know-how of Genfit**

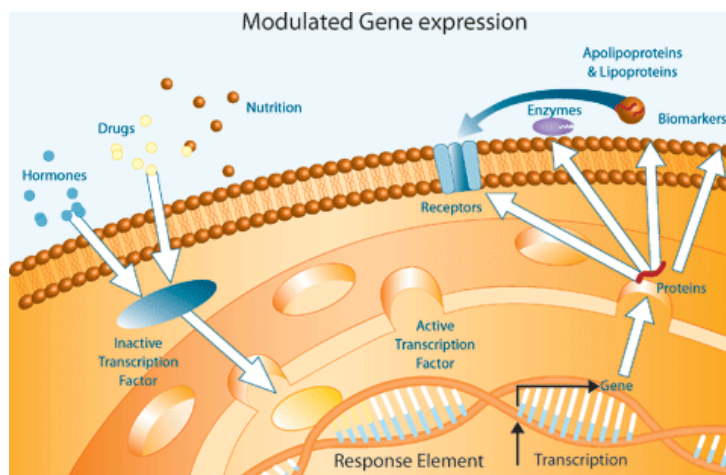
With its top-rate teams, Genfit has all the expertise and know-how necessary to research and develop innovative therapeutic solutions from identification to proof of efficacy and safety in Phase II clinical trials. Implementing a perfectly tailored technical platform, Genfit relies on its internal services and staff plus those mobilized via privileged collaborations established with specialist companies or internationally-recognized opinion leaders, to define and implement “bespoke” R&D strategies.

6.3.1 Expertise on nuclear receptors as targets

Research at Genfit relies in the first instance on the internationally-recognized scientific expertise of Prof. Bart Staels (more than 500 publications on the PubMed bibliographic database) and Genfit researchers (see list of publications) in the **modulation of gene expression** via a family of specific transcription factors, i.e. the **nuclear receptors**.

Gene expression in cells underlies the biological functions of cells and tissues. It obeys a complex regulation system in which proteins called transcription factors play a major role: depending on the activation state of transcription factors, a gene can be rendered active or inactive. Among the transcription factors, nuclear receptors are widely implicated in the control of key biological processes.

The international scientific community is preoccupied with these mechanisms for regulating gene expression. Modulation of gene expression is explained in the diagram below:



Genfit has developed internationally-recognized expertise in the understanding of these complex mechanisms and processes. This expertise has enabled it to develop strategies to select the most promising drug candidates in order to offer the best therapeutic solutions.

Given their central role in the modulation of biological activities, via the regulation of gene expression, transcription factors are of great interest as targets for drug treatment, providing scope for correcting deregulated physiological processes and thereby intervening in a suitable way to treat the patient.

Among the transcription factors, nuclear receptors have an advantage in that they can be modulated by specific molecules, ligands, which, depending on the case, can lead to increased or decreased expression of target genes. Regulation of nuclear receptor activity is the central mechanism of action of many drugs currently on the market (estrogens, glucocorticoids, androgens, fibrates etc.). These drugs account for over 10% of the 100 most commonly sold products in the world.

This ability of nuclear receptors to differentially regulate multiple genes makes them ideal therapeutic targets for addressing the different risk factors involved in the development of cardiometabolic diseases, as indicated in the diagram below:



For example, the type 2 diabetic patient generally suffers from multiple metabolic disorders that go well beyond a “simple” increase in plasma glucose concentration (hyperglycemia). These include dyslipidemia, pro-inflammatory states, hypertension or insulin resistance—all of which are both causes and consequences of organ dysfunction (liver, pancreas, muscles and arteries). Targeting a nuclear receptor enables one to act simultaneously on several of these factors, and therefore constitutes a real advantage in comparison to a therapeutic target with a single physiological effect.

Moreover, Genfit develops drug candidates that can target more than one nuclear receptor, which widens the spectrum of therapeutic action still more and gives it more of a competitive edge.

Using this approach, Genfit is developing several R&D programs targeting different nuclear receptors:

- The PPAR nuclear receptors—Peroxisome Proliferator-Activated Receptor—(PPAR α and PPAR δ in particular), on which Genfit has been working since it was founded, are favored targets in the treatment of numerous multifactorial disorders such as diabetes or NASH. These are the targets of GFT505;
- The receptor RevErb (TGFTX1), which plays a key role in the disruption of circadian rhythms of glucose and lipid metabolism in type 2 diabetes;
- The ROR (retinoic acid-related orphan receptors) receptors, for which the majority of research currently conducted principally targets autoimmune diseases.

By targeting these nuclear receptors, Genfit intends to develop a new generation of drug candidates with a better efficacy/safety ratio.

6.3.1.1 Selective modulators of nuclear receptors

The Company is in a position to design and generate a new category of drugs targeting nuclear receptors capable of selectively modulating the expression of certain genes needed for the proper functioning of the cell: SNuRMs (Selective Nuclear Receptor Modulators). Genfit, whose approach is the controlled expression of genes in target cells, can obtain potentially more effective and safer molecules in this way. GFT505 is one of a new generation of Selective Modulators of Nuclear Receptors, especially PPARs.

Based on this concept, Genfit has been able to develop strong competences in medicinal chemistry and molecular modeling, and has validated various tools that enable it to create and characterize unique selective modulators with respect to:

- their pharmacological activity;
- their profile of expression on certain target genes;
- and their profile with respect to co-factor recruitment.

6.3.1.2 Nuclear receptors and chronic inflammatory diseases

Numerous studies have revealed the role of nuclear receptors in the modulation of inflammatory processes, leading, among other things, to the formation of atheromatous plaques (atherosclerosis), the destruction of insulin-producing cells and NASH. Since its foundation, Genfit has acquired unique expertise in evaluating the best Selective Nuclear Receptor Modulators for the R&D of new anti-inflammatory drugs.

In populations with a high standard of living, chronic inflammation is often due to excessive calorie consumption or to a reaction to certain foods, especially processed foods, or to environmental factors such as smoking or pollution. If this inflammation persists over a prolonged period, even at a low level, it can cause the destruction of neurons and contribute towards Alzheimer's disease, or adversely affect the pancreatic β -cells (which are responsible for insulin production), the blood vessels, heart, kidneys or liver. Chronic inflammation can thus contribute to the morbidity associated with the important metabolic diseases such as cardiovascular diseases or type 2 diabetes, and hence predispose patients to chronic diseases of the liver and intestine. There are not always adequate therapeutic solutions to the numerous chronic inflammatory diseases, and the financial burden on healthcare systems is becoming critical, with an increase in patient numbers worldwide.

Genfit's R&D efforts in terms of drugs are focused on innovative therapeutic solutions for chronic inflammatory diseases of the liver, such as non-alcoholic steatohepatitis (NASH) and chronic inflammatory diseases of the bowel such as Crohn's disease and ulcerative colitis.

6.3.1.3 Nuclear receptors and autoimmune diseases

Autoimmune diseases can affect several organs and are among the major causes of morbidity and mortality, especially in women. Autoimmune diseases, such as lupus, psoriasis, or rheumatoid arthritis, occur when the immune system can no longer differentiate between endogenous and exogenous antigens. In this context, certain specialized cells of the immune system (T lymphocytes) generate destructive immune responses by triggering the production of antibodies to the patient's own organs by B lymphocytes. Normally, this process is strictly controlled, but these regulatory pathways are defective in the case of autoimmune diseases. There is currently no curative treatment for autoimmune diseases. Current therapies only relieve symptoms and inhibit the immune process non-specifically with all the side effects that this entails. Conventional therapeutic approaches are centered on several classes of broad-spectrum anti-inflammatory and immunosuppressant drugs. The new therapeutic solutions developed by Genfit seek to selectively inactivate the destructive T cells or try to regain control of them via the regulatory T cells (Treg).

Using this approach, Genfit's efforts are focused on innovative therapeutic solutions for the treatment of autoimmune diseases, such as primary biliary cirrhosis or autoimmune hepatitis, which can cause cirrhosis and even require liver transplantation.

6.3.2 Research and validation of new diagnostic biomarkers

6.3.2.1 Use of biomarkers

Biomarkers are biological measurements associated with a defined biological state. These markers are generally proteins or other cell constituents that are found in body fluids such as cerebrospinal fluid, blood or urine, and that are specifically linked to a disease.

Biomarkers can be detected using physical methods, biochemical methods or even molecular methods. They can be used alone or in combination as indicators of a normal or pathological state, but also as a control of a pharmacological response to a therapeutic intervention. The robustness of a biomarker detection test depends on its selectivity and specificity, i.e. its ability to prevent false positives as well as false negatives.

Since its foundation, Genfit has acquired all the competences necessary for the discovery and rapid development of new biomarkers. Thus a strong expertise has been developed over a wide range of technologies such as proteomics, peptidomics, and the purification and quantification of microvesicles and circulating nucleic acids.

These platforms, which use leading-edge technologies, combined with access to human samples via close collaborations with numerous hospital services (via participation in consortia), have enabled Genfit to rapidly launch the early phases of clinical validation.

The development of biomarkers plays an important role in the diagnosis, as well as the management and treatment of a given disease. In addition, biomarkers are valuable tools in the implementation of clinical trials as well as in evaluating the efficacy of drug candidates.

6.3.2.2 Biomarkers for the diagnosis of pre-diabetes

Early management of the cardiometabolic patient is dependent on the identification of patients before they develop a more serious disease. Thus prevention of the progressive destruction of insulin-secreting cells responsible for the onset of type 2 diabetes is dependent on the identification of genuinely “pre-diabetic” patients. To date, the definition of pre-diabetes based solely on blood sugar levels does not allow one to predict progression towards type 2 diabetes and its complications.

Via the IT-Diab consortium, Genfit with its partners has established a system to monitor patients at risk of type 2 diabetes over several years, and has developed a biomarker research program that predicts the progression of the patient.

6.3.2.3 Biomarkers for the non-invasive diagnosis of NASH

Histological examination of liver biopsies is the standard method for diagnosing NASH. However, liver biopsy is invasive and presents a number of limitations such as cost, variability of the samples and variability of the histological analysis.

This internal program focuses on the discovery of new circulating biomarkers of NASH. It uses “omic” approaches, and is based on the availability of high-quality samples and associated clinical data originating from the Phase IIb study currently being carried out with GFT505, the drug candidate for the treatment of NASH. This program has two objectives: (i) to find new biomarkers to ensure better diagnosis of NASH. This approach will result in better patient stratification; (ii) to find new biomarkers to identify patients who respond best to GFT505. This approach will lead to the discovery of a companion biomarker for GFT505.

6.3.3 Preclinical and clinical expertise in therapeutic areas

Thanks to its scientific and technical expertise, Genfit is able to conduct all the studies that will allow it to develop preclinical models, and demonstrate the therapeutic relevance of a new product. To do this, Genfit is implementing a whole range of in vitro and in vivo technologies that will enable it to evaluate the pharmacological activity of its compounds.

The Company also has the necessary experience to coordinate and manage the entire pharmaceutical development (production of batches of active substance and capsules or tablets), as well as all the regulatory toxicological, pharmacokinetic and ADME studies (Absorption, Distribution, Metabolism and Elimination of the product after administration) required before any administration of a new drug candidate to humans.

In parallel with this preclinical expertise, Genfit has been able to develop specialist know-how enabling it to define, structure and pilot clinical trials and show evidence of efficacy and safety in humans. Thus Genfit has conducted fifteen or so Phase I and Phase II clinical trials on its own proprietary products in Europe and North America, involving approximately 600 patients or healthy volunteers.

Genfit relies on different levels of expertise:

- in-depth scientific knowledge of gene regulation which makes it well-placed to understand biological mechanisms;
- a perfect understanding of the means and methods that enable it to satisfy a constant demand for translation between animal models and humans;
- a strong clinical knowledge of the targeted diseases.

6.3.4 Effective regulatory know-how

Throughout the process, Genfit complies with every regulatory requirement. The Company drafts and writes the product submission documents and submits these to the health authorities: IMPD (Investigational Medicinal Product Dossier) and IB (Investigator Brochure). It also administers a document management system throughout the lifetime of the product according to regulatory submission formats.

6.4 Genfit: key strengths

Genfit has been able to build a portfolio of strengths enabling it to implement highly effective measures and optimize its position in the sector.

6.4.1 Entrepreneurial spirit and scientific achievements

Genfit has been situated at the crossroads of science and industry since its creation. Its creation ultimately stems from the union of managerial and scientific expertise. Its founder, Jean-François Mouney, was Chief Executive Officer and founder of Eurasanté, the first French company to be involved in the bio-health sector and dedicated to the commercial enhancement and development of companies in the Nord-Pas-de-Calais region of France. Florence Séjourné, co-founder of Genfit, was at the time head of the Pharmaceutical and Biotechnology Unit at Eurasanté and therefore provided both scientific and economic expertise. The creation of Genfit was accompanied by the scientific support of Professor Bart Staels, who had gained high-level experience from the Metabolic Research Unit at the University of California in San Francisco in particular, as well as within the framework of the BioAvenir project in Vitry-sur-Seine, where research mainly concerned the molecular pharmacology of metabolic and cardiovascular diseases.

The industrial and managerial experience of Jean-François Mouney reflects the dynamic nature of a “serial entrepreneur” and is the cornerstone of Genfit’s development.

With the support of Jean-François Mouney, Genfit has:

- brought together top researchers and interdisciplinary R&D teams;
- capitalized on their respective expertise;
- pooled innovative studies;

in order to quickly provide a pipeline of promising drug candidates.

Jean-François Mouney has also developed working relationships with leading laboratories and academic institutions. Due to the quality of its research, Genfit has been able to establish and strengthen strategic agreements with leading global pharmaceutical companies since its creation, thus confirming the soundness and attractiveness of its model.

The dual scientific and managerial approach adopted by the leadership at Genfit since the Company was created is reflected by:

- the relevance of the scientific strategy and industrial choices of the Company;
- the discovery of numerous drug candidates;
- strong management of the Company and a perfect cost control system.

Judiciously positioned in its sector, Genfit has responded from the outset to the needs of the biopharmaceutical industry by providing:

- high-quality research;
- clinical expertise;
- significant competence in functional genomics;
- genuine know-how in pharmaceutical chemistry;
- and innovative technology.

6.4.2 An effective technical platform

Genfit has developed and optimized an extensive technical platform, enabling it to cover all research and development stages of new drug candidates within its strategic therapeutic areas:

- identification and validation of new therapeutic targets
- discovery of primary “lead” molecules
- structural optimization to improve the efficacy/safety ratio
- preclinical research and development (pharmacology, toxicology, bioanalyses, etc.)
- clinical development (Phase I and II clinical trials)

In particular, this technical platform brings together:

- several models and sources of biological material such as cell models (human and rodent), in vivo models and human pathological samples;

<i>Cellular models (human & rodent)</i>	<i>In vivo Models</i>	<i>Human diseased samples</i>
<ul style="list-style-type: none"> -> Primary cells and cell lines -> Hepatocytes -> Monocytes -> Macrophages -> Skeletal muscle cells -> Adipocytes -> Smooth muscle cells -> Endothelial cells 	<ul style="list-style-type: none"> -> Diet induced NAFLD/NASH in rodents -> CCl4 induced liver fibrosis in rodents -> Diet-induced obesity (DIO) in mice -> db/db mice -> Zucker diabetic fatty (ZDF) rats -> Streptozotocin induced type I diabetes in rats (diabetic nephropathy model) -> L-NAME induced, AngII-dependent hypertension and nephropathy model -> ApoE2/E2 KI mice -> ApoE KO mice, LDL-R KO mice -> New Zealand White Rabbits 	<ul style="list-style-type: none"> -> Diabetic patients -> Prediabetic patients, Impaired Glucose Tolerance, Impaired fasting glucose, Insulin resistance -> Obese patients -> CVD patients -> NAFLD/NASH patients

- a wide range of profiling tools relating to lipid metabolism, glucose metabolism and reverse cholesterol transport;

<i>Lipid metabolism</i>	<i>Glucose metabolism</i>	<i>Reverse Cholesterol Transport</i>
<ul style="list-style-type: none"> -> Adipocyte differentiation -> Fatty acid β-oxidation in hepatocyte & SMC lines -> Cholesterol, TG synthesis -> VLDL output -> LDL oxidation 	<ul style="list-style-type: none"> -> Glucose uptake in adipocyte and skeletal muscle cell lines (insulin induction) -> Glucose output from primary rat hepatocytes -> Insulin secretion 	<ul style="list-style-type: none"> -> Cholesterol esterification -> HDL uptake & LDL-R binding

- a comprehensive package of marker analyses including efficacy and safety markers.

<i>Markers of efficacy</i>	<i>Markers of safety</i>
<ul style="list-style-type: none"> -> Gene marker expression analysis -> Proprietary circulating Microparticles technology -> Lipids & apolipoproteins assays -> Inflammatory markers, circulating protein multiplex analysis 	<ul style="list-style-type: none"> -> Liver: ASAT, ALAT, Bilirubin, Biliary acids -> Heart and blood vessels: Hematocrit, Homocysteine -> Kidney: BUN (Blood Urea Nitrogen), Cystatin C, Creatinine (plasmatic & urinary) Microalbumin

6.4.3 Innovation carried out upstream of the R&D process

Upstream of the R&D process, the Company explores new therapeutic targets and identifies original compounds with new mechanisms of action. Due to the scientific expertise of its teams in the field of gene regulation and in particular, nuclear receptors, Genfit is able to:

- put in place all tests and screening cascades;
- subsequently generate series of small molecules acting on nuclear receptors and designed to induce specific biological responses.

6.4.4 Research methods and tools

To advance tailored therapeutic solutions and develop promising drug candidates, Genfit relies on:

- strong clinical knowledge of the targeted diseases, particularly diabetes and its complications;
- extensive scientific expertise in gene regulation and thorough understanding of biological mechanisms.

Due to its technical platform, which brings together both in vitro and in vivo technologies, as well as its privileged access to well-characterized, human, pathological tissues and the wide range of markers that it is able to analyze, Genfit is optimizing its R&D processes in the field of cardiometabolic, hepatic and gastrointestinal diseases.

The Company is able to:

- put in place all tests and screening cascades and subsequently generate series of small molecules designed to induce specific biological responses;
- conduct all studies enabling it to demonstrate, in preclinical models, the therapeutic relevance of a new product in humans.

6.4.5 A portfolio of optimized skills

Genfit brings together all the skills needed to advance therapeutic solutions from identification to evidence of efficacy and safety in Phase II clinical trials. Relying on its internal expertise, as well as that enlisted through special collaborations with internationally-recognized opinion leaders and specialist companies, Genfit defines and implements “bespoke” R&D strategies to ensure the maximize the value of its products.

6.4.6 A portfolio of patents

Since its creation, Genfit has endeavored to protect its strategic achievements and technological assets, both of which it places at the heart of its value-creation approach. The intellectual property of Genfit mainly concerns patents relating to:

- drug candidates;
- innovative methodologies and technologies, in particular those relating to diagnostics.

The Company has a portfolio of 305 patents and patent applications (251 issued or pending), grouped into 16 families, each corresponding to a specific invention. These patents relate to:

- new molecules that are likely to become drugs;
- potential therapeutic applications of these molecules;
- new applications of molecules that are already known for other uses.

In particular, 183 patents and patent applications relate to GFT505.

This portfolio also covers technologies that are useful as research tools. Genfit has also granted some of its pharmaceutical partners a free and non-exclusive license for new methods and technologies which it has developed and implemented within its industrial collaborations.

6.4.7 Numerous publications

The high-quality research conducted by Genfit and the quality of its teams are both internationally recognized, as illustrated by the numerous publications published over the years on its programs and studies, and particularly GFT505.

In 2013

Publications	Authors
Nuclear control of inflammation and fibrosis in NASH: Therapeutic potential of dual ppara/δ agonism	Quintero P, Arrese M. Departamento de Gastroenterología, Pontificia Universidad Católica de Chile, Santiago, Chile. <i>Hepatology</i> . 2013 June 20. (Editorial on GFT505 by independent authors)
Hepato-protective effects of the dual PPARalpha/delta agonist GFT505 in rodent models of NAFLD/NASH	B Staels, A Rubenstrunk, B Noel, G Rigou, P Delataille, LJ Millatt, M Baron, A Lucas, A Tailleux, DW Hum, V Ratziu, B Cariou and R Hanf, <i>Hepatology</i> , 2013
Dual peroxisome proliferator-activated receptor alpha/delta agonist GFT505 improves hepatic and peripheral insulin sensitivity in abdominally obese subjects	B Cariou, R Hanf, S Lambert-Porcheron, Y Zair, V Sauvinet, B Noel, L Flet, H Vidal, B Staels and M Laville, <i>Diabetes Care</i> , 2013
Identification of new nonsteroidal RORα ligands; related structure–activity relationships and docking studies	M Dubernet, N Duguet, L Colliandre, C Berini, S Helleboid, M Bourotte, M Daillet, L Maingot, S Daix, J-F Delhomel, L Morin-Allory, S Routier and R Walczak, <i>ACS Medicinal Chemistry Letters</i> , 2013
O45 GFT505, a PPARα/δ co-agonist, improves peripheral and hepatic sensitivity to insulin in obese, insulin-resistant patients	B Cariou, R Hanf, S Lambert-Porcheron, Y Zair, L Flet, H Vidal, B Staels and M Laville, <i>Diabetes & Metabolism</i> , 2013

In 2012

Publications	Authors
Roles of PPARs in NAFLD: potential therapeutic targets	A Tailleux, K Wouters and B Staels, <i>Biochim Biophys Acta</i> , 2012
Anti-inflammatory drug evaluation in ApoE$^{-/-}$ mice by ultrasmall superparamagnetic iron oxide-enhanced magnetic resonance imaging	M Sigovan, E Kaye, E Lancelot, C Corot, N Provost, Z Majd, M Breisse and E Canet-Soulas, <i>Invest Radiol</i> , 2012
Does endoplasmic reticulum stress participate in APD-induced hepatic metabolic dysregulation?	E Laressergues, E Bert, P Duriez, D Hum, Z Majd, B Staels and D Cussac, <i>Neuropharmacology</i> , 2012
Activation of intestinal peroxisome proliferator-activated receptor-alpha increases high-density lipoprotein production	S Colin, O Briand, V Touche, K Wouters, M Baron, F Pattou, R Hanf, A Tailleux, G Chinetti, B Staels and S Lestavel, <i>Eur Heart J</i> , 2012
1409 The new Dual PPARα/δ agonist GFT505 improves	B Cariou, R Hanf, S Lambert-Porcheron, Y Zair,

hepatic insulin resistance and decreases serum liver enzymes in abdominally obese patients	L Flet, B Staels and M Laville, <i>Journal of Hepatology</i> , 2012
Subcutaneous adipose tissue remodeling during the initial phase of weight gain induced by overfeeding in humans	M Alligier, E Meugnier, C Debard, S Lambert-Porcheron, E Chanseume, M Sothier, E Loizon, AA Hssain, J Brozek, JY Scoazec, B Morio, H Vidal and M Laville, <i>J Clin Endocrinol Metab</i> , 2012

In 2011

Publications	Authors
Present and future challenges in Type 2 diabetes	L Millatt, R Hanf and D Hum, <i>Drug Discovery World</i> , 2011
Overweight induced by chronic risperidone exposure is correlated with overexpression of the SREBP-1c and FAS genes in mouse liver	E Laressergues, F Martin, A Helleboid, E Bouchaert, D Cussac, R Bordet, D Hum, G Luc, Z Majd, B Staels and P Duriez, <i>Naunyn Schmiedebergs Arch Pharmacol</i> , 2011
1269 - GFT505, a dual PPARα/δ agonist has beneficial effects in animal models of NAFLD/NASH through PPARα-dependent and independent mechanisms - Abstracts of the 47th Annual Meeting of the European Association for the Study of Diabetes. September 16, 2011. Lisbon, Portugal	R Hanf, A Rubenstrunck, M Baron, R Walczak, A Tailleux, D Hum and B Staels, <i>Diabetologia</i> , 2011
Effects of the new dual PPAR alpha/delta agonist GFT505 on lipid and glucose homeostasis in abdominally obese patients with combined dyslipidemia or impaired glucose metabolism	B Cariou, Y Zair, B Staels and E Bruckert, <i>Diabetes Care</i> , 2011
O78 GFT505, the first PPAR α/δ co-agonist, has a dual favorable action on lipid and glucose parameters in pre-diabetic subjects	B Cariou, R Hanf, E Bruckert, R Darteil, DW Hum and B Staels, <i>Diabetes & Metabolism</i> , 2011
PPARalpha activation differently affects microparticle content in atherosclerotic lesions and liver of a mouse model of atherosclerosis and NASH	M Baron, AS Leroyer, Z Majd, F Lalloyer, E Vallez, K Bantubungi, G Chinetti-Gbaguidi, P Delerive, CM Boulanger, B Staels and A Tailleux, <i>Atherosclerosis</i> , 2011

6.5 Strategy

The quality of the science and expertise of Genfit have been widely tested by the global pharmaceutical industry and have enabled it to generate, within the context of long-term collaborative research, more than EUR 110 million of revenue since its creation, mainly over its first eight years.

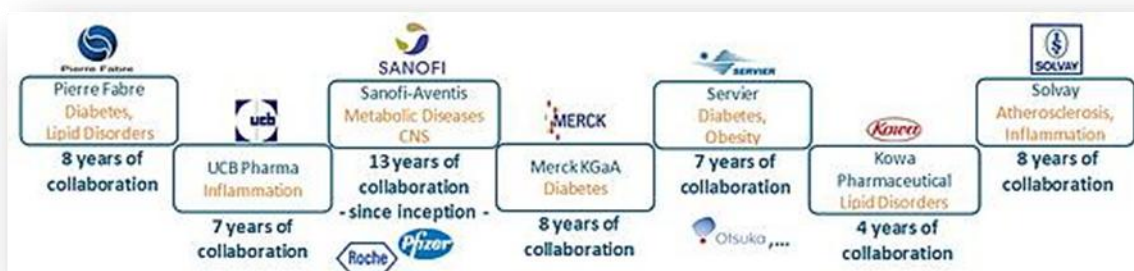
With comfortable net earnings and revenues, the Company has been able to invest in its own research programs and subsequently in the development of high-potential proprietary drug candidates, where the most advanced, GFT505, has obtained results from human clinical trials, enabling the Company to consider, in the short term, selling a large part or all of its operating rights to a pharmaceutical manufacturer.

In addition, the Company intends to take advantage of strategies that have been recently implemented by global pharmaceutical leaders by outsourcing their drug candidates to specialized therapeutic franchises. With a view to gradually strengthening its product portfolio, Genfit endeavors to reach, within the next five years, this critical size, and become one of the few leading research platforms in the world for the pharmaceutical industry in its therapeutic areas of expertise.

6.5.1 A history of partnerships

Since its creation, Genfit has been aware that pharmaceutical innovation relies on partnerships with all types of players within the pharmaceutical industry which have approaches and expertise complementary to its own. During its first few years in particular, Genfit conducted original research and development programs with major drug companies. The main principle of partnerships has always resided in the mutual commitment of both partners who each offer the most suitable expertise to ensure the best possible progress of the program.

Genfit has worked in partnership on numerous programs originating from its own research and innovation. New therapeutic targets supported by new results and original technological developments as well as new research products with their first evidence of therapeutic efficacy have all formed starting points for partnerships to which Genfit has provided all its expertise, together with its pharmaceutical partner, to select, optimize and test new molecules. Certain molecules have ultimately made it through to human clinical trials. The future achievement of scientific milestones by the partner in some partnerships is likely to generate revenue for the Company.



6.5.2 Progressive evolution towards a model of a biopharmaceutical company specializing in metabolic liver diseases and gastrointestinal diseases

Based on its expertise in nuclear receptors and in-depth knowledge of cardiometabolic diseases in particular, Genfit aims to become a major player in metabolic liver diseases and gastrointestinal diseases.

Since 2012 in particular, Genfit has proceeded to rationalize and coordinate its most advanced R&D programs in order to develop new therapeutic solutions and integrated diagnostics for pre-diabetic and diabetic patients in particular. The aim of this approach was the early treatment and detection of certain risk factors and also to tackle some of the complications resulting from pre-diabetic and diabetic conditions.

Genfit's portfolio of proprietary products and programs includes programs that are at various stages of development, ranging from the exploratory phase to Phase II human clinical trials. In its portfolio of proprietary drug candidates, the Company includes molecules that target key nuclear receptors in the development of metabolic disorders in the broad sense, but also potentially in other therapeutic fields. This portfolio therefore covers the following:

- GFT505, the most advanced proprietary drug candidate, and currently undergoing Phase IIb clinical trials for NASH. This program includes additional molecules that, like GFT505, target PPAR nuclear receptors and have demonstrated various preclinical effects in various models;
- Two biomarker programs relating to Type 2 diabetes (BMGFT02) and NASH (BMGFT03), both of which benefit from studies conducted in partnership with biotechnology companies and academic laboratories;
- The TGFTX1 program, which targets a nuclear receptor involved in the disruption of circadian rhythms (daily rhythm of glucose and lipid metabolism) associated with Type 2 diabetes. This program is currently in the “lead optimization” research phase (optimization of the structure of the molecule to increase its activity/safety ratio);
- The TGFTX3 program targets a nuclear receptor involved in immune system disorders associated with “autoimmune” diseases affecting the liver and/or intestines. This program is in the “hit to lead” research phase (optimization of the structure of the molecule to increase its activity);
- The TGFTX4 program targets fibrosis mechanisms for the treatment of “fibrotic” diseases affecting the liver and/or intestines: a set of therapeutic targets is currently undergoing pharmacological validation;
- A discovery program of new therapeutic targets for diabetes as part of the research consortium, IT-Diab, with a specific study on pancreatic β -cells dysfunction, which causes the gradual onset of the disease.

This strategy is based on both the maturation and expansion of the proprietary product portfolio, while maintaining a focus on liver diseases, particularly metabolic liver diseases, and gastrointestinal diseases, as well as the creation of partnerships with key players in the biopharmaceutical industry with the financial capacity to successfully conduct large-scale clinical trials and possibly place products on the market, requiring significant resources.

This strategy will also gradually build upon the forward integration of new value-generating activities, while retaining certain development and possibly marketing rights in the given indications or regions when these opportunities are available to the Company in terms of financial and human resources.

6.5.3 The role of GFT505

GFT505 is the most advanced compound of all the drug candidates developed by Genfit, and is therefore the Company's most lucrative asset in the short term. It is aimed at managing the general cardiometabolic risk of populations with a metabolic syndrome by targeting pre-diabetic and diabetic patients in particular. GFT505 targets several risk factors affecting these populations, in particular:

- hyperglycemia and insulin resistance;
- atherogenic dyslipidemia (low levels of “good” HDL cholesterol, elevated levels of triglycerides);
- and certain inflammatory conditions.

It mainly targets hepatic complications that are often associated with these pre-diabetic and diabetic conditions:

- non-alcoholic fatty liver disease (NAFLD)
- non-alcoholic steatohepatitis (NASH)

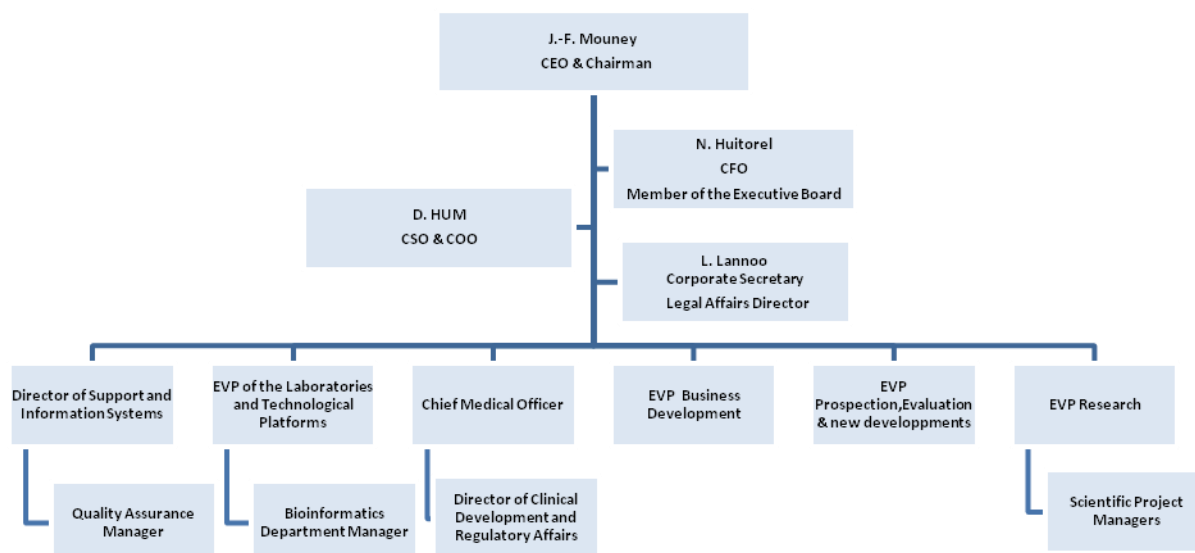
The therapeutic efficacy of these various risk factors and the safety of use of GFT505 in humans have been established in several Phase I clinical trials. In addition, its specific potential relating to steatohepatitis (non-alcoholic steatohepatitis or NASH) was revealed in a Phase IIa clinical trial on 47 pre-diabetic patients who were treated for one month. This potential was also confirmed by other recent preclinical and clinical results:

- 210-5 Phase IIa clinical trial in 97 diabetic patients
- 210-6 Mechanism of Action Clinical Study in 22 glucose-intolerant patients
- preclinical results obtained in NAFLD/NASH

as well as regulatory toxicology studies

6.6 Organization

6.6.1 Structure and main roles



6.6.2 An interdisciplinary and experienced team

Jean François Mouney: Chief Executive Officer and Chairman of the Executive Board of Genfit



Jean-François Mouney co-founded Genfit in 1999 after having been actively involved in the incubation of the Company from 1997. Prior to this, he had created, managed and developed several companies specializing in high-performance materials, particularly in the aeronautical industry, since 1979. In 1992, he founded M&M, a consultancy firm specializing in health economics. He was responsible for carrying out a feasibility study for an economic development agency within the field of health and biology in the Nord-Pas-de-Calais region of France and was appointed Chief Executive Officer of this agency since its launch in 1995. Over a hundred companies have been created as part of this venture, making Eurasanté one of the top European bioincubators and clusters. As Chairman of the Executive Board of Genfit, he received, in 2003, the Entrepreneur of the Year award, which is organized internationally by Ernst & Young, in the New Technology category. He also received this award in 2004. Jean-François Mouney is also founder of Naturalpha, a company created in 2001 specializing in Nutrition Research and Development and clinical studies. Furthermore, he is Deputy Chairman of the “Nutrition, Health and Longevity” research hub and is Advisor to the Banque de France since 2008. Jean-François Mouney is a graduate of the ESCP-Europe Business School, and holds a Master Degree in Economics from the University of Lille.

Bart Staels: President of the Scientific Advisory Board



Bart Staels has a PhD in Pharmacology from the University of Leuven in Belgium, and is a Professor at the University of Lille II in France and a Professor (“full Professor”) at the Faculty of Pharmacy, also at the University of Lille II. In January 2007, he became Director of the Inserm Unit UMR-S 545 and in January 2010, Director of the Inserm Unit UMR 1011 (A⁺ assessment from AERES, the French agency evaluating research and higher education institutions, and No. 1 at the CSS4 Inserm), located in Lille.

Throughout his career, his research has primarily focused on the molecular pharmacology of cardiovascular and metabolic diseases. In particular, he has studied the role of nuclear receptors in controlling inflammation, metabolism, lipids and glucose homeostasis as well as the transcription mechanisms involved.

Bart Staels is a member of several learned societies such as the European Atherosclerosis Society (EAS), the International Atherosclerosis Society (IAS) as a distinguished member, the New French Atherosclerosis Society (NSFA), the French Diabetes Society (SFD), the American Heart Association (AHA) (Premium Professional Silver Heart Member), the American Diabetes Association (ADA) and the European Association for the Study of Diabetes (EASD). He was awarded the Young Investigator prize by the EAS, the bronze medal by the CNRS (National Scientific Research Center), the Lifetime Achievement Award by the British Atherosclerosis Society, the Barré pharmaceutical prize in 1997 by the Faculty of Pharmacy of Montreal, as well as the JP Binet prize by the French Foundation of Medical Research, Paris, in 2011. He was also awarded the 2012 prize for “Distinguished Leader in Insulin Resistance” by the International Committee for Insulin Resistance (ICIR), presented during the 10th Annual World Congress of “Insulin Resistance, Diabetes & CVD” (WCIRDC) in Los Angeles, CA, in November 2012.

To date, Bart Staels has published over 355 original articles. He has also written over 180 review articles.

Co-founder of Genfit in 1999, Professor Bart Staels is currently Scientific Research Advisor for all Genfit programs, whether conducted on proprietary molecules or in partnership with pharmaceutical manufacturers. He is also President of the Scientific Advisory Board.

Dean Hum: Chief Scientific Officer and Chief Operating Officer and (CSO & COO)



Dean Hum obtained a PhD in Biochemistry from McGill University in Montreal, Canada, in 1990. An expert in the modulation of transcription factors and nuclear receptors associated with endocrine and cardiometabolic diseases; he held a scientific research position at the University of California in San Francisco before becoming a Professor at Laval University in Quebec. He joined Genfit in 2000 as Chief Scientific Officer. Dean Hum is today a key member of the Genfit organization. In particular, he is responsible for defining, implementing, employing and coordinating short-, medium- and long-term strategies relating to R&D programs and the portfolio. He coordinates all R&D activities with the CEO and in close collaboration with scientific officers and project managers.

Nathalie Huitorel: Chief Financial and Administrative Officer and Member of the Executive Board



Nathalie Huitorel is a graduate of the SKEMA Business School (School of Management in Lille, France). For 10 years she was Chief Financial and Administrative Officer for MS COMPOSITES, a company specializing in high-performance composite materials. She took part in listing a subsidiary of the French company FINUCHEM on the Stock Exchange and has led numerous mergers and acquisitions. She was appointed Chief Financial and Administrative Officer at Genfit in October 2007, and oversees the financial, management and human resources departments.

Laurent Lannoo: Corporate Secretary and Legal Affairs Director



Laurent Lannoo is a Business Law graduate (Master's in Business Law) from the Lille Faculty of Law. He started his professional career in 1994 at M&M, a research and consulting firm, where he became a partner in 1996. The implementation of one of the study projects then led him to join Eurasanté, a public economic development agency for health activities in the Nord-Pas-de-Calais region in France, created in 1995. He managed the financial and administrative departments of the company (20 employees). He then became Corporate Secretary of the Heart and Arteries Foundation, where he chaired the Executive Board from 2005 until 2008. In 2008, he joined Genfit, where he holds the position of Corporate Secretary and Legal Affairs Director.

Raphaël Darteil: Executive VP of Laboratories and Technological Platforms



Raphaël Darteil has a PhD in Molecular and Cell Biology (with an elective in virology), from the Claude Bernard University (Lyon I). He has held various management positions in the gene therapy departments of Aventis Gencell in France as well as the US. His scientific interests quickly focused on the control of gene expression regulation mechanisms, particularly in the field of nuclear receptors. He was Coordinator of the Genfit industrial alliances for 5 years and then became Chief Operating Officer. He currently manages all technical and scientific teams at Genfit and ensures the proper running of all the Company's laboratories, reporting directly to the CEO and Chief Scientific Officer, and the scientific programs of the Company.

Sophie Mégrien: Chief Medical Officer



After studying in several countries, including the United States, Sophie Mégrien obtained her degree in Medicine from the University of Paris VI. She is an expert in the clinical development of cardiometabolic diseases (hypercholesterolemia, diabetes) and their vascular (atherosclerosis) and hepatic complications. She completed her internship in the field of clinical trial monitoring. Since then, she has held several Project Manager positions in the R&D departments of various international pharmaceutical companies such as Smithkline Beecham, Glaxo Wellcome and Bayer. After ten years as a Project Manager, Sophie Mégrien became a consultant in Quality Management and Procedures at Sunnikan Consulting before joining Cardialpha (now Naturalpha), a company specializing in the coordination of clinical projects in the cardiovascular, metabolic and nutrition fields. Sophie Mégrien is currently Chief Medical Officer at Genfit.

Rémy Hanf: Executive VP of Prospection, Evaluation and New Developments



Rémy Hanf graduated with a PhD in Biochemistry and Cardiac Physiology from the University of Paris XI in 1989. He then occupied a position of post-doctoral researcher in the field of cardiac electrophysiology at INSERM before joining the pharmaceutical industry in 1993. In the past 20 years, Rémy Hanf has held R&D management positions within various R&D departments for Laboratoires Innothera, Laboratoires Servier and Genfit. In particular, his scientific expertise covers the fields of cardiometabolic (dyslipidemia, diabetes), inflammatory and hepatic diseases. Rémy Hanf is currently Chief Officer of Prospection and Evaluation, responsible for new development opportunities at Genfit.

The Scientific Advisory Board:

The Scientific Advisory Board aims to assist the Company in its strategic decision-making within scientific and technical fields.

The Scientific Advisory Board has the following specific missions:

- evaluate the relevance of choices made by the Company in terms of product development and propose, if necessary, changes to strategic or technical approaches
- advise the Chief Executive Officer and scientific board of the Company in identifying strategies and selecting drug candidates, based, in particular, on the scientific results obtained by the Company (new therapeutic targets, new compounds)
- promote and advise the Company in its alliance strategies, such as external growth supporting synergies (acquisition of new competences, purchase of operating rights, drug candidates and innovative technologies, etc.)

The Scientific Advisory Board consists of:

Professor Bart Staels

President of the Scientific Advisory Board (see above)

Professor Vlad Ratziu

Professor of Medicine at the Pierre and Marie Curie University, Paris, he performs his hospital work at the La Pitié Salpêtrière Hospital. His activity as a hepatologist, in particular in the field of NASH, made him one of the European leaders in this field.

Professor Michael Trauner

Professor of Medicine and consultant at the University academic hospital of Graz (Austria). He is a specialist in gastroenterology and hepatology. He is internationally recognized for his work in the field of hepatobiliary diseases (PBC, PSC).

Professor Gérald Watts, MD, PHD,

Professor of Medicine at the University of Western Australia and consultant at the Royal Perth Hospital, he is a renowned specialist in the metabolism of lipoproteins, clinical lipidology, artery walls and diabetic renal dysfunction.

Professor Arun Sanval

Doctor Arun Sanval is a Professor of Medicine and Director of the Division of Gastroenterology at the Medical Center of the Virginia Commonwealth University in Richmond, USA. Former President of the AASLD (American Association for the Study of Liver Diseases), Professor Arun Sanval is considered as one of the greatest specialists in the diagnosis and treatment of NASH.

Professor Jean-Frédéric Colombel

Professor Jean-Frédéric Colombel is a gastroenterologist and currently the head of the Center of Inflammatory Diseases of the Intestine at the Department of Gastroenterology of Icahn School of Medicine at Mount Sinai in New York. Member of the learned society IOIBD (International Organization of Inflammatory Bowel Disease) since 2009, and scientific adviser to the AGA (American Gastroenterological Association) since 2006, he has also been chairman of several international organizations, including the ECCO (European Crohn's and Colitis Organization).

6.6.3 The laboratories



Genfit research laboratories currently cover an area of more than 6,000 m².

6.6.3.1 The chemistry laboratory

Run by researchers (PhD graduates) and research technicians qualified in medicinal and structural chemistry, the laboratory is responsible for the synthesis, purification and structural analysis of compounds associated with each research project. Researchers and research technicians work together with project managers to establish the

structure-activity relationship, seeking to optimize the efficacy of the product with respect to its molecular target and/or improve its specificity/selectivity. The team is responsible for the “scale-up” of the most advanced products in order to produce up to 500 g of a compound to enable it to undergo in vivo evaluation and launch the first animal toxicology studies.

6.6.3.2 The screening platform

Run by researchers (PhD graduates) and research technicians specializing in biochemistry or cell biology, the screening platform is equipped with the best tools and medium- and high-output analytical robots. This platform is responsible for the implementation and validation of automated screening tests.

- It is responsible for identifying “hits” from libraries of proprietary molecules (originating from the medical chemistry laboratory), as well as from partner and commercial libraries. The Genfit chemical library today has more than 25,000 compounds.
- In structure optimization projects, it ensures the automated primary and secondary screening of compounds originating from the medicinal chemistry laboratory.

6.6.3.3 The molecular and cell biology laboratory

Run by researchers (PhD graduates) and research technicians specializing in cell and molecular biology, the laboratory establishes tests for primary cells and cell lines of human and animal origin. It studies the role of genes in the cells of interest using techniques for overexpression or silencing of the genes in question. Its activity is essential for the characterization of biological effects and/or pharmacological mechanisms of action and/or toxicity of the molecules in each research project.

6.6.3.4 The biochemistry and histochemistry/immunohistochemistry laboratory:

Run by researchers (PhD graduates) and research technicians specializing in biochemistry, the laboratory is responsible for biochemical assays of samples from in vivo experiments in animals and clinical studies put in place within the framework of developing Genfit proprietary products (particularly GFT505). The biochemistry laboratory is at the center of the research and validation of new biomarkers in biological samples from the different patient cohorts set up by Genfit. In addition, the laboratory is responsible for slide preparation (liver or artery slices) from organs removed at the end of animal testing, and their histological and immunohistological examination.

6.6.3.5 The in vivo testing laboratory

Run by researchers (PhD graduates) and research technicians specializing in animal testing, the laboratory is responsible for designing and implementing in vivo testing protocols to investigate the therapeutic and/or toxic effects of selected molecules within the framework of research and development projects. The laboratory has a large-capacity animal house that can hold up to 10,000 rodents. In particular, it has several lines of diabetic mice and genetically modified mice to replicate human pathology (diabetes, dyslipidemia, atherosclerosis, NASH and hepatic fibrosis, etc.)

6.6.3.6 The bioinformatics laboratory

Genfit has built upon the contribution of bioinformatics to the R&D process since the early 2000s. This approach is based on solutions from third-party publishers or those developed by the Company. This latter expertise provides the Company with bespoke solutions, particularly in biostatistics. The laboratory therefore works on

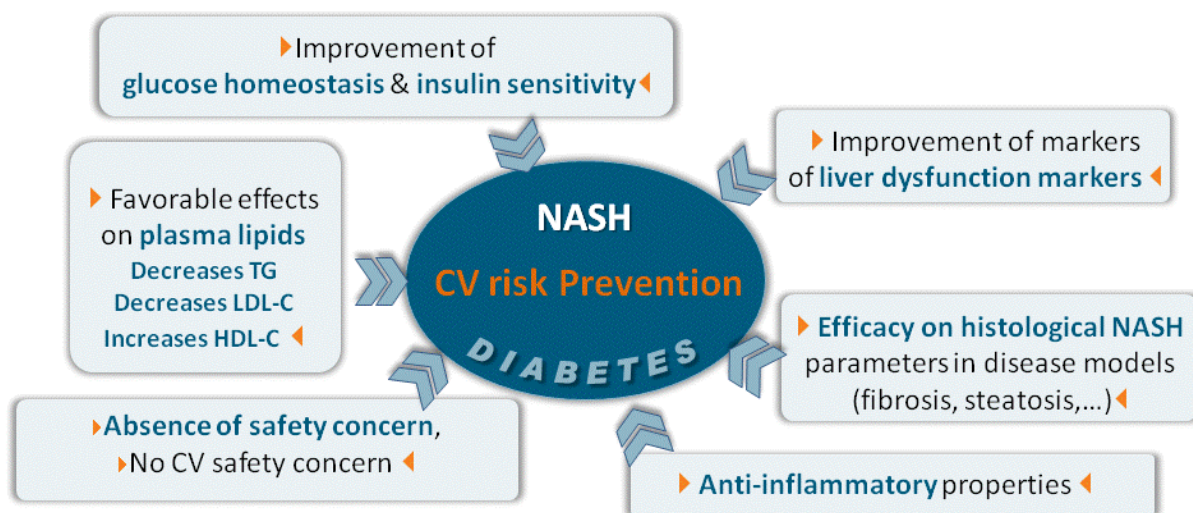
designing, implementing and developing information systems, enabling scientists to have the appropriate environment to exercise their knowledge and expertise.

Biomarker identification and validation programs (prognosis, diagnosis) benefit from these skills and expertise. Bioinformaticians accompany researchers from planning the design of a study to biostatistical analyses enabling data mining, signature identification, functional analyses and patient stratification.

6.7 GFT505 in NASH

6.7.1 GFT505: Presentation

As summarized in the following diagram, GFT505 has a broad spectrum of action, which makes it an ideal candidate for the treatment of NASH.



In particular, human Phase IIa clinical trials have been conducted at a dose of 80 mg/day in patients with atherogenic dyslipidemia, insulin resistance, pre-diabetes and diabetes:

- GFT505 has favorable effects on plasma lipids and lipoproteins
 - o reduced triglycerides
 - o reduced total cholesterol and “bad” LDL cholesterol
 - o increased “good” HDL cholesterol
- GFT505 has favorable effects on insulin sensitivity and glucose metabolism
 - o improved hepatic sensitivity to insulin action
 - o improved peripheral sensitivity to insulin action
 - o reduced blood glucose level and HbA1c levels in diabetic patients
- GFT505 has anti-inflammatory effects
 - o decreased inflammatory markers: fibrinogen, haptoglobin and C-reactive protein (CRP)
- GFT505 has favorable effects on markers of hepatic dysfunction
 - o decreased ALT levels
 - o decreased GGT levels
 - o decreased ALP levels

These effects in humans were expected in light of the pharmacological profile of GFT505 in animal models of NASH and hepatic fibrosis.

- In a NAFLD/NASH model induced by a methionine- and choline-deficient diet, GFT505 treats pre-existing NASH.
- In a hepatic fibrosis model (CCL4-induced fibrosis in a rat model), GFT505 is able to treat pre-existing fibrosis.

Lastly, GFT505 currently presents no safety problems whatsoever in animal toxicology studies (up to 1 year in monkeys and 2 years in mice and rats), clinical trials in healthy volunteers (Phase I clinical trials) and patients with dyslipidemia, insulin resistance and/or diabetes. In particular, GFT505 has no side effects of PPAR-g agonists (glitazones):

- GFT505 does not induce weight gain;
- GFT505 does not cause peripheral edema;
- GFT505 does not cause fluid retention and therefore no hemodilution;
- GFT505 does not induce cardiac hypertrophy and risk of failure.

Professor Vlad Ratziu from the La Pitié Salpêtrière Hospital and the Pierre and Marie Curie University, in Paris, writes:

"A molecule like GFT505, which systematically improves insulin resistance and the flow of lipids in the liver (reducing the intake of free fatty acids and increasing their oxidation), reduces the expression of inflammatory markers and greatly reduces fibrogenesis in the liver, is obviously an ideal candidate for the treatment of NAFLD/NASH".

Professor Bertrand Cariou, Diabetologist at the Teaching Hospital of Nantes, writes:

"Today, the improvement of insulin sensitivity remains a primary therapeutic objective in the management of patients with metabolic syndrome. The mechanistic clinical trial [GFT505-210-6] provides conclusive evidence of the insulin-sensitizing effect of GFT505. If we add the beneficial effects of this new molecule to hepatic enzymes, dyslipidemia and inflammatory markers observed in these patients, there is no doubt that GFT505 is an ideal candidate for the management of cardiovascular risk and liver conditions (NAFLD/NASH) in (pre-) diabetic patients."

6.7.2 GFT505: an effective treatment for experimental NASH

6.7.2.1 GFT505: a selective PPAR-a/-d modulator (in vitro studies)

In vitro studies have shown that GFT505 and its major metabolite, GFT1007, are mixed agonists of PPARa and PPARd, with preferential activity on PPARa. Compared to reference compounds, GFT505 and GFT1007 act as partial agonists or as selective modulators of PPARa (vs. fenofibrate) and PPARd (vs. GW501516).

In vitro studies on human cells in culture have shown that GFT505 has favorable effects on the three types of hepatic cells involved in the development of steatosis, inflammation and hepatic fibrosis in NASH. In human hepatocytes, GFT505 promotes the removal of fatty acids by activating their oxidation. In human inflammatory cells (macrophages), GFT505 inhibits the production of key inflammatory mediators. GFT505 also blocks the activation and proliferation of human hepatic stellate cells (cells that produce extracellular matrix and fibrosis) in culture.

6.7.2.2 GFT505: treatment for steatosis and inflammation– B. Staels et al.

Several in vivo experiments have shown that GFT505 is able to prevent and treat steatosis and liver inflammation induced in rodents by a special methionine- and choline-deficient (MCD) diet.

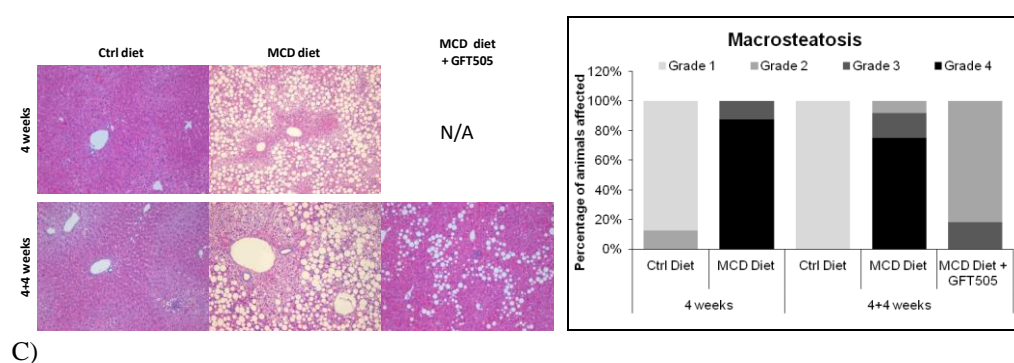
For example, the ability of GFT505 to treat steatosis and liver inflammation induced by a MCD diet has been investigated. In diabetic mice, microscopic examination shows that an MCD diet for a period of four weeks causes an accumulation of lipid droplets and inflammation in the liver. If the MCD diet is maintained for another four weeks without treatment, the steatosis and inflammation becomes worse. However, if the diet is maintained alongside a daily treatment of GFT505, there is a regression of the steatosis and inflammation.

These curative effects of GFT505 are correlated with a significant decrease of proinflammatory and profibrotic gene expression (TNF α , TGF β , COLA1, COL1A2, TIMP2, RANTES and TLR4).

In another genetically modified model in which the PPAR α gene has been knocked out, GFT505 retains a large part of its therapeutic potency, highlighting the crucial role of PPAR δ in the therapeutic mechanism of action of GFT505.

These results have been published in a major peer-reviewed scientific journal: B. Staels et al. 2013.

Figure: Microscopic liver examination after 4 weeks of GFT505 treatment of established steatosis in diabetic db/db mice on an MCD diet

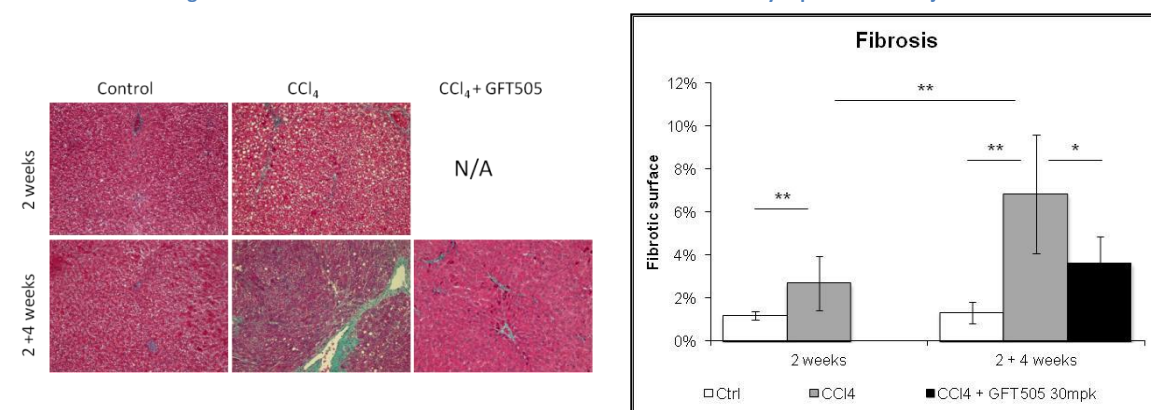


6.7.2.3 GFT505: treatment of experimental hepatic fibrosis

Several in vivo experiments have shown that GFT505 is able to prevent and treat hepatic fibrosis induced in rats by twice-weekly CCL4 injections.

The ability of GFT505 to treat hepatic fibrosis induced by repeated CCL4 injections was therefore investigated. Microscopic examination shows that repeated CCL4 injections over a period of four weeks cause hepatic fibrosis in the liver. If the injections are maintained for another four weeks without treatment, the fibrosis becomes worse. However, if the diet is maintained alongside a daily treatment of GFT505, the fibrosis does not develop.

Figure: Curative effects of GFT505 on established fibrosis induced by repeated CCL4 injections in rats



These curative effects of GFT505 are correlated with a significant decrease of proinflammatory and profibrotic gene expression (TNF α , TGF β , COLA1, COL1A2, TIMP2 and α SMA).

Table: Effects of GFT505 on gene expression in rats with established hepatic fibrosis.

Values are expressed as fold induction vs. control diet group at 2 weeks \pm SD.

Significance vs. CCl₄ group at the same time-point: * $p < 0.05$, ** $p < 0.01$, *** $p < 0.001$

		IL1β	TGFβ	Col1a1	Col1a2	TIMP2	αSMA
2 weeks	Ctrl	1.00 \pm 0.37	1.00 \pm 0.18*	1.00 \pm 0.33*	1.00 \pm 0.38*	1.00 \pm 0.27	1.00 \pm 0.41 (p=0.067)
	CCl ₄	1.26 \pm 0.13	1.71 \pm 0.55	16.44 \pm 13.26	7.05 \pm 5.45	1.89 \pm 1.13	4.25 \pm 3.85
2+4 weeks	Ctrl	0.84 \pm 0.38	1.46 \pm 0.21*	0.83 \pm 0.19*	1.05 \pm 0.34 *	1.10 \pm 0.24	1.26 \pm 0.77 (p=0.053)
	CCl ₄	0.81 \pm 0.41	1.95 \pm 1.09	9.11 \pm 7.06	6.11 \pm 5.03	2.46 \pm 1.78	2.90 \pm 1.60
	CCl ₄ + GFT505	0.32 \pm 0.23*	0.58 \pm 0.26**	2.13 \pm 3.28*	1.31 \pm 1.57*	0.60 \pm 0.44*	1.82 \pm 2.42

In conclusion, this experimental protocol has shown that GFT505 stops the progression of fibrosis induced by repeated CCL4 injections. GFT505 also totally reverses the associated steatosis. The beneficial effects result in normal circulating levels of markers of hepatic dysfunction (particularly ALT levels).

Further studies in this model have shown that GFT505 accelerates the removal of fibrosis and promotes the regeneration of tissue that has been injured by repeated CCL4 injections.

These results have been published in a major peer-reviewed scientific journal: B. Staels et al. 2013.

6.7.2.4 GFT505: additional activities

GFT505 has demonstrated pharmacological effects in addition to those reported in the treatment of NASH. Briefly, in experimental models of Type 2 diabetes, GFT505 has demonstrated insulin-sensitizing and antidiabetic effects (decreased blood glucose level and Hb1Ac levels). For example, in db/db mice, GFT505 produces similar insulin-sensitizing and antidiabetic effects to those observed with glitazones (pure PPAR γ agonists) and glitazars (mixed PPAR α/γ agonists). In contrast to these reference compounds, GFT505 does not cause an increase in circulating adiponectin concentration (a marker of PPAR γ activity) but also has no side effects on the heart or on weight gain.

In addition, with oral treatments of GFT505 in an experimental ApoE2-Ki mouse model of mixed dyslipidemia (dyslipidemia is typically encountered in NASH patients), GFT505 significantly reduces triglycerides and total cholesterol levels and increases “good” HDL cholesterol. In this model, GFT505 prevents the development of atherosclerotic plaque induced by a high-fat diet.

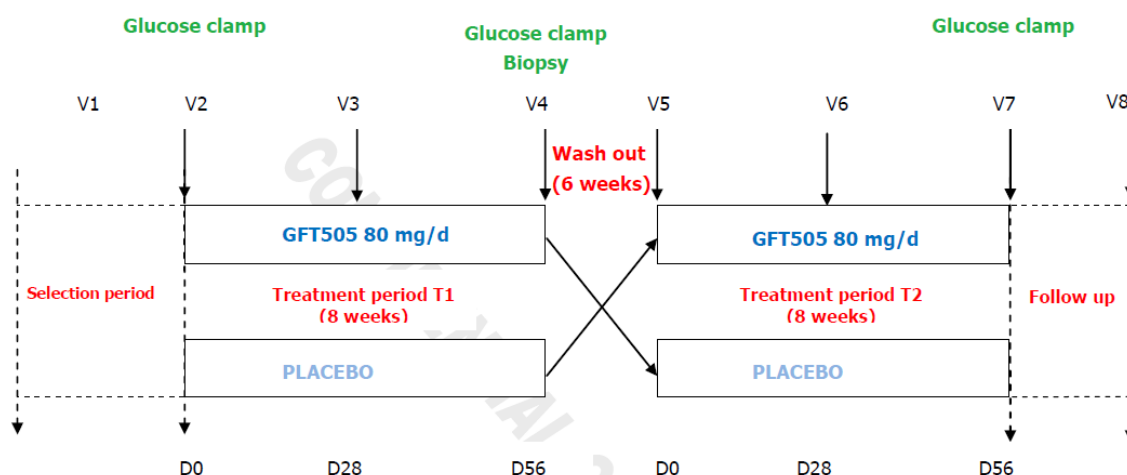
6.7.3 GFT505: Clinical therapeutic effects

6.7.3.1 GFT505: Effects on a key process of NASH (B. Cariou et al.)

All NASH experts believe that resistance to insulin action in the liver and peripheral tissues is a key factor in the pathophysiological process that causes NASH to become established and progress to more advanced stages of pathology.

To illustrate the clinical potential of GFT505 in NASH, this paragraph summarizes the effects of GFT505 that have been obtained from a Phase IIa clinical trial attempting to accurately measure the effects of GFT505 on insulin resistance. This study uses the reference technique in this field, known as the hyperinsulinemic-euglycemic clamp technique, with two insulin levels, which measures the sensitivity of the liver and other peripheral organs to the action of insulin. This is a relatively complex technique which will not be described in detail here.

This study was a double-blind, randomized, placebo-controlled, crossover study (see diagram below). It was carried out in two French centers and included a total of 22 patients.



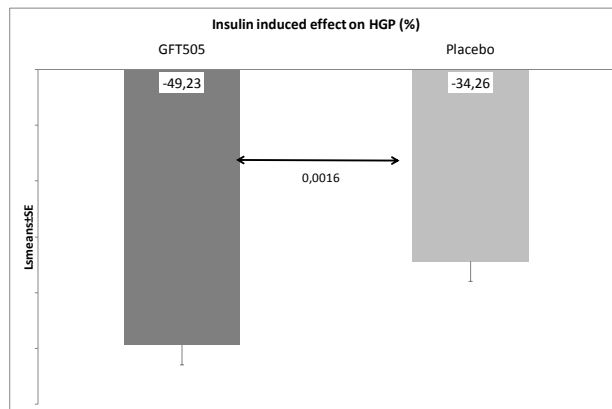
The selected patients had abdominal obesity (waist circumference > 94 cm), and were insulin-resistant (insulin resistance index [HOMA-IR] > 3.0).

Two main parameters were measured in each patient at the end of each treatment period:

- Sensitivity of the liver to the action of low-dose insulin: measurement of the decrease in hepatic glucose production induced by insulin, decrease in HGP;
- Sensitivity of the muscles and other peripheral organs: measurement of the glucose infusion rate (GIR) of a saturation dose of insulin.

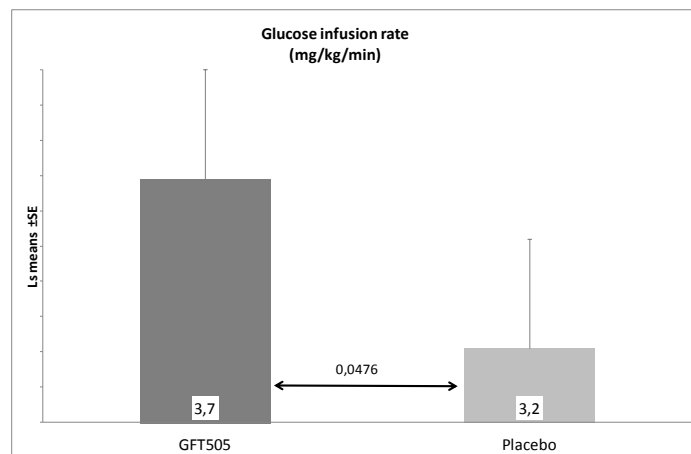
As illustrated in the following figure, GFT505 significantly increased the response of the liver to the action of insulin. The decrease in hepatic glucose production induced by a low dose of insulin was increased: $-49\pm4\%$ after GFT505 vs. $-34\pm4\%$ after placebo ($p=0.0016$).

Figure: Hepatic glucose production (HGP)



The sensitivity of muscles and other peripheral organs to insulin was also increased by approximately 30% with a significant effect on the GIR.

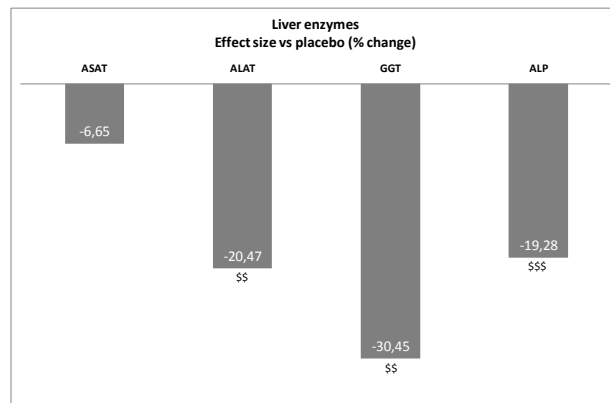
Figure: Glucose infusion rate



The insulin-sensitizing effects of GFT505 were observed for other known markers of insulin sensitivity, such as the concentration of free fatty acids before and during the clamp procedure.

At the same time, this study showed the highly significant beneficial effects of GFT505 on markers of hepatic dysfunction: GGT levels were significantly reduced ($-29 \pm 6\%$ after GFT505 vs. $+2 \pm 6\%$ after placebo, $p=0.003$), as well as a reduction in ALT levels (marker of hepatic dysfunction typically associated with NASH): ($-14 \pm 4\%$ after GFT505 vs. $+6 \pm 4\%$ after placebo, $p=0.004$).

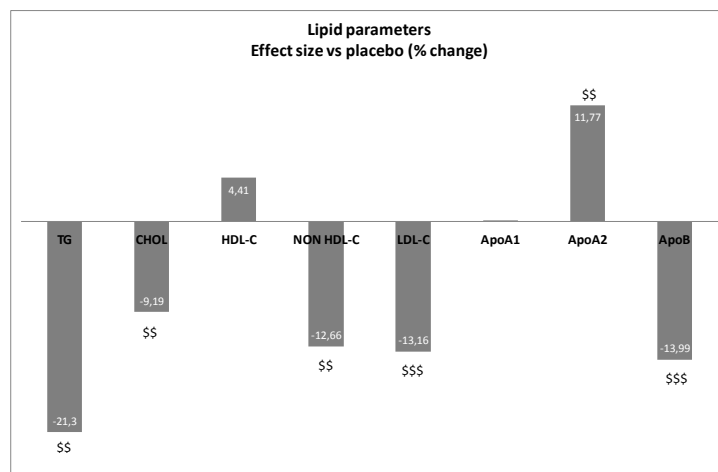
Figure: Hepatic enzymes



Significance vs. placebo: \$ $p < 0.05$, \$\$ $p < 0.01$, \$\$\$ $p < 0.001$

In addition, at the end of the GFT505 treatment period, there was a reduction in plasma concentrations of triglycerides, total cholesterol, “bad” LDL cholesterol and atherogenic lipoproteins (apoB and apoE). Increases in “good” HDL cholesterol levels and anti-atherogenic lipoproteins were also observed.

Figure: Lipid parameters



Significance vs. placebo: \$ $p < 0.05$, \$\$ $p < 0.01$, \$\$\$ $p < 0.001$

Finally, inflammatory markers were significantly reduced after the period of treatment with GFT505 (Fibrinogen: -15% vs. placebo, $p = 0.044$, Haptoglobin: -10% vs. placebo, $p = 0.027$).

6.7.4 GFT505: A profile of consistent efficacy (B. Cariou et al.)

The GFT505-210-6 clinical trial by itself represents all the effects seen in the various Phase IIa clinical trials conducted to date, and has led to the setting up of a Phase IIb clinical trial for NASH (in progress). GFT505 has demonstrated its therapeutic potential in a comprehensive Phase IIa program with a total of over 260 subjects in five randomized, double-blind, placebo-controlled trials:

- GFT505-208-3 clinical trial: 94 patients with atherogenic dyslipidemia (hypertriglyceridemia + low HDL cholesterol levels) treated for one month
- GFT505-209-4 clinical trial: 47 (pre-diabetic) patients with glucose intolerance treated for one month
- GFT505-210-5 clinical trial: 97 treatment-naïve patients with Type 2 diabetes treated for three months

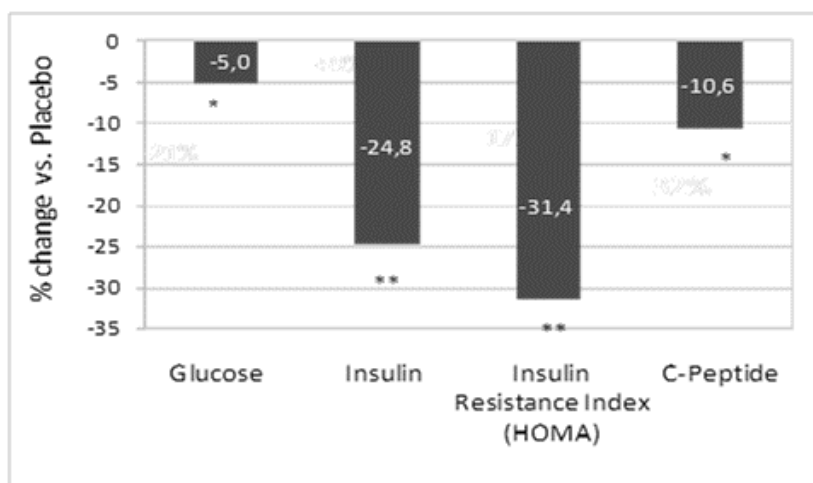
- GFT505-210-6 trials: 22 insulin-resistant patients treated for two months

6.7.4.1 Effects on insulin sensitivity and glucose metabolism (results)

GFT505 consistently improves glucose metabolism which has been altered. This effect was demonstrated in the GFT505-210-6 clinical trial, presented above, the GFT505-209-4 clinical trial in pre-diabetic patients with glucose intolerance and the GFT505-210-5 clinical trial in treatment-naive diabetic patients.

In pre-diabetic, overweight patients with fasting hyperglycemia and glucose intolerance, GFT505 treatment at a dose of 80 mg/day for one month led to significant reductions in blood glucose levels, blood insulin levels and insulin resistance index (HOMA-IR).

Figure: Glucose homeostasis in pre-diabetic patients



Significance vs. baseline: * $p < 0.05$, ** $p < 0.01$, *** $p < 0.001$

Significance vs. placebo: \$ $p < 0.05$, \$\$ $p < 0.01$, \$\$\$ $p < 0.001$

In diabetic patients treated for three months with GFT505 at a dose of 80 mg, there is an improvement in glucose tolerance when tested appropriately by an oral glucose tolerance test (OGTT). These effects are significant when compared to the placebo group. There is also an improvement in fasting blood glucose and a decrease in Hb1Ac levels (-0.37%) when compared to levels prior to treatment.

6.7.4.2 Effects on markers of hepatic dysfunction (results)

Beneficial effects on markers of hepatic dysfunction (ALP, GGT, ALT and AST levels) have been consistently found in all Phase IIa clinical trials, conducted to date, at a dose of 80 mg/day. In particular, decreases of 20-30% in ALP and GGT levels were found, as well as a decrease of up to 20% in ALT levels.

Table: Effects on hepatic enzymes (%)

	GFT505-208-3	GFT505-209-4	GFT505-210-5	GFT505-210-6
	1 month	1 month	3 months	2 months
ALP (UI/L)	-16.4% \$\$\$	-24.5% \$\$\$	-25.63% \$\$\$	-19.28% \$\$\$
GGT (UI/L)	-19.9% \$\$\$	-15.1% \$\$	-28.8% \$\$\$	-30.45% \$\$
ASAT (UI/L)	-0.7%	+8.3%	-23.82%	-6.65%
ALAT (UI/L)	-14.7% \$\$	-3.2%	-8.9%	-20.47% \$\$

Significance vs. placebo: \$ $p < 0.05$, \$\$ $p < 0.01$, \$\$\$ $p < 0.001$

6.7.4.3 Effects on plasma lipids (results)

Beneficial effects on plasma lipids have been consistently found in all Phase IIa clinical trials that have been conducted to date at a dose of 80 mg/day. In particular, decreases in pro-atherogenic lipids (triglycerides, VLDL cholesterol, non-HDL cholesterol, LDL cholesterol) associated with decreases in pro-atherogenic lipoproteins (apoB, apoCIII, apoE) were found. In contrast, there was an increase in “good” HDL cholesterol with a concomitant increase of anti-atherogenic lipoproteins (apoAI and apoAII).

Table: Effects on plasma lipids and lipoproteins (%)

	GFT505-208-3	GFT505-209-4	GFT505-210-5	GFT505-210-6
	1 month	1 month	3 months	2 months
TG (mmol/L)	-16.67% ^{\$\$}	-24.81% ^{\$\$}	-34.7% ^{\$\$\$}	-21.03% ^{\$\$}
HDL-C (mmol/L)	7.77% ^{\$\$}	9.28% ^{\$\$}	4.44%	4.41%
LDL-C (mmol/L)	0.85%	-10.89% ^{\$\$}	-8.05% ^{\$}	-13.16% ^{\$\$\$}
Non HDL-C (mmol/L)	-1.37%	-13.26% ^{\$\$\$}	-11.5% ^{\$\$\$}	-12.66% ^{\$\$}
Cholesterol (mmol/L)	0.06%	-8.67% ^{\$\$\$}	-7.56% ^{\$\$}	-9.19% ^{\$\$}
VLDL-C (mmol/L)	-10.82%	-25.14% ^{\$}	-45.98% ^{\$}	-10.86%
ApoB	-6.6% ^{\$}	-14.02% ^{\$\$\$}	-12.1% ^{\$\$\$}	-14% ^{\$\$\$}
Apo CIII	-17.93% ^{\$\$\$}	-20.23% ^{\$\$\$}	-32.91% ^{\$\$\$}	na
ApoE	-14.35% ^{\$}	-17.27% ^{\$\$}	-24.64% ^{\$\$}	na
ApoAI	5.60% ^{\$\$}	3.35%	0.43%	0.1%
ApoAII	15.48% ^{\$\$\$}	17.63% ^{\$\$\$}	6.7% ^{\$\$\$}	11.77% ^{\$\$}

*Significance vs. placebo: \$ p<0.05, \$\$ p<0.01, \$\$\$ p<0.001
na: not available*

6.7.4.4 Effects on inflammatory markers (results)

Beneficial effects on inflammatory markers (-10% to -15% for fibrinogen, -10% to -30% for haptoglobin, approximately -10% to -75% of hsCRP) have been consistently found in all Phase IIa clinical trials conducted to date, at a dose of 80 mg/day.

6.7.5 GFT505: Excellent safety of use

6.7.5.1 GFT505: a complete toxicology case file with no toxic signs

The toxicity of GFT505 has been evaluated in numerous regulatory animal studies with up to two years of treatment in rats and mice and one year of high-dose treatment in monkeys. These trials have revealed no major signs of toxicity. In particular, GFT505 has no adverse effects associated with glitazones. It does not induce weight gain, peripheral edema or increased heart weight. Two-year carcinogenicity studies in mice and rats have not revealed a cancer risk that is transferable to humans.

6.7.5.2 GFT505: No toxic signs in all Phase I and Phase II clinical trials

The safety of use of GFT505 has been evaluated in several Phase I clinical trials in healthy, overweight and obese and/or diabetic volunteers.

Phase I clinical trials testing increasing single doses of GFT505 of up to 300 mg have not revealed any sign of intolerance or toxicity. Similarly, Phase I clinical trials testing repeated doses of GFT505 over a 14-day period of up to 240 mg/day have revealed no abnormal results. To date, the maximum tolerated dose (MTD) has not been reached in the Phase I program.

This excellent safety of use has been confirmed in all Phase IIa clinical trials conducted to date (up to three months of treatment in diabetic patients). Lastly, the patient safety monitoring committee found no major signs of intolerance after analyzing the data from over 65 patients treated for more than six months in the Phase IIb clinical trial currently in progress.

6.7.6 GFT505: A Phase IIb clinical trial in progress (GFT505-212-7)

6.7.6.1 Protocol established in consultation with leading experts in the field:

Following recommendations made by a committee of scientific experts in 2011, Genfit decided to work towards finding a treatment for NASH as a matter of priority. This decision, supported by the results of further mechanism of action studies and recent preclinical results, has resulted in the launch of a Phase IIb clinical trial in this field.

Following the preclinical and clinical results as well as the toxicology studies, positive opinions on the design of a Phase IIb clinical trial in NASH have been obtained from the European Medicines Agency and the US Food and Drug Administration (FDA).

An international, multicenter Phase IIb clinical trial was therefore launched at the end of the third quarter of 2012 in both Europe and the United States (275 patients have been enrolled). The first patients recruited in Europe and the United States began GFT505 treatment in mid-November 2012.

6.7.6.2 Protocol summary

<u>Sponsor:</u> Genfit	<u>Study product:</u> GFT505: Propanoic acid, 2-[2,6-dimethyl-4-[3-[4-(methylthio)phenyl]-3-oxo-1(E)-propenyl]phenoxy]-2-methyl	<u>Protocol number:</u> GFT505-212-7
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Study title:
The aim of this clinical trial is to evaluate the efficacy against steatohepatitis and the tolerability of GFT505 administered once a day in patients with non-alcoholic steatohepatitis (NASH). A multicenter, randomized, double-blind, placebo-controlled clinical trial, according to a protocol enabling the initial administration of GFT505 80 mg versus a placebo, followed by a second phase including the 120 mg dose of GFT505, following the analysis of tolerability figures after six months of treatment at the 80 mg dose in at least 50% of patients.

Phase: Phase IIb
Indication: NASH

Study and dosage overview:

Randomized, double-blind clinical trial, in three parallel groups: placebo, GFT505 80 mg and GFT505 120 mg (at a later stage, following the interim analysis of tolerability data of the 80 mg dose in at least 50% of patients) administered once-daily over a 52-week period.

Route of administration: Oral.

Primary endpoint:

- Evaluate the efficacy of the daily doses of GFT505 80 mg and GFT505 120 mg over a 52-week period compared to a placebo, on the reversal of histological steatohepatitis without the worsening of fibrosis.

Secondary endpoints:

- Evaluate the efficacy of the daily doses of GFT505 80 mg and GFT505 120 mg over a 52-week period compared to a placebo, on the reversal of histological steatohepatitis;
 - Evaluate the improvement in the NAS score;
 - Evaluate developments in individual histological scores of steatosis and hepatic activity (ballooning + lobular inflammation);
 - Evaluate changes in the area of fibrosis using morphometrics;
 - Evaluate the development of fibrosis using the fibrosis grading system established by NASH CRN;
 - Evaluate the changes in hepatic enzymes;
 - Describe the changes in non-invasive markers of fibrosis and steatosis;
 - Describe the changes in lipid parameters;
 - Describe changes in weight;
 - Describe the changes in insulin resistance;
 - Describe the changes in inflammatory markers;
 - Describe the changes in safety markers (parameters of renal and cardiac functions);
 - Assess the changes in the cardiovascular risk profile;
 - Determine the pharmacokinetic parameters of GFT505 and GFT1007 after 52 weeks of treatment;
 - Assess the tolerability and safety of the daily oral administration of GFT505 at 80 mg and 120 mg over a 52-week period;
 - Create a biobank for discovering and validating biomarkers in NASH/NAFLD and associated pathologies and investigate the role of single-nucleotide polymorphism (SNP) in the response to treatment.
-

Patient population:

Patients with a histological diagnosis of NASH

Number of randomized patients: 270 planned, 275 actual patients in total

- 90 patients in the placebo group
- 90 patients in the GFT505 80 mg group
- 90 patients in the GFT505 120 mg group

Number of participating centers (planned): 75 centers

Number of participating countries (planned): 9 (Belgium, France, Germany, Italy, the Netherlands, Romania, Spain, United Kingdom and United States)

Independent Data and Safety Monitoring Board (DSMB):

An independent data and safety monitoring board has been put in place to regularly examine the tolerability to treatment during the blind clinical trial.

This committee consists of experienced doctors (endocrinologist, cardiologist, hepatologist) and a methodologist who are all independent of study participants. A charter defines the role, responsibilities, rules and tasks of the DSMB.

6.7.6.3 Progress of the Phase IIb study in March 2014

All patients have been recruited by 56 active centers in the United States and Europe.

At the end of October 2013, the DSMB (Data Safety Monitoring Board): an international independent committee responsible for ensuring the safety of patients in this study) analyzed data relating to the safety of use of GFT505 for the first patient population treated for over six months with GFT505 at a dose of 80 mg/day.

Upon analyzing this data, the committee unanimously agreed that GFT505 presented no issues relating to safety of use that were likely to jeopardize the continuation of this study. A second phase of recruitment was therefore launched and completed in a few days. A dose of GFT505 at 120 mg/day is currently being administered to this second cohort of patients. In total, 275 patients were randomized in 56 centers in the United States and Europe, and the first patients enrolled have completed the treatment phase.

6.7.7 GFT505: A joint development plan with agencies (Fast Track)

In view of the importance of NASH in terms of public health, the FDA (Food and Drug Administration) granted, on February 14, 2014, the designation of “Fast Track” to the GFT505 case file for the treatment of NASH. FDA “Fast Track” is defined as a process to facilitate development and expedite the review of drugs that are dedicated to the treatment of serious and fatal conditions that constitute unmet medical needs. The goal is to provide patients with new treatments as quickly as possible. This designation has established a close and regular working relationship between the FDA and Genfit. It enables both organizations to work together to define the quickest and most effective development plan through frequent meetings and expedited review processes.

6.7.8 GFT505: Market and competition

In the absence of a dedicated drug, the global NASH market is currently valued at over USD 200 million, due essentially to “default” prescriptions of drugs that are already on the market, without any evidence of efficacy on NASH and especially outside of the indications for which they are officially approved (known as “off-label” prescriptions). According to these studies, the market is expected to quickly exceed USD 2 billion by 2018, and may reach between USD 8 and 10 billion by 2025. This strong market growth in the next ten years will be driven by the increasing prevalence of NASH in the 6 major markets (the prevalence of NASH is currently estimated at about 10-15% of the population in these countries), and particularly by the market arrival of therapeutic solutions that are specifically approved for this indication (*Source: Global Data, Portzamparc*).

The following table, from a report by JMP-Securities on NASH (February 2014) and its future treatments, summarizes the product portfolio currently under development around the world. Genfit’s GFT505 is therefore one of the three pioneering drug candidates in this indication.

Company	Compound	Mechanism of action/target	Phase	Population	Primary End-point	Secondary End-points	Next NASH catalyst	Next step
Genfit	GFT505	Dual PPARa/d	Phase 2b	NASH	Biopsy: reversing of NASH without worsening of fibrosis	NAS score improvement Fibrosis score Biomarkers:	Results Phase 2b in Q4 2014	Initiate phase 3 in 2015
INTERCEPT	OCA	FXR Agonist	Phase 2b (NIDDK)	NASH	Biopsy: NAS score improvement	Biomarkers	Full Phase 2b results in Q4-2014	Initiate phase 3 in 2015
RAPTOR	Procysbi Cysteamine	Lysosomal Cystine Transporter	Phase 2b	Pediatric NAFLD	Biopsy: NAS score improvement without worsening of fibrosis	Biomarkers	Results phase 2b in S1-2015	Initiate phase 3 in 2015
GILEAD	Simtuzumab (GS-6624)	Anti-LOXL2	Phase 2b	NASH with Advanced fibrosis	Biopsy: improvement of fibrosis/cirrhosis	Biomarkers	Results Phase 2b in 2016	Initiate Phase 3 in 2017
CONATUS	EMRICASAN	Pan caspase inhibitor	Phase 2	NASH	Biomarkers: CK18 and ALT	Safety	Results phase 2 in Q4-2015	Initiate Phase 2 in 2014
KADMON	KD025	ROCK2	Phase 2	NASH	Biopsy: NAS score improvement	Fibrosis score Biomarkers	Results phase 2 in Q4-2015	Initiate phase 2 in 2014
TOBIRA	Cenicriviroc	CCR2/CCR5 antagonist	Phase 2	NASH	Biopsy: NAS score improvement	Collagen morphometry Fibroscan Biomarkers	Results phase 2 in 2016	Initiate Phase 2 in 2014
GALECTIN	GR-MD-02	Galectin-3	Phase 1	NASH with advanced fibrosis	Safety and Pharmacokinetics	Biomarkers	Results Phase 1 in 2014	Initiate Phase 2 in 2015

- The compound from Intercept (OCA) is an FXR agonist, which has recently reflected keen investor interest in the scientific and medical community for NASH following the stopping of its Phase IIb clinical trial after an interim analysis demonstrated its efficacy. Press releases report that OCA reduces "liver damage," but the final results are currently being analyzed by the NIDDK (National Institute of Diabetes and Digestive and Kidney Diseases – part of the National Institute of Health), and are not expected to be available until the last quarter of 2014. According to the latest management press releases, Intercept needs to discuss with the FDA before launching a Phase III clinical trial for NASH.

- The RP103 molecule from Raptor is already on the market (Procysbi) in another indication. With the support of the NIDDK, it is currently being tested in Phase IIb clinical trials in children and adolescents with NAFLD. The results of the Phase IIb clinical trial are not expected to be available until the first half of 2015. Raptor has previously generated Phase IIa results that showed that RP103 caused a long-term reduction in hepatic enzymes (ALT and AST).

- Gilead is developing an injectable product, simtuzumab, an anti-LOXL2 antibody. In contrast to GFT505 and OCA, which both target NASH, simtuzumab directly targets the profibrotic process. The Phase IIb study currently in progress therefore aims to demonstrate that simtuzumab is able to reduce fibrosis in NASH patients after 100 weeks of treatment. The results are not expected before 2016.

- Conatus is developing its caspase inhibitor, known as Emricasan, for liver failure. Preclinical models show that the compound reduces liver fibrosis and is capable of reducing hepatic enzymes in humans. The company plans to launch an exploratory Phase IIa clinical trial in NAFLD patients in the first half of 2014 with the objective of demonstrating the efficacy of the compound on biomarkers and hepatic enzymes. Conatus will decide to continue wider Phase IIb clinical trials in light of the outcome.

- Kadmon is developing a small molecule (KD025) that inhibits an enzyme involved in activating inflammatory cells: Rho-associated Kinase 2 (ROCK2). The compound inhibits macrophages and may interfere with the inflammatory component of NASH. A Phase II study in NASH patients with a histological endpoint should be launched in 2014.

- Tobira is developing a dual CCR2 and CCR5 antagonist, known as Cenicriviroc. CCR2 and CCR5 receptors are thought to play a role in the development of fibrosis. Based on "promising" results in animal models of NASH, Tobira plans to launch a proof-of-concept study in 2014 with the objective of demonstrating a reduction in the NAS score after 72 weeks of treatment. The results are not expected before 2016.

- Galectin is developing a galectin-3 inhibitor for the treatment of fibrosis. In particular, the company is targeting advanced-stage NASH patients with bridging fibrosis or cirrhosis. A Phase Ib clinical trial is currently in progress in a small number of NASH patients with advanced fibrosis. The primary endpoint of this study is to evaluate the pharmacokinetics of the product and its safety of use before launching a Phase II clinical trial. Data from this Phase I clinical trial should be released in the course of 2014.

6.8 Other programs

6.8.1 TGFTX1 and ROR γ t

As part of the TGFTX1 program, Genfit has selected ROR γ t (RORgamma-t), a key nuclear receptor involved in regulating a proinflammatory cytokine, interleukin-17 (IL-17), which represents an approved therapeutic target for the treatment of certain inflammatory and autoimmune diseases.

An exacerbation of the immune response associated with IL-17 is recognized as a key element of autoimmune diseases such as rheumatoid arthritis and psoriasis. Similarly, this involvement of the IL-17 pathway has also been demonstrated in the development of other autoimmune and inflammatory diseases, such as multiple sclerosis, systemic lupus erythematosus (SLE) disease, obstructive respiratory diseases, inflammatory bowel disease (IBD), and several types of fibrotic/hepatic impairment.

ROR γ t has a key role upstream of the immune process: by inducing the differentiation of Th17 lymphocytes, which results in the production of IL-17, it modulates the subsequent immune responses. Inhibiting ROR γ t by a drug candidate is therefore a simple and efficacious approach to adjust the exacerbated immune responses caused by IL-17, particularly since this drug candidate can be a small compound and administered orally.

The first TGFTX1 molecules developed by Genfit chemists effectively inhibit ROR γ t activity. In compliance with the criteria established for drugs, these molecules have already demonstrated beneficial effects in functional assays appropriate for the targeted diseases. In particular, Genfit evaluates its proprietary ROR γ t inhibitors for their potential as an innovative therapeutic approach in several inflammatory diseases of the liver and intestines.

As part of this program, Genfit has also developed a full range of tools and tests for discovering ROR γ t inhibitors with a drug profile for autoimmune diseases. Genfit is currently exploring partnership opportunities with pharmaceutical companies that have clinical expertise established in autoimmune diseases, but outside of Genfit priority therapeutic areas of metabolic, gastrointestinal and hepatic diseases.

6.8.2 TGFTX3 and Rev-Erb α – A research program for drug candidates for metabolic diseases

As part of the TGFTX3 program, Genfit is developing new proprietary compounds that activate the nuclear receptor Rev-Erb α , a therapeutic target of a new generation for the treatment of metabolic and inflammatory diseases, including NASH and Type 2 diabetes.

Human physiology is regulated on a circadian rhythm, i.e. approximately 24 hours (from the Latin "circa diem" which means "approximately a day"). This allows the body to adapt to the differences in energy requirements that occur between day and night and regulate other physiological functions according to daily environmental changes. Many physiological mechanisms and behaviors, including metabolism, blood pressure, body temperature and sleep-wake cycles are therefore circadian-regulated.

Repeated stress conditions, such as jet lag, night work and certain chronic diseases, disrupt the molecular mechanisms responsible for circadian alignment between human physiology and the day/night rhythm.

By virtue of its key role at the interface between regulating circadian rhythms and metabolic machinery, the nuclear receptor Rev-Erb α represents an ideal therapeutic target that offers new perspectives for the treatment of diseases such as diabetes and NASH.

Genfit has developed series of proprietary Rev-Erb α agonists and dual Rev-Erb α and Rev-Erb β agonists. These agonists regulate the expression of the target genes of Rev-Erb α in vitro and in vivo, and are consistent with the

criteria established for these drugs. Among the range of potential therapeutic indications which could be targeted by the regulation of Rev-Erba, Genfit has particularly demonstrated the pharmacological activity of these synthetic ligands of Rev-Erba on the regulation of glucose and lipid metabolism, as well as hepatic protection, by using models of diabetes and NASH, respectively.

Genfit has also developed a full range of tools and drug discovery clinical trials, in order to quickly advance this program toward innovative therapeutic solutions.

6.8.3 TGFTX4 – A research program of drug candidates for fibrotic diseases

Within the TGFTX4 program, Genfit has identified a new family of compounds with significant anti-fibrotic activity in both cell-based tests and in vivo models.

Fibrosis is a complex and adaptive process that results in interactions between multiple signaling pathways. To increase the chances of success of the compounds being selected for clinical trials, Genfit has used, for this program, a functional assay adapted to the targeted pathological process rather than the traditional approach focused on a particular target.

Hepatic fibrosis leads to significant morbidity and mortality in chronic liver diseases of various etiologies, such as viral hepatitis, NASH, alcoholic steatosis, acute liver failure and others. Pathological activation of hepatic stellate cells (HSC), which secrete significant amounts of extracellular matrix, is a recognized characteristic of the fibrotic process. Inhibiting profibrotic mechanisms should therefore be beneficial in the treatment of chronic liver diseases of various origins.

Genfit has identified a series of proprietary molecules which effectively inhibit the proliferation and profibrotic activation of primary human HSC. The antifibrotic properties of these compounds have been confirmed by in vivo evaluation, in recognized models of hepatic fibrosis. At the same time, Genfit has identified several target molecules that are responsible for the antifibrotic effects of the TGFTX4 series. Genfit is currently working on a hit-to-lead optimization program to develop drug candidates for fibrotic liver diseases.

6.8.4 Consortia

Genfit is enhancing part of its proprietary research efforts through projects carried out within the context of French and European consortia in collaboration with academic research institutions and other biotechnology companies. These programs correspond to:

- new avenues for potential scientific diversification;
- or further investigations into proprietary programs that already been launched by Genfit;
- or openings toward highly innovative technological developments.

Collaborations of this type are increasingly sought after by manufacturers in the pharmaceutical industry who gain privileged and easier access to new sources of innovation.

The management of these consortia also provides Genfit with regular income and funding, in the form of government grants and/or repayable advances, from various French and European calls for tender.

- **The IT DIAB consortium**

The most important is the IT-Diab consortium, which has been active since 2008. Support from the French agency OSEO was received for setting up the consortium on the basis of a provisional budget for studies, across all partners, of EUR 24.9 million over five years with EUR 15.9 million of studies assigned to Genfit. On this basis, EUR 7.2 million were programmed in 2008 to support part of the works to be carried out by Genfit in connection with the program (in the form of grants and repayable advances).

This consortium, in which Genfit has maintained a leadership position since July 2008, aims to discover and develop innovative chemical entities and new biomarkers in insulin resistance. IT-Diab aims to identify new therapeutic targets involved in the progression from pre-diabetes to Type 2 diabetes as well as the early biomarkers of this progression, with a focus on pancreatic β -cell dysfunction which is responsible for the progressive onset of this disease. This program is based on large-scale clinical cohort studies:

- The DECODIAB cohort study began recruitment in June 2010. This study aims to evaluate the progression of pre-diabetes to Type 2 diabetes in hyperglycemic patients during five years and should enable new biomarkers of β -cell dysfunction in humans to be identified and validated in a population at risk of developing Type 2 diabetes.
- The REVERSY-ABOS cohort study, which (on the basis of the longitudinal monitoring of 900 patients with morbid obesity and candidates for bariatric surgery) enables Genfit to have phenotypic data and valuable biological samples for the advancement of its program to discover new therapeutic targets and identify biomarkers of pre-diabetes and the early stages of Type 2 diabetes (BMGFT02 program).

Three technological manufacturing partners (Genoway, Spibio and Roowin) and seven laboratories and academic clinical research groups participate in this consortium with Genfit. These academic partners include units within the Université de Lyon, University of Lille II, as well as the Pasteur Institute of Lille, with which Genfit has historical links. Genfit also has a special partnership with the Joint Research Unit (INSERM, Lille II, Pasteur Institute of Lille) of Professor Bart Staels.

- **The Olnorme consortium.**

The works conducted in connection with the Olnorme consortium, in which GENFIT has the position of leader, have made it possible to identify new ligands of the **ROR** nuclear receptor on which GENFIT is working within the **TGFTX1** program, thanks to the expertise of partners such as Bicol GmbH (Germany) and the University of Freiburg (Germany).

In connection with this program, which was completed in 2013 as expected, an innovative, robust and reproducible screening test was developed, which allowed identifying very small quantities of natural ligands that are agonists of **ROR** in a complex matrix of medicinal plant extracts, which were the subject of a scientific publication.

European financing was obtained to conduct this program on the basis of total projected investment from all partners of €2,700 k over 3 years, including €1,900 k for GENFIT. On these bases, €1,200 k in subsidies and reimbursable advances were programmed in 2010 under European financing to support part of the works to be carried out by GENFIT in connection with the program.

6.8.5 Collaboration with Sanofi

Genfit is collaborating with Sanofi in risk-sharing, in order to identify molecules that may correct mitochondrial dysfunction associated with certain pathologies including metabolic diseases, particularly Type 2 diabetes.

The mitochondrion acts as a “power plant” whose main function is to produce cellular energy in the form of adenosine triphosphate in the respiratory chain. Based on clinical observations, it has been clearly demonstrated that several diseases, including certain metabolic diseases, are related to mitochondrial dysfunction. For example, several studies have found that mitochondrial dysfunction is associated with the onset of insulin resistance, a major characteristic of diabetes. Targeting mitochondrial dysfunction therefore represents an innovative approach in the treatment of diabetic patients.

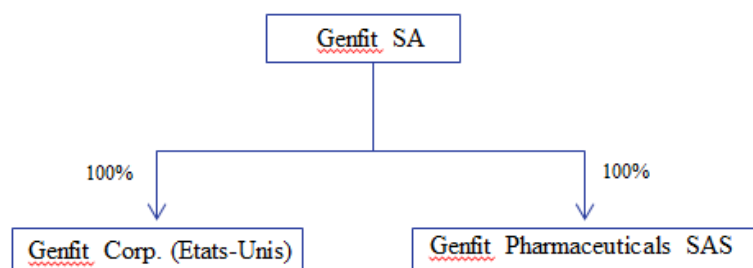
As part of this research program, Genfit and Sanofi have identified new molecules with beneficial activity on cellular mechanisms that are likely to correct mitochondrial dysfunction. The pharmacological evaluation of these compounds in mouse models of Type 2 diabetes demonstrates the compounds’ efficacy and supports the initial hypothesis that the regulation of energy homeostasis, via the correction of mitochondrial dysfunction, offers therapeutic potential for the treatment of Type 2 diabetes.

In accordance with the terms of the agreement signed in 2011, whereby Sanofi obtained the exclusive worldwide rights to develop and market the molecules from this research collaboration, Genfit has received the first three milestone payments provided for in the Collaboration Agreement and License Agreement. Depending on the success of preclinical and clinical developments and the registration and marketing of products, Genfit could receive milestone payments and royalties from the commercialization of the products developed by Sanofi and resulting from the collaboration (about the main characteristics of the contract, see chapter 22 of this prospectus).

7. ORGANIZATION CHART

7.1 Group structure

Below is the Group's current organization chart:



7.2 List of subsidiaries, branches and secondary establishments

Genfit SA: ultimate holding company of the Group;

Genfit Corp. (United States): a wholly owned subsidiary set up in July 2003 in Massachusetts (United States). Its role is to:

- identify industrial partnerships with players in the pharmaceutical industry and biotechnology companies;
- set up a network of academic partners in the Company's area of business;
- monitor relationships with the FDA as regards regulatory clinical matters, that are specific to the US.

Genfit Pharmaceuticals SAS (France): this wholly owned French subsidiary, set up in December 2011, was put on standby. The subsidiary does not currently engage in any operational activity.

These entities' key figures as of December 31, 2013 are set out below:

Subsidiaries	% of share held	Issued capital	Total equity (except issued capital)	Turnover	Profit
Genfit SA		5 135	8973	1899	(10 043)
Genfit Corp	100%	(36)	178	68	5
Genfit Pharmaceuticals	100%	1			(1)

7.3 Main intragroup flows

Genfit Corp. Services Agreement

An annual services agreement was concluded between Genfit SA and Genfit Corp. in July 2003. The supplemental agreement concluded on January 1, 2013 provides for an annual fee of USD 90k to cover the US subsidiary's operating costs.

Business Address Agreement with Genfit Pharmaceuticals

A Business Address Agreement that does not involve any exchange of funds was concluded on December 13, 2011 and is renewable by tacit agreement. This agreement allows the subsidiary Genfit Pharmaceuticals, which is not engaged in any operational activity as of the date of this Prospectus, to use premises free of charge.

8. PROPERTY, PLANT AND EQUIPMENT

8.1 Overview of real estate

Genfit SA set up and operates from its principal office in Loos (at 885 Avenue Eugène Avinée) on the Parc Eurasanté (on the immediate outskirts of Lille).

The Company uses its principal office to conduct all of its Research and Development activities, to identify and prepare candidate drugs and to carry out its functional support and administrative and financial tasks.

The Company's business development activities are operated in France (primarily on the Loos site) and the United States (to a lesser extent, on the premises of Genfit Corp.).

In order to be able to use buildings suited to the diversity of its Research and Development requirements and the technological requirements of its teams, Genfit had this entire site developed, as client acting on behalf of a real estate finance lessor.

This site can therefore be used to:

- centralize the Company's activities involving cellular biology, molecular biology, genomics, screening, chemistry, biochemistry and proteomics;
- set up the in vivo laboratory;
- guarantee the confidentiality of research and protect the industrial property and sensitive information resulting from such research.

Consequently, Genfit opted for a real estate finance solution enabling it to ultimately own the property.

Genfit SA, which acquired ownership of its premises in September 2012 by exercising an option under its real estate finance lease early:

- decided to sell them to a specialist investor;
- asked the municipality of Lille to simultaneously sell to the same investor the land on which the property is built, for which it had been granted an operating lease.
- The Company therefore became the tenant of the property by concluding a commercial lease on March 22, 2013 for a term of nine full, consecutive years.

This lease was granted and accepted in consideration of an annual rent of EUR 900k excluding taxes and service charges. As of the date of this Prospectus, Genfit SA does not own any real estate.

Genfit Corp. has its business address in a business center in Cambridge, Massachusetts, pursuant to a lease renewable each year.

8.2 Environmental matters

The activities in which the Company engages pose no significant risk for the environment. Please also refer to Sections 4.1.1.2 and 4.1.6 of the first part of this Prospectus.

9. REVIEW OF FINANCIAL POSITION AND PERFORMANCE

Readers are encouraged to read the following information on the Group's financial position and performance alongside the Group's audited consolidated financial statements under IFRS for the years ended December 31, 2013 and December 31, 2012.

9.1 Financial position

9.1.1 Comments on the consolidated income statement for the years ended December 31, 2012 and December 31, 2013

9.1.1.1 Revenues and other income from operations

The Group generated total revenue of EUR 5,967.4k in 2013, compared with EUR 6,010.2k in 2012.

	31.12.2013	31.12.2012
(in € thousands)	12 months	12 months
Revenue	1 899,3	1 672,3
Public financing of research expenditure	3 916,3	4 309,3
Other operating income	151,8	28,7
TOTAL	5 967,4	6 010,2

Industrial revenue

Industrial revenue arises from policies within the pharmaceutical industry that increasingly favor risk-sharing partnerships resulting in lower direct income but larger clinical research milestone payments.

The increase in revenue in 2013 was driven by a one-off increase in activity volumes linked to services.

Public financing of research expenditure

At the Company's current stage of project development, its main source of revenue is public financing, consisting of the following:

- A research tax credit which increased from EUR 3,170.1k in 2012 to EUR 3,496.1k in 2013 (up 10.3%), mainly due to the Group's sustained R&D efforts.
- Operating subsidies for two research programs, IT-DIAB and Olnorme II, details of which are set out in Section 6.8.4 of Part 1 of this prospectus. In 2012, the Group recognized total operating subsidies of EUR 1,139.2k in connection with work on the IT-DIAB and AD INOV programs and following the termination of the Micropath program, under which repayable advances received in 2011 had been recognized in income. In 2013, the Group recognized income of EUR 420.2k in connection with continued work on the IT-DIAB program and the completion of work on Olnorme II.

Other operating income

The increase in other operating income in 2013 was driven by the recognition during the year of the reversal of an expense linked to the straight-line amortization of a construction lease (EUR 96k) and of income of EUR 54.6k from the tax credit for encouraging competitiveness and jobs (crédit impôt compétitivité emploi – CICE). Total 2012 income of EUR 28.7k consisted solely of sundry income.

9.1.1.2 Current operating profit/loss

The current operating loss increased from EUR 7,717.8k in 2012 to EUR 10,417.8k in 2013 as a result of a significant increase in operating expenses, up 19.4% from EUR 13,728.0k to EUR 16,385.2k.

These expenses consisted of the following:

- **Consumables used**, made up partly of laboratory consumables and partly of fluids and energy consumed by buildings.
- Costs associated with **operational subcontracting**: this item includes all services contracted out to research partners for regulatory reasons in connection with the production of active substances, production by therapeutic units, and toxicology and pharmacokinetics studies, as well as costs associated with clinical and pre-clinical studies. Over the period under review, subcontracting expenses increased significantly from EUR 4,289.6k in 2012 to EUR 5,161.5k in 2013 (up 20.3%). This increase was driven in particular by the full-year impact of Phase II studies linked to the GFT 505 program begun at the end of 2012, the cost of which is in addition to other programs in progress.
- **Personnel costs**, the increase in which was mainly driven by bonuses awarded to employees, partly in recognition of previous wage restraint efforts and partly to reward employees whose high levels of commitment contributed to the Group's strong scientific performance over the period and associated fund-raising campaigns.

Total employee expenses (Thousands of euros)	12.31.2013 12 months	12.31.2012 12 months
Salaries	-4,489.2	-3,770.6
Social security costs	-1,933.1	-1,719.9
Cost of pension liabilities	-56.1	-49.8
Individual training entitlement	-0.5	0.1
Profit-sharing	0.0	0.0
Share-based payments	0.0	0.0
TOTAL	-6,478.8	-5,540.2

- **Other operating expenses**, the increase in which was mainly driven by the lease on the premises leased by Genfit since March 2013. Professional fees were relatively stable, down from EUR 607k in 2012 to EUR 590k in 2013. These include legal and accountancy fees, fees paid to the company tasked with press relations and communication, fees corresponding to external security personnel provided to Genfit and fees paid to some of the Company's scientific advisers. Intellectual property rights, which represented similar amounts in 2012 and 2013, are linked to the Group's policy of protecting its intellectual property rights (patent registration and maintenance fees).

Other operating expenses (in € thousands)	31.12.2013 12 months	31.12.2012 12 months
Repairs & maintenance of equipment	-192,5	-200,0
Repairs & maintenance of premises	-924,7	-204,1
Intellectual property fees	-486,5	-495,2
Fees (legal, accounting, communication, scientific, business dev...)	-590,5	-607,3
Travel expenses	-222,5	-181,9
Taxes (other than income tax)	-209,0	-180,5
Other expenses (insurance, mail-phone-web, bank fees...)	-306,4	-300,5
TOTAL	-2 932,1	-2 169,7

9.1.1.3 Current operating profit/loss

The Group generated an operating loss of EUR 10,513.7k in 2013 after recognizing a EUR 95.9k expense on inventory activities resulting from the disposal of its real estate. The operating loss in 2012 totaled EUR 7,715.9k.

Financial income

The Group posted net financial income of EUR 180k in 2013, compared with a net financial expense of EUR 13k in 2012. This performance was mainly driven by the following:

- a significant reduction in interest on borrowings (down from EUR 252k in 2012 to EUR 100k in 2013) after the debt under the renewable credit facility was written off and financial interest payments under the real estate lease ceased
- a reduction in other finance expenses (down from EUR 49k in 2012 to EUR 25k in 2013)

Corporate income tax

Deferred tax activated on the balance sheet in 2012 (leading to a EUR 2,317.9k tax credit in 2012) corresponded to timing differences linked to the real estate transaction (see Section 3.3) and, to a lesser extent, the need to cover deferred tax liabilities arising on consolidation adjustments. The sale of the Company's real complex in 2013 meant that these timing differences were fully reversed in income, giving rise to a net tax expense of EUR 2,318k.

At December 31, 2013 the Company had EUR 70,497.6k in tax losses that may be carried forward indefinitely, compared with EUR 55,004.2k at December 31, 2012.

Net loss and loss per share

After taking into account this tax expense, the Group posted a consolidated net loss of EUR 12,652.1k in 2013, compared with EUR 5,411.6k in 2012. The loss per share came to EUR 0.65 at December 31, 2013, compared with EUR 0.36 a year earlier. The relative increase in the loss per share was lower than the total increase in the Company's losses. This is because the weighted average number of outstanding shares was higher in 2012 than 2013 as a result of the various new equity issues that were completed. Please refer to Section 10.1.3 below.

9.1.2 Comments on the consolidated income statement for the years ended December 31, 2012 and December 31, 2013

9.1.2.1 Assets

Research and development costs

In accordance with IAS 38, "Intangible assets", all research costs are expensed during the period in which they are incurred.

Development costs are recognized in intangible assets if and only if the Company can demonstrate all of the following:

- the technical feasibility of completing the asset with a view to its being implemented or marketed
- its intention to complete, use or sell the intangible asset
- how the asset will generate future economic benefits via either its sale or its internal use
- its ability to reliably measure the attributable development expenditure
- the availability of technical and financial resources to complete the development and sell or use the intangible asset
- its ability to use or sell the intangible asset

In accordance with this standard, all research and development (R&D) costs incurred to date have been recognized in expenses, since the Company considers that the technical feasibility of its development projects will not be demonstrated until such time as the required marketing authorizations are issued, which also corresponds to the time at which virtually all of the development costs have been incurred.

Non-current assets

Net non-current assets, which consist of goodwill, property, plant, equipment, intangible assets and financial assets, totaled EUR 2,052k at December 31, 2013, compared with EUR 12,458k at December 31, 2012.

Non-current assets (in € thousands)	Year ended 31.12.2013	Year ended 31.12.2012
Goodwill	75	75
Other intangible assets	55	31
Property, plant & equipment	1 000	9 401
Non current financial assets	702	208
Other non-current assets	220	395
Differed tax assets	0	2 318
TOTAL	2 052	12 428

The reduction between 2012 and 2013 was mainly driven by the sale for EUR 9,816k on March 22, 2013 of the real estate, which the Company continues to occupy as lessee under a commercial lease (see also Section 8). The Company took ownership of these premises in 2012 after the option on the construction lease was lifted early. The activated deferred taxes were reversed in full in 2013, and no new deferred taxes were recognized in the year.

The final significant change concerns other non-current financial assets (up from EUR 208k in 2012 to EUR 702k in 2013) and was mainly driven by the payment of a EUR 225k guarantee withholding under the lease covering the real estate, together with a cash balance of EUR 240.2k under the current liquidity agreement.

Current assets

A discussion of the evolution of these changes in current assets must distinguish between, on the one hand, the changes in other current assets summarized in the table below and, on the other hand, changes in other financial assets and cash and cash equivalents.

Current assets (in € thousands)	Year ended 31.12.2013	Year ended 31.12.2012
Inventories	167	158
tax payable	0	0
Trade & others receivables	162	108
Financial assets	10	18
Other assets	5 838	4 567
TOTAL	6 177	4 850

Other current asset mainly consists of the following:

- the research tax credit, which increased (from EUR 3,170k in 2012 to EUR 3,492k in 2013) as a result of the government maintaining its immediate repayment policy for SMEs as defined by the European Union
- repayment of the amount due under the research tax credit, expected in April 2014
- current prepaid expenses, which rose from EUR 692k in 2012 to EUR 1,049.5k in 2013 in line with the increase in subcontracting expenses arising from clinical studies
- subsidies receivable (EUR 644.7k), concerning in particular the IT-DIAB program

Cash items varied as follows over the period under review.

Cash & cash equivalents (in € thousands)	31.12.2013	31.12.2012
Short-term deposits	20 750,5	5 065,8
Cash & bank balances	171,6	1 237,9
TOTAL	20 922,1	6 303,7

These changes were largely the combined result of the consumption of cash by operating activities and net cash flows from financing activities, including in particular the capital increase by way of a private placement completed in April 2013.

9.1.2.2 Comments on balance sheet liabilities and equity

Equity

Changes in equity mainly arose from a combination of annual losses reflecting the Company's expenditure, mainly in R&D and linked to the completion of pre-clinical and clinical trials in connection with GFT 505, together with positive variations linked to fundraising in 2013.

Changes in Company and Group equity are detailed respectively in Note 3.9 in the notes to the financial statements and the IFRS statement of changes in equity found in Section 20.1 of this document.

Total Group equity at December 31, 2013 stood at EUR 14,093k, compared with EUR 6,834k at end 2012.

(in € thousands)	Notes	Year ended 31.12.2013	Year ended 31.12.2012
Equity attributable to owners of the Company		14 093	6 834
Non-controlling interests		0	0
Total equity		14 093	6 834

Current and non-current provisions

Non-current & current provisions (in € thousands)	31.12.2013		31.12.2012	
	Non-current	Current	Non-current	Current
Provision for taxes	0,0	0,0	0,0	0,0
Provision for litigation	0,0	6,0	0,0	6,0
Provision for risks	0,0	48,0	0,0	0,0
Provision for formation benefit	0,0	3,2	0,0	2,7
Provision for pension	411,7	0,0	382,4	0,0
TOTAL	411,7	57,1	382,4	8,7

Non-current provisions mainly consist of the pension provision.

The provision for risks recognized in 2013 relates to a penalty for the late repayment of a repayable advance. Genfit has asked to be exempted from this penalty, which it considers unjustified.

Conditional advances

Current & non-current conditional & repayable advances (in € thousands)	31.12.2013		31.12.2012	
	Non-current	Current	Non-current	Current
Interest-free loans	4 130,7	1 067,3	5 057,6	1 294,9
TOTAL	4 130,7	1 067,3	5 057,6	1 294,9

Conditional advances totaled EUR 5,198k at December 31, 2013 compared with EUR 6,352k at December 31, 2012. At that date, they included a number of innovation aids from BPI France that will be repayable if the financed development plans are successful, as well as two repayable advances from the Nord-Pas-de-Calais region and the Lille metropolitan conurbation (for the characteristics of conditional advances, refer to Note 3.11 in the notes to the consolidated financial statements, found in Section 20.1 of Part 1 of this prospectus).

Current and non-current financial liabilities

Current & non-current financial liabilities (in € thousands)	31.12.2013		31.12.2012	
	Non-current	Current	Non-current	Current
Convertible loans	0,0	0,0	850,0	0,0
Bank loans	219,1	125,5	10,7	125,0
Participating development loan	1 150,0	575,0	1 610,0	575,0
Renewable credit facility	0,0	0,0	0,0	998,3
Obligations under finance leases and hire purchase contracts	27,8	32,5	60,3	62,9
Other financial liabilities	0,0	24,6	0,0	19,8
Accrued interests	0,0	20,5	0,0	53,1
Bank overdrafts	0,0	0,4	0,0	4,0
TOTAL	1 396,9	778,5	2 531,1	1 838,1

The Company has a participating development loan in the amount of EUR 2,300k granted by BPI France in 2010, expiring in 2017, with interest charged at an effective rate of 4.69%. The outstanding balance at December 31, 2013 was EUR 1,725k.

The Company also has bank loans taken out to fund purchases of laboratory equipment, including a EUR 70k loan taken out in 2010 and two loans of EUR 200k and EUR 150k obtained in 2013. The total outstanding balance on these loans at December 31, 2013 was EUR 344.6k.

Other current and non-current financial liabilities

Other current & non-current liabilities (in € thousands)	31.12.2013		31.12.2012	
	Non courants	Courants	Non courants	Courants
Payables - Social security costs	0,0	1 256,3	0,0	1 079,9
Employee profit sharing	0,0	18,2	0,0	127,4
Payables - VAT	0,0	7,9	0,0	74,3
Payables - Taxes	0,0	154,6	0,0	122,7
Other payables	0,0	110,9	0,0	112,0
Deferred revenue arising from contracts with customers	0,0	0,0	0,0	550,0
Deferred revenue arising from equipment grants	9,8	9,0	18,8	9,0
Deferred revenue arising from operating grants	33,7	160,7	262,3	352,3
TOTAL	43,4	1 717,6	281,1	2 427,7

Certain other financial liabilities fluctuated significantly in 2013:

Social security payables increased by 16.3% in line with the increase in payroll expenses, while virtually the full amount of profit-sharing recognized in the current account was released to employees. No deferred income was recognized in 2013. Operating subsidies covered two research programs, including the IT-DIAB program (details of these programs are set out in Sections 6.5.5.1 and 6.5.1.2 of this prospectus).

9.2 Operating profit

9.2.1.1 Key factors, including unusual and infrequent events and new developments, significantly affecting operating revenue, indicating the degree to which the latter is affected

Given its current development strategy, the key factors affecting the Company's activity and performance are as follows:

- the progress of R&D programs in line with the desired calendar
- The existence of tax incentives for companies conducting scientific and technical research, such as the research tax credit that the Company has been receiving;
- The granting of subsidies and repayable advances.
- the continuation of industrial cooperation agreements and research consortia

9.2.2 Where the financial statements show significant changes in net revenue or net income, detail the reasons for those changes

Not applicable

9.2.3 Indicate any administrative, economic, budgetary or political factors or measures that either have had or could have had a significant direct or indirect impact on activities

As a European Union definition-recognized SME whose R&D work is eligible for the CIR research tax credit, the Company benefits from upfront CIR tax credit during the financial year following that of the finding. A change in this type of tax credit could influence the Company's cash situation (see paragraph 4.2.8).

10. LIQUIDITY AND CAPITAL RESOURCES

10.1 Source, amount and description of the Group's cash flows

Over the period under review, the change in the Group's cash position by type of cash flow was as follows.

(in € thousands)	Year ended 31.12.2013	Year ended 31.12.2012
Cash flows from operating activities	-9 191,2	-7 861,9
Cash flows from investing activities	7 323,0	-294,6
Cash flows from financial activities	16 492,3	1 654,4
Net increase / (decrease) in cash & cash equivalents	14 624,1	-6 502,1

10.1.1 Cash flows from operating activities

Cash flows from operating activities totaled (EUR 9,191k) in 2013, compared with (EUR 7,861.9k) in 2012, mainly driven by the size of the loss incurred, at (EUR 12,652k).

These negative cash flows are justified by the very nature of Genfit's activities, which require substantial R&D investment giving rise to increasing costs as programs advance, while generating little revenue, at least initially.

However, negative cash flows were improved by deferred taxes (totaling EUR 2,318k) and, to a lesser extent, the change in the working capital requirement (amounting to EUR 391.7k).

(in € thousands)	Year ended 31.12.2013	Year ended 31.12.2012
+ Profit for the year	-12 652,1	-5 411,6
+ Non-controlling interests	0,0	0,0
+ Depreciation charge on intangible assets, property, plant & equipment	465,5	556,3
+ Movements in provisions & impairment losses	74,4	73,3
- Gain / (loss) on disposal of property, plant & equipment	95,9	-1,8
- Share-based payment transaction expenses	0,0	0,0
+ Other non-cash transactions	9,8	-640,8
Cash flow after cost of net financial debt & tax charge	-12 006,4	-5 424,7
- Finance costs	104,4	241,0
- Income tax charge	2 318,0	-2 317,9
Cash flow before changes in working capital, interest expense and income tax	-9 584,0	-7 501,6
Income tax paid	1,1	1,6
Decrease (+) / increase (-) in amounts due from customers	-54,2	625,5
Decrease (-) / increase (+) in amounts due to suppliers	2 528,2	-1 082,1
Decrease (+) / increase (-) in other assets	-1 105,7	2 436,3
Decrease (-) / increase (+) in others liabilities	-976,5	-2 341,6
Changes in working capital	391,7	-361,8
Cash flows from operating activities	-9 191,2	-7 861,9

10.1.2 Cash flows from investing activities

Cash flows from investing activities totaled EUR 7,323k in 2013, compared with (EUR 294.6k) in 2012.

This difference mainly arises from the cash generated by the sale of the Company's real estate asset (see Section 8.1), for which the Company received EUR 8 million.

(in € thousands)	Year ended 31.12.2013	Year ended 31.12.2012
- Purchase of property, plant & equipment	-239,6	-294,0
+ Proceeds from sale of property, plant & equipment	8 045,8	7,6
Investing activities - operations	7 806,2	-286,4
- Purchase of financial instruments	-483,2	-8,3
+ Proceeds from sale of financial instruments	0,0	0,0
- Acquisition of subsidiary, net of cash acquired	0,0	0,0
Investing activities - finance	-483,2	-8,3
Cash flows from investing activities	7 323,0	-294,6

In paying lease payments that are substantially equivalent to the annual lease expense previously borne, Genfit, which now leases the property from the specialized investor that purchased it, has been careful to ensure that:

- the resulting increase in funds is not dilutive for its shareholders;
- the cost of using the premises remains at a similar level.

10.1.3 Cash flows from financing activities

Net cash flows from financing activities totaled EUR 16,492.3k in 2013 and EUR 1,654.4k in 2012, mainly driven by the new equity issues undertaken. Generally speaking, these equity issues have bolstered Genfit's financial position and enabled the Group to continue with its development strategy by providing it with the funds it needs to maintain its investment in its various ongoing research programs, and in the GFT 505 program in particular.

(in € thousands)	Year ended 31.12.2013	Year ended 31.12.2012
+ Proceeds from issuance of shares	19 921,2	4 672,4
+ Proceeds from borrowings & government loans	6 503,6	1 780,2
- Repayments of borrowings & government loans	-9 798,9	-4 554,0
- Financial interests paid (including finance lease)	-133,6	-244,3
Cash flows from financial activities	16 492,3	1 654,4

Cash flows from financing activities mainly consisted of the following:

Income from capital increases:

In respect of 2012: in July 2011, the Company signed an equity financing agreement with Yorkville opening a credit facility for a maximum of EUR 5.3 million payable in shares, with EUR 5 million of this amount covered by a Standby Equity Distribution Agreement (SEDA) to be completed within 24 months. After completing two

initial equity issues in late 2011, the Company continued to implement and extend its partnership with Yorkville as follows:

- In February, the Company drew down an initial amount of EUR 0.25 million under the SEDA program.
- Between March and July, the Company completed four additional equity issues outside the SEDA program totaling EUR 2.45 million.
- In August, the Company carried out an initial convertible bond issue totaling EUR 2 million and completed a restricted capital increase for EUR 0.1 million to offset the receivable representing the commitment fee due to Yorkville for arranging this initial bond issue. These borrowings were repaid in full in shares in September and October.
- At end December, the Company signed and completed the first tranche of a new convertible bond issue of up to EUR 8 million over 24 months, usable by the Company in successive tranches of EUR 1 million each. The issuance of this initial EUR 1 million tranche gave rise to a restricted capital increase for EUR 0.05 million to offset the receivable representing the commitment fee due to Yorkville for arranging this initial tranche and to the conversion of bonds by Yorkville in the amount of EUR 0.25 million.

In 2012, the Company completed equity issues (either in cash or by converting convertible bonds) generating total gross income of EUR 5.1 million (resulting in net income of approximately EUR 4.7 million) and issued a EUR 0.85 million bond not yet converted to equity at December 31, 2012.

In respect of 2013: the Company raised a total gross amount of EUR 21.5 million (resulting in an amount net of issuance fees of approximately EUR 19.9 million) as follows:

(a) **Bond issue:** the Company continued with its convertible bond program, agreed in December 2012 and representing up to EUR 8 million in eight tranches of EUR 1 million each, as follows:

- The balance of the first tranche of EUR 1 million issued at end December 2012 was converted into equity for an amount of EUR 0.85 million.
- A further EUR 6 million was raised by issuing tranches 2 to 7, all of which were converted into equity.
- The issuance of tranches 2 to 7 gave rise to six equity issues of EUR 0.05 million each reserved for the bondholder, totaling EUR 0.35 million, which served to offset receivables representing the bondholder's commitment fee for arranging each of those six tranches.

The Company does not intend to issue the eighth tranche of this bond program.

(b) **Private placement:** the Company completed a new capital increase by private placement in April 2013 for a gross amount of EUR 14.3 million.

New borrowings and public financing

In 2013, the Company subscribed new borrowing totaling EUR 6,350k, including EUR 6,000k in convertible bonds (tranches 2 to 7 referred to above) converted into shares during the year and EUR 132k in innovation aid from BPI France in connection with the IT-DIAB program.

In 2012, the Company subscribed new borrowing consisting of EUR 850k in convertible bonds (the unconverted balance of the initial tranche referred to above) and almost EUR 803k in the form of various innovation aids and repayable advances.

Repayment of new borrowings and receipt of public financing

Repayments in 2013 mainly related to the conversion into equity of EUR 6,850k in convertible bonds issued in 2012 and 2013, as well as approximately EUR 1,600k in financial liabilities including a participating loan, bank borrowings and a renewable loan, and EUR 1,286.5k in innovation aids in line with the agreed repayment schedules.

Total debt repayments of EUR 4,554k in 2012 consisted of EUR 456.9k in repayments against repayable aids, EUR 2,000k in repayments on a renewable loan and EUR 1,861.2k in repayments on a financial lease, with the balance consisting of repayments on bank borrowings and a participating loan in the amount of EUR 235.9k.

10.2 **Restrictions on the use of capital**

With the exception of guarantee withholdings (EUR 115k) and guarantees and deposits (EUR 233k) recognized in non-current financial assets at December 31, 2013, as well as legal charges over term deposits totaling EUR 920k as collateral against the lease, the Company is not faced with any restrictions on the use of capital.

11. RESEARCH AND DEVELOPMENT, PATENTS AND LICENSES, TRADEMARKS AND DOMAIN NAMES

11.1 Research and development activity

The Company's entire business relates to the pharmaceutical research and development of innovative compounds. Further information about the Company's business is set out in Chapter 6 of the first part of this Prospectus.

11.2 Intellectual property

Intellectual property is a key element that creates value for the Company, which therefore set up a structure dedicated to implementing and protecting this key asset from the outset. The Company's intellectual property involves patents for candidate drugs, patents for innovative methods and tools, registered trademarks, domain names, copyright and, generally, all the Company's know-how.

As of February 28, 2014, the Company had a portfolio of 305 patents granted or pending in relation to 16 inventions. In particular, GFT505, the most advanced candidate drug in the Company's pipeline, is the subject of 9 families of patents or patent applications.

11.2.1 Procedures implemented to protect the Company's intellectual property

Intellectual property matters, particularly patents, are extremely important in the Company's business sector.

In 2001, the Company set up an in-house intellectual property department made up of experts in patents and technology watching. This department prepares and files the most relevant and strong patent applications possible, conducts prior art searches and searches concerning freedom of exploitation in relation to the technologies used and/or developed for or by the Company, and monitors patents registered by third parties. It manages other intellectual property rights and agreements relating to such rights. Genfit uses the services of a firm of industrial property attorneys in addition to its in-house team. Finally, the Company has developed technology watch tools.

Various procedures have been put in place to protect the intellectual property generated by Genfit's researchers. These include a procedure to carefully protect confidential information, a strict policy on the keeping and management of laboratory report forms, the filing of heavily-documented patent applications, and continually raising the awareness of staff to methods of protection, and to the importance of intellectual property and the stakes involved.

The Company's contractual relationships with third parties systematically take into account the Company's interests in terms of intellectual property to ensure that the Company fully owns the inventions it believes it should retain in its portfolio. In the context of research carried out by the Company on behalf of third parties, the inventions concerned by research agreements are owned by the relevant third party (which must pay the Company royalties if the invention is exploited); inventions relating to the research tools developed by the Company in the context of a research program belong to the Company, which grants the third party interested in the research collaboration program a permanent free license.

Genfit's intellectual property rights (patents, trademarks and copyright) are the result of the Company's internal activities, particularly in the field of research and development.

11.2.2 Patents and patent applications

New patent applications are regularly added to the Company's patent portfolio. The portfolio includes patents for new molecules that could potentially be developed into drugs and therapeutic applications of such molecules, or patents for new applications of molecules already used for other purposes. The portfolio also includes useful dosage tools for diagnostic purposes, clinical monitoring and research. Lastly, the portfolio concerns certain research technologies developed by or for the Company.

As of February 28, 2014, the Company's patent portfolio included 305 granted or pending patents categorized into 16 families, 9 of which relate to the GFT505 compound and which each correspond to a specific invention. The Company has 251 patents granted or pending in relation to 16 different inventions. The first patents granted will expire in 2021. The portfolio includes patents for "Products", "Methods" and "Uses" that provide extensive cover and are tailored to the activities developed by the Company.

Where possible, patents relating to synthesis methods or specific combinations with other compounds, have been filed to further strengthen the protection of new molecules. These additional applications also increase the term of protection of any drugs launched on the market that contain these new molecules and implement the protected method or composition.

All patent applications are reviewed prior to filing to ensure the exemplification (synthesis of molecules, biological samples, etc.) of inventions required to obtain protection and to carry out an in-depth analysis of prior art within the domain of the invention. This enables the Company to target the scope of protection sought and to file the best possible patent application to the relevant patent offices.

The Company's patent portfolio is constantly evolving and is regularly assessed to ensure it is appropriate for the Company's business, particularly as regards the molecules being developed by the Company.

Genfit fully owns all the patents and patent applications concerning the candidate drugs and biomarkers being developed by the Company.

Drug candidates developed within industrial partnerships

In the case of industrial partnerships, Genfit's partners hold all property rights to the drug candidates identified during such collaborations. This does not concern GFT505, for which all patent rights are held by Genfit.

The industrial alliance agreements also stipulate that the drug candidates developed within such collaborations are the property of the industrial partner, while the necessary technologies developed are the property of Genfit, who grants a free usage licence to the industrial partner.

If the partner decides to terminate the development of drug candidates issued from the collaboration, and if Genfit chooses to continue the development alone, any resulting milestones and royalties would be paid by Genfit (which is not currently the case).

To date, two drug candidates issued from these collaborations, that therefore have this intellectual property status, continue to be developed. The first is developed by Laboratoires Servier and the second by Sanofi. See Chapter 22.

The development of compounds issued from the other industrial collaborations has been stopped.

In the case of academic collaborations, when they concern a drug candidate or a biomarker candidate issued from Genfit's proprietary product portfolio, the agreements stipulate that the research results are systematically the property of Genfit. This is the case notably for the work carried out within the research consortia IT DIAB and OLNORME described in Paragraph 6.8.4, in which Genfit is associated with academic laboratories and other biotechnology companies.

The fully owned Company's portfolio is made up of three major categories of patents:

Brevets relating to new molecules and their therapeutic uses

As of February 28, 2014, these patents represent 76 of the Company's 305 patents (or patent applications), and are divided into 6 patent families. They represent around 25% of the Company's portfolio and will be supplemented by additional patents and patent applications in the future.

These patents claim new families of molecules developed in Genfit's laboratories, for which optimal protection is systematically sought (to prevent a third party from owning, producing, importing, marketing and using the family of molecules) as well as their proposed therapeutic applications, thereby increasing the protection afforded to such molecules.

Patents for dosage/diagnostic tools

As of February 28, 2014, these patents represent 10 of the Company's 305 patents (or patent applications), representing 2 families of patents.. These represent around 3% of the Company's portfolio.

They relate to dosage and diagnostic tools that could potentially be useful to diagnose, treat and monitor patients with lipid metabolism disorders.

They may be licensed or assigned to diagnostic companies.

These patents are also very important for Genfit, as they help ensure that the Company is free to use the new tools and methods used in the context of its research. In addition, they give the Company credibility with regard to third parties, particularly as regards its ability to identify and validate new therapeutic targets, which enables it to conduct collaborative research programs with leading pharmaceutical manufacturers.

The patents create value on the basis of research programs other than those that focus on molecules and they create value in a shorter period of time than the latter.

Patents for GFT505

GFT505 is a molecule synthesized and developed by the Company that is currently in clinical development Phase II-b. As of February 28, 2014, the Company had 219 patents and patent applications concerning GFT505, categorized into 9 families of patents. These patents represent around 72% of the Company's portfolio, which is constantly evolving, with new applications being filed as soon as new results come to light in relation to GFT505.

The portfolio of patents for GFT505 includes patents for the product, its composition, its synthesis processes and its uses.

The molecule is claimed as a molecule, i.e. regardless of its use, by a family of patents originally filed in France on July 8, 2002. The patent also claims the family of compounds similar to GFT505: the application therefore also covers molecules that are structurally similar to GFT505. The patent also claims the application of GFT505 and the family of associated compounds, notably for the treatment of cerebral ischaemia and hemorrhagic stroke prevention.

A second family of patents, also originally filed in France on July 8, 2002, claims the application of GFT505 for the treatment of numerous pathologies, particularly the prevention and treatment of heart disease, lipid and/or carbohydrate metabolism issues and inflammatory diseases.

Seven additional families of patents were filed to provide increased protection for GFT505 and related compounds, relating notably to specific synthesis methods, specific combinations with other pharmaceutical compounds, methods for treating specific disorders and therapeutic uses.

These patents have also been registered or are pending in many countries (more than 50), particularly in Europe (European patent), the United States, Australia, Canada, Israel, Japan and China. Genfit's policy is to protect its intellectual property in many countries, particularly its "product" patents. Most patent applications are filed initially in France or Europe in order to secure a priority date early. This ensures that the European Patent Office (EPO) conducts an in-depth prior art search during the year of priority, enabling a more detailed assessment of the patentability of the inventions claimed.

These various patents are due to expire between 2023 and 2034 and may be extended in certain countries (particularly the United States and Europe) pursuant to a Supplementary Protection Certificate (SPC) for up to a further five years. This extended protection can be obtained provided notably that the Company applies for and is granted a Marketing Authorization (Autorisation de Mise sur le Marché or AMM).

These patents offer protection against the production, import, marketing and use of GFT505 and structurally similar molecules claimed by the patents in the relevant countries, as well as specific protection in relation to the treatment of numerous pathologies, particularly the prevention and treatment of heart disease, lipid and/or carbohydrate metabolism issues and inflammatory diseases.

To date, no patent office has identified any document that might pose a decisive impediment to the grant of the patents pending. Genfit believes that once these patents have been granted, they will offer sound protection for GFT505, particularly as the GFT505 molecule is claimed as a product, and no document identified to date concerns elements that might weaken a claim relating solely to the GFT505 molecule. Also of especial note is that GFT505 is also protected by claims for new therapeutic indications.

Freedom of exploitation

Studies relating to the freedom to exploit GFT505 have been carried out in all countries in which the Company has applied for patent protection, to check that GFT505 and its therapeutic applications as proposed in the patents and patent applications filed by Genfit can be used by the Company without infringing any third party rights. To date, no impediment to the exploitation of GFT505 has been identified.

Freedom to exploit innovations being developed by the Company is systematically considered for molecules involved in clinical phases, to check that they can be used by the Company without infringing any third party rights.

11.2.3 License agreements granted to the Company

To date, the Company has not had to obtain a license from a third party to use the molecules developed by it or the diagnostic or research tools and methods used by it in the context of its business.

11.2.4 License agreements granted by the Company

The Company has granted some of its partners a free, non-exclusive license to use the new methods and technologies developed by it within the scope of the industrial and academic working relationships referred to in Chapter 6 of this document, for the term of the relevant agreements.

11.2.5 Other intellectual property rights

The Company is also the proprietor of various trademarks and domain names.

As of February 28, 2014, the “Genfit” and “Genfit Towards Better Medicine” trademarks are protected (registered or pending registration) in the European Union (Community trademark) and in Australia, Canada, the United States, Israel, Japan, Switzerland, Brazil, China, Mexico and India.

11.3 **Research expenses**

The research and development expenses incurred in 2013 and 2012 are set out in Note 2.2.7 to the 2013 consolidated financial statements set out in Chapter 20.1 of this Prospectus.

12. TRENDS

The perspectives and objectives of the Group for the 2014 financial year are the following:

Strengthen the Company's funds in order to:

- assure its potential partners that, following the current Phase IIb clinical trial, the Company has the financial capacity to enable it to best negotiate GFT505 operating rights in NASH;
- intensify the clinical development of GFT505 in other indications than NASH, thus strengthening its value before beginning Phase III trials;
- give it the means to initiate its progressive transformation into a specialized biopharmaceutical company, by seizing the opportunity to acquire and then develop one or two molecule(s) at the clinical development phase in its areas of therapeutic excellence.

Bring the clinical development of GFT505 up to the beginning of Phase III trials.

Following the solid scientific results obtained for GFT505 and the discussions that are underway with several biopharmaceutical companies, the Company intends to valorize the clinical, pre-clinical, and toxicological data obtained in order to negotiate the compound commercialization rights in the best interests of the Company and its shareholders.

These negotiations will therefore be extended with a view to ensuring the transaction is as beneficial as possible. Therefore, the company may probably consider waiting for the Phase II b results of GFT 505 in Nash before assigning operating rights of the compound.

Sign a new industrial co-development alliance for compounds developed during the TGFTX1 or TGFTX3 programs.

13. **FORECAST OR ESTIMATED PROFIT**

The Company does not wish to forecast or estimate profit.

14. GOVERNING, MANAGEMENT AND SUPERVISORY BODIES

The Company was incorporated in the form of a French société anonyme (corporation) with an Executive Board and a Supervisory Board.

14.1 Executives and members of the Supervisory Board

14.1.1 Composition of the Executive Board

Following the non-renewal of Raphael Darteil's office as from July 3, 2013, the Executive Board has the following members:

Name	Corporate Office	Operationnal fonctions and other corporate offices	Term of office
Jean-François MOUNEY	President of the executive board	President of Genfit Corp President of Genfit Pharmaceuticals SAS	First appointment : Supervisory board 15 September 1999 Last renewal : Supervisory board 3 July 2008 End of the current corporate office : 3 July 2018
Nathalie HUITOREL	Member of the executive board	VP Finance Member of the board of directors of Genfit and Genfit pahrmaceuticas SAS	First appointment : Supervisory board 3 July 2008 Last renewal : Supervisory board 3 July 2013 End of the curent corporate office : 3 July 2018

Executive Board members use the Company's principal office as their business address.

The above persons' management expertise and experience derives from their previous salaried positions and offices (please refer to Section 6.6.2).

14.1.2 Members of the Supervisory Board

The Supervisory Board currently has the following members:

Name	Corporate Office	Main corporate office outside the Group	Term of office
Xavier GUILLE DES BUTTES	Chairman of the Supervisory Board	Member of the Supervisory Board of Financière Delpharm and Diagast Company	First appointment : 18 September 2006 Last renewal : 28 June 2011 End of the current corporate office : Ordinary General Meeting of shareholders called to approve the financial statements for the fiscal year ended December 31, 2015
Charles WOLER	Vice Chairman of the Supervisory Board	CEO of ENDOTIS Pharma	First appointment : 18 October 2006 Last renewal : 28 June 2011 End of the current corporate office : Ordinary General Meeting of shareholders called to approve the financial statements for the fiscal year ended December 31, 2015
BIOTECH AVENIR represented by Florence SEJOURNE	Member of the Supervisory Board	Chairman of Da Volterra Company	First appointment : since the incorporation of the Company, on 15 September 1999 Last renewal : 28 June 2011 End of the current corporate office : Ordinary General Meeting of shareholders called to approve the financial statements for the fiscal year ended December 31, 2015
FINORPA represented by Philippe MOONS	Member of the Supervisory Board	Account Manager at FINORPA	First appointment : 6 October 2000 Last renewal : 26 June 2013 End of the current corporate office : Ordinary General Meeting of shareholders called to approve the financial statements for the fiscal year ended December 31, 2017
Pasteur Institute of Lille represented by Francis WALLART	Member of the Supervisory Board	Director of Corporate Relations for Pasteur Institute of Lille	First appointment : 6 October 2000 Last renewal : 26 June 2013 End of the current corporate office : Ordinary General Meeting of shareholders called to approve the financial statements for the fiscal year ended December 31, 2017
University of Lille 2 represented by Frédéric LOBEZ	Member of the Supervisory Board	Vice Chairman Research of Lille 2	First appointment : 6 October 2000 Last renewal : 26 June 2013 End of the current corporate office : Ordinary General Meeting of shareholders called to approve the financial statements for the fiscal year ended December 31, 2017
CIC CAPITAL FINANCE represented by Philippe TRAISNEL	Member of the Supervisory Board	Director of CM-CIC Capital Finance in Lille	First appointment : 6 October 2000 Last renewal : 26 June 2013 End of the current corporate office : Ordinary General Meeting of shareholders called to approve the financial statements for the fiscal year ended December 31, 2015

(1) Re-elected to this position by the Supervisory Board on September 28, 2011.

14.1.3 Other offices held by members of the Executive Board and the Supervisory Board outside the Group

14.1.3.1 Other offices currently held

Executive Board

	Other offices held outside the Group	
	Nature of the office	Company
Jean-François MOUNEY	Chairman	Biotech Avenir SAS
Nathalie HUITOREL	None	None

Supervisory Board

Other offices held outside the Group		
	Nature of the office	Company
Xavier GUILLE DES BUTTES	Corporate Director Member of the Associates Committee Member of the Supervisory Board Corporate Director	DIAGAST DELPHARM OUEST ANGELS DEVELOPPMENT HEMARINA
Charles WOLER	Chairman Chairman of the Board of Directors Chairman of the Board Chairman of the Supervisory Board and Chief Executive Officer	ITI start-up funds BIODS INFLAMALPS BIOMNIS
BIOTECH AVENIR represented by Florence SEJOURNE	As legal representative of BIOTECH AVENIR : None In a personal capacity: Chairman	None DA VOLTERRA
FINORPA represented by Philippe MOONS	As legal representative of FINORPA : Corporate Director Member of the Supervisory Board Member of the Supervisory Board In a personal capacity: None	ALZPROTECT Terra Nova PURIFICATION None
Pasteur Institute of Lille represented by Francis WALLART	As legal representative of Pasteur Institute: None In a personal capacity: None	None None
University of Lille 2 represented by Frédéric LOBEZ	As legal representative of University of Lille 2: Member of the Board Member of the Management Board Member of the Management Board In a personal capacity: None	INOVAM SATT Nord France Valo ADRIANORD None
CIC CAPITAL FINANCE represented by Philippe TRAISNEL	As legal representative of CMCIC Investment, subsidiary of CMCIC CAPITAL FINANCE: Member of the Monitoring Committee Member of the Supervisory Board Member of the Supervisory Board Member of the Supervisory Board In a personal capacity: None	SFID2 ALKERN GROUP NFD GPA Courtepaille None

14.1.3.2 Other offices held during the last five years but that have now expired

Executive Board

Offices held during the last five years but that have now expired		
	Nature of the office	Company
Jean-François MOUNEY	Member of the executive Committee (1)	Naturalpha SAS
Nathalie HUITOREL	None	None

(1) Office that have expired at the end of January 2013

Supervisory Board

	Other offices held outside the Group during the last five years but that have now expired	
	Nature of the office	Company
Xavier GUILLE DES BUTTES	None	None
Charles WOLER	Chief Executive Officer Member of the Board	ENDOTIS PHARMA GASTROTECH
BIOTECH AVENIR represented by Florence SEJOURNE	As legal representative of BIOTECH AVENIR: None In a personal capacity: None	None None
FINORPA represented by Philippe MOONS	As legal representative of FINORPA : None In a personal capacity: None	 None None
PASTEUR INSTITUTE OF LILLE represented by Francis WALLART	As legal representative of Pasteur Institute OF Lille: Corporate Director Corporate Director In a personal capacity: Corporate Director Corporate Director	CELLIAL SA ISTAC SAS ROQUETTE FRERES SA INGENECO
University of Lille 2 represented by Frédéric LOBEZ	As legal representative of University of Lille 2: None In a personal capacity: None	 None None
CIC CAPITAL FINANCE represented by Philippe TRAISNEL	As legal representative of CIC CAPITAL FINANCE: None In a personal capacity: None	 None None

14.1.4 Declarations concerning members of the Executive Board and the Supervisory Board

So far as the Company is aware, there are no family ties between the above persons.

So far as the Company is aware, the declarations below apply to the above persons over the last five years:

- they were not sentenced by a court for fraud
- they were not involved (as an executive or a director) in bankruptcy, administration or liquidation proceedings
- they have not been prohibited from managing a company
- they have not been held criminally liable or had official public sanctions imposed against them by a statutory or regulatory authority.

14.1.5 Biography of members of the Executive Board and the Supervisory Board

➤ **Executive Board**


Jean-François Mouney (58), Chairman of the Executive Board.

Please refer to Section 6.6 of this Prospectus

Nathalie Huitorel (52), member of the Executive Board.

Please refer to Section 6.6 of this Prospectus

➤ **Supervisory Board**

	<p>Xavier GUILLE DES BUTTES, Chairman of the Supervisory Board Graduated from the ESSCA (l'Ecole Supérieure des Sciences Commerciales d'Angers), from the Institute of Foreign Commerce and from the Management Control Institute, Xavier GUILLE DES BUTTES has spent his entire career in the pharmaceutical industry. He has held a large number of executive positions for more than 30 years, particularly in the French subsidiary of the German Group Schering AG, where he has successively held the positions of Marketing Director, General Manager of the pharmaceutical Division and Chairman of the Board of Directors until June 2006. Member of Genfit's Supervisory Board since October 18, 2006, he currently chairs the Supervisory Board since April 5, 2008. In addition to his responsibilities at Genfit, he also serves as a corporate director of several companies. He holds offices within Delpharm Holding (pharmaceutical manufacturing), Diagast, a subsidiary of the French national blood service and Hemarina, a start-up located in Morlaix. Xavier Guille des Buttes also chairs the Foundation of the Catholic University of Lille and is a knight of the Legion of Honour.</p>
	<p>Charles Woler, Vice Chairman of the Supervisory Board Charles Woler, a medical graduate, has a Master degree in Clinical Pharmacology and Pharmacokinetics, and an MBA. He has acquired more than 30 years' experience in the healthcare industry, holding positions of responsibility in SMEs and major French and European pharmaceutical groups. He notably served as Chairman and Chief Executive Officer of Roche France and President of Smithkline Beecham Europe. He has also held various senior managerial positions in the biotechnology industry in France and the United States, for Cadus Pharmaceutical, a biotechnology company listed on Nasdaq, Neuro3d and Endotis Pharma.</p>
	<p>Florence Séjourné, member of the Supervisory Board Graduated from the Ecole des Mines of Paris (Biotechnology option) and holding a master degree in Pharmacy from the University of Illinois (Chicago, United States), she was in charge of the biopharmaceutical sector for Eurasanté. She co-founded Genfit and served as the Company's Chief Operating Officer, Business Development Director, industrial alliances coordinator and member of the Executive Board from 1999 to 2008. Since then, she is President of the Company Da Volterra.</p>
	<p>Philippe Moons, member of the Supervisory Board Graduated from the Catholic School of Arts and Crafts of Lille (ICAM Lille) and from the Ecole des Hautes Etudes Commerciales du Nord (EDHEC), Philippe Moons began his career as a business engineer in a French industrial Group. In 1995, he joined Finorpa, a venture capital and growth capital company, operating under the aegis of the Group "Charbonnage de France" and of the Nord-Pas-de-Calais region. Since 2006, he is in charge of supporting and financing several companies in their early-stage activities or development phases; in particular in the fields of biology and health. In addition to his current responsibilities at Finorpa and Genfit, where he serves as a corporate director, Philippe Moons is a member of the Supervisory Board of Finovam, a regional venture capital company, established in 2014 to strengthen the emergence and provide seed capital to innovative businesses, primarily technological projects in the Nord-Pas-de-Calais region</p>

	<p>Professor Francis Wallart, member of the Supervisory Board, Professor Emeritus at University of Lille 1 since 2003, Francis Wallart began his career as CNRS researcher. Specialized in scientific research enhancement, he successively held the position of Industry project officer at CNRS, Research and Technology Delegate, and Economic Action Advisor at the Regional Economic and Social Committee for the Nord-Pas-de-Calais region. He has held the position of sponsorship and communication Director at the Pasteur Institute of Lille for 10 years, until 2009 and currently holds the position of Industrial Relations Officer of the Institute, since 2006. In addition to his current responsibilities at Genfit, he has supported a broad range of biotechnology start-ups valorizing the know-how research of the Pasteur Institute. Francis Wallart is a knight of the Legion of Honour from the Ministry of Research and Space.</p>
	<p>Frédéric Lobeze, member of the Supervisory Board, Frédéric is a Doctor of management science (postgraduate and new regime), he is qualified to manage research projects and is a university agrégé (1993). Frédéric began his career as a lecturer at Valenciennes University followed by Lille 2 University, where he has worked since 1996. His research focuses on finance. In particular, he has specialized in the analysis of the credit market, relationships between banks and firms and banking risks. He has now extended his research to matters of financial ethics and regulation. He served as head of the Training and Research Unit at Lille 2 University. On a national level, he has served as a member of the CNU, President of the French Finance Association (AFFI), member of the jury of the French agrégation exam in management science, and is currently a member of the drafting committee for various academic management science journals.</p>
	<p>Philippe Traisnel, member of the Supervisory Board, Philippe is an Engineer graduated from the Higher Institute of Electronics of the North in 1993, and has a master degree in financial techniques from ESSEC Business School (Cergy Pontoise) obtained in 1994. After an initial experience as financial analyst within the Mergers & Acquisitions department of the financial and industrial holding company Harwanne in Paris, from 1994 to 1997, Philippe TRAISNEL then joined the Group CIC in 1998, as member of the Scalbert Dupont Bank private equity team in Lille. With over 15 years of experience in the regional private equity, Philippe TRAISNEL became Head of the Lille Office CMCIC Capital Finance in 2013, a subsidiary currently constituting the equity-related transaction Division of the Group Crédit Mutuel CIC. As part of his activities consisting in the acquisition of minority interests, Philippe TRAISNEL is also corporate director of several regional or national companies on behalf of CMCIC Capital Finance or its subsidiary CMCIC Investment.</p>

14.2 Conflicts of interest between members of governing bodies and senior management

Certain members of the Executive Board and the Supervisory Board are directly or indirectly shareholders of the Company (see details in Section 17.3).

So far as the Group is aware, no current or potential conflict of interest exists between the private interests of members of the Company's Executive Board and Supervisory Board and the Company's interests.

So far as the Company is aware, no other kind of understanding or agreement has been concluded with shareholders, clients, suppliers, etc. pursuant to which a member of the Company's Executive Board or Supervisory Board has been appointed.

So far as the Group is aware, as of the date of approval of this Prospectus, no restriction has been accepted by the persons referred to in Section 14.1 "Executives and members of the Supervisory Board" of this Prospectus concerning the sale of their interest in the Company.

15. COMPENSATION AND BENEFITS

15.1 Compensation of corporate officers

Table 1: Table containing a summary of the compensation, options and free shares allotted to each executive officer

Summary of the compensation, options, and free share allotted to executive officers		
	Exercice 2013	Exercice 2012
Jean-François MOUNEY - Président du directoire		
Rémunération due for the financial year (detailed on table N°2)	820 978 €	412 305 €
Valuation of the multiannual variable compensation awarded during the financial year	-	-
Valuation of the stock options granted during the financial year	-	-
Valuation of the free stock options granted during the financial year	-	-
TOTAL	820 978 €	412 305 €
Nathalie HUTOREL - Membre du directoire		
Rémunération due for the financial year (detailed on table N°2)	186 807 €	108 514 €
Valuation of the multiannual variable compensation awarded during the financial year	-	-
Valuation of the stock options granted during the financial year	-	-
Valuation of the free stock options granted during the financial year	-	-
TOTAL	186 807 €	108 514 €
Raphael DARTEIL - Membre du directoire ⁽¹⁾		
Rémunération due for the financial year (detailed on table N°2)	81 621 €	140 715 €
Valuation of the multiannual variable compensation awarded during the financial year	-	-
Valuation of the stock options granted during the financial year	-	-
Valuation of the free stock options granted during the financial year	-	-
TOTAL	81 621 €	140 715 €

(1) Raphaël Darteil's office expired on 07/03/2013. The amounts specified correspond to the period in which the relevant officer was in office.

Table 2: Table containing a summary of the compensation paid to each executive officer

The following table contains information about the compensation paid to the Company's executive officers in respect of the fiscal years ended December 31, 2013 and 2012 and the compensation received by these persons during said fiscal years.

Summary table of remuneration allocated to each executive director				
	Fiscal year 2013		Fiscal year 2012	
	Amounts due	Amounts paid	Amounts due	Amounts paid
Jean-François MOUNEY - Chairman of the Management Board				
Fixed annual remuneration	380 988 €	376 643 €	363 397 €	363 397 €
Annual variable compensation	27 178 €	27 178 €	26 739 €	26 739 €
Multi-annual variable compensation	-	-	-	-
Exceptionnal remuneration	391 417 €	391 417 €	0 €	0 €
Attendance fees	0 €	0 €	0 €	0 €
Benefits in kind	21 395 €	21 395 €	22 170 €	22 170 €
TOTAL	820 978 €	816 634 €	412 305 €	412 305 €
Nathalie HUITOREL - Member of the Board				
Fixed annual remuneration	99 188 €	97 637 €	97 966 €	97 966 €
Annual variable compensation	7 303 €	7 303 €	7 120 €	7 120 €
Multi-annual variable compensation	-	-	-	-
Exceptionnal remuneration	76 886 €	45 040 €	0 €	0 €
Attendance fees	0 €	0 €	0 €	0 €
Benefits in kind	3 429 €	3 429 €	3 429 €	3 429 €
TOTAL	186 807 €	153 409 €	108 514 €	108 514 €
Raphael DARTEIL - Membre du directoire ⁽¹⁾				
Fixed annual remuneration	70 737 €	70 737 €	129 765 €	129 765 €
Annual variable compensation	10 415 €	10 415 €	10 013 €	10 013 €
Multi-annual variable compensation	-	-	-	-
Exceptionnal remuneration	0 €	0 €	0 €	0 €
Attendance fees	0 €	0 €	0 €	0 €
Benefits in kind	469 €	469 €	937 €	937 €
TOTAL	81 621 €	81 621 €	140 715 €	140 715 €

(1) The term of office of Raphael Darteil has expired since July 3, 2013

The compensations indicated above relate to the period during which his office were held

(1) Raphaël Darteil's office expired on 07/03/2013. The amounts specified correspond to the period in which the relevant officer was in office.

Benefits in kind include a car for each officer and GSC unemployment insurance for the Chairman of the Executive Board.

Information on exceptional compensation can be found in the incentive plan referred to in Chapter 17 of the first part of this Prospectus.

The variable compensation paid during the financial year is decided by the supervisory board according to the Nominations and Remunerations Committee's proposal, and granted to corporate officers by virtue of their activity at the time of accounts closure for the said financial year. The Nominations and Remunerations Committee must specify for the current financial year the criteria used to determine the compensation paid to corporate officers.

Table 3: Table of directors' fees and other compensation received by non-executive officers

Attendance fees and other forms of compensation payable to each of the non executive officers				
Non executive officers	Year ended 31, december 2013		Year ended 31, december 2012	
	Amounts due	Amounts paid	Amounts due	Amounts paid
Charles WOLER <i>represented by Charles WOLER</i>				
Attendance fees	790 €	1 290 €	4 000 €	3 500 €
Other compensations	- €	- €	- €	- €
TOTAL	790 €	1 290 €	4 000 €	3 500 €
Xavier GUILLEDES BUTTES <i>represented by Xavier GUILLEDES BUTTES</i>				
Attendance fees	4 345 €	4 950 €	8 500 €	7 500 €
Other compensations	- €	- €	- €	- €
BIOTECHAVENIR <i>represented by Florence SEJOURNE</i>				
Attendance fees	- €	- €	- €	- €
Other compensations	- €	- €	- €	- €
FINORPA <i>represented by Philippe MOONS</i>				
Attendance fees	- €	- €	- €	- €
Other compensations	- €	- €	- €	- €
INSTITUT PASTEUR DE LILLE <i>represented by Pr Francis WALLART</i>				
Attendance fees	- €	- €	- €	- €
Other compensations	- €	- €	- €	- €
UNIVERSITE LILLE 2 <i>represented by Frédéric LOBEZ</i>				
Attendance fees	- €	- €	- €	- €
Other compensations	- €	- €	- €	- €
CIC CAPITAL FINANCE <i>represented by Philippe TRAISNEL</i>				
Attendance fees	- €	- €	- €	- €
Other compensations	- €	- €	- €	- €
TOTAL	4 345 €	4 950 €	8 500 €	7 500 €
TOTAL	5 135 €	6 240 €	12 500 €	11 000 €

On a proposal by the Compensation Committee, at their general meeting of June 26, 2013, shareholders set the maximum amount of directors' fees to be allocated freely between members of the Supervisory Board at EUR 80,000.

Tables 4 to 10 recommended by the AMF in relation to the transparency of the compensation of corporate officers do not apply.

Table 11: Terms and conditions applicable to the compensation and other benefits granted to executive officers

Executive directors	Employment contract		Additional pension plan		Compensation, indemnity owed or liable to be owed to them in virtue of a termination or a change of fonction		Compensation relating to a non competition clause	
	OUI	NON	OUI	NON	OUI	NON	OUI	NON
Jean-François MOUNEY	x (1)			x	x (1)			x
Chairman of the executive board								
Date of first appointment : 15/09/1999								
Date of end of corporate office : 03/07/2018								
Nathalie HUITOREL	x			x		x		x
Member of the executive board								
Date of first appointment : 03/07/2008								
Date of end of corporate office : 03/07/2018								
Raphael DARTEIL	x			x		x		x
Member of the executive board								
Date of first appointment : 03/07/2008								
Date of end of corporate office : 03/07/2013								

(1) Jean-François Mouney has an employment contract with the Company in relation to his position as Chief Executive Officer (please refer to Section 19.2 of the first part of this Prospectus). Pursuant to this contract, six months' notice must be given in the event of dismissal (other than for serious misconduct or gross negligence), or resignation. In addition, Jean-François will receive contractual severance pay in the event he is dismissed (other than for serious misconduct or gross negligence) of six months' salary, calculated on the basis of the last 12 months, plus an indemnity of 1 additional month's salary per year of service within the Company. At the end of 2013, this commitment (gross + employer charges) amounted to EUR 942k.

15.2 Amounts set aside by the Company in relation to pensions, retirement and other benefits for corporate officers

The Company has not set aside any provisions for pensions or other benefits for executive officers other than for the standard pension plans and rights acquired under their employment contracts.

15.3 Equity warrants (BSAs), equity warrants for founders' shares (BSPCEs) and free shares allotted to corporate officers

None.

16. PRACTICES OF GOVERNING, MANAGEMENT AND SUPERVISORY BODIES

16.1 Executive Board and Supervisory Board practices

Information about the composition and members of the Executive Board and the Supervisory Board is set out in Chapter 14, “Governing, management and supervisory bodies”, and Chapter 21.2.2, “Management and supervisory bodies” of the first part of this Prospectus.

16.2 Information on contracts between executives and the Company

Executive Board members have an employment contract the characteristics of which are set out in Section 19.2 of the first part of this Prospectus.

16.3 Specialist committees

16.3.1 Audit Committee

The Audit Committee is made up of at least three members, appointed by the Supervisory Board. At least one member of the Audit Committee must be independent and have financial or accounting skills.

As of the date of this Prospectus, the Audit Committee had the following members:

- Finorpa SCR, represented by Philippe Moons, Chairman of the Audit Committee;
- CM-CIC Capital Finance, represented by Philippe Traisnel;
- Mr. Xavier Guille des Buttes.

All three members of the Supervisory Board are independent as regards the criteria laid down in the MiddleNext Code and have specific financial and accounting skills .

The Audit Committee meets at least three times a year, further to a notice issued by its Chairman. At least twice a year, members of the Audit Committee must meet with the Company’s Chief Financial Officer and external auditors.

The Audit Committee’s main tasks are to:

- audit the integrity of the financial information issued by the Company and notably examine the consistency and relevance of the accounting standards and methods applied by the Company;
- assess whether the accounting methods should be changed;
- assess, at least twice a year, the standard of the Company’s internal control and risk management procedures;
- ensure that the Company’s statutory auditors are independent and objective.

In 2013, the Audit Committee met four times, and all members attended each meeting.

In addition, the Audit Committee has prepared a set of rules of procedure containing information about its members, practices and tasks, as well as the ethical obligations imposed on its members.

16.3.2 Appointment and Compensation Committee

The Appointment and Compensation Committee must have at least three members appointed by the Supervisory Board. It is chaired by and made up primarily of independent members of the Supervisory Board (Charles Woler and Xavier Guille des Buttes).

As of the date of this report, this Committee had the following members:

- Charles Woler, Chairman of the Appointment and Compensation Committee;
- Xavier Guille des Buttes.

The Committee is currently considering whether to appoint a third member following one member's resignation.

The Appointment and Compensation Committee meets at least three times a year, further to a notice issued by its Chairman. Meetings are held at such location as is specified in the notice of meeting.

The Appointment and Compensation Committee's main tasks are to:

- ensure the professionalism and objectivity of Company procedures for appointing executives and corporate officers;
- examine the situation of each member of the Executive Board and the Supervisory Board with regard to their relationships with the Company that might impair their freedom of judgment or entail a potential conflict of interest with the Company;
- make suggestions to the Supervisory Board concerning the compensation and benefits paid to executives and corporate officers.

In 2013, the Appointment and Compensation Committee met twice, and all members attended each meeting.

In addition, the Appointment and Compensation Committee has prepared a set of rules of procedure containing information about its members, practices and tasks, as well as the ethical obligations imposed on its members.

16.3.3 Scientific Committee

The Scientific Committee is not a Supervisory Board committee within the meaning of Article R. 225-29 of the French Commercial Code. Its members are chosen by the Executive Board. This kind of advisory committee is set up in many companies in the biotechnologies industry. Information about the Committee's role and composition is set out in Section 6.6.

16.4 Corporate governance

With the aim of operating transparently and providing the public with information, the Company is reviewing its corporate governance practices, particularly with a view to its shares being admitted to trading on the regulated Euronext market in Paris.

Within this context, at its March 11, 2014 meeting, the Company's Supervisory Board decided to adopt the MiddleNext Corporate Governance Code of December 2009 (the "MiddleNext Code") as the Company's reference code in terms of corporate governance. This Code is available on the MiddleNext website (www.middlenext.com). At its September 25, 2007 meeting, the Supervisory Board also adopted a set of rules of procedure.

Previously, the Supervisory Board took steps with a view to gradually complying with the recommendations of the Afep-Medef Corporate Governance Code. These steps were undertaken when the Company was listed on Alternext in 2006, at a time when the MiddleNext Code did not exist. The Supervisory Board now believes that the recommendations of the MiddleNext Code, which is dedicated to average values on the regulated market, are more suited to the organization, size, resources and shareholding structure of the Company and has therefore decided to comply with said Code.

The MiddleNext Code contains checkpoints that set out matters which the Supervisory Board must consider to promote smooth governance. The Company's Supervisory Board familiarized itself with these checkpoints at its meeting of March 11, 2014.

The Company believes that it complies with the majority of recommendations set out in the MiddleNext Code.

Middlenext Code recommendations	Adopted	Will be adopted (1)	Under consideration	Will not be adopted
I. Executive power				
R1: Combined holding of employment contract and corporate office	X			
R2: Definition and transparency of the compensation of executive officers	X			
R3: Severance pay		X		
R4: Supplemental pension plan	X			
R5: Stock-options and free allotment of shares		X		
II. Supervisory power				
R6: Implementation of Supervisory Board rules of procedure	X			
R7: Ethical conduct of Board members	X			
R8: Composition of the Board – Presence of independent members on the Supervisory Board	X			
R9: Selection of Board members	X			
R10: Term of office of Board members	X			
R11: Provision of information to Board members	X			
R12: Creation of Committees	X	X		
R13: Board and Committee meetings	X			
R14: Compensation of Board members	X			
R15: Assessment of the Supervisory Board's work		X		

(1) Generally, the recommendations in the above table which the Group is planning to adopt will be implemented within 12 months of the date of this Prospectus.

16.5 Chairman's report on internal control

As shares in the Company had not been admitted to trading on a regulated market on the date of registration of this Prospectus, the Chairman of the Supervisory Board is not required to prepare a report on the composition of the Supervisory Board, the application of the principle of equal representation of men and women on the Board, the terms and conditions of preparation and organization of the Board's work or the internal control and risk management procedures implemented by the Company in accordance with Article L. 225-68 of the French Commercial Code.

As from the settlement/delivery of shares in the Company allotted in connection with the Company's transfer to the regulated Euronext market in Paris, the Company intends to implement the internal control laws and regulations applicable to listed companies in accordance with relevant corporate governance principles. In particular, in accordance with Article L. 225-68 of the French Commercial Code, the Chairman of the Supervisory Board will prepare the aforementioned report on internal control.

As of the date of this Prospectus, the Company implements various internal control measures in order to effectively and rigorously manage its finances and mitigate risks as much as possible. This system, which has been defined and implemented by the Executive Board, management and employees, aims to provide reasonable assurance that the following objectives are met:

- deliver reliable accounting and financial information
- optimize and protect operations in accordance with applicable laws and regulations
- ensure the safety of employees and assets

In addition, the Company intends in future to apply the provisions of the reference internal control framework to prepare the Chairman's report on internal control.

17. EMPLOYEES

17.1 Human resources

17.1.1 Staff

At the end of 2013 and 2012, Group employees were divided up as follows:

Number of employees	31.12.2013	31.12.2012
	12 months	12 months
Research & development	55	54
Services related to science	8	9
Administration & management	15	13
TOTAL	78	76

17.2 Financial instruments granted to the first ten non-executive employees and options exercised by these employees

None.

17.3 Interests, equity warrants, equity warrants for founders' shares, options and free shares allotted to corporate officers

As of the date of this Prospectus and so far as the Company is aware, members of the Company's Executive Board and Supervisory Board directly or indirectly hold the following interests, on the understanding that no securities entitle their holders to a share of equity as of the date of this Prospectus:

31 March 2014				
Shareholders	Number of shares	% of capital	Number of voting rights	% of voting rights
Biotech Avenir (1)	2 974 574	13,99%	5 949 148	23,01%
Institut Pasteur de Lille	1 134 203	5,34%	1 134 203	4,39%
Université de Lille 2	1 116 250	5,25%	2 232 500	8,64%
Finorpa	241 483	1,14%	241 483	0,93%
CM-CIC Capital Finance	181 377	0,85%	362 754	1,40%
Xavier Guille des Buttes	271	0,00%	335	0,00%
Charles Woler	64	0,00%	128	0,00%
Total members of the Advisory Board	5 648 222	26,57%	9 920 551	38,38%
Jean-François Mouney	13 589	0,06%	13 653	0,05%
Nathalie Huitorel	2 721	0,01%	2 721	0,01%
Total members of the Executive	16 310	0,08%	16 374	0,06%
Sanofi Recherche et Développement	352 000	1,66%	704 000	2,72%
Free Float	15 241 139	71,70%	15 208 860	58,84%
TOTAL	21 257 671	100,00%	25 849 785	100,00%

(1) 22.5% of shares in Biotech Avenir are held by 16 employees of the Company, 17.1% of shares are held by Jean-François Mouney and 60.4% of shares are held by third parties (13 individuals)

17.4 Employee shareholdings in the Company

So far as the Company is aware, no employees (excluding the corporate officers who have an employment contract) directly hold any shares in the Company. They do however hold shares indirectly through Biotech Avenir (please refer to the above table in Section 17.3 of the first part of this Prospectus).

17.5 Profit-sharing and incentive schemes

Profit-sharing agreement

The Company implemented a mandatory profit-sharing agreement in 2002. In the current phase of its development, the Company is unable to make any distribution to employees. However, certain distributions made in the past have been frozen in a current account managed by the Company.

Incentive plan

On a proposal by the Executive Board and following the favorable opinion of the Company's Appointment and Compensation Committee and Supervisory Board (on November 13, 2009 and September 7, 2012), an incentive plan was implemented by the Executive Board to effectively help implement various strategic channels of development envisaged by the Company. The plan implemented pursuant to a decision taken by the Executive Board on January 25, 2013 will apply if the Company raises a total of EUR 10 million between January 1, 2012 and the end of 2013. The amount includes a fixed part and an additional variable performance-based amount of no more than 1% of the funds raised to be distributed, with 40% reserved for the Chairman of the Executive Board and 60% for senior executives and similar persons.

A gross amount of EUR 923k was distributed to employees in 2013 under the incentive plan.

18. MAIN SHAREHOLDERS

18.1 Allocation of capital and voting rights

So far as the Company is aware, its shareholders held the following equity interests and voting rights as follow on March 31, 2014 :

Shareholders	Number of shares	% of capital	Number of voting rights	% of voting rights
Biotech Avenir (1)	2 974 574	13,99%	5 949 148	23,01%
Institut Pasteur de Lille	1 134 203	5,34%	1 134 203	4,39%
Université de Lille 2	1 116 250	5,25%	2 232 500	8,64%
Finorpa	241 483	1,14%	241 483	0,93%
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Xavier Guille des Buttes	271	0,00%	335	0,00%
Charles Woler	64	0,00%	128	0,00%
Total members of the Advisory Board	5 648 222	26,57%	9 920 551	38,38%
Jean-François Mouney	13 589	0,06%	13 653	0,05%
Nathalie Huitorel	2 721	0,01%	2 721	0,01%
Total members of the Executive Board	16 310	0,08%	16 374	0,06%
Sanofi Recherche et Développement	352 000	1,66%	704 000	2,72%
Free Float	15 241 139	71,70%	15 208 860	58,84%
TOTAL	21 257 671	100,00%	25 849 785	100,00%

(1) 22.5% of shares in Biotech Avenir are held by 16 employees of the Company, 17.1% of shares are held by Jean-François Mouney and 60.4% of shares are held by third parties (13 individuals)

18.2 Significant shareholders not represented on the Supervisory Board

As of the date of approval of this Prospectus and so far as the Company is aware, the Company does not have any significant shareholders who are not represented on the Supervisory Board.

18.3 Main shareholders' voting rights

Double voting rights are allotted to any person who can provide proof of ownership of registered shares for at least two years.

18.4 Control of the Company

All shareholders who held an interest in the Company prior to the private investment made by the Company prior to its shares being admitted to trading on the Alternext market managed by Euronext Paris on December 19, 2006 are parties to a shareholders' agreement. This shareholders' agreement notably provides for the following:

- A right of preemption in favor of Biotech Avenir or any party to the shareholders' agreement appointed by said company if a party to the agreement proposes to sell some or all of its shares in the Company outside the market, provided that the sale shares combined with any shares sold in a given year represent at least 2% of the capital;
- An option for Biotech Avenir to purchase the interest in Genfit held by any industrial shareholder who is a party to the shareholders' agreement (currently only a subsidiary of Sanofi), which would therefore undergo a change of control or would no longer have a contractual research collaboration relationship with Genfit.

The parties to the shareholder's agreement holding shares of the Company are the following :

Sanofi Aventis Recherche et Développement, Institut Pasteur de Lille, Université de Lille Droit et Santé, Finorpa SCR, Naxicap partners, Biotech Avenir, Professeur Jean-Charles Fruchart, Jean-François Mouney, Xavier Guille de Buttes et Charles Woler.

This shareholders' agreement took effect on the date Genfit was listed on Alternext, i.e. December 19, 2006, for a term of 10 years. At the end of this 10-year period, the agreement will be automatically renewed for successive periods of one year.

The terms and conditions according to which the shareholders' agreement could potentially be renewed are currently being discussed.

18.5 Pledges of shares in the Company

None so far as the Company is aware.

19. TRANSACTIONS WITH AFFILIATES

19.1 Intra-group agreements

Intra-group agreements are set out in Section 7.2 above.

19.2 Transactions with affiliates

Executive Board members' employment contracts

Jean-François Mouney (Chief Executive Officer): under this contract, which was signed on October 1, 1999 (and includes a supplemental agreement dated December 14, 2012), Mr. Mouney receives fixed monthly compensation of EUR 24,749.09, plus a 13th month's salary. Under his contract, Mr. Mouney is provided with a company car valued (new) at no more than EUR 55k and is a member of the GSC welfare scheme for company managers and executives. The contract also contains a confidentiality clause and provides that, in the event of dismissal (other than for serious misconduct or gross negligence), Mr. Mouney will receive severance pay totaling six months' salary, calculated on the basis of the last 12 months (including a 13th month's bonus), plus one month's gross salary for every year Mr. Mouney has worked for the Company.

Mr. Mouney also benefits from the incentive plan described in Section 17.5 of this Prospectus.

Nathalie Huitorel (Executive Vice President, Finance): under this contract, which was signed on February 11, 2008 (and includes various supplemental agreements of which the most recent one is dated June 30, 2009), Ms. Huitorel receives fixed monthly compensation of EUR 6,406.25, plus a 13th month's salary. Under her contract, Ms. Huitorel is provided with a company car valued (new) at no more than EUR 35k. The contract also contains an exclusivity clause pursuant to which Ms. Huitorel agrees not to engage in any business that competes with that operated by the Company at any time during the term of her contract, as well as a confidentiality clause that applies to all of Genfit's activities, financial data, research, inventions and business relationships for the term of the contract and after the contract ends for whatever reason.

Ms. Huitorel also benefits from the incentive plan described in Section 17.5 of this Prospectus.

Agreements with Biotech Avenir

1/ Pursuant to an agreement dated February 1, 2001, Biotech Avenir, reference shareholder, is permitted to use Genfit's premises as its business address free of charge.

2/ Pursuant to an agreement dated January 2, 2014, Biotech Avenir made a commitment to Genfit to subscribe up to 75% of the capital increase in cash implemented in January 2014 with the maintenance of shareholders' preferential subscription rights should it emerge that the capital increase is not fully subscribed. As the capital increase was oversubscribed, the commitment was not realized and the agreement lapsed.

19.3 Statutory auditors' report on regulated agreements entered into in respect of the year ended December 31, 2013

Dear Shareholders,

In our capacity as the company's statutory auditors, we present herewith our report on regulated agreements.

It is our duty, based on the information provided to us, to inform you of the essential characteristics and terms of any agreements of which we have been informed or that we discovered during our audit. It is not within our remit to express an opinion on the appropriateness or merits of such agreements or to seek to identify other agreements.

In accordance with Article R.225-58 of the French Commercial Code, it is your responsibility, in considering whether to approve these agreements, to determine whether they should have been entered into.

We are also required (where appropriate) to provide you with the information laid down in Article R.225-58 of the French Commercial Code on the performance during the past year of agreements already approved at a shareholders' general meeting.

We have taken the steps we considered necessary having regard to the professional policy of the National Board of Statutory Auditors relating to our engagement.

Agreements subject to approval at a shareholders' general meeting

We have not been informed of any agreement authorized in the past year that must be submitted for approval at a shareholders' general meeting in accordance with the provisions of Article L.225-86 of the French Commercial Code.

Agreements already approved at a shareholders' general meeting

We have not been informed of any agreement already approved at a shareholders' general meeting and which has continued to be performed during the past year.

Lille and Paris-La Défense, March 12, 2014

The statutory auditors

AUDIT & COMMISSARIAT
AINE & DELDIQUE Associés

ERNST & YOUNG et Autres

Rémy Aine

Franck Sebag

19.4 Report by the statutory auditors on regulated agreements for the financial year ended December 31, 2012

Dear Shareholders,

In our capacity as the company's statutory auditors, we present herewith our report on regulated agreements and undertakings.

It is our duty, based on the information provided to us, to inform you of the essential characteristics and terms of any agreements or undertakings of which we have been informed or that we discovered during our audit. It is not within our remit to express an opinion on the appropriateness or merits of such agreements or undertakings or to seek to identify other agreements or undertakings. In accordance with Article R.225-58 of the French Commercial Code, it is your responsibility, in considering whether to approve these agreements or undertakings, to determine whether they should have been entered into.

We are also required (where appropriate) to provide you with the information laid down in Article R.225-58 of the French Commercial Code on the performance during the past year of agreements and undertakings already approved at a shareholders' general meeting.

We have taken the steps we considered necessary having regard to the professional policy of the National Board of Statutory Auditors relating to our engagement.

Agreements and undertakings subject to approval at a shareholders' general meeting

We have not been informed of any agreement or undertaking authorized in the past year that must be submitted for approval at a shareholders' general meeting in accordance with the provisions of Article L.225-86 of the French Commercial Code.

Agreements and undertakings already approved at a shareholders' general meeting

We have not been informed of any agreement or undertaking already approved at a shareholders' general meeting and which has continued to be performed during the past year.

Lille and Paris-La Défense, April 30, 2013

The statutory auditors

AUDIT & COMMISSARIAT
AINE & DELDIQUE Associés

ERNST & YOUNG et Autres

Rémy Aine

Franck Sebag

20. FINANCIAL INFORMATION

20.1 Consolidated financial statements prepared under IFRS

20.1.1 Consolidated financial statements for the year ended December 31, 2013

I. Condensed financial statements

1. Consolidated statement of financial position

(in € thousands)	Notes	Year ended 31.12.2013	Year ended 31.12.2012
<u>Non-current assets</u>			
Goodwill	III - 3.1.	75	75
Intangible assets	III - 3.2.	55	31
Property, plant & equipment	III - 3.3.	1 000	9 401
Financial assets	III - 3.4.	702	208
Other assets	III - 3.5.	220	395
Deferred tax assets	-	0	2 318
Total non-current assets		2 052	12 428
<u>Current assets</u>			
Inventories	-	167	158
Tax payable	-	0	0
Trade & others receivables	III - 3.6.	162	108
Financial assets	III - 3.4.	10	18
Other assets	III - 3.5.	5 838	4 567
Cash & short-term deposits	III - 3.7.	20 922	6 304
Total current assets		27 099	11 154
TOTAL ASSETS		29 151	23 581
Issued capital	III - 3.8.	5 135	4 011
Share premium	III - 3.8.	44 315	25 518
Revaluation surplus		357	3 120
Retained earnings	-	-23 016	-20 367
Exchange differences on translation of foreign operations	-	-46	-37
Profit (or loss) for the period	-	-12 652	-5 412
Equity attributable to owners of the Company		14 093	6 834
Non-controlling interests		0	0
Total equity		14 093	6 834
<u>Non-current liabilities</u>			
Provisions	III - 3.10.	412	382
Conditional & repayable advances	III - 3.12.	4 131	5 058
Financial liabilities	III - 3.11.	1 397	2 531
Deferred tax liabilities	-	0	0
Other liabilities	III - 3.13.	43	281
Total non-current liabilities		5 983	8 252
<u>Current liabilities</u>			
Provisions	III - 3.10.	57	9
Conditional & repayable advances	III - 3.12.	1 067	1 295
Financial liabilities	III - 3.11.	779	1 838
Current tax liabilities	-	0	0
Trade & other payables	-	5 454	2 926
Other liabilities	III - 3.13.	1 718	2 428
Total current liabilities		9 075	8 495
TOTAL EQUITIES & LIABILITIES		29 151	23 581

2. Consolidated statement of comprehensive income

(in € thousands)	Notes	Year ended 31.12.2013	Year ended 31.12.2012
Revenue	III - 2.1.1.	1 899,3	1 672,3
Public financing of research expenditure	III - 2.1.2.	3 916,3	4 309,3
Other operating income	III - 2.1.3.	151,8	28,7
Total income	III - 2.1.	5 967,4	6 010,2
Raw material & consumables used	III - 2.2.1.	-1 292,9	-1 195,1
Contracted research & development activities conducted by third parties	III - 2.2.2.	-5 161,5	-4 289,6
Employee benefit expenses	III - 2.2.3.	-6 478,8	-5 540,2
Other operating expenses	III - 2.2.4.	-2 932,1	-2 169,7
Depreciation, amortisation & impairment charges	III - 2.2.5.	-519,9	-533,5
Current operating profit		-10 417,8	-7 717,8
Share-based payment transaction expenses	-	0,0	0,0
Gain / (loss) on disposal of property, plant & equipment	-	-95,9	1,8
Operating profit		-10 513,7	-7 715,9
Finance income	III - 2.3.	262,3	280,3
Finance costs	III - 2.3.	-82,6	-293,8
Net finance costs		179,7	-13,5
Profit before income tax	-	-10 334,0	-7 729,5
Income tax expenses	III - 2.4.1	-2 318,0	2 317,9
Profit for the period		-12 652,1	-5 411,6
Other comprehensive income :			
Exchange differences on translation of foreign operations		-9,5	-4,4
Gain on revaluation of properties		0,0	3 120,1
Net fair value gain on available-for-sale financial assets		0,0	0,0
Other comprehensive income :		-9,5	3 115,6
Comprehensive income		-12 661,5	-2 296,0
Profit for the period			
Attributable to non-controlling interests		0,0	0,0
Attributable to owners of the Company		-12 652,1	-5 411,6
Comprehensive income			
Attributable to non-controlling interests		0,0	0,0
Attributable to owners of the Company		-12 661,5	-2 296,0
(In € / number of shares)			
Earnings per share			
Weighted average number of ordinary shares for basic earnings per share		19 407 979,9	14 859 776
Basic earnings per share - attributable to owners of the Company	III - 2.5.	-0,65	-0,36
Weighted average number of ordinary shares adjusted for the effect of dilution		19 407 979,9	14 859 776
Diluted earnings per share - attributable to owners of the Company	III - 2.5.	-0,65	-0,36

3. Consolidated statement of cash flows

(in € thousands)	Year ended 31.12.2013	Year ended 31.12.2012
+ Profit for the year	-12 652,1	-5 411,6
+ Non-controlling interests	0,0	0,0
+ Depreciation charge on intangible assets, property, plant & equipment	465,5	556,3
+ Movements in provisions & impairment losses	74,4	73,3
- Gain / (loss) on disposal of property, plant & equipment	95,9	-1,8
- Share-based payment transaction expenses	0,0	0,0
+ Other non-cash transactions	9,8	-640,8
Cash flow after cost of net financial debt& tax charge	-12 006,4	-5 424,7
- Finance costs	104,4	241,0
- Income tax charge	2 318,0	-2 317,9
Cash flow before changes in working capital, interest expense and income tax	-9 584,0	-7 501,6
Income tax paid	1,1	1,6
Decrease (+)/increase (-) in amounts due from customers	-54,2	625,5
Decrease (-)/increase (+) in amounts due to suppliers	2 528,2	-1 082,1
Decrease (+)/increase (-) in other assets	-1 105,7	2 436,3
Decrease (-)/increase (+) in others liabilities	-976,5	-2 341,6
Changes in working capital	391,7	-361,8
Cash flows from operating activities	-9 191,2	-7 861,9
- Purchase of property, plant & equipment	-239,6	-294,0
+ Proceeds from sale of property, plant & equipment	8 045,8	7,6
Investing activities - operations	7 806,2	-286,4
- Purchase of financial instruments	-483,2	-8,3
+ Proceeds from sale of financial instruments	0,0	0,0
- Acquisition of subsidiary, net of cash acquired	0,0	0,0
Investing activities - finance	-483,2	-8,3
Cash flows from investing activities	7 323,0	-294,6
+ Proceeds from issuance of shares	19 921,2	4 672,4
+ Proceeds from borrowings & government loans	6 503,6	1 780,2
- Repayments of borrowings & government loans	-9 798,9	-4 554,0
- Financial interests paid (including finance lease)	-133,6	-244,3
Cash flows from financial activities	16 492,3	1 654,4
Net increase / (decrease) in cash & cash equivalents	14 624,1	-6 502,1
Cash & cash equivalents at the beginning of the period	6 299,7	12 804,9
Increase / (decrease) of cash & cash equivalents	14 624,1	-6 502,1
Financial assets reclassified as short-term deposits	0,0	0,0
Effects of exchange rate changes on the balance of cash held in foreign currencies	0,0	0,0
Cash & cash equivalents at the end of the period	20 923,8	6 302,8
Breakdown of cash & cash equivalents :	0,0	0,0
Short-term deposits	20 750,5	5 065,8
Cash & bank balances	171,6	1 237,9
Bank overdrafts	-0,4	-4,0
Cash & cash equivalents at the end of the period	20 921,7	6 299,7

4. Consolidated statement of changes in equity

(in € thousands)	Issued capital	Share premium	Revaluation surplus	General reserves	Foreign currency translation reserve	Retained earnings	Non-controlling interests	Total equity
Balance at 31.12.2012	4 011	25 518	3 120	-20 367	-37	-5 412	0	6 834
Changes for the year 2013								
Other comprehensive income			-2 763	2 763	-9			-9
Profit for the period						-12 652		-12 652
Other changes								0
Division of the nominal								0
Total comprehensive income for the period	0	0	-2 763	2 763	-9	-12 652		-12 662
Profit / loss for the year 2012				-5 412		5 412		0
Share-based payment transactions				0				0
Payment of dividends								0
Mergers and similar								0
Issue of share capital	1 125	18 797						19 921
Balance at 31.12.2013	5 135	44 315	357	-23 016	-46	-12 652	0	14 093

II. Accounting principles and policies

1. Basis of preparation

The financial statements are presented in thousands of euros.

1.1. Compliance with IFRS

Pursuant to Regulation (EC) No 1606/2002, the 2013 consolidated financial statements were prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union as of December 31, 2013 and applicable for the first time to annual periods beginning on or after January 1, 2005.

1.2. Application of standards and interpretations effective as of December 31, 2013

The consolidated annual financial statements were prepared in accordance with IFRS standards and interpretations as adopted by the European Union as of December 31, 2013 and available on the website http://ec.europa.eu/internal_market/accounting/ias_en.htm#adopted-commission.

The accounting policies are identical to those used in the preparation of the annual consolidated financial statements for the year ended December 31, 2012, except for the following new standards and interpretations adopted by the European Union:

- Amendment to IFRS 7, *Disclosures – Offsetting Financial Assets and Financial Liabilities*
- IFRS 10, *Consolidated Financial Statements*
- IFRS 11, *Joint Arrangements*
- IFRS 12, *Disclosures of Interests in Other Entities*
- IFRS 13, *Fair Value Measurement*
- IAS 27 (revised), *Separate Financial Statements*
- IAS 28 (revised), *Investments in Associates and Joint Ventures*
- IAS 19 (revised), *Employee Benefits*
- Amendment to IFRS 1, *Government Loans*
- *Annual Improvements 2009-2011 Cycle*
- Amendment to IAS 1 – *Presentation of Financial Statements – Presentation of Items of Other Comprehensive Income*

The 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 December 31, 2013 but adopted by the European Union, were not adopted early by the Group for its annual financial statements as of December 31, 2013:

- Not applicable

Finally, the Group has not applied standards and interpretations published by the IASB at December 31, 2013 but not mandatory or in force in the European Union at that date:

- Amendment to IAS 32, *Offsetting Financial Assets and Financial Liabilities*
- Amendment to IFRS 7 and IFRS 9 – *Mandatory Effective Date and Transition Disclosures*
- IFRS 9, *Financial Instruments* (issued in 2010)
- Amendment to IFRS 10, IFRS 12 and IAS 27, *Investment Entities*
- IFRIC Interpretation 21, *Levies*

2. Consolidation and recognition methods

In accordance with IAS 27 *Consolidated Financial Statements*, the consolidated financial statements include those of the parent, Genfit SA, and the companies in which Genfit SA exercises exclusive control either directly or indirectly. These companies are fully consolidated.

Adjustments are made to the financial statements of subsidiaries so that the accounting policies applied are consistent across all Group entities. All intra-group transactions, balance sheet balances, income and expenses are eliminated on consolidation.

In accordance with IAS 16, Genfit S.A. decided to opt for the remeasurement of a group of assets in the buildings, improvements to buildings, plant and equipment categories. This constitutes a change in accounting policy.

3. Reporting date

The companies are consolidated on the basis of the annual financial statements to December 31.

The 2013 consolidated financial statements were prepared by the Executive Board, which approved them by a resolution dated February 24, 2014.

4. 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 impairment tests, employee commitments, research tax credits, income tax expense and the recognition of deferred taxes, as well as provisions for risks and expenses.

5. Rules on presentation

Current and non-current assets and liabilities: current assets and liabilities are those that the Group expects to realize, consume or settle during the normal operating cycle, which may extend beyond the 12 months following the year-end, in addition to all those settled within 12 months of the year-end. All other assets and liabilities are non-current.

6. 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 situated outside the euro zone 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 rate 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	Year ended 31.12.2013	Year ended 31.12.2012	
Exchange rate at period-end	0,72511	0,75792	US Dollars
Average exchange rate for the period	0,75323	0,77849	US Dollars

7. Translation of foreign currency transactions

Transactions denominated in foreign currency are converted to the functional currency using the exchange rates applicable at the transaction date. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currency using the exchange rate at the reporting date are recognized in net finance costs.

8. Business combinations and goodwill

For acquisitions made prior to January 1, 2010, goodwill represents the excess acquisition cost received over the Group’s share in the fair value of the assets, liabilities and contingent liabilities acquired at the date of the business combination. Acquisition-related costs – other than the costs of issuing debt or equity securities – that the Group incurred to effect a business combination are accounted for as part of the acquisition cost.

For acquisitions made after January 1, 2010, the Group measures goodwill at the acquisition date as:

- the fair value of the consideration transferred; plus
- the amount recognized for any non-controlling interest in the acquiree; plus if the business combination is achieved in stages, the fair value of any previously held equity interest in the acquiree; less
- the fair value of the identifiable assets acquired and the liabilities assumed.

Acquisition-related costs – other than the costs of issuing debt or equity securities – that the Group incurred to effect a business combination are accounted for as expenses in the periods in which the costs are incurred.

Acquisitions of non-controlling interests are accounted for as transactions with the owners and as such no goodwill arises on such transactions. Previously, goodwill was recognized on the acquisition of a non-controlling interest in a subsidiary and represented the excess cost of the additional investment over the carrying amount of the interest in the net assets acquired at the transaction date.

Goodwill is subsequently allocated to cash-generating units (CGUs) expected to benefit from the synergies of the combination. In accordance with IFRS 3 (revised) and IAS 36, goodwill is not amortized and is tested for impairment at least once a year.

Finally, if the Group acquires additional interests in a subsidiary that is already controlled, any difference between the acquisition cost of the minority interests and the carrying amount of these in the Group’s consolidated financial statements is recognized directly in changes in equity, with no impact on goodwill or profit or loss for the period.

The recoverable amount of a CGU is the higher of its fair value and its value in use, determined using the discounted cash flow method. When the recoverable amount of the CGU is less than its net carrying amount, an impairment loss is allocated first to the amount of goodwill allocated to the CGU and then to the other assets of the unit.

9. Research and 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 following six criteria are simultaneously met and the Group can demonstrate:

- 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 risks inherent in 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 December 31, 2013. Therefore, development costs have been recognized as an expense in the period in which they were incurred.

10. Intangible assets

The assets consist mainly of software and operating licenses acquired by the Group. These are recognized at their initial acquisition cost after deducting any accumulated amortization and impairment losses.

Finite-life intangible assets are amortized on a straight-line basis over their estimated useful life, i.e.:

Software and licenses:	Between 1 and 10 years
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11. Property, plant and equipment

Property, plant and equipment are recognized at cost, excluding routine maintenance costs, less accumulated depreciation and impairment losses. When a component of an asset has a specific useful life separate from the useful life of the asset, it is recognized separately in the balance sheet and depreciated over its useful life. The depreciation method used is the straight-line method, applied over the following expected useful lives:

Buildings, improvements to buildings and fittings:	
• Telephony, power generators, signs, signage, paintwork, tiling	10 years
• Work benches, work surfaces, interior joinery, partition walls, elevators	15 years
• Electricity, exterior joinery, waterproofing, plumbing	25 years
• Roads	40 years
• Building structure and shell	50 years
Scientific equipment	Between 4 and 12 years
Computer equipment	4 years
Furniture	10 years
Vehicles	6 years

Residual values, useful lives and depreciation methods are reviewed and adjusted if appropriate at each year-end.

As of December 31, 2012, Genfit decided to remeasure the real estate it acquired ownership of in 2012, as well as certain equipment.

12. Borrowing costs

Under the revised standard IAS 23, borrowing costs incurred for the acquisition, construction or production of qualifying assets can no longer be recognized as an expense.

13. Finance leases and operating leases

13.1 Finance leases

Pursuant to IAS 17 *Leases*, leased assets are recognized as assets when the leases transfer substantially to the Group all the risks and rewards incidental to ownership of the assets.

Assets financed using finance leases are recognized as assets at the present value of future payments or at fair value, whichever is lower. The corresponding liability is recognized in financial liabilities. These assets are depreciated based on the methods and useful lives described above.

Outstanding finance leases relate to laboratory equipment.

13.2 Operating leases

Leases that do not have the characteristics of finance leases under IAS 17 are recognized as operating leases.

The payments made under these leases are recognized as an expense on a straight-line basis over the term of the lease.

When an operating lease includes rent-free periods or when the rents paid are not equal over the term of the lease, all minimum payments are spread evenly over the lease term.

14. Impairment of intangible assets, property, plant and equipment and goodwill

Finite-life property, plant and equipment and intangible assets are tested for impairment only when, at the reporting date, events or circumstances indicate that an impairment loss has been incurred.

Goodwill is tested for impairment as part of the CGU to which it was allocated, the CGU being a homogeneous group of assets generating cash flows that are largely independent of the cash flows generated by other assets or groups of assets. Within Genfit, the goodwill resulting from the acquisition of the company IT.Omics was allocated to the company, which is also the lowest level at which it is monitored for internal management purposes.

Impairment tests involve comparing the net carrying amount of an asset with its recoverable amount, which is defined as the higher of its fair value less costs to sell or value in use. The recoverable amount of an asset is calculated individually, unless the asset does not generate cash inflows largely independent of those from other assets or groups of assets. In this case, the Group calculates the recoverable amount of the CGU to which the asset tested belongs.

Value in use is the present value of the future cash flows expected to be derived from the asset or group of assets tested. It is determined based on future cash flows generated by the asset over a period of five years and a residual value. These cash flows are normally based on the most recent budgets. Beyond this period, the cash flows are estimated by applying a zero growth rate for subsequent years.

The estimated cash flows are discounted using a long-term market rate before tax that reflects the time value of money and the risks specific to the assets.

When this value is less than the net carrying amount of the CGU, an impairment loss is recognized in profit or loss for the difference: this is allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amount of other assets pro rata on the basis of the carrying amount of each asset in the CGU.

An impairment loss recognized for goodwill cannot be reversed in a subsequent period.

15. Financial assets

15.1. Loans and receivables

Loans and receivables are initially recognized at fair value at the transaction date and subsequently at amortized cost. The nominal value usually represents the initial fair value of trade receivables. Where appropriate, a provision is established individually to account for the difference between the carrying amount and the recoverable amount, whichever is less.

15.2. Current and non-current financial assets

Investments in dynamic UCITS where the recommended investment horizon is generally more than three months are considered as available-for-sale financial assets. The performance objective of these investments is to outperform the EONIA. The investments can be liquidated at any time and all have capital protection at maturity. Changes in fair value are recognized in equity.

15.3. Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits, together with short-term, highly liquid investments with a maturity of three months or less, i.e. investments that are readily convertible to a known amount of cash and that are subject to an insignificant risk of changes in value.

Initially recognized at their purchase cost at the transaction date, marketable securities are subsequently measured at fair value. Changes in fair value are recognized in net finance costs.

16. Inventory

Inventories of supplies consist mainly of laboratory consumables. These are measured at the lower of cost and net realizable value and an allowance for impairment recognized where appropriate.

17. Income tax

The income tax expense includes current tax and deferred tax.

Deferred tax is calculated on all temporary differences between the tax base and consolidated accounting base of assets and liabilities, according to the liability method. Deferred tax is measured using the official tax rate at the reporting date that will be in effect when the temporary differences are reversed.

Deferred tax assets and liabilities are offset within the same taxable entity. Deferred tax assets corresponding to temporary differences and tax losses carried forward are recognized when it is probable that future taxable profits will exist against which they can be utilized.

Deferred tax assets and liabilities are classified as non-current assets and liabilities in the balance sheet.

Since the statutory value-added contribution for businesses (CVAE) is calculated based on taxable profit (value added), i.e. a net amount of income and expenses, as well as the profit or loss for a period, Genfit SA considers this tax to be identical to a tax on earnings. This contribution is therefore recognized under “Income tax expense”. No CVAE liability was recorded for fiscal year 2013.

The employer’s flat-rate contribution (CFE) is reported in operating expenses.

18. Research tax credit

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 “research tax credit” corresponding to a share of the research and development costs incurred by the Group.

Due to the economic climate, the research tax credits for 2008, 2009 and 2010 were repayable immediately for all businesses. For the 2011, 2012 and 2013 research tax credits, the State maintained this immediate repayment mechanism for SMEs.

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

19. Capital increase costs

Following the private placements made by Genfit in 2006, 2010, 2011, 2012 and 2013, the issuance costs related to the capital increase were recognized as a deduction from the share premium.

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

20. Provisions

Provisions are recognized when there is a present obligation (legal, regulatory, contractual or constructive) as a result of past events, for which it is probable that an outflow of resources will be required to settle the obligation, and of which the amount can be reliably estimated. The amount recognized is the best estimate of the resource that will be required to settle the obligation.

Where the effect of the time value of money is material, the amount of a provision is the present value of the expenditures expected to be required to settle the obligation.

21. Employee benefits

21.1. Retirement commitments

The Group’s pension schemes and other post-employment benefits consist of defined contribution plans and defined benefit plans.

Defined benefit plans concern French retirement benefit plans under which the Group is committed to guaranteeing a specific amount or level of contractually defined benefits. The obligation arising from these plans is funded and measured on an actuarial basis using the projected unit credit method. According to this method, each period of service gives rise to an additional unit of benefit entitlement and each unit is measured separately to build up the final obligation.

The amount of future payments is determined on the basis of demographic and financial assumptions such as mortality, staff turnover, pay increases and age at retirement, and then discounted to their present value based on a discount rate determined with reference to the yields on high-quality long-dated bonds.

The present value of the obligation is measured each year.

When the calculation assumptions are revised, this results in actuarial gains and losses which are recognized immediately in profit or loss by taking into account the overall change in liability and the net expense for the period, corresponding to the sum of the current service cost and interest cost.

Under the French Social Security Budget Act for 2009, since January 1, 2010, employers have no longer been able to force their employees to retire unless they have accrued the requisite number of quarterly periods. In this case, only voluntary retirement by the employee is eligible for the funding of retirement benefits.

Subsidiaries are required to pay regular contributions to external organizations managing defined contribution plans. Payments made by the Group in respect of these plans are recognized as an expense for the period.

21.2. Statutory individual training entitlement

The individual training entitlement means that all employees are allowed to receive 20 hours of training per year. Any rights accrued during the year and not used may be carried over to the following year for a maximum of six years. Employees continue to receive the same pay for the hours they spend on training during working hours. If training takes place outside working hours, the employee receives a training allowance from the employer equivalent to 50% of the employee's net salary.

A provision is recognized in the consolidated financial statements for the rights accrued by employees and not used as of December 31, 2013, including payroll taxes. Since it is for employees to take the initiative in exercising their individual training entitlement, the measurement of the rights accrued is weighted by the probability of a training request being made, measured by the Group on a three-year historical basis.

22. Grants

The Group receives various kinds of subsidies:

- Equipment grants are intended to finance the purchase of capital assets. They are recognized in the balance sheet as deferred income and taken to profit or loss at the rate of depreciation of the asset financed by the grant.
- Conditional advances, which are interest-free, are intended to finance research programs. They are refundable if the project is successful. These advances are recognized at their nominal value and if appropriate, taken to profit or loss if the project is likely to be unsuccessful.
- Operating subsidies are recognized in the balance sheet as deferred income and taken to profit or loss as and when costs are incurred on research programs. A provision for risks is recognized when the contractual objectives cannot be achieved. This corresponds to the amount liable to be repaid to the lender.

The amendment to IAS 20 made by the Annual Improvements to IFRSs issued in May 2008 and applicable to periods beginning on or after January 1, 2009 has no significant impact on the Group.

23. Financial liabilities

23.1. Financial debt

Borrowings are initially recognized at fair value, net of directly attributable transaction costs, and are subsequently measured at amortized cost using the effective interest rate method.

23.2. Net cash position

The definition of net cash adopted by the Group comprises current and non-current financial assets (if they meet the financing or cash definition), marketable securities, short-term deposits, cash and bank balances and security deposits, which are reduced by financial debt (consisting of loans, lease finance, accrued interest and other financial liabilities) as well as public funding.

23.3. Trade payables

Trade payables are classified as current financial liabilities. They are measured on initial recognition at the fair value of the consideration to be given. This value is usually the nominal value, due to the relatively short period of time between the recognition of the instrument and its repayment.

24. Financial instruments

The Group is not affected by any of the provisions of IAS 32 and IAS 39 on hedge accounting.

24.1. Foreign exchange risk

Almost all of the company's revenue is in euros. Considering the low exposure to foreign exchange risk, the Group has no forward foreign exchange contracts or options as of December 31, 2013.

24.2. Interest rate risk

Interest rate risk is negligible since financial debt is either based on CODEVI interest rates, the sustainable development savings account rate or the five-year constant maturity yield on government bonds, or is fixed rate.

The exposure of short-term cash flow to interest rate risk is relative, because most of these assets consist of euro money market funds (SICAV) or certificates of deposit with progressive rates.

24.3. Liquidity risk

As of 31 December 31, 2013, the company's liquidity risk exposure was low, since its current assets exceeded its current liabilities.

25. Revenue

The Group's revenue mainly derives from research collaboration contracts with pharmaceutical groups. These generally have a term of between one and three years. The terms of this type of contract include several elements:

- "research fees", which correspond to fixed research funding payments, which depend on the resources allocated to the scientific program concerned and which are generally calculated based on the number of FTE (full-time equivalents) allocated multiplied by an annual charging rate (these are initially recognized in deferred revenue and amortized over the estimated term or contractual duration of the research program concerned);
- "milestones", which are bonus payments for reaching the scientific milestones contractually agreed with each partner. Generally, these milestones are billable on identification of the target, development of the screening tool and transition to the clinical phase, as well as on filing the application for marketing authorization. These are recognized as revenue once the objectives contractually agreed with the industry partner have been achieved;

and, to a lesser extent for now:

- “up-front payments” for certain contracts where, prior to these being signed, research work had already been carried out and patents filed by the Group. These up-front payments entitle the manufacturer to gain access to the scientific results previously obtained and the intellectual property rights attached to the project. They are immediately recognized as revenue at the effective date of the contract;
- royalties from sales of the medicines derived from the research carried out in collaboration with the Group. The Group has not charged for any royalties to date.

26. Earnings per share

Basic earnings per share are calculated by dividing the profit for the period attributable to the Group by the weighted average number of shares outstanding in the period.

Earnings per share after dilution are based on the weighted average number of shares before dilution, plus the number of shares resulting from the exercise of existing share options or any other dilutive instrument. The funds received from exercising options, plus the liability still to be recognized under share option plans, are presumed to be allocated, in this calculation, to the repurchase of Genfit SA shares at a price equal to the average share price for the period.

27. Statement of cash flows

The statement of cash flows is prepared using the indirect method, which shows the adjustments made to profit in order to obtain cash flow. Opening and closing cash positions comprise cash, cash equivalents and bank overdrafts.

28. 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, 2012, 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 technology 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 a commercial presence.

III. Notes to the consolidated financial statements

1. Consolidation scope

Companies included in the consolidation scope:

Scope of consolidation	Country	Consolidation method	% of control	% of interest	
At 31 December 2012					
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, Massachusetts 02042	06-1702052
Genfit Pharmaceuticals		Parc Eurasanté - 885, avenue Eugène Avinée - 59120 Loos	53870766200010

Genfit Corp

Genfit Corp. is Genfit's sales representative office in the United States. The company was incorporated in July 2003. Genfit Corp. is located in Cambridge, Massachusetts.

Genfit Corp. has been assigned the following objectives:

- to seek to develop new industrial partnerships with companies in the pharmaceutical and biotechnology industries
- to put in place a network of academic partnerships in Genfit's areas of excellence
- to monitor the clinical regulatory aspects of relations with the FDA to ensure that account is taken of US requirements

Genfit SA and Genfit Corp. have entered into an annual service contract which came into force in July 2003. Genfit SA and Genfit Corp. have entered into an annual service contract which came into force in July 2003. The amendment that came into force on January 1, 2013 provides for annual remuneration of USD 90k, to cover the US subsidiary's operating costs.

Genfit Pharmaceuticals SAS

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

2. Notes to the consolidated statement of comprehensive income

2.1. Revenue

Revenue generated in respect of the 2013 fiscal year totaled EUR 5,967.4k compared with EUR 6,010.2k in respect of 2012.

2.1.1. Industrial revenue

Industrial revenue totaled EUR 1,899.3k compared with EUR 1,672.3k in 2012.

The collaboration policies adopted by the pharmaceutical industry increasingly favor risk-sharing partnerships, under the terms of which the direct remuneration is relatively low but the payments for reaching clinical milestones are more significant. The increase in revenue during 2013 was due to a one-off increase in activity volumes related to services.

2.1.2. Public financing of research expenditure

This heading comprises both tax credits for research expenses arising in respect of the fiscal year and reversals of government grants made on the basis of the stage of completion of the research programs financed.

Government grants and tax credits for research expenses are an integral part of the Company's revenue.

Public financing of research expenditure (in € thousands)	31.12.2013 12 months	31.12.2012 12 months
Government grants	420,2	1 139,2
Tax credit for research expenses	3 496,1	3 170,1
Crédit d'impôt taxe professionnelle	0,0	0,0
TOTAL	3 916,3	4 309,3

In the first half of 2013, Genfit SA received a payment of EUR 3,171k in respect of its research tax credit receivable in respect of 2012.

The situation is the same as regards the receivable in respect of 2013, for which payment will be received in 2014.

Details of ongoing grants are provided in Section 3.13

2.1.3. Other operating income

Other operating income (in € thousands)	31.12.2013 12 months	31.12.2012 12 months
Limitation of the repayment of a public financing	0,0	0,0
Termination compensations	0,0	0,0
Other operating income	151,8	28,7
TOTAL	151,8	28,7

In respect of 2013, the Group recognized in other income an amount of EUR 54.6k relating to the Tax credit for encouraging competitiveness and jobs (*Crédit d'impôt pour la compétitivité et l'emploi* – CICE).

2.2. Operating expenses

2.2.1. Raw materials and consumables used

This heading comprises, among other things, consumables and small laboratory equipment totaling EUR 1,292.9k.

2.2.2. Contracted research and development activities conducted 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 and toxicology and pharmacokinetics studies. In addition, costs associated with clinical and pre-clinical trials are constituting an increasing proportion of these expenses.

Costs included under this heading totaled EUR 5,161.5k in 2013 compared with EUR 4,289.6k in 2012. The increase was due mainly to the financial cost of the phase II trials associated with the GFT 505 program, which were carried out throughout 2013 even though they were started at the end of 2012.

2.2.3. Employee expenses

Breakdown of employee costs

Personnel costs (in € thousands)	31.12.2013 12 months	31.12.2012 12 months
Wages and salaries	-4 489,2	-3 770,6
Social security costs	-1 933,1	-1 719,9
Pension costs	-56,1	-49,8
Individual training entitlement	-0,5	0,1
Employee profit sharing	0,0	0,0
Share-based payment transaction expenses	0,0	0,0
TOTAL	-6 478,8	-5 540,2

The employment costs of the Group increased by 16.9% between 2012 and 2013. This increase in the wage bill is due in particular to the impact of the bonuses awarded to employees to compensate them for the wage moderation previously agreed. It also included amounts paid to reward employees whose high level of commitment contributed to the good scientific results obtained during the period and to the associated fund-raising initiatives.

Social security costs relating to the defined contribution schemes totaled EUR 367.2k in 2013 and EUR 316.2k in 2012.

Number of employees at the year end

Number of employees	31.12.2013 12 months	31.12.2012 12 months
Research & development	55	54
Services related to science	8	9
Administration & management	15	13
TOTAL	78	76

Number of employees	31.12.2013 12 months	31.12.2012 12 months
Senior staff	50	52
Staff	26	23
Others (apprentices)	2	1
TOTAL	78	76

Average number of employees

The average number of employees in 2013 was 75 compared with 82 in 2012.

2.2.4. Other operating expenses

Other operating expenses (in € thousands)	31.12.2013 12 months	31.12.2012 12 months
Repairs & maintenance of equipment	-192,5	-200,0
Repairs & maintenance of premises	-924,7	-204,1
Intellectual property fees	-486,5	-495,2
Fees (legal, accounting, communication, scientific, business dev...)	-590,5	-607,3
Travel expenses	-222,5	-181,9
Taxes (other than income tax)	-209,0	-180,5
Other expenses (insurance, mail-phone-web, bank fees...)	-306,4	-300,5
TOTAL	-2 932,1	-2 169,7

The Group continued to implement the strict cost-control policy in 2013.

Repairs and maintenance of premises included in the 2013 financial statements comprised real estate rental costs as from March 22, 2013 (the date on which Genfit ceased to own the real estate and began to lease it).

Intellectual property fees corresponded to the filing and maintenance fees in respect of the Group's patents.

Fees included legal, audit and accounting fees, the fees paid to the company responsible for press relations and communication, the costs of external employees seconded to the Company (security and reception), as well as the fees of certain scientific advisers.

2.2.5. Depreciation, amortization and impairment charges

Depreciation, amortisation & impairment charges (in € thousands)	31.12.2013 12 months	31.12.2012 12 months
Depreciation charge - buildings & fittings	0,0	-296,4
Depreciation charge - equipments	-474,5	-425,3
Provision - current assets	-0,9	-6,2
Provision - financial assets	-9,8	0,0
Provision - risks & expenses	-48,0	0,0
Impairments losses	0,0	0,0
Provision reversal - current assets	4,3	3,6
Provision reversal - financial assets	0,0	0,0
Provision reversal - risks & expenses	0,0	25,4
Reversal of the balance of investment grants	9,0	165,4
TOTAL	-519,9	-533,5

As a reminder, EUR 263.5k of the 2012 depreciation charge of EUR 296k corresponded to the depreciation of buildings financed by finance leases until September 27, 2012. On that date, following the early exercise of the option under the lease, Genfit became the owner of the real estate and therefore recognized depreciation in respect of it amounting to EUR 32.8k. The reversal of the balance of the government grant thus corresponded to the exercise of the option.

The provision for risks and expenses recognized in 2013 was related to the penalty for the late repayment of a repayable advance: the Company has asked to be exempted from this fine, which it considers to be unjustified.

No impairment charge was recognized in respect of 2012 or 2013.

2.2.6. Gain (loss) on disposal of property, plant and equipment

In 2013, the disposal of the Company's real estate resulted in the following expenses:

- EUR 95.9k, recognized in the consolidated statement of comprehensive income on the "Gain (loss) on disposal of property, plant and equipment" line
- EUR 2,318.0k, recognized in the consolidated statement of comprehensive income on the "Income tax expense" line; this expense cancels the income of the same amount recognized in the year ended December 31, 2012 (see III – 2.4.1.)

In the consolidated statement of financial position, the revaluation surplus of EUR 3,120.1k, which increased equity by the same amount when it was recognized on December 31, 2012, was transferred to the "Retained earnings" heading.

2.2.7. Research and development costs

Currently, the costs of developing and protecting intellectual property are expensed in the year in which they are incurred, since not all the criteria required by IAS 38 for their capitalization are met.

The following table provides a breakdown of these costs by nature:

Research & development costs (in € thousands)	31.12.2013 12 months	31.12.2012 12 months
Raw material & consumables used	-1 262,8	-1 164,2
Contracted research & development activities conducted by third parties	-5 161,5	-4 289,6
Intellectual property fees	-486,5	-495,2
Personnel costs	-4 118,1	-3 770,1
Other operating expenses	-623,0	-646,0
Depreciation, amortisation & impairment charges	-576,9	-949,0
TOTAL	-12 228,9	-11 314,1

2.3. Financial income

Financial income

Finance income (in € thousands)	31.12.2013 12 months	31.12.2012 12 months
Finance income (on short-term investments & term deposits)	169,2	201,4
Net finance income	169,2	201,4
Net foreign exchange gains	15,2	9,3
Other finance income	77,8	69,6
Other finance income	93,1	78,9
TOTAL	262,3	280,3

Financial expenses

Finance costs (in € thousands)	31.12.2013 12 months	31.12.2012 12 months
Interest expenses on bank borrowings	-100,3	-252,2
Interest expenses on financial leases	-2,8	13,8
Net finance costs	-103,1	-238,4
Net foreign exchange losses	-5,0	-6,4
Other finance costs	25,5	-49,0
Other finance costs	20,5	-55,4
TOTAL	-82,6	-293,8

In 2012, interest expenses on financial leases included EUR 13.8k relating to the Group's real estate.

2.4. Tax

2.4.1. Breakdown of the tax charge

Income tax charge (in € thousands)	31.12.2013 12 months	31.12.2012 12 months
Current tax	-0,3	0,1
Deferred tax	-2 317,7	2 317,8
TOTAL	-2 318,0	2 317,9

2.4.2. Analysis of deferred tax by nature

Breakdown of deferred tax assets & liabilities (in € thousands)	Year ended 31.12.2012	Impact on equity	Impact on the profit/loss	Year ended 31.12.2013
Temporary differences	2 475,8	0,0	-2 422,4	53,4
Construction lease rents	32,2	0,0	-32,2	0,0
Finance leases	-64,2	0,0	7,1	-57,1
Discounting of receivables				
Intangible assets / Property, plant & equipment	-90,3	0,0	93,9	3,6
Operating grants				
Taxation of unrealized gains on marketable securities	0,0	0,0	-0,1	-0,1
Post-employment benefit & individual training entitlement	128,4	0,0	9,9	138,3
Tax losses carryforwards	-0,1	0,0	0,0	-0,1
Others	-164,1	0,0	26,1	-138,0
TOTAL	2 317,7	0,0	-2 317,7	0,0
Dont: Deferred tax liabilities	0,0	0	0	0,0
Dont: Deferred tax assets	2 317,7	0,0	-2 317,7	0,0
Deferred tax assets (+) & liabilities (-)	2 317,7	0,0	-2 317,7	0,0

The change in the temporary differences was due mainly to the tax adjustment made to government grants, on the basis of a starting amount of EUR 420.2k.

The deferred tax amounts recognized on the 2012 statement of financial position corresponded to temporary differences related to the real estate transaction (see Section 3.3.) and, to a lesser extent, to the need to cover the deferred tax liabilities in respect of the consolidation adjustments. Since the real estate was sold in 2013, the temporary differences recognized have been written back in full to profit or loss.

2.4.3. Losses available for offsetting against future taxable income

Losses available for offsetting against future taxable income (in € thousands)	31.12.2013 12 months	31.12.2012 12 months
Genfit S.A. - 2006	1 944,4	1 944,4
Genfit S.A. - 2006 - Tup It-omics	389,4	389,4
Genfit S.A. - 2007	8 184,9	8 184,9
Genfit S.A. - 2008	4 765,9	4 765,9
Genfit S.A. - 2009	10 672,6	10 672,6
Genfit S.A. - 2010	11 602,1	11 602,1
Genfit S.A. - 2011	10 593,4	10 593,4
Genfit S.A. - 2012	6 851,4	6 851
Genfit S.A. - 2013	15 493,4	0
TOTAL	70 497,6	55 004,2
Recognised	0,0	6 953,1
Unrecognised	0,0	48 051,1

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 income rate (in € thousands)	31.12.2013 12 months	31.12.2012 12 months
Profit for the period	-12 652,1	-5 411,6
Income tax expenses	-2 318,0	2 317,9
Profit before tax	-10 334,0	-7 729,5
French tax rate	33,33%	33,33%
Income tax expense calculated at the French tax rate	3 444,3	2 576,2
Tax credit for research expenses, exempt from taxation	1 165,4	1 056,7
Other non deductible expenses / non-taxable income	11,7	-7,3
Utilisation of previously unrecognised tax losses	0,0	1,5
Limitation of deferred tax assets	0,0	1 227,6
Tax losses for the period, unrecognised as deferred tax assets	-5 164,5	-2 283,8
Reversal of previously recognized deferred tax assets	-2 317,7	-372,5
Effect of different tax rates of subsidiaries operating in other jurisdictions	0,0	0,0
Others	542,7	118,4
Income tax expense recognised in profit or loss	-2 318,1	2 316,7
Effective income rate	22,43%	-29,97%

2.5. Earnings per share

In 2013, Genfit SA carried out several capital increases through the issue of a total of 4,498,075 new shares (described in more detail in Section 3.8.). As a result of these successive capital increases, the number of shares was increased to 20,541,821 as of December 31, 2013. The weighted average number of shares was 19,407,980 corresponding to the average of the shares outstanding during the period.

Earnings per share	31.12.2013 12 months	31.12.2012 12 months
Profit for the period - attributable to owners of the Company (in € thousands)	-12 652,1	-5 411,6
Weighted average number of ordinary shares for the period	19 407 980	14 859 776
Profit for the period - attributable to owners of the Company per share (in €)	-0,65	-0,36
Weighted average number of ordinary shares used in the above calculation	19 407 980	14 859 776
Effect of dilution arising from share options	0	0
Weighted average number of ordinary shares adjusted for the effect of dilution	19 407 980	14 859 776
Diluted profit for the period - attributable to owners of the Company per share (in €)	-0,65	-0,36

Diluted earnings per share and earnings per share were the same.

3. Notes to the consolidated statement of financial position

3.1. Goodwill

Goodwill (in € thousands)	31.12.2013	31.12.2012
Cost	364,9	364,9
Impairment	-290,0	-290,0
Balance	74,9	74,9
Additional amounts recognised	0,0	0,0
Impairments	0,0	0,0

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

An impairment test carried out some years ago identified the need to recognize impairment totaling EUR 290.0k. Since then, no further impairment has been identified.

3.2. Intangible assets

Intangible assets comprise office and administrative software as well as scientific software purchased by the Group.

Cost

Intangible assets - Costs (in € thousands)	31.12.2012	Additions	Disposals	Effect of foreign currency exchange	In progress - reclassified	31.12.2013
Original costs	0,0	0,0	0,0	0,0	0,0	0,0
Softwares	931,1	62,2	0,7	0,0	0,0	992,6
Patents	29,4	0,0	0,0	0,0	0,0	29,4
In progress	0,0	0,0	0,0	0,0	0,0	0,0
TOTAL	960,5	62,2	0,7	0,0	0,0	1 022,0

Accumulated amortization and impairment

Intangible assets - Accumulated amortisation & impairment (in € thousands)	31.12.2012	Amortisation expense	Disposals	Effect of foreign currency exchange	In progress - reclassified	31.12.2013
Original costs	0,0	0,0	0,0	0,0	0,0	0,0
Softwares	899,7	37,7	0,3	0,0	0,0	937,1
Patents	29,4	0,0	0,0	0,0	0,0	29,4
In progress	0,0	0,0	0,0	0,0	0,0	0,0
TOTAL	929,1	37,7	0,3	0,0	0,0	966,5

3.3. Property, plant and equipment

Cost

Property, plant & equipment - Costs (in € thousands)	31.12.2012	Additions	Disposals	Effect of foreign currency exchange	Revaluation surplus	In progress - reclassified	31.12.2013
Buildings	7 893,4	-0,7	9 816,3	0,0	1 922,9	0,7	0,0
Fittings	4 527,2	65,7	110,3	0,0	-11,6	0,0	4 471,0
Scientific equipment	1 658,6	0,0	796,2	0,0	-30,4	0,0	832,0
Vehicles	15,2	7,4	0,1	0,0	-4,6	0,0	17,9
Computer equipment	636,9	95,9	1,4	0,0	0,0	5,5	736,9
Furniture	285,0	0,0	1,6	0,0	0,0	0,0	283,4
In progress	6,1	9,0	0,0	0,0	0,0	-6,1	9,0
TOTAL	15 022,5	177,4	10 726,0	0,0	1 876,3	0,0	6 350,2

Accumulated depreciation and impairment

Property, plant & equipment - Accumulated amortisation & impairment (in € thousands)	31.12.2012	Amortisation expense	Disposals	Effect of foreign currency exchange	Revaluation surplus	In progress - reclassified	31.12.2013
Buildings	32,8	160,7	193,5	0,0	0,0	0,0	0,0
Fittings	3 858,7	191,9	110,3	0,0	0,0	0,0	3 940,3
Scientific equipment	888,2	43,1	402,4	0,0	0,0	0,0	529,0
Vehicles	9,2	0,3	0,0	0,0	0,0	0,0	9,4
Computer equipment	597,6	32,5	1,4	0,0	0,0	0,0	628,7
Furniture	245,8	8,3	0,7	0,0	0,0	0,0	253,4
In progress	0,0	0,0	0,0	0,0	0,0	0,0	0,0
TOTAL	5 632,4	436,8	708,3	0,0	0,0	0,0	5 360,8

On September 27, 2012, the early exercise of the option under the finance lease in respect of the real estate enabled the Group to obtain ownership of it. Following this transaction, the Group decided to revalue a group of real estate assets, comprising buildings, improvements to buildings, plant and equipment. This group of assets was sold on March 22, 2013.

3.4. Current and non-current financial assets

Current & non-current financial assets (in € thousands)	31.12.2013		31.12.2012	
	Non-current	Current	Non-current	Current
Loans	113,6	0,0	93,2	0,0
Guarantee withholding	115,0	9,3	115,0	9,3
Deposits & guarantees	232,9	0,4	0,0	8,3
Liquidity contract	240,2	0,0	0,0	0,0
TOTAL	701,6	9,6	208,2	17,5

On June 15, 2012, BPI France granted the Group a EUR 2,300.00k loan repayable in seven years (see Section 3.11). A EUR 115.0k guarantee withholding was made in respect of the loaned funds. The receivable and interest thereon will be repaid to Genfit SA at the end of the agreement.

When the lease on the real estate was signed in March 2013, a EUR 225k guarantee withholding was paid. The balance of the liquidity contract administered by an investment services provider was EUR 240.2k as of December 31, 2013.

3.5. Other current and non-current assets

Other current & non-current assets (in € thousands)	31.12.2013		31.12.2012	
	Non-current	Current	Non-current	Current
Tax credit for research expenses	0,0	3 496,1	0,0	3 170,1
Receivables - Social security costs	0,0	2,0	0,0	2,0
Receivables - VAT	0,0	583,4	0,0	428,6
Receivables - Grants	0,0	644,7	394,7	250,0
Other receivables	0,0	62,4	0,0	24,5
Issued capital, called but not paid	0,0	0,0	0,0	0,0
Prepaid expenses	220,0	1 049,5	0,0	692,0
TOTAL	220,0	5 838,0	394,7	4 567,2

Tax credit for research expenses

At the beginning of 2013, Genfit SA received full payment of its receivable in respect of 2012.

As regards the 2013 research tax credit, the government is continuing its policy of immediate reimbursement in the case of SMEs (as defined by EU law).

Receivables - grants

EUR 394.7k of the total amount receivable related to the IT-DIAB program. This amount will be received in instalments until 2015.

3.6. Customers

No provision for doubtful debts has been recognized.

The aged analysis of overdue payments does not indicate a particular exposure to customer credit risk:

Trade receivables (in € thousands)	31.12.2013	31.12.2012
Trade receivables - Neither past due nor paid	125,4	107,6
Trade receivables - Past due < 30 days	26,9	0,0
Trade receivables - Past due from 30 to 90 days	9,6	0,0
Trade receivables - Past due from 91 days to 180 days	0,0	0,0
Trade receivables - Past due from 181 days to 360 days	0,0	0,0
Trade receivables - Past due > 360 days	0,0	0,0
TOTAL	161,8	107,6

3.7. Cash and cash equivalents

The main components of cash equivalents were short-term deposits, investments in French mutual funds (*fonds commun de placement – FCP*), negotiable medium-term notes and investments in French money-market funds (SICAV). These investments are short-term, highly liquid and subject to negligible risk of changes in value.

The following table provides a breakdown of short-term deposits:

Cash & cash equivalents (in € thousands)	31.12.2013	31.12.2012
CDN - Short-term deposits >3 mois	1 040,0	910,0
CIC - Short-term deposits >3 mois	17 971,7	4 155,8
BNP - Short-term deposits >3 mois	1 250,0	0,0
BNP - Deposit FCP	488,5	0,0
TOTAL	20 750,2	5 065,8
Cash & bank balances	171,6	1 237,9
CASH & CASH EQUIVALENTS	20 921,8	6 303,7

3.8. Capital

Genfit's shares were admitted for listing on the Euronext Paris Alternext market on December 19, 2006 under ISIN code FR0004163111. They are not listed on any other market.

As of December 31, 2013, the share price was EUR 8.92, representing a market capitalization of EUR 183.23 million compared with EUR 50.4 million as of December 31, 2012.

As of December 31, 2013, Genfit SA's share capital totaled EUR 5,135,455.25. It was divided into 20,541,821 shares with a par value of EUR 0.25, fully subscribed and fully paid-up.

Shares held for more than two years entitle their holders to double voting rights. 4,768,208 shares, i.e. 23.21% of the issued share capital, have been held for more than two years.

The following table provides a breakdown of changes in the share capital and share premium:

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	609 796	0	609 796
27/06/2006 - Division of shares' par value	9 600 064	0,25	2 400 016	609 796	0	609 796
18/10/2006 - Private share investment	11 270 626	0,25	2 817 657	14 323 832	0	14 323 832
21/11/2006 - Absorption of IT.OMICS	11 270 626	0,25	2 817 657	14 323 832	37 833	14 361 665
16/02/2010 - Private share investment	11 662 166	0,25	2 915 542	16 240 395	37 833	16 278 228
15/07/2011 & 18/07/2011 - Private share investment	13 340 295	0,25	3 335 074	20 867 528	37 833	20 905 361
04/10/2011 - Reserved share capital increase	13 424 328	0,25	3 356 082	20 970 199	37 833	21 008 032
20/10/2011 - Share option program - Offset against the commitment fee	13 474 328	0,25	3 368 582	20 951 199	37 833	20 989 032
28/10/2011 - Reserved share capital increase	13 630 578	0,25	3 407 645	21 411 136	37 833	21 448 969
27/02/2012 - Share option program - Exercise of share options	13 726 762	0,25	3 431 691	21 636 317	37 833	21 674 150
07/03/2012 - Reserved share capital increase	14 052 849	0,25	3 513 212	22 303 045	37 833	22 340 878
03/04/2012 - Reserved share capital increase	14 331 919	0,25	3 582 980	22 832 278	37 833	22 870 111
02/05/2012 - Reserved share capital increase	14 668 998	0,25	3 667 250	23 347 009	37 833	23 384 842
29/06/2012 - Reserved share capital increase	15 085 665	0,25	3 771 416	23 741 636	37 833	23 779 469
26/07/2012 - Convertible bond - Offset against the commitment fee	15 148 321	0,25	3 787 080	23 720 548	37 833	23 758 881
06/09/2012 - Convertible bond - Conversion of bonds	15 369 023	0,25	3 842 256	24 119 527	37 833	24 157 360
24/09/2012 - Convertible bond - Conversion of bonds	15 589 619	0,25	3 897 405	24 663 806	37 833	24 701 639
08/10/2012 - Convertible bond - Conversion of bonds	15 632 935	0,25	3 908 234	24 752 977	37 833	24 790 810
09/10/2012 - Convertible bond - Conversion of bonds	15 676 251	0,25	3 919 063	24 841 907	37 833	24 879 740
12/10/2012 - Convertible bond - Conversion of bonds	15 718 195	0,25	3 929 549	24 931 293	37 833	24 969 126
12/10/2012 - Convertible bond - Conversion of bonds	15 760 139	0,25	3 940 035	25 020 807	37 833	25 058 640
12/10/2012 - Convertible bond - Conversion of bonds	15 802 083	0,25	3 950 521	25 110 321	37 833	25 148 154
16/10/2012 - Convertible bond - Conversion of bonds	15 864 765	0,25	3 966 191	25 244 650	37 833	25 282 483
16/10/2012 - Convertible bond - Conversion of bonds	15 906 552	0,25	3 976 638	25 333 895	37 833	25 371 728
17/10/2012 - Convertible bond - Conversion of bonds	15 969 232	0,25	3 992 308	25 468 037	37 833	25 505 870
21/12/2012 - Share option program - Offset against the commitment fee	15 988 359	0,25	3 997 090	25 462 105	37 833	25 499 938
20/12/2012 - Convertible bond - Conversion of bonds	16 043 746	0,25	4 010 937	25 480 276	37 833	25 518 109
08/01/2013 - Convertible bond - Conversion of bonds	16 128 753	0,25	4 032 188	25 709 200	37 833	25 747 033
10/01/2013 - Convertible bond - Conversion of bonds	16 173 854	0,25	4 043 464	25 846 855	37 833	25 884 688
15/01/2013 - Convertible bond - Conversion of bonds	16 205 335	0,25	4 051 334	25 938 884	37 833	25 976 717
18/01/2013 - Convertible bond - Conversion of bonds	16 237 856	0,25	4 059 464	26 030 654	37 833	26 068 487
21/01/2013 - Convertible bond - Conversion of bonds	16 318 717	0,25	4 079 679	26 260 339	37 833	26 298 172
24/01/2013 - Share option program - Offset against the commitment fee	16 332 629	0,25	4 083 157	26 255 613	37 833	26 293 446
24/01/2013 - Convertible bond - Conversion of bonds	16 443 932	0,25	4 110 983	26 627 787	37 833	26 665 620
25/01/2013 - Convertible bond - Conversion of bonds	16 601 881	0,25	4 150 470	27 187 332	37 833	27 225 165
12/02/2013 - Share option program - Offset against the commitment fee	16 612 685	0,25	4 153 171	27 063 381	37 833	27 101 214
11/02/2013 - Convertible bond - Conversion of bonds	16 731 565	0,25	4 182 891	27 583 661	37 833	27 621 494
12/02/2013 - Convertible bond - Conversion of bonds	16 819 923	0,25	4 204 981	28 010 572	37 833	28 048 405
14/02/2013 - Share option program - Offset against the commitment fee	16 828 093	0,25	4 207 023	27 947 279	37 833	27 985 112
12/02/2013 - Convertible bond - Conversion of bonds	16 936 086	0,25	4 234 022	28 469 731	37 833	28 507 564
25/02/2013 - Convertible bond - Conversion of bonds	16 979 044	0,25	4 244 761	28 708 723	37 833	28 746 556
06/03/2013 - Convertible bond - Conversion of bonds	16 996 224	0,25	4 249 056	28 804 321	37 833	28 842 154
08/03/2013 - Convertible bond - Conversion of bonds	17 013 681	0,25	4 253 420	28 899 857	37 833	28 937 690
26/02/2013 - Share option program - Offset against the commitment fee	17 022 242	0,25	4 255 561	28 836 567	37 833	28 874 400
20/03/2013 - Convertible bond - Conversion of bonds	17 027 965	0,25	4 256 991	28 865 136	37 833	28 902 969
21/03/2013 - Convertible bond - Conversion of bonds	17 047 118	0,25	4 261 780	28 960 201	37 833	28 998 034
25/03/2013 - Convertible bond - Conversion of bonds	17 144 938	0,25	4 286 235	29 435 167	37 833	29 473 000
26/03/2013 - Convertible bond - Conversion of bonds	17 183 222	0,25	4 295 806	29 625 351	37 833	29 663 184
27/03/2013 - Convertible bond - Conversion of bonds	17 215 094	0,25	4 303 774	29 787 179	37 833	29 825 012
26/03/2013 - Share option program - Offset against the commitment fee	17 224 672	0,25	4 306 168	29 733 534	37 833	29 771 367
28/03/2013 - Convertible bond - Conversion of bonds	17 252 328	0,25	4 313 082	29 876 443	37 833	29 914 274
02/04/2013 - Convertible bond - Conversion of bonds	17 279 257	0,25	4 319 814	30 019 711	37 833	30 057 546
03/04/2013 - Convertible bond - Conversion of bonds	17 314 224	0,25	4 328 556	30 210 555	37 833	30 248 388
05/04/2013 - Convertible bond - Conversion of bonds	17 330 954	0,25	4 332 739	30 306 259	37 833	30 344 092
08/04/2013 - Convertible bond - Conversion of bonds	17 363 757	0,25	4 340 935	30 497 835	37 833	30 535 668
10/04/2013 - Convertible bond - Conversion of bonds	17 379 646	0,25	4 344 912	30 593 762	37 833	30 631 595
22/04/2013 - Convertible bond - Conversion of bonds	17 397 114	0,25	4 349 291	30 689 291	37 833	30 727 124
08/04/2013 - Share option program - Offset against the commitment fee	17 405 311	0,25	4 351 328	30 685 992	37 833	30 723 825
23/04/2013 - Convertible bond - Conversion of bonds	17 423 172	0,25	4 355 793	30 781 418	37 833	30 819 251
29/04/2013 - Convertible bond - Conversion of bonds	17 476 156	0,25	4 369 039	31 067 866	37 833	31 105 699
28/06/2013 - Convertible bond - Conversion of bonds	17 499 156	0,25	4 374 789	31 162 116	37 833	31 199 949
17/04/2013 - Private share investment	20 428 604	0,25	5 107 151	43 892 766	37 833	43 930 599
16/07/2013 - Convertible bond - Conversion of bonds	20 452 983	0,25	5 113 246	43 924 189	37 833	43 962 022
17/07/2013 - Convertible bond - Conversion of bonds	20 476 742	0,25	5 119 186	44 018 249	37 833	44 056 082
31/07/2013 - Convertible bond - Conversion of bonds	20 498 797	0,25	5 124 699	44 088 046	37 833	44 125 879
01/08/2013 - Convertible bond - Conversion of bonds	20 520 543	0,25	5 130 136	44 182 489	37 833	44 220 322
02/08/2013 - Convertible bond - Conversion of bonds	20 541 821	0,25	5 135 455	44 276 943	37 833	44 314 776

The Shareholders' General Meeting of June 27, 2006 authorized a 64-for-1 stock split, thereby reducing the shares' par value from EUR 16 to EUR 0.25. As a result, the number of shares in issue increased from 150,001 to 9,600,064.

The private placement on November 28, 2006 enabled the Group to raise EUR 15,035.0k at the price of EUR 9.00 per share. As a result of the transaction, the Company's share capital increased by EUR 417.7k, corresponding to the issue of 1,670,562 shares, the EUR 14,617.3k balance constituting the share premium. The issue costs directly attributable to the transaction, which represent external costs, amounted to EUR 903.3k net of tax and have been deducted from the share premium.

IT.Omics's sole shareholder, Genfit, decided to dissolve it with effect from December 26, 2006. This dissolution, which was carried out by means of a transfer of all IT.Omics's assets and liabilities, generated a EUR 136.9k merger surplus, EUR 37.8k of which has been recognized as a merger premium.

During the 2008 and 2009 fiscal years, no transactions were carried out in the Company's capital.

The Company then strengthened its financial position by means of two private placements in 2010 and 2011:

- an initial private placement totaling EUR 2.3 million in February 2010, which resulted in the issue of 391,540 new shares at the price of EUR 5.90 per share
- a second private placement totaling EUR 5.3 million in July 2011, which resulted in the issue of 1,678,129 new shares at the price of EUR 3.20 per share. This placement was followed in October 2011 by an additional capital increase reserved for a longstanding shareholder that had been unable to participate in the placement due to the timescale. It was carried out at the same price as the July placement and therefore totaled EUR 0.5 million and gave rise to the issue of 156,250 new shares

In July 2011, the Company also signed an equity financing agreement with Yorkville opening a credit facility for a maximum of EUR 5.3 million payable in shares, with EUR 5 million of this amount covered by a Standby Equity Distribution Agreement (SEDA) to be completed within 24 months. In connection with the implementation of this agreement, the Company carried out two initial capital increases at the end of 2011:

- the first transaction, which totaled EUR 0.2 million, resulted in the issue of 84,033 new shares
- the second, which totaled EUR 0.1 million, was carried out as compensation for the receivable representing the commitment fee due to Yorkville for opening the credit facility to be used in respect of the SEDA. This resulted in the issue of 50,000 new shares.

In 2012:

The Company continued to implement and extend its partnership with Yorkville as follows:

- In February, the Company drew down an initial amount of EUR 0.25 million under the SEDA program (96,184 new shares were therefore issued in connection with this transaction).
- Between March and July, the Company completed four additional capital increases outside the SEDA program totaling EUR 2.45 million, which resulted in the issue of a total of 1,358,903 new shares.
- In August, the Company carried out an initial convertible bond issue totaling EUR 2 million, which resulted in the issue of 820,911 new shares, and completed a reserved capital increase, in the amount of EUR 0.1 million, to offset the receivable representing the commitment fee due to Yorkville for arranging this initial bond issue (resulting in the issue of 62,656 new shares). These borrowings were repaid in full in shares in September and October.
- At the end of December, the Company signed and completed the first tranche of a new convertible bond issue of up to EUR 8 million over 24 months, usable by the Company in successive tranches of EUR 1 million each. The issuance of this initial EUR 1 million tranche gave rise to a reserved capital increase in the amount of EUR 0.05 million to offset the receivable representing the commitment fee due to Yorkville for arranging this initial tranche (which resulted in the issue of 19,127 new shares) and the issue of 55,387 new shares via the conversion by Yorkville of bonds in the amount of EUR 0.25 million.

In 2013:

1. Debenture loan:

As regards the bond loan convertible into shares entered into in December 2012 for a maximum of EUR 8,000k in eight instalments of EUR 1,000k each, during the first half of 2013, the Company took the following steps to continue its implementation:

- The last bonds representing the first EUR 1,000k tranche drawn down at the end of December 2012 were converted, as a result of which 274,971 new shares were issued in January 2013 representing a total of EUR 850k ;
- The drawdown of tranches two to seven of the loan enabled a further EUR 6,000k to be raised. The bonds corresponding to tranches two to six were converted and resulted in the issue of 1,027,372 new shares.

Half of the bonds corresponding to the seventh tranche were converted into 93,845 new shares on June 30, 2013; the last bonds corresponding to the drawdown of the seventh tranche of the loan convertible into shares were converted into 113,217 new shares in July and August 2013 ;

- The drawdown of tranches two to seven resulted in six capital increases reserved for the Bondholder totaling EUR 50k each, carried out as compensation for the receivables representing its commitment fee for implementing each of these six tranches. They resulted in the issue of 13,912, 10,804, 8,170, 8,561, 9,578 and 8,197 new shares respectively.

Seven EUR 1,000k loan tranches have therefore been drawn down. All the bonds issued in connection with this loan have been converted into shares, and therefore the residual debt linked to said bond loan, which was included in the financial statements for the period ended June 30, 2013, has been extinguished. Genfit does not intend to draw down the eighth instalment of this debenture loan.

2. Capital increase by private placement:

In addition, in accordance with the 17th resolution of the Combined Shareholders' Meeting of June 26, 2012, the Company carried out a capital increase by private placement in April 2013. The gross amount of this capital increase was EUR 14,325k, resulting in the issue of 2,933,448 new shares.

The various fundraising programs in 2012 and 2013 enabled Genfit to strengthen its financial position and pursue its development strategy by giving it the resources to maintain research expenditure at its current level as regards most of the programs in progress, and as regards GFT505 in particular.

The number of shares outstanding thus increased from 16,043,746 as of December 31, 2012 to 20,541,821 as of December 31, 2013.

The following table provides details of the Company's shareholder base:

Company's shareholding	31.12.2013		31.12.2012	
	Number of shares	En %	Number of shares	En %
Academical partners	1 116 250	5,4%	2 601 050	16,2%
Financial investors	677 045	3,3%	3 249 071	20,3%
Industrial partners	352 000	1,7%	1 101 879	6,9%
Founders & senior staff	2 692 194	13,1%	3 242 194	20,2%
Others	15 704 332	76,5%	5 849 552	36,5%
Total	20 541 821	100,0%	16 043 746	100,0%

The Group has not to date paid any dividends.

Information on capital management

For management purposes, the definition of capital invested does not differ from the definition of Group equity for accounting purposes, which totaled EUR 14,087k.

The Group's objectives as regards equity management are, on the one hand, to safeguard the business as a going concern and, on the other hand, to ensure the continuation of its research programs, particularly those concerning the most advanced compounds, whilst optimizing the resources allocated.

3.9. Current and non-current provisions

Non-current & current provisions (in € thousands)	31.12.2013		31.12.2012	
	Non-current	Current	Non-current	Current
Provision for taxes	0,0	0,0	0,0	0,0
Provision for litigation	0,0	6,0	0,0	6,0
Provision for risks	0,0	48,0	0,0	0,0
Provision for formation benefit	0,0	3,2	0,0	2,7
Provision for pension	411,7	0,0	382,4	0,0
TOTAL	411,7	57,1	382,4	8,7

Provision 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 basis of the INSEE table
Probability of continued presence in the company at retirement age	On the basis of the DARES table
Salary growth rate - 31.12.2012	0,00%
Salary growth rate - 31.12.2013	2,00%
Discount rate - 31.12.2013	3,02%
Discount rate - 31.12.2012	2,50%

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)	31.12.2013	31.12.2012
Current service cost	-27,0	-102,2
Interest cost on benefit obligation	26,8	-46,4
Actuarial losses / (gains) on obligation	-29,1	52,4
Change of legislation	0,0	0,0
Net benefit expense, recognised in cost of sales	-29,3	-96,2

The interest cost on the benefit obligation is recognized in finance income and costs, with the other elements being included in personnel costs.

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)	31.12.2013	31.12.2012
Defined benefit obligation at 1st January	382,4	286,2
Net benefit expense, recognised in cost of sales	29,3	96,2
Benefits paid	0,0	0,0
Defined benefit obligation at 31 December	411,7	382,4

3.10. Financial liabilities

Breakdown between non-current and current

Current & non-current financial liabilities (in € thousands)	31.12.2013		31.12.2012	
	Non-current	Current	Non-current	Current
Convertible loans	0,0	0,0	850,0	0,0
Bank loans	219,1	125,5	10,7	125,0
Participating development loan	1 150,0	575,0	1 610,0	575,0
Renewable credit facility	0,0	0,0	0,0	998,3
Obligations under finance leases and hire purchase contracts	27,8	32,5	60,3	62,9
Other financial liabilities	0,0	24,6	0,0	19,8
Accrued interests	0,0	20,5	0,0	53,1
Bank overdrafts	0,0	0,4	0,0	4,0
TOTAL	1 396,9	778,5	2 531,1	1 838,1

All financial liabilities are denominated in euros.

Bank loans

Crédit Industriel et Commercial	In August 2013, Genfit SA took out a EUR 200.0k loan repayable in 41 months, repayment of which did not start for five years. The principal amount outstanding totaled EUR 200k. The effective interest rate was 1.89%
Société Générale	On June 29, 2010, Genfit took out a EUR 70.0k loan repayable in four years at the effective interest rate of 2.95%. As of December 31, 2013, the principal amount outstanding was EUR 10.7k.
Crédit du Nord	In September 2013, Genfit took out a EUR 150.0k loan repayable in three years at the effective interest rate of 2.11%. As of December 31, 2013, the principal amount outstanding was EUR 133.8k.

The bank loans were taken out with the aim of financing laboratory equipment.

Participating loan agreement

On June 15, 2010, BPI France granted a EUR 2,300.0k loan in the form of a participating loan agreement (which is not a participating loan (*prêt participatif*) within the meaning of Article L.313-13 et seq. of the French monetary and financial code (*Code monétaire et financier*)).

The term of the loan is seven years and repayment of the principal is deferred for two years. By way of guarantee, EUR 115.0k was withheld from the funds loaned.

The effective interest rate on the loan is 4.69%. This rate includes additional interest based on the annual revenue generated. A maximum upper limit had been placed on the revenue used as a basis for calculating this additional interest.

Changes in financial liabilities

Changes in financial liabilities (in € thousands)	31.12.2012 12 months	Cash-in	Cash-out	Others	31.12.2013 12 months
Convertible loans	850,0	6 000,0	-6 850,0	0,0	0,0
Bank loans	135,7	350,0	-141,2	0,0	344,5
Participating development loan	2 185,0	0,0	-460,0	0,0	1 725,0
Renewable credit facility	998,3	0,0	-998,3	0,0	0,0
Obligations under finance leases and hire purchase contracts	123,3	0,0	-62,9	0,0	60,3
Other financial liabilities	19,8	4,7	0,0	0,0	24,6
Accrued interests	53,1	26,1	-53,1	0,0	20,5
Bank overdrafts	4,0	0,0	-3,5	0,0	0,4
TOTAL	4 369,2	6 380,9	-8 569,0	0,0	2 175,4

Net cash position and reimbursement schedule

Net cash position & reimbursement schedule (in € thousands)	31.12.2013	<1 year	<2 years	<3 years	<4 years	<5 years	>5 years
Convertible loans	0,0	0,0	0,0	0,0	0,0	0,0	0,0
Bank loans	344,5	125,5	117,0	102,1	0,0	0,0	0,0
Participating development loan	1 725,0	575,0	460,0	460,0	230,0	0,0	0,0
Renewable credit facility	0,0	0,0	0,0	0,0	0,0	0,0	0,0
Obligations under finance leases and hire purchase contracts	60,3	32,5	27,8	0,0	0,0	0,0	0,0
Other financial liabilities	24,6	24,6	0,0	0,0	0,0	0,0	0,0
Accrued interests	20,5	20,5	0,0	0,0	0,0	0,0	0,0
Bank overdrafts	0,4	0,4	0,0	0,0	0,0	0,0	0,0
FINANCIAL LIABILITIES	2 175,4	778,5	604,8	562,1	230,0	0,0	0,0
INTEREST-FREE LOANS (FROM GOVERNMENT)	5 198,0	1 067,3	680,1	3 202,7	248,0	0,0	0,0
Financial assets	597,7	9,6	0,0	0,0	115,0	0,0	473,0
Short-term deposits	20 750,5	20 750,5	0,0	0,0	0,0	0,0	0,0
Cash & bank balances	171,6	171,6	0,0	0,0	0,0	0,0	0,0
CASH ASSETS	21 519,8	20 931,8	0,0	0,0	115,0	0,0	473,0
NET CASH	14 146,4	19 086,0	-1 284,9	-3 764,7	-363,0	0,0	473,0

The conditional advances (EUR 5,198k) are all publicly financed. Those granted by BPI France or by the French Ministry of Industry are repayable in full if the programs they finance are successful (see Section 3.12).

The financial assets comprise the guarantee withholding paid to the lender in respect of the EUR 2,300.0k participating loan agreement (see Section 3.4), the guarantee withholding in respect of the real estate lease and the liquidity contract.

3.11. Conditional and repayable advances

Breakdown between non-current and current

Current & non-current conditional & repayable advances (in € thousands)	31.12.2013		31.12.2012	
	Non-current	Current	Non-current	Current
Interest-free loans	4 130,7	1 067,3	5 057,6	1 294,9
TOTAL	4 130,7	1 067,3	5 057,6	1 294,9

The conditional advances received from BPI France and the French Ministry of Research are intended to finance defined research programs.

These advances are repayable in full in the longer term if the programs they fund are successful.

If a program is pronounced a failure, the advances are reclassified, in full or in part, as grants and written back immediately to profit or loss. In most cases, they result in a minimum flat-rate repayment.

In addition, two repayable advances of EUR 1,000k and EUR 500k were granted in 2011 by the Nord-Pas de Calais Region and Lille Metropolitan Urban Community (see below).

Changes in 2013

Conditional & repayables advances - changes for the period (in € thousands)	31.12.2012 12 months	Cash-in	Cash-out	Through profit & loss	31.12.2013 12 months
Conditional & repayables advances	6 352,5	0,0	0,0	0,0	5 198,0

The Company received payments totaling EUR 132k relating to the BPI France advance financing the IT-DIAB project, the aim of which is to develop a global strategy for the prevention and management of Type 2 diabetes (innovation aid: December 23, 2008).

In 2013, Genfit made the scheduled repayments in respect of the BPI France/Olnorme project, the Ministry of Industry's Genhomme files and the B-Diab project and in connection with the amounts due to the Nord-Pas de Calais Region and Lille Metropolitan Urban Community.

The main terms and conditions of the 10 repayable advances are as follows:

Ministry of Industry's Genhomme files: November 9, 2000

Purpose	To finance an innovation program entitled "AAP after genome sequencing: identification of new risk factors for coronary heart disease by use of bio-chip technology"
Recipient	Genfit SA
Total amount	EUR 1,599,976
Amount received as of December 31	EUR 1,595,676
Amount repaid as of December 31	EUR 479,993
Grant recognized in the statement of profit or loss (in 2006)	EUR 1,119,983
Carrying amount as of December 31	EUR 0

At the outset, this non-interest bearing loan was repayable in full (at 100% of its nominal value) in the event of technical and/or commercial success.

In 2006, an acknowledgement of the partial failure of the program was announced by the Ministry of Industry, which decided to limit repayment of the public finance to 30% of the funding originally granted, i.e. EUR 479,993.

BPI France Innovation aid: October 20, 2006

Purpose	To finance an innovation program entitled "OLNORME project: identification of Novel Ligands for Orphan Nuclear Receptors from plant extracts"
Recipient	Genfit SA
Total amount	EUR 900,000
Amount received as of December 31	EUR 900,000
Amount repaid as of December 31	EUR 600,000
Carrying amount as of December 31	EUR 300,000

Due to the success of the program, this non-interest bearing advance is repayable in full (at 100% of its nominal value).

The repayment schedule is as follows:

EUR 300,000 no later than September 30, 2014

BPI France Innovation aid: June 21, 2007

Purpose	To provide additional financing for an innovation program entitled "OLNORME project: identification of Novel Ligands for Orphan Nuclear Receptors from plant extracts"
Recipient	Genfit SA
Total amount	EUR 200,000
Amount received as of December 31	EUR 200,000
Amount repaid as of December 31	EUR 100,000
Carrying amount as of December 31	EUR 100,000

Due to the success of the program, this non-interest bearing advance is repayable in full (at 100% of its nominal value).

The repayment schedule is as follows:

EUR 100,000 no later than September 30, 2014

BPI France Innovation aid: December 23, 2008

Purpose	Strategic industrial innovation program entitled “IT-DIAB project: development of a global strategy for the prevention and management of Type 2 diabetes”
Recipient	Genfit SA
Total amount	EUR 3,229,151
Amount received as of December 31	EUR 2,792,225
Amount repaid as of December 31	EUR 0
Carrying amount as of December 31	EUR 2,924,232

The advance granted by BPI France was in connection with a framework innovation aid agreement involving several scientific partners, Genfit SA being the lead partner. The contribution expected at each stage and by each of the partners in terms of work carried out and results is defined in the framework agreement.

As regards Genfit SA, the aid consists of a EUR 3,229,151 repayable advance and a EUR 3,946,740 non-repayable government grant, both of which will be received in instalments until 2015.

As of December 31, 2013, EUR 2,924,232 of the repayable advance and EUR 3,552,066 of the government grant had been received.

In the event of technical and/or commercial success, Genfit SA undertakes 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 (see Section 4.3.3).

BPI France Innovation aid: June 15, 2009 – Advance no. 1

Purpose	To finance an innovation program entitled “B-DIAB project: preclinical and clinical characterization of beta-glucans from yeast in Type 2 diabetes”
Recipient	Genfit SA
Total amount	EUR 30,750
Amount received as of December 31	EUR 30,750
Amount repaid as of December 31	EUR 13,050
Carrying amount as of December 31	EUR 17,700

These non-interest bearing advances are repayable in full (at 100% of their nominal amount) in the event of technical and/or commercial success.

The repayment schedule is as follows:

EUR 2,625 no later than December 31, 2013

EUR 11,963 no later than December 31, 2014

EUR 3,112 no later than March 31, 2015

The terms of the advance provide for a EUR 22,009 flat-rate repayment irrespective of the technical and/or commercial success.

BPI France Innovation aid: June 15, 2009 – Advance no. 2

Purpose	To finance an innovation program entitled “B-DIAB project: preclinical and clinical characterization of beta-glucans from yeast in Type 2 diabetes”
Recipient	Genfit SA
Total amount	EUR 30,750
Amount received as of December 31	EUR 30,750
Amount repaid as of December 31	EUR 13,050
Carrying amount as of December 31	EUR 17,700

These non-interest bearing advances are repayable in full (at 100% of their nominal amount) in the event of technical and/or commercial success.

The repayment schedule is as follows:

EUR 5,850 no later than December 31, 2012*

EUR 9,825 no later than December 31, 2013

EUR 11,963 no later than December 31, 2014

EUR 3,112 no later than March 31, 2015

The terms of the advance provide for a EUR 22,009 flat-rate repayment irrespective of the technical and/or commercial success.

BPI France Innovation aid: June 26, 2009 – Advance no. 3

Purpose	To finance an innovation program entitled “B-DIAB project: preclinical and clinical characterization of beta-glucans from yeast in Type 2 diabetes”
Recipient	Genfit SA
Total amount	EUR 37,000
Amount received as of December 31	EUR 37,000
Amount repaid as of December 31	EUR 15,650
Carrying amount as of December 31	EUR 21,350

These non-interest bearing advances are repayable in full (at 100% of their nominal amount) in the event of technical and/or commercial success.

The repayment schedule is as follows:

EUR 3,125 no later than December 31, 2013

EUR 14,450 no later than December 31, 2014

EUR 3,775 no later than March 31, 2015

The terms of the advance provide for a EUR 26.482 flat-rate repayment irrespective of the technical and/or commercial success.

BPI France Innovation aid: December 14, 2009 – Advance no. 1

Purpose	To finance an innovation program entitled “AD Inov project”
Recipient	Genfit SA
Total amount	EUR 171,500
Amount received as of December 31	EUR 171,500
Amount repaid as of December 31	EUR 0

Carrying amount as of December 31	EUR 171,500
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These non-interest bearing advances are repayable in full (at 100% of their nominal amount) in the event of technical and/or commercial success. Terms concerning the payment of funds at each stage are defined in the attribution contract.

The repayment schedule is as follows:

EUR 41,744 no later than December 31, 2014

EUR 41,744 no later than December 31, 2015

EUR 41,744 no later than December 31, 2016

EUR 46,268 no later than December 31, 2017

BPI France Innovation aid: December 14, 2009 – Advance no. 2

Purpose	To finance an innovation program entitled “AD Inov project”
Recipient	Genfit SA
Total amount	EUR 171,500
Amount received as of December 31	EUR 171,500
Amount repaid as of December 31	EUR 0
Carrying amount as of December 31	EUR 171,500

These non-interest bearing advances are repayable in full (at 100% of their nominal amount) in the event of technical and/or commercial success. Terms concerning the payment of funds at each stage are defined in the attribution contract.

The repayment schedule is as follows:

EUR 41,744 no later than December 31, 2014

EUR 41,744 no later than December 31, 2015

EUR 41,744 no later than December 31, 2016

EUR 46,268 no later than December 31, 2017

BPI France Innovation aid: February 17, 2010 – Advance no. 3

Purpose	To finance an innovation program entitled “AD Inov project”
Recipient	Genfit SA
Total amount	EUR 150,000
Amount received as of December 31	EUR 150,000
Amount repaid as of December 31	EUR 0
Carrying amount as of December 31	EUR 150,000

These non-interest bearing advances are repayable in full (at 100% of their nominal amount) in the event of technical and/or commercial success. Terms concerning the payment of funds at each stage are defined in the attribution contract.

The repayment schedule is as follows:

EUR 36,511 no later than December 31, 2014

EUR 36,511 no later than December 31, 2015

EUR 36,511 no later than December 31, 2016

EUR 40,467 no later than December 31, 2017

BPI France Innovation aid: November 24, 2010 – Advance no. 1

Purpose	To finance an innovation program entitled “Eurotransbio Olnorme II. project: research of pharmaceutical entities in plant extracts for the treatment of inflammatory diseases”
Recipient	Genfit SA
Total amount	EUR 250,000
Amount received as of December 31	EUR 125,000
Amount repaid as of December 31	EUR 0
Carrying amount as of December 31	EUR 125,000

These non-interest bearing advances are repayable in full (at 100% of their nominal amount) in the event of technical and/or commercial success.

The repayment schedule is as follows:

EUR 28,125 no later than December 31, 2015

EUR 46,875 no later than December 31, 2016

EUR 59,375 no later than December 31, 2016

EUR 90,625 no later than December 31, 2017

EUR 25,000 no later than March 31, 2018

The terms of the advance provide for a EUR 150,000 flat-rate repayment irrespective of the technical and/or commercial success.

BPI France Innovation aid: November 24, 2010 – Advance no. 2

Purpose	To finance an innovation program entitled “Eurotransbio Olnorme II. project: research of pharmaceutical entities in plant extracts for the treatment of inflammatory diseases”
Recipient	Genfit SA
Total amount	EUR 250,000
Amount received as of December 31	EUR 125,000
Amount repaid as of December 31	EUR 0
Carrying amount as of December 31	EUR 125,000

These non-interest bearing advances are repayable in full (at 100% of their nominal amount) in the event of technical and/or commercial success.

The repayment schedule is as follows:

EUR 28,125 no later than December 31, 2015

EUR 46,875 no later than December 31, 2016

EUR 59,375 no later than December 31, 2016

EUR 90,625 no later than December 31, 2017

EUR 25,000 no later than March 31, 2018

The terms of the advance provide for a EUR 150,000 flat-rate repayment irrespective of the technical and/or commercial success.

BPI France Innovation aid: November 24, 2010 – Advance no. 3

Purpose	To finance an innovation program entitled “Eurotransbio Olnorme II. project: research of pharmaceutical entities in plant extracts for the treatment of inflammatory diseases”
Recipient	Genfit SA
Total amount	EUR 200,000
Amount received as of December 31	EUR 100,000
Amount repaid as of December 31	EUR 0
Carrying amount as of December 31	EUR 100,000

These non-interest bearing advances are repayable in full (at 100% of their nominal amount) in the event of technical and/or commercial success.

The repayment schedule is as follows:

EUR 22,500 no later than December 31, 2015

EUR 37,500 no later than December 31, 2016

EUR 47,500 no later than December 31, 2016

EUR 72,500 no later than December 31, 2017

EUR 20,000 no later than March 31, 2018

The terms of the advance provide for a EUR 120.000 flat-rate repayment irrespective of the technical and/or commercial success.

Lille Metropolitan Urban Community: July 28, 2012

Purpose	To assist the Company in the successful completion of its development project and the maintenance, or even expansion, of its workforce.
Recipient	Genfit SA
Total amount	EUR 500,000
Amount received as of December 31	EUR 500,000
Amount repaid as of December 31	EUR 143,226
Carrying amount as of December 31	EUR 356,774

Repayments will be made monthly in accordance with the following repayment schedule:

EUR 166,291 in 2014

EUR 162,059 in 2015

EUR 28,422 in 2016

Nord-Pas de Calais Region: September 20, 2012

Purpose	To assist the Company in the successful completion of its development project.
Recipient	Genfit SA
Total amount	EUR 1,000,000
Amount received as of December 31	EUR 1,000,000
Amount repaid as of December 31	EUR 382,738
Carrying amount as of December 31	EUR 617,262

Repayments will be made monthly in accordance with the following repayment schedule:

EUR 334,262 in 2014

EUR 283,000 in 2015

3.12. Other current and non-current liabilities

Other current & non-current liabilities (in € thousands)	31.12.2013		31.12.2012	
	Non courants	Courants	Non courants	Courants
Payables - Social security costs	0,0	1 256,3	0,0	1 079,9
Employee profit sharing	0,0	18,2	0,0	127,4
Payables - VAT	0,0	7,9	0,0	74,3
Payables - Taxes	0,0	154,6	0,0	122,7
Other payables	0,0	110,9	0,0	112,0
Deferred revenue arising from contracts with customers	0,0	0,0	0,0	550,0
Deferred revenue arising from equipment grants	9,8	9,0	18,8	9,0
Deferred revenue arising from operating grants	33,7	160,7	262,3	352,3
TOTAL	43,4	1 717,6	281,1	2 427,7

Equipment grants are recognized in profit or loss over the depreciation period of the asset financed by the grant and operating grants are recognized on the basis of the stage of completion of the research program financed.

Operating grants cover the following research programs:

IT-DIAB program

Title: Development of a global strategy for the prevention and management of Type 2 diabetes

Amount of the grant: EUR 3,946.7k.

Forecast duration: 90 months from July 1, 2008.

Olnorme II program

Title: Eurotransbio Olnorme II, research of pharmaceutical entities in plant extracts for the treatment of inflammatory diseases.

Amount of the grant: EUR 500.0k.

Forecast duration: 36 months from July 1, 2010.

3.13. Financial instruments as per statement of financial position and statement of profit or loss

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 year ended December 31, 2013:

Financial instrument as per statement of financial position & statement of profit or loss & other comprehensive income For the year 2013 (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	711,2	0,0	0,0	0,0	711,2	0,0	0,0
Trade receivables	161,8	0,0	0,0	0,0	161,8	0,0	0,0
Other current & non-current assets	6 058,1	0,0	0,0	0,0	644,7	0,0	5 413,4
Cash & cash equivalents	20 922,1	20 922,1	0,0	0,0	0,0	0,0	0,0
Assets as per statement of financial position	27 853,2	20 922,1	0,0	0,0	1 517,7	0,0	5 413,4
Current & non-current interest-free loans (from government)	5 198,0	0,0	0,0	0,0	0,0	0,0	5 198,0
Current & non-current financial liabilities	2 175,4	0,0	0,0	0,0	0,0	2 175,4	0,0
Tax payables	0,0	0,0	0,0	0,0	0,0	0,0	0,0
Trade payables	5 454,3	0,0	0,0	0,0	0,0	5 454,3	0,0
Other current & non-current liabilities	1 761,1	0,0	0,0	0,0	0,0	110,9	1 650,1
Liabilities as per statement of financial position	14 588,7	0,0	0,0	0,0	0,0	7 740,5	6 848,2

Financial instrument as per statement of financial position & statement of profit or loss & other comprehensive income For the year 2013 (in € thousands)	As per statement of profit or loss & other comprehensive 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	1 899,3	0,0	0,0	0,0	1 899,3	0,0	0,0
Public fundings for research & development	3 916,3	0,0	0,0	0,0	3 916,3	0,0	0,0
Other operating income	151,8	0,0	0,0	0,0	151,8	0,0	0,0
Total income	5 967,4	0,0	0,0	0,0	5 967,4	0,0	0,0
Raw material & consumables used	-1 292,9	0,0	0,0	0,0	0,0	-1 292,9	0,0
Contracted research & development activities conducted by third parties	-5 161,5	0,0	0,0	0,0	0,0	-5 161,5	0,0
Employee benefit expenses	-6 478,8	0,0	0,0	0,0	0,0	-6 478,8	0,0
Other operating expenses	-2 932,1	0,0	0,0	0,0	0,0	-2 932,1	0,0
Depreciation, amortisation & impairment charges	-519,9	0,0	0,0	0,0	0,0	0,0	-519,9
Current operating profit	-10 417,8	0,0	0,0	0,0	5 967,4	-15 865,3	-519,9
Share-based payment transaction expenses	0,0	0,0	0,0	0,0	0,0	0,0	0,0
Gain / (loss) on disposal of property, plant & equipment	-95,9	0,0	0,0	0,0	-95,9	0,0	0,0
Operating profit	-10 513,7	0,0	0,0	0,0	5 871,5	-15 865,3	-519,9
Finance income	262,3	0,0	0,0	0,0	247,0	15,2	0,0
Finance costs	-82,6	0,0	0,0	0,0	0,0	-82,6	0,0
Net finance costs	179,7	0,0	0,0	0,0	247,0	-67,3	0,0
Income tax expenses	-2 318,0	0,0	0,0	0,0	0,0	0,0	-2 318,0
Profit for the period	-12 652,1	0,0	0,0	0,0	6 118,5	-15 932,6	-2 838,0

4. Other information

4.1. Related parties

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

4.1.1. Biotech Avenir SAS

As of December 31, 2013, Biotech Avenir SAS held 13.1% of Genfit SA's share capital compared with 20.2% as of December 31, 2012.

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 SA's Executive Board, is also the Chairman of Biotech Avenir.

Biotech Avenir's main activity is investing in companies involved in biotechnology and related services.

Biotech Avenir therefore gives the companies in its portfolio access to its professional contacts network and plays a guidance role in matters concerning the structure of said companies' share capital or the search for additional funding by means of the formation of new partnerships, whether with industrial or institutional investors. This has enabled Genfit to restructure its share capital since 2005.

On January 2, 2014, Biotech Avenir and Genfit entered into an agreement under which Biotech Avenir undertook to subscribe for 75% of the February 4, 2014 EUR 5,000k capital increase should subscription requests prove to be insufficient.

Group companies did not carry out any transactions with the related party in 2013.

The transactions with related parties detailed above in respect of 2012 were carried out with Naturalpha. Naturalpha is no longer a related party since it is now chaired by Stéphane Postic who has succeeded Jean-François Mouney as Chairman of Genfit SA's Executive Board. Mr. Mouney was a member of its Executive Committee in 2012. He ceased to be a member of this committee at the end of January 2013.

4.2. Compensation of key management personnel of the Group

Under the terms of his employment contract, Jean-François Mouney is entitled to six months' notice in the event of dismissal (other than in the case of gross negligence or wilful misconduct) or resignation, as well as contractual severance pay of six months' salary in the event of dismissal (other than in the case of gross negligence or wilful misconduct), calculated on the basis of the last 12 months and increased by additional compensation of one month's salary per year of service within Genfit. The commitment (gross amount + employers' contributions) at the end of 2013 would total EUR 942k.

The following table provides details of the compensation paid to the members of the Executive Board and the financial years in which the relevant amounts were recognized in profit or loss.

Compensation paid to key management personnel (in € thousands)	31.12.2013 12 months	31.12.2012 12 months
Short-term employee benefits	1 373,0	895,0
Post-employment pension & medical benefits	119,0	129,0
Attendance fees	0,0	0,0
Share-based payment transactions	0,0	0,0
TOTAL	1 492,0	1 024,0

The increase in the compensation paid to Executive Board members was due, in particular, to the impact of the bonuses awarded as a result of the good scientific results obtained during the period and the fund-raising initiatives. The Executive Board has consisted of two members since July 13, 2013.

Director fees Genfit Corp (in € thousands)	31.12.2013 12 months	31.12.2012 12 months
Director fees Genfit Corp (net)	17,6	23,5
TOTAL	17,6	23,5

Genfit Pharmaceuticals SAS' executives do not receive any compensation since the company does not currently trade.

4.3. Commitments

4.3.1. Financial commitments

Operating leases

The minimum future lease payments under the operating lease of the real estate totaled EUR 7,792.2k at the end of the reporting period:

Operating lease commitments - group as lessee (in € thousands)	31.12.2013 12 months	31.12.2012 12 months
Minimum payments - for the period	715,4	36,0

Operating lease commitments - group as lessee (in € thousands)	31.12.2013 12 months	31.12.2012 12 months
Minimum payments - Within 1 year	919,8	41,7
Minimum payments - After 1 year but no more than 5 years	3 679,2	166,7
Minimum payments - More than 5 years	3 193,2	1 292,0
TOTAL	7 792,2	1 500,4

4.3.2. Liabilities guaranteed by collateral and pledges

Genfit has consented to the implementation of a First Demand Guarantee under the terms of the lease contract the Group has had with Primovie since March 22, 2013. Said guarantee was issued by CIC, which asked for term accounts to be pledged by way of guarantee (amount pledged: EUR 920k). The lease contract provides for the First Demand Guarantee to decrease in line with the level of the Group's cash as of December 31, 2014.

4.3.3. Other commitments

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. These agreements may sometimes require the Company to pay milestones in the event of the compounds covered by intellectual property rights reaching a major scientific step and royalties on sales of these products.

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 EUR 3,229.2k, EUR 2,924.2k of which had already been received at the end of December 2013. The balance of the advance will be received in instalments until 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 EUR 3,229.2k advance². Any further amounts will be classified as additional payments.

4.3.4. Commitments received

None.

5. Events after the reporting period

Research collaboration with Sanofi: in accordance with the research agreement entered into in March 2011, and following the identification of several pharmacological tools that have demonstrated the beneficial effects in different animal models, in January 2014 Genfit billed the third of the scheduled stage payments.

On February 4, 2014, Genfit carried out a EUR 5,000k capital increase with retention of preferential subscription rights. Since Biotech Avenir was unable to subscribe to the capital increase, the agreement signed with it (see 4.1.1) became null and void.

² 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.

20.1.2 CONSOLIDATED FINANCIAL STATEMENTS PREPARED UNDER IFRS FOR
THE YEAR ENDED DECEMBER 31, 2012

I. Condensed financial statements

1. Consolidated statement of financial position

(in € thousands)	Notes	Year ended 31/12/2012	Year ended 31/12/2011
Non-current assets			
Goodwill	III - 3.1.	75	75
Intangible assets	III - 3.2.	31	61
Property, plant & equipment	III - 3.3.	9 401	7 641
Financial assets	III - 3.4.	208	192
Other assets	III - 3.5.	395	1 948
Deferred tax assets	-	2 318	0
Total non-current assets		12 428	9 916
Current assets			
Inventories	-	158	173
Trade & others receivables	III - 3.6.	108	733
Financial assets	III - 3.4.	18	14
Other assets	III - 3.5.	4 567	5 435
Cash & short-term deposits	III - 3.7.	6 304	12 805
Total current assets		11 154	19 160
TOTAL ASSETS		23 581	29 076
Issued capital	III - 3.8.	4 011	3 408
Share premium	III - 3.8.	25 518	21 449
Revaluation surplus		3 120	0
Retained earnings	-	-20 367	-10 686
Exchange differences on translation of foreign operations	-	-37	-32
Profit (or loss) for the period	-	-5 412	-9 682
Equity attributable to owners of the Company		6 834	4 457
Non-controlling interests		0	0
Total equity		6 834	4 457
Non-current liabilities			
Provisions	III - 3.10.	382	286
Conditional & repayable advances	III - 3.12.	5 058	5 885
Financial liabilities	III - 3.11.	2 531	4 272
Deferred tax liabilities	-	0	0
Other liabilities	III - 3.13.	281	3 290
Total non-current liabilities		8 252	13 732
Current liabilities			
Provisions	III - 3.10.	9	34
Conditional & repayable advances	III - 3.12.	1 295	762
Financial liabilities	III - 3.11.	1 838	3 186
Current tax liabilities	-	0	0
Trade & other payables	-	2 926	4 008
Other liabilities	III - 3.13.	2 428	2 895
Total current liabilities		8 495	10 886
TOTAL EQUITIES & LIABILITIES		23 581	29 076

2. Consolidated statement of comprehensive income

(in € thousands)	Notes	Year ended 31/12/2012	Year ended 31/12/2011
Revenue	III - 2.1.1.	1 672,3	2 360,9
Public financing of research expenditure	III - 2.1.2.	4 309,3	4 410,8
Other operating income	III - 2.1.3.	28,7	6,8
Total income	III - 2.1.	6 010,2	6 778,5
Raw material & consumables used	III - 2.2.1.	-1 195,1	-1 411,6
Contracted research & development activities conducted by third par	III - 2.2.2.	-4 289,6	-4 308,8
Employee benefit expenses	III - 2.2.3.	-5 540,2	-5 943,3
Other operating expenses	III - 2.2.4.	-2 169,7	-2 027,9
Depreciation, amortisation & impairment charges	III - 2.2.5.	-533,5	-758,0
Current operating profit		-7 717,8	-7 671,1
Share-based payment transaction expenses	-	0,0	-78,9
Gain / (loss) on disposal of property, plant & equipment	-	1,8	-1,4
Operating profit		-7 715,9	-7 751,4
Finance income	III - 2.3.	280,3	322,8
Finance costs	III - 2.3.	-293,8	-372,8
Net finance costs		-13,5	-50,0
Profit before income tax	-	-7 729,5	-7 801,4
Income tax expenses	III - 2.4.1	2 317,9	-1 880,3
Profit for the period		-5 411,6	-9 681,7
Other comprehensive income :			
Exchange differences on translation of foreign operations		4,4	8,0
Gain on revaluation of properties		3 120,1	0,0
Net fair value gain on available-for-sale financial assets		0,0	0,0
Other comprehensive income :		3 115,6	8,0
Comprehensive income		-2 296,0	-9 673,8
Profit for the period			
Attributable to non-controlling interests		0,0	0,0
Attributable to owners of the Company		-5 411,6	-9 681,7
Comprehensive income			
Attributable to non-controlling interests		0,0	0,0
Attributable to owners of the Company		-5 411,6	-9 681,7
(In € / number of shares)			
Earnings per share			
Weighted average number of ordinary shares for basic earnings per share		14 859 775,6	12 495 861
Basic earnings per share - attributable to owners of the Company	III - 2.5.	-0,36	-0,77
Weighted average number of ordinary shares adjusted for the effect of dilution		14 859 775,6	12 495 861
Diluted earnings per share - attributable to owners of the Company	III - 2.5.	-0,36	-0,77

3. Consolidated Statement of cash flows

(in € thousands)	Year ended 31/12/2012	Year ended 31/12/2011
+ Profit for the year	-5 411,6	-9 681,7
+ Non-controlling interests	0,0	0,0
+ Depreciation charge on intangible assets, property, plant & equipment	556,3	788,8
+ Movements in provisions & impairment losses	73,3	91,8
- Gain / (loss) on disposal of property, plant & equipment	-1,8	1,4
- Share-based payment transaction expenses	0,0	78,9
+ Other non-cash transactions	-640,8	0,0
Cash flow after cost of net financial debt & tax charge	-5 424,7	-8 720,8
- Finance costs	241,0	354,0
- Income tax charge	-2 317,9	1 880,3
Cash flow before changes in working capital, interest expense and income tax	-7 501,6	-6 486,5
Income tax paid	1,6	6,9
Decrease (+) / increase (-) in amounts due from customers	625,5	-638,4
Decrease (-) / increase (+) in amounts due to suppliers	-1 082,1	-134,8
Decrease (+) / increase (-) in other assets	2 436,3	-830,1
Decrease (-) / increase (+) in others liabilities	-2 341,6	969,1
Changes in working capital	-361,8	-634,1
Cash flows from operating activities	-7 861,9	-7 113,7
- Purchase of property, plant & equipment	-304,0	-112,7
+ Proceeds from sale of property, plant & equipment	7,6	0,0
Investing activities - operations	-296,4	-112,7
- Purchase of financial instruments	-8,3	3,7
+ Proceeds from sale of financial instruments	0,0	0,0
- Acquisition of subsidiary, net of cash acquired	0,0	0,0
Investing activities - finance	-8,3	3,7
Cash flows from investing activities	-304,6	-108,9
+ Proceeds from issuance of shares	4 672,4	5 662,8
+ Proceeds from borrowings & government loans	1 780,2	2 864,9
- Repayments of borrowings & government loans	-4 554,0	-2 074,9
- Financial interests paid (including finance lease)	-244,3	-342,8
Cash flows from financial activities	1 654,4	6 110,0
Net increase / (decrease) in cash & cash equivalents	-6 512,1	-1 112,6
Cash & cash equivalents at the beginning of the period	12 804,9	13 922,4
Increase / (decrease) of cash & cash equivalents	-6 512,1	-1 112,6
Financial assets reclassified as short-term deposits	0,0	0,0
Effects of exchange rate changes on the balance of cash held in foreign currencies	0,0	0,0
Cash & cash equivalents at the end of the period	6 292,8	12 809,8
Breakdown of cash & cash equivalents:		
Short-term deposits	5 065,8	12 589,7
Cash & bank balances	1 237,9	215,2
Bank overdrafts	-4,0	0,0
Cash & cash equivalents at the end of the period	6 299,7	12 804,9

4. Consolidated statement of changes in equity

(in € thousands)	Number of shares at period-end	Issued capital	Share premium	General reserves	Foreign currency translation reserve	Retained earnings	Total	Non-controlling interests	Total equity
Changes for the year 2011									
Other comprehensive income				0,0	8,0		8,0		8,0
Profit for the period						-9 681,7	-9 681,7		-9 681,7
Other changes							0,0		0,0
Division of the nominal							0,0		0,0
Total comprehensive income for the period		0,0	0,0	0,0	8,0	-9 681,7	-9 673,8		-9 673,8
Profit / loss for the previous period				-9 380,6		9 380,6	0,0		0,0
Share-based payment transactions				78,9			78,9		78,9
Payment of dividends							0,0		0,0
Issue of share capital	1 968 412	492,1	5 168,7				5 660,8		5 660,8
Balance at 31 December 2011	13 630 578	3 408	21 447	-10 686	-32	-9 682	4 455	0	4 455
Changes for the year 2012									
Other comprehensive income				3 120,1	-4,4		3 115,6		3 115,6
Profit / loss for the period						-5 411,6	-5 411,6		-5 411,6
Other changes							0,0		0,0
Division of the nominal							0,0		0,0
Total comprehensive income for the period		0,0	0,0	3 120,1	-4,4	-5 411,6	-2 296,0		-2 296,0
Profit / loss for the previous period				-9 681,7		9 681,7	0,0		0,0
Share-based payment transactions							0,0		0,0
Payment of dividends							0,0		0,0
Issue of share capital	2 413 168	603,3	4 071,7				4 675,0		4 675,0
Balance at 31 December 2012	16 043 746	4 011	25 519	-17 248	-37	-5 412	6 834	0	6 834

II. Accounting principles and policies

1. Basis of preparation

The financial statements are presented in thousands of euros.

1.1. Compliance with IFRS

Pursuant to Regulation (EC) No 1606/2002, the 2012 consolidated financial statements were prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union as of December 31, 2012 and applicable for the first time to annual periods beginning on or after January 1, 2005.

1.2. Application of standards and interpretations effective as of December 31, 2012

The consolidated annual financial statements were prepared in accordance with IFRS standards and interpretations as adopted by the European Union as of December 31, 2012 and available on the website http://ec.europa.eu/internal_market/accounting/ias_en.htm#adopted-commission.

The accounting policies are identical to those used in the preparation of the annual consolidated financial statements for the year ended December 31, 2011, except for the following new standards and interpretations adopted by the European Union:

- IAS 24, *Related Party Disclosures*
- IFRIC 14, *Prepayments of a Minimum Funding Requirement*
- Amendment to IFRS 3, *Business Combinations*
- Amendment to IFRS 7, *Financial Instruments: Disclosures*
- Amendment to IAS 1, *Presentation of Financial Statements*
- Amendment to IFRIC 13, *Customer Loyalty Programmes*
- Amendment to IAS 34, *Interim Financial Reporting*

The 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 December 31, 2012 but adopted by the European Union, were not adopted early by the Group for its annual financial statements for the year ended December 31, 2012:

- Not applicable

Finally, the Group has not applied standards and interpretations published by the IASB as of December 31, 2012 but not mandatory or in force in the European Union as of that date:

- Amendment to IFRS 7, *Disclosures – Offsetting Financial Assets and Financial Liabilities*
- Amendment to IFRS 32, *Offsetting Financial Assets and Financial Liabilities*
- Amendment to IFRS 7 and IFRS 9 – *Mandatory Effective Date and Transition Disclosures*
- Amendment to IAS 12, *Deferred Tax: Recovery of Underlying Assets;*
- IFRS 9, *Financial Instruments*
- IFRS 10, *Consolidated Financial Statements*
- IFRS 11, *Joint Arrangements*
- IFRS 12, *Disclosure of Interests in Other Entities*
- IFRS 13, *Fair Value Measurement*
- IAS 27, *Separate Financial Statements*

- IAS 28, *Investments in Associates and Joint Ventures*
- IAS 19, *Employee Benefits*
- Amendment to IAS 1, *Presentation of Financial Statements – Presentation of Items of Other Comprehensive Income*

2. Consolidation and recognition methods

In accordance with IAS 27 *Consolidated Financial Statements*, the consolidated financial statements include those of the parent, Genfit SA, and the companies in which Genfit SA exercises exclusive control either directly or indirectly. These companies are fully consolidated.

Adjustments are made to the financial statements of subsidiaries so that the accounting policies applied are consistent across all Group entities. All intra-group transactions, balance sheet balances, income and expenses are eliminated on consolidation.

In accordance with IAS 16, Genfit SA decided to opt for the remeasurement of a group of assets in the buildings, improvements to buildings, plant and equipment categories. This constitutes a change in accounting policy.

3. Reporting date and going concern

The companies are consolidated on the basis of the annual financial statements to December 31.

The 2012 consolidated financial statements were prepared by the Executive Board, which approved them by a resolution dated March 8, 2013.

On the date of the Executive Board's resolution approving the financial statements for the year ended December 31, 2012 (i.e. on March 8, 2013), the Group reviewed its cash management position.

To meet its needs over the subsequent 12 months, the company planned the following transactions:

- At the end of December 2012, the Group issued a bond loan for EUR 8 million, of which EUR 5 million had been utilized as of March 8, 2013, with EUR 3 million still available.
- The Group intends to sell the real estate it occupies, which it purchased in 2012.

In view of the foregoing and the level of cash available as of December 31, 2012 (EUR 6,299k), the company should have enough cash to continue trading for 12 months from the date of the Executive Board's resolution.

The company intends to ensure that it can continue as a going concern for the coming years based on two channels, operating in parallel:

- the Group is holding discussions with specialized investors to raise funds for the development of GFT505;
- the search for an industrial partner within the framework of an agreement to transfer the exploitation rights to its most advanced compound, GFT505, or an option agreement that would provide the necessary funds.

4. 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.

These assumptions essentially concern asset and goodwill impairment tests, employee commitments, research tax credits, income tax expense and the recognition of deferred taxes, as well as provisions for risks and expenses.

5. Rules on presentation

Current and non-current assets and liabilities: current assets and liabilities are those that the Group expects to realize, consume or settle during the normal operating cycle, which may extend beyond the 12 months following the year-end, in addition to all those settled within 12 months of the year-end. All other assets and liabilities are non-current.

6. 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 situated outside the euro zone 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 rate 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	Year ended 31/12/2012		Year ended 31/12/2011	
Exchange rate at period-end	0,75792	USDollars	0,77286	USDollars
Average exchange rate for the period	0,77849	USDollars	0,71895	USDollars

7. Translation of foreign currency transactions

Transactions denominated in foreign currency are converted to the functional currency using the exchange rates applicable at the transaction date. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currency using the exchange rate at the reporting date are recognized in net finance costs.

8. Business combinations and goodwill

For acquisitions made prior to January 1, 2010, goodwill represents the excess acquisition cost received over the Group's share in the fair value of assets, liabilities and contingent liabilities acquired at the date of the business combination. Acquisition-related costs – other than the costs of issuing debt or equity securities – that the Group incurred to effect a business combination are accounted for as part of the acquisition cost.

For acquisitions made after January 1, 2010, the Group measures goodwill at the acquisition date as:

- the fair value of the consideration transferred; plus
- the amount recognized for any non-controlling interest in the acquiree; plus if the business combination is achieved in stages, the fair value of any previously held equity interest in the acquiree; less
- the fair value of the identifiable assets acquired and the liabilities assumed.

Acquisition-related costs – other than the costs of issuing debt or equity securities – that the Group incurred to effect a business combination are accounted for as expenses in the periods in which the costs are incurred.

Acquisitions of non-controlling interests are accounted for as transactions with the owners and as such no goodwill arises on such transactions. Previously, goodwill was recognized on the acquisition of a non-controlling interest in a subsidiary and represented the excess cost of the additional investment over the carrying amount of the interest in the net assets acquired at the transaction date.

Goodwill is subsequently allocated to cash-generating units (CGUs) expected to benefit from the synergies of the combination. In accordance with IFRS 3 (revised) and IAS 36, goodwill is not amortized and is tested for impairment at least once a year.

Finally, if the Group acquires additional interests in a subsidiary that is already controlled, any difference between the acquisition cost of the minority interests and the carrying amount of these in the Group's consolidated financial statements is recognized directly in changes in equity, with no impact on goodwill or profit or loss for the period.

The recoverable amount of a CGU is the higher of its fair value and its value in use, determined using the discounted cash flow method. When the recoverable amount of the CGU is less than its net carrying amount, an impairment loss is allocated first to the amount of goodwill allocated to the CGU and then to the other assets of the unit.

9. Research and 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 following six criteria are simultaneously met and the Group can demonstrate:

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 risks inherent in 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 December 31, 2012. Therefore, development costs have been recognized as an expense in the period in which they were incurred.

10. Intangible assets

The assets consist mainly of software and operating licenses acquired by the Group. These are recognized at their initial acquisition cost after deducting any accumulated amortization and impairment losses.

Finite-life intangible assets are amortized on a straight-line basis over their estimated useful life, i.e.:

- Software and licenses Between 1 and 10 years

11. Property, plant and equipment

Property, plant and equipment are recognized at cost, excluding routine maintenance costs, less accumulated depreciation and impairment losses. When a component of an asset has a specific useful life separate from the useful life of the asset, it is recognized separately in the balance sheet and depreciated over its useful life. The depreciation method used is the straight-line method, applied over the following expected useful lives:

- Buildings, improvements to buildings and fittings:
 - Telephony, power generators, signs, signage, paintwork, tiling 10 years
 - Work benches, work surfaces, interior joinery, partition walls, elevators 15 years
 - Electricity, exterior joinery, waterproofing, plumbing 25 years
 - Roads 40 years
 - Building structure and shell 50 years
 - Scientific equipment 4 to 12 years
 - Computer equipment 4 years
 - Furniture 10 years
 - Vehicles 6 years

Residual values, useful lives and depreciation methods are reviewed and adjusted if appropriate at each year-end.

As of December 31, 2012, Genfit decided to remeasure the real estate it acquired ownership of in 2012, as well as certain equipment.

12. Borrowing costs

Under the revised standard IAS 23, borrowing costs incurred for the acquisition, construction or production of qualifying assets can no longer be recognized as an expense.

Accordingly, since January 1, 2009, borrowing costs have been recognized as part of the cost of such assets.

13. Finance leases and operating leases

Finance leases:

Pursuant to IAS 17 *Leases*, leased assets are recognized as assets when the leases transfer substantially to the Group all the risks and rewards incidental to ownership of the assets.

Assets financed using finance leases are recognized as assets at the present value of future payments or at fair value, whichever is lower. The corresponding liability is recognized in financial liabilities. These assets are depreciated based on the methods and useful lives described above.

Outstanding finance leases relate to laboratory equipment.

Operating leases:

Leases that do not have the characteristics of finance leases under IAS 17 are recognized as operating leases.

The payments made under these leases are recognized as an expense on a straight-line basis over the term of the lease.

When an operating lease includes rent-free periods or when the rents paid are not equal over the term of the lease, all minimum payments are spread evenly over the lease term.

14. Impairment of intangible assets, property, plant and equipment and goodwill

Finite-life property, plant and equipment and intangible assets are tested for impairment only when, at the reporting date, events or circumstances indicate that an impairment loss has been incurred.

Goodwill is tested for impairment as part of the CGU to which it was allocated, the CGU being a homogeneous group of assets generating cash flows that are largely independent of the cash flows generated by other assets or groups of assets. Within Genfit, the goodwill resulting from the acquisition of the company IT.Omics was allocated to the company, which is also the lowest level at which it is monitored for internal management purposes.

Impairment tests involve comparing the net carrying amount of an asset with its recoverable amount, which is defined as the higher of its fair value less costs to sell or value in use. The recoverable amount of an asset is calculated individually, unless the asset does not generate cash inflows largely independent of those from other assets or groups of assets. In this case, the Group calculates the recoverable amount of the CGU to which the asset tested belongs.

Value in use is the present value of the future cash flows expected to be derived from the asset or group of assets tested. It is determined based on future cash flows generated by the asset over a period of five years and a residual value. These cash flows are normally based on the most recent budgets. Beyond this period, the cash flows are estimated by applying a zero growth rate for subsequent years.

The estimated cash flows are discounted using a long-term market rate before tax that reflects the time value of money and the risks specific to the assets.

When this value is less than the net carrying amount of the CGU, an impairment loss is recognized in profit or loss for the difference: this is allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amount of other assets pro rata on the basis of the carrying amount of each asset in the CGU.

An impairment loss recognized for goodwill cannot be reversed in a subsequent period.

15. Financial assets

15.1 Loans and receivables

Loans and receivables are initially recognized at fair value at the transaction date and subsequently at amortized cost. The nominal value usually represents the initial fair value of trade receivables. Where appropriate, a provision is established individually to account for the difference between the carrying amount and the recoverable amount, whichever is less.

15.2 Current and non-current financial assets

Investments in dynamic UCITS where the recommended investment horizon is generally more than three months are considered as available-for-sale financial assets. The performance objective of these investments is to outperform the EONIA. The investments can be liquidated at any time and all have capital protection at maturity. Changes in fair value are recognized in equity.

15.3 Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits, together with short-term, highly liquid investments with a maturity of three months or less, i.e. investments that are readily convertible to a known amount of cash and that are subject to an insignificant risk of changes in value.

Initially recognized at their purchase cost at the transaction date, marketable securities are subsequently measured at fair value. Changes in fair value are recognized in net finance costs.

16. Inventory

Inventories of supplies consist mainly of laboratory consumables. These are measured at the lower of cost and net realizable value and an allowance for impairment recognized where appropriate.

17. Income tax

The income tax expense includes current tax and deferred tax.

Deferred tax is calculated on all temporary differences between the tax base and consolidated accounting base of assets and liabilities, according to the liability method. Deferred tax is measured using the official tax rate at the reporting date that will be in effect when the temporary differences are reversed.

Deferred tax assets and liabilities are offset within the same taxable entity. Deferred tax assets corresponding to temporary differences and tax losses carried forward are recognized when it is probable that future taxable profits will exist against which they can be utilized.

Deferred tax assets and liabilities are classified as non-current assets and liabilities in the balance sheet.

Since the statutory value-added contribution for businesses (CVAE) is calculated based on taxable profit (value added), i.e. a net amount of income and expenses, as well as the profit or loss for a period, Genfit SA considers this tax to be identical to a tax on earnings. This contribution is therefore recognized under "Income tax expense".

No CVAE liability was recorded for fiscal year 2012.

The employer's flat-rate contribution (CFE) is reported in operating expenses.

18. Research tax credit

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 "research tax credit" corresponding to a share of the research and development costs incurred by the Group.

Due to the economic climate, the research tax credits for 2008, 2009 and 2010 were repayable immediately for all businesses. For the 2011 and 2012 research tax credits, the State maintained this immediate repayment mechanism for SMEs.

The research tax credit is recognized in income under the heading "public financing of research expenditure".

19. Capital increase costs

Following the private placements made by Genfit in November 2006, February 2010, 2011 and 2012, the issuance costs related to the capital increase were recognized as a deduction from the share premium.

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

20. Provisions

Provisions are recognized when there is a present obligation (legal, regulatory, contractual or constructive) as a result of past events, for which it is probable that an outflow of resources will be required to settle the obligation, and of which the amount can be reliably estimated. The amount recognized is the best estimate of the resource that will be required to settle the obligation.

Where the effect of the time value of money is material, the amount of a provision is the present value of the expenditures expected to be required to settle the obligation.

21. Employee benefits

21.1 Retirement commitments

The Group's pension schemes and other post-employment benefits consist of defined contribution plans and defined benefit plans.

Defined benefit plans concern French retirement benefit plans under which the Group is committed to guaranteeing a specific amount or level of contractually defined benefits. The obligation arising from these plans is funded and measured on an actuarial basis using the projected unit credit method. According to this method, each period of service gives rise to an additional unit of benefit entitlement and each unit is measured separately to build up the final obligation.

The amount of future payments is determined on the basis of demographic and financial assumptions such as mortality, staff turnover, pay increases and age at retirement, and then discounted to their present value based on a discount rate determined with reference to the yields on high-quality long-dated bonds.

The present value of the obligation is measured each year.

When the calculation assumptions are revised, this results in actuarial gains and losses which are recognized immediately in profit or loss by taking into account the overall change in liability and the net expense for the period, corresponding to the sum of the current service cost and interest cost.

Under the French Social Security Budget Act for 2009, since January 1, 2010, employers have no longer been able to force their employees to retire unless they have accrued the requisite number of quarterly periods. In this case, only voluntary retirement by the employee is eligible for the funding of retirement benefits.

Subsidiaries are required to pay regular contributions to external organizations managing defined contribution plans. Payments made by the Group in respect of these plans are recognized as an expense for the period.

21.2 Statutory individual training entitlement

The individual training entitlement means that all employees are allowed to receive 20 hours of training per year. Any rights accrued during the year and not used may be carried over to the following year for a maximum of six years. Employees continue to receive the same pay for the hours they spend on training during working hours. If

training takes place outside working hours, the employee receives a training allowance from the employer equivalent to 50% of the employee's net salary.

A provision is recognized in the consolidated financial statements for the rights accrued by employees and not used as of December 31, 2012, including payroll taxes. Since it is for employees to take the initiative in exercising their individual training entitlement, the measurement of the rights accrued is weighted by the probability of a training request being made, measured by the Group on a three-year historical basis.

21.3 Share-based payment

In accordance with IFRS 2 *Share-based Payment*, share option plans give rise to the recognition of an expense consisting of the expected gain for the beneficiaries of these plans. The expected gain (fair value) is calculated at the grant date of said options by the Executive Board using the Black-Scholes method. This expense is apportioned on a straight-line basis over the vesting period and offset by an increase in reserves. Changes in value subsequent to the grant date do not affect the initial measurement of the liability.

Among the assumptions used in measuring the fair value of the options granted, consideration is given to the share price at the grant date and the historical volatility of similar entities: since Genfit SA had been publicly traded for a year at the time of the grant, it adopted the same profile and historical volatility as entities in the same sector. The company opted for a risk-free interest rate based on the 5-year French Treasury bond (OAT) without a dividend.

22. Grants

The Group receives various kinds of subsidies:

Equipment grants are intended to finance the purchase of capital assets. They are recognized in the balance sheet as deferred income and taken to profit or loss at the rate of depreciation of the asset financed by the grant.

Conditional advances, which are interest-free, are intended to finance research programs. They are refundable if the project is successful. These advances are recognized at their nominal value and if appropriate, taken to profit or loss if the project is likely to be unsuccessful.

Operating subsidies are recognized in the balance sheet as deferred income and taken to profit or loss as and when costs are incurred on research programs. A provision for risks is recognized when the contractual objectives cannot be achieved. This corresponds to the amount liable to be repaid to the lender.

The amendment to IAS 20 made by the Annual Improvements to IFRSs issued in May 2008 and applicable to periods beginning on or after January 1, 2009 has no significant impact on the Group.

23. Financial liabilities

23.1 Financial debt

Borrowings are initially recognized at fair value, net of directly attributable transaction costs, and are subsequently measured at amortized cost using the effective interest rate method.

23.2 Net cash position

The definition of net cash adopted by the Group comprises current and non-current financial assets (if they meet the financing or cash definition), marketable securities, short-term deposits and cash and bank balances, which are reduced by financial debt (consisting of loans, lease finance, accrued interest and other financial liabilities) as well as public funding.

23.3 Trade payables

Trade payables are classified as current financial liabilities. They are measured on initial recognition at the fair value of the consideration to be given. This value is usually the nominal value, due to the relatively short period of time between the recognition of the instrument and its repayment.

24. Financial instruments

The Group is not affected by any of the provisions of IAS 32 and IAS 39 on hedge accounting.

24.1 Foreign exchange risk

Almost all of the company's revenue is in euros. Considering the low exposure to foreign exchange risk, the Group has no forward foreign exchange contracts or options as of December 31, 2012.

24.2 Interest rate risk

The exposure to interest rate risk on financial debt is predominantly covered through the use of revolving credit in which the reference rate is the Euribor over the drawdown period plus a margin of 2%. As of December 31, 2012, EUR 1 million of this credit had been utilized.

For other financial debt, interest rate risk is low since this is mainly based on CODEVI interest rates, the sustainable development savings account rate or the five-year constant maturity yield on government bonds.

The exposure of short-term cash flow to interest rate risk is relative, because most of these assets consist of euro money market funds (SICAV) or certificates of deposit with progressive rates.

24.3 Liquidity risk

As of December 31, 2012, the company's liquidity risk exposure was low, since its current assets exceeded its current liabilities.

For information on the going concern assumption, see Section II-3.

25. Revenue

The Group's revenue mainly derives from research collaboration contracts with pharmaceutical groups. These generally have a term of between one and three years. The terms of this type of contract include several elements:

- "research fees", which correspond to fixed research funding payments, which depend on the resources allocated to the scientific program concerned and which are generally calculated based on the number of FTE (full-time equivalents) allocated multiplied by an annual charging rate (these are initially recognized in deferred revenue and amortized over the estimated term or contractual duration of the research program concerned);

and, to a lesser extent for now:

- "up-front payments" for certain contracts where, prior to these being signed, research work had already been carried out and patents filed by the Group. These up-front payments entitle the manufacturer to gain access to the scientific results previously obtained and the intellectual property rights attached to the project. They are immediately recognized as revenue at the effective date of the contract;
- "milestones", which are bonus payments for reaching the scientific milestones contractually agreed with each partner. Generally, these milestones are billable on identification of the target, development of the screening tool and transition to the clinical phase, as well as on filing the application for marketing authorization. These are recognized as revenue once the objectives contractually agreed with the industry partner have been achieved;

- royalties from sales of the medicines derived from the research carried out in collaboration with the Group. The Group has not charged for any royalties to date.

26. Earnings per share

Basic earnings per share are calculated by dividing the profit for the period attributable to the Group by the weighted average number of shares outstanding in the period.

Earnings per share after dilution are based on the weighted average number of shares before dilution, plus the number of shares resulting from the exercise of existing share options or any other dilutive instrument. The funds received from exercising options, plus the liability still to be recognized under share option plans, are presumed to be allocated, in this calculation, to the repurchase of Genfit SA shares at a price equal to the average share price for the period.

27. Statement of cash flows

The statement of cash flows is prepared using the indirect method, which shows the adjustments made to profit in order to obtain cash flow. Opening and closing cash positions comprise cash, cash equivalents and bank overdrafts.

28. 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, 2011, 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 technology 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 a commercial presence.

III. Notes to the consolidated financial statements

1. Consolidation scope

Companies included in the consolidation scope:

Scope of consolidation	Country	Consolidation method	% of control	% of interest	
Au At 31 December 2012					
SAGenfit	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
SAGenfit	Parent company	
Genfit Corp.	Parc Eurasanté - 885, avenue Eugène Avinée - 59120 Loos	42434190700022
Genfit Corp.	245 First Street - 18th floor - Office 1806 - Cambridge, Massachusetts 02142	06-1702052
Genfit Pharmaceuticals	Parc Eurasanté - 885, avenue Eugène Avinée - 59120 Loos	53870766200010

Genfit Corp.

Genfit Corp. is Genfit's sales representative office in the United States. The company was incorporated in July 2003. Genfit Corp. is located in Cambridge, Massachusetts.

Genfit Corp. has been assigned the following objectives:

to seek to develop new industrial partnerships with companies in the pharmaceutical and biotechnology industries
to put in place a network of academic partnerships in Genfit's areas of excellence

to monitor the clinical regulatory aspects of relations with the FDA to ensure that account is taken of US requirements

Genfit SA and Genfit Corp. have entered into an annual service contract which came into force in July 2003. Genfit SA and Genfit Corp. have entered into an annual service contract which came into force in July 2003. The amendment that came into force on January 1, 2012 provides for annual remuneration of USD 90k, to cover the US subsidiary's operating costs.

Genfit Pharmaceuticals SAS.

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

2. Notes to the consolidated statement of comprehensive income

2.1 Revenue

Revenue generated in respect of the 2012 fiscal year totaled EUR 6,010.2k compared with EUR 6,778.5k in respect of 2011.

2.1.1 Industrial revenue

Industrial revenue totaled EUR 1,672.3k compared with EUR 2,360.9k in 2011.

The change is related to a general shift in the collaboration policies adopted by the pharmaceutical industry, which is increasingly favoring risk-sharing partnerships, under the terms of which the direct remuneration is relatively low but the payments for reaching clinical milestones are more significant.

2.1.2 Public financing of research expenditure

This heading comprises both tax credits for research expenses arising in respect of the fiscal year and reversals of government grants made on the basis of the stage of completion of the research programs financed.

Government grants and tax credits for research expenses are an integral part of the Company's revenue.

Public financing of research expenditure (in € thousands)	Year ended 31/12/2012	Year ended 31/12/2011
Government grants	1 139,2	1 767,8
Tax credit for research expenses	3 170,1	2 643,0
TOTAL	4 309,3	4 410,8

In the first half of 2012, Genfit SA received a payment of EUR 2,643k in respect of its research tax credit receivable in respect of 2011.

The situation is the same as regards the receivable in respect of 2012, for which payment will be received in 2013.

Details of ongoing grants are provided in Section 3.13

2.1.3 Other operating income

Other operating income (in € thousands)	Year ended 31/12/2012	Year ended 31/12/2011
Limitation of the repayment of a public financing	0,0	0,0
Termination compensations	0,0	0,0
Other operating income	28,7	6,8
TOTAL	28,7	6,8

2.2 Operating expenses

2.2.1 Raw materials and consumables used

This heading comprises, among other things, consumables and small laboratory equipment totaling EUR 1,195.1k.

2.2.2 Contracted research and development activities conducted 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 and toxicology and pharmacokinetics studies. In addition, costs associated with clinical and pre-clinical trials are constituting an increasing proportion of these expenses.

Costs included under this heading totaled EUR 4,289.6k in 2012 compared with EUR 4,308.8k in 2011. They have remained stable due mainly to the financial cost of the phase II trials associated with the GFT 505 program, which have followed on from long-term toxicity studies.

2.2.3 Personnel costs

Breakdown of employment costs

Personnel costs (in € thousands)	Year ended 31/12/2012	Year ended 31/12/2011
Wages and salaries	-3 770,6	-4 043,6
Social security costs	-1 719,9	-1 816,0
Pension costs	-49,8	-83,3
Individual training entitlement	0,1	-0,4
Share-based payment transaction expenses	0,0	0,0
TOTAL	-5 540,2	-5 943,3

The employment costs decreased by 6.8% between 2011 and 2012. This decrease in the wage bill was due in particular to the impact of normal attrition.

Social security costs relating to the defined contribution schemes totaled EUR 316.2k in 2012 and EUR 338.4k in 2011.

Number of employees at the year end

Number of employees	Year ended 31/12/2012	Year ended 31/12/2011
Research & development	54	64
Services related to science	9	10
Administration & management	13	16
TOTAL	76	90

Number of employees	Year ended 31/12/2012	Year ended 31/12/2011
Senior staff	52	60
Staff	23	27
Others (apprentices)	1	3
TOTAL	76	90

Average number of employees

The average number of employees in 2012 was 82 compared with 92 in 2011.

2.2.4 Other operating expenses

Other operating expenses (in € thousands)	Year ended 31/12/2012	Year ended 31/12/2011
Repairs & maintenance of equipment	-200,0	-176,1
Repairs & maintenance of premises	-204,1	-224,1
Intellectual property fees	-495,2	-381,3
Fees (legal, accounting, communication, scientific, business dev...)	-607,3	-506,7
Travel expenses	-181,9	-198,6
Taxes (other than income tax)	-180,5	-184,8
Other expenses (insurance, mail-phone-web, bank fees...)	-300,5	-356,3
TOTAL	-2 169,7	-2 027,9

The Group continued to implement the strict cost-control policy in 2012.

Repairs and maintenance of premises decreased, as did travel expenses and other expenses.

Intellectual property fees corresponded to the filing and maintenance fees in respect of the Group's patents. The increase in these fees in 2012 was due to the entry into the national phase of certain patents. The ongoing audit of the portfolio is continuing to achieve its cost-cutting objective without affecting the protection of the Company's intellectual property rights.

Fees included legal, audit and accounting fees, the fees paid to the company responsible for press relations and communication, the costs of external employees seconded to the Company (security and reception), as well as the fees of certain scientific advisers. The increase in these fees corresponded in particular to the additional costs in respect of scientific advice.

2.2.5 Depreciation, amortization and impairment charges

Depreciation, amortisation & impairment charges (in € thousands)	Year ended 31/12/2012	Year ended 31/12/2011
Depreciation charge - buildings & fittings	-296,4	-351,4
Depreciation charge - equipments	-425,3	-513,4
Provision - current assets	-6,2	0,0
Provision - risks & expenses	0,0	-25,4
Impairments losses	0,0	0,0
Provision reversal - current assets	3,6	3,6
Provision reversal - risks & expenses	25,4	52,7
Reversal of the balance of investment grants	165,4	76,0
TOTAL	-533,5	-758,0

EUR 263.5k of the depreciation charge of EUR 296k corresponded to the depreciation of buildings financed by finance leases until September 27, 2012. On that date, following the early exercise of the option under the lease, Genfit became the owner of the real estate and therefore recognized depreciation in respect of it amounting to EUR 32.8k.

The reversal of the balance of the government grant thus corresponded to the exercise of the option.

The EUR 25.4k provision that had been recognized in respect of the adjustment required following the 2011 URSSAF inspection was reversed in full in 2012.

No impairment charge was recognized in respect of 2011 or 2012.

2.2.6 Research and development costs

Currently, the costs of developing and protecting intellectual property are expensed in the year in which they are incurred, since not all the criteria required by IAS 38 for their capitalization are met.

The following table provides a breakdown of these costs by nature:

Research & development costs (in € thousands)	Year ended 31/12/2012	Year ended 31/12/2011
Raw material & consumables used	-1 164,2	-1 385,0
Contracted research & development activities conducted by third parties	-4 289,6	-4 308,8
Intellectual property fees	-495,2	-381,3
Personnel costs	-3 770,1	-4 159,8
Other operating expenses	-646,0	-638,9
Depreciation, amortisation & impairment charges	-949,0	-1 296,2
TOTAL	-11 314,1	-12 170,1

2.3 Finance income and costs

Finance income

Finance income (in € thousands)	Year ended 31/12/2012	Year ended 31/12/2011
Finance income (on short-term investments & term deposits)	201,4	244,0
Net finance income	201,4	244,0
Net foreign exchange gains	9,3	9,6
Other finance income	69,6	69,2
Other finance income	78,9	78,8
TOTAL	280,3	322,8

Finance costs

Finance costs (in € thousands)	Year ended 31/12/2012	Year ended 31/12/2011
Interest expenses on bank borrowings	-252,2	-255,7
Interest expenses on financial leases	13,8	-93,0
Net finance costs	-238,4	-348,6
Net foreign exchange losses	-6,4	-18,8
Other finance costs	-49,0	-5,4
Other finance costs	-55,4	-24,2
TOTAL	-293,8	-372,8

Interest expenses on financial leases included EUR 13.8k relating to the Group's real estate.

2.4 Tax

2.4.1 Breakdown of the tax charge

Income tax charge (in € thousands)	Year ended 31/12/2012	Year ended 31/12/2011
Current tax	0,1	2,1
Deferred tax	2 317,8	-1 882,4
TOTAL	2 317,9	-1 880,3

2.4.2 Analysis of deferred tax by nature

Breakdown of deferred tax assets & liabilities (in € thousands)	Year ended 31/12/2011	Impact on equity	Impact on the profit/loss	Year ended 31/12/2012
Temporary differences	1 008,8		1 467,0	2 475,8
Construction lease rents	33,1		-0,9	32,2
Finance leases	-1 133,3		1 069,2	-64,2
Intangible assets / Property, plant & equipment	-132,2		41,9	-90,3
Operating grants				
Taxation of unrealized gains on marketable securities	0,0		0,0	0,0
Post-employment benefit & individual training entitlement	96,3		32,0	128,4
Tax losses carryforwards	372,5		-372,5	0,0
Others	-245,2		81,1	-164,1
TOTAL	0,0	0,0	2 317,8	2 317,8
Dont: Deferred tax liabilities				
Dont: Deferred tax assets	0,0	0,0	2 317,8	2 317,8
Deferred tax assets (+) & liabilities (-)	0,0	0,0	2 317,8	2 317,8

The change in the temporary differences was due mainly to the tax adjustment made to government grants, on the basis of a starting amount of EUR 2,403k, as well as the tax adjustments related to both the early exercise of the option under the real estate lease and the revaluation of the real estate and certain equipment, on the basis of a starting amount of EUR 3,855k and EUR 2,948k respectively.

The deferred tax amounts recognized on the statement of financial position corresponded to temporary differences related to the real estate transaction (see Section 3.3.) and, to a lesser extent, to the need to cover the deferred tax liabilities in respect of the consolidation adjustments. When the sale of the real estate, scheduled for 2013, takes place, the recognized temporary differences will be reversed to profit or loss.

2.4.3 Losses available for offsetting against future taxable income

Losses available for offsetting against future taxable income (in € thousands)	Year ended 31/12/2012	Year ended 31/12/2011
Genfit S.A. -2006	1 944,4	1 944,4
Genfit S.A. -2006 - Tup It-omics	389,4	389,4
Genfit S.A. -2007	8 184,9	8 184,9
Genfit S.A. -2008	4 765,9	4 765,9
Genfit S.A. -2009	10 672,6	10 672,6
Genfit S.A. -2010	11 602,1	11 602,1
Genfit S.A. -At 31 December 2011	4 036,5	4 036,5
Genfit S.A. -At 31 December 2012	489,2	0,0
Genfit S.A. -At 31 December 2013	0,0	0,0
TOTAL	55 004,2	48 152,7
Recognised	0,0	1 117,6
Unrecognised	55 004,2	47 035,2

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 income rate (in € thousands)	31.12.2012 12 months	31.12.2011 12 months
Profit for the period	-5 411,6	-9 681,7
Income tax expenses	2 317,9	-1 880,3
Profit before tax	-7 729,5	-7 801,4
French tax rate	33,33%	33,33%
Income tax expense calculated at the French tax rate	2 576,2	2 600,2
Tax credit for research expenses, exempt from taxation	1 056,7	881,0
Other non deductible expenses / non-taxable income	-7,3	-29,8
Utilisation of previously unrecognised tax losses	1,5	0,0
Limitation of deferred tax assets	1 227,6	0,0
Tax losses for the period, unrecognised as deferred tax assets	-2 283,8	-3 531,1
Reversal of previously recognized deferred tax assets	-372,5	-1 976,6
Effect of different tax rates of subsidiaries operating in other jurisd	0,0	0,0
Others	118,4	176,1
Income tax expense recognised in profit or loss	2 316,7	-1 880,3
Effective income rate	-29,97%	24,10%

2.5 Earnings per share

In 2012, Genfit SA carried out several capital increases through the issue of a total of 2,413,168 new shares (described in more detail in Section 3.8 “Capital”). As a result of these successive capital increases, the number of shares was increased to 16,043,746 as of December 31, 2012. The weighted average number of shares was 14,859,776, corresponding to the average of the shares outstanding during the period.

Earnings per share	Year ended 31/12/2012	Year ended 31/12/2011
Profit for the period - attributable to owners of the Company (in € thousands)	-5 411,6	-9 681,7
Weighted average number of ordinary shares for the period	14 859 776	12 495 861
Profit for the period - attributable to owners of the Company per share (in €)	-0,36	-0,77
Weighted average number of ordinary shares used in the above calculation	14 859 776	12 495 861
Effect of dilution arising from share options	0	0
Weighted average number of ordinary shares adjusted for the effect of dilution	14 859 776	12 495 861
Diluted profit for the period - attributable to owners of the Company per share (in €)	-0,36	-0,77

The share option plans had no dilution effect since the share subscription options had, in this case, an anti-dilutive effect.

Thus, diluted earnings per share and earnings per share were the same.

3. Notes to the consolidated statement of financial position

3.1 Goodwill

Goodwill (in € thousands)	Cost	Impairment	Balance
At 31 December 2011	364,9	-290,0	74,9
Additional amounts recognised			0,0
Impairments			0,0
At 31 December 2012	364,9	-290,0	74,9

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

An impairment test carried out some years ago identified the need to recognize impairment totaling EUR 290.0k. Since then, no further impairment has been identified.

3.2 Intangible assets

Intangible assets comprise office and administrative software as well as scientific software purchased by the Group.

Intangible assets - Costs (in € thousands)	Softwares	Patents	In progress	Total
Additions	44,7	0,0		44,7
Disposals	-1,1	0,0		-1,1
Effect of foreign currency exchange differences				0,0
In progress - Reclassified				0,0
At 31 December 2011	966,2	29,4	0,0	995,5
Additions	4,2	0,0		4,2
Disposals	-39,3	0,0		-39,3
Effect of foreign currency exchange differences				0,0
In progress - Reclassified				0,0
At 31 December 2012	931,0	29,4	0,0	960,4

3.3 Property, plant and equipment

Gross amounts :

Property, plant & equipment - Costs (in € thousands)	Buildings	Scientific equipment	Computer equipment	Furniture	Vehicles	Fittings	In progress	Total
Additions	0,0	33,6	6,9	0,0	0,0	7,3		68,0
Disposals	0,0	-21,7	-1,4	0,0	0,0	0,0		-23,1
Effect of foreign currency exchange differences								0,0
In progress - Reclassified							-25,3	-25,3
At 31 December 2011	9 761,2	4 340,6	619,4	268,3	9,1	1 340,0	4,8	16 337,3
Additions	55,2	138,4	24,8	0,9	0,1	74,3	6,1	299,8
Disposals	0,0	-21,5	0,0	0,0	0,0	0,0		-21,5
Effect of foreign currency exchange differences								0,0
Revaluation surplus	-1 922,9	73,3	0,0	15,8	6,0	244,2		-1 583,6
In progress - Reclassified		-3,5	-1,3				-6,8	-9,5
At 31 December 2012	7 893,399	4 527,239	636,911	285,020	15,233	1 658,519	6,1	15 021,4

Accumulated depreciation and impairment

Property, land & equipment - Accumulated amortisation and impairment (in € thousands)	Buildings	Scientific equipment	Computer equipment	Furniture	Vehicles	Fittings	In progress	Total
Amortisation expense	-351,4	-293,4	-43,4	-13,8	0,0	-68,2		-770,2
Disposals	0,0	18,9	-2,4	0,0	0,0	0,0		16,6
Effect of foreign currency exchange differences								0,0
In progress - Reclassified							0,0	0,0
At 31 December 2011	-3 547,1	-3 590,3	-556,4	-234,5	-9,1	-759,4	0,0	-8 697,7
Amortisation expense	-296,4	-283,2	-41,6	-11,4	0,0	-128,8		-763,4
Disposals	0,0	20,9	6,8	0,0	0,0	0,0		27,7
Effect of foreign currency exchange differences								0,0
Revaluation surplus	3 810,6							3 810,6
In progress - Reclassified							0,0	0,0
At 31 December 2012	-32,8	-3 854,7	-591,2	-245,8	-9,1	-888,2	0,0	-5 621,9

Net amounts

Property, land & equipment - Net book amount (in € thousands)	Buildings	Scientific equipment	Computer equipment	Furniture	Vehicles	Fittings	In progress	Total
At 31 December 2011	6 214,1	750,3	57,0	33,8	-0,1	580,7	4,8	7 640,6
At 31 December 2012	7 860,6	6 72,5	45,8	39,2	6,1	770,3	6,1	9 400,6

Finance leases

Finance leases related mainly to the real estate (excluding the land) at the Group's registered office and research site.

The real estate lease had substantially all the characteristics of a finance lease, in particular:

an option to purchase under favorable terms

the present value of the minimum lease payments is equal to the fair value of the asset

the term of the building lease covers the asset's useful life

On September 27, 2012, the early exercise of the option under the finance lease in respect of the real estate enabled the Group to obtain ownership of it.

Following this transaction, the Group decided to revalue a group of real estate assets, comprising buildings, improvements to buildings, plant and equipment. The revaluation surplus recognized within liabilities totaled EUR 3,120k.

As of December 31, 2012, property, plant and equipment had a carrying amount of EUR 9,400.6k

Building lease

The land, which belongs to the City of Lille, was leased under a building lease for a term of 50 years as from December 1999. In accordance with the commitment to build, the real estate complex was erected on said land.

When it was signed, the lease provided for a rent-free period. Thus, the total minimum payments provided for under the terms of the lease are being recognized on a straight-line basis over the lease term.

3.4 Current and non-current financial assets

Current & non-current financial assets (in € thousands)	31.12.12		31.12.11	
	Non-current	Current	Non-current	Current
Loans	93,2	0,0	76,6	0,0
Guarantee withholding	115,0	9,3	115,0	5,5
Deposits & guarantees	0,0	8,3	0,0	8,3
TOTAL	208,2	17,5	191,6	13,8

On June 15, 2012, OSEO Financement granted the Group a EUR 2,300.00k loan repayable in seven years (see Section 3.11). A EUR 115.0k guarantee withholding was made in respect of the loaned funds. The receivable and interest thereon will be repaid to Genfit SA at the end of the agreement.

3.5 Other current and non-current assets

Other current & non-current assets (in € thousands)	31.12.12		31.12.11	
	Non-current	Current	Non-current	Current
Research tax credit	0,0	3 170,1	0,0	2 639,3
Receivables - Social security costs	0,0	2,0	0,0	8,0
Receivables - VAT	0,0	428,6	0,0	734,0
Receivables - Grants	394,7	250,0	1 945,9	1 186,1
Other receivables	0,0	24,5	0,9	192,3
Issued capital, called but not paid	0,0	0,0	0,0	0,0
Prepaid expenses	0,0	692,0	0,7	675,3
TOTAL	394,7	4 567,2	1 947,5	5 435,1

Tax credit for research expenses

At the beginning of 2012, Genfit SA received full payment of its receivable in respect of 2011.

As regards the 2012 research tax credit, the government is continuing its policy of immediate reimbursement in the case of SMEs (as defined by EU law).

Receivables - grants

EUR 394.7k of the total amount receivable related to the IT-DIAB program. This amount will be received in instalments until 2015.

3.6 Trade receivables

No provision for doubtful debts has been recognized.

The aged analysis of overdue payments does not indicate a particular exposure to customer credit risk:

Trade receivables (in € thousands)	Year ended 31/12/2012	Year ended 31/12/2011
Trade receivables - Neither past due nor paid	107,6	733,0
Trade receivables - Past due < 30 days		0,0
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	107,6	733,0

3.7 Cash and cash equivalents

The main components of cash equivalents were short-term deposits and French money-market funds (SICAV). These investments are short-term, highly liquid and subject to negligible risk of changes in value.

The following table provides a breakdown of short-term deposits:

Cash & cash equivalents (in € thousands)	Year ended 31/12/2012	Year ended 31/12/2011
CDN - Short-term deposits > 3 mois	910,0	2 190,0
SG - Short-term deposits > 3 mois	0,0	2 180,0
CIC - Short-term deposits > 3 mois	4 155,8	6 969,8
PALATINE - Short-term deposits > 3 mois	0,0	1 250,0
TOTAL	5 065,8	12 589,8
Cash & bank balances	1 237,9	215,2
CASH & CASH EQUIVALENTS	6 303,7	12 805,0

3.8 Capital

Genfit's shares were admitted for listing on the Euronext Paris Alternext market on December 19, 2006 under ISIN code FR0004163111. They are not listed on any other market.

As of December 31, 2012, the share price was EUR 3.14, representing a market capitalization of EUR 50.4 million compared with EUR 22.1 million as of December 31, 2011.

As of December 31, 2012, Genfit SA's share capital totaled EUR 4,010,936.5. It was divided into 16,043,746 shares with a par value of EUR 0.25, fully subscribed and fully paid-up.

Shares held for more than two years entitle their holders to double voting rights. 7,379,327 shares, i.e. 46.0% of the issued share capital, have been held for more than two years.

The following table provides a breakdown of changes in the share capital and share premium:

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	609 796		609 796
27/06/2006 - Division of shares' par value	9 600 064	0,25	2 400 016	609 796		609 796
18/10/2006 - Private share investment	11 270 626	0,25	2 817 657	14 323 832		14 323 832
21/11/2006 - Absorption of IT.OMICS	11 270 626	0,25	2 817 657	14 323 832	37 833	14 361 665
16/02/2010 - Private share investment	11 662 166	0,25	2 915 542	16 240 395	37 833	16 278 228
15/07/2011 & 18/07/2011 - Private share investment	13 340 295	0,25	3 335 074	20 867 528	37 833	20 905 361
04/10/2011 - Reserved share capital increase	13 424 328	0,25	3 356 082	20 970 199	37 833	21 008 032
20/10/2011 - Share option program - Offset against the commitment fee	13 474 328	0,25	3 368 582	20 951 199	37 833	20 989 032
28/10/2011 - Reserved share capital increase	13 620 578	0,25	3 407 645	21 411 136	37 833	21 448 969
27/02/2012 - Share option program - Exercise of share options	13 726 762	0,25	3 431 691	21 636 317	37 833	21 674 150
07/03/2012 - Reserved share capital increase	14 052 849	0,25	3 513 212	22 303 045	37 833	22 340 878
03/04/2012 - Reserved share capital increase	14 331 919	0,25	3 582 980	22 832 278	37 833	22 870 111
02/05/2012 - Reserved share capital increase	14 668 998	0,25	3 667 250	23 347 009	37 833	23 384 842
29/06/2012 - Reserved share capital increase	15 085 665	0,25	3 771 416	23 741 636	37 833	23 779 469
26/07/2012 - Convertible bond - Offset against the commitment fee	15 148 321	0,25	3 787 080	23 720 548	37 833	23 758 381
06/09/2012 - Convertible bond - Conversion of bonds	15 369 023	0,25	3 842 256	24 119 527	37 833	24 157 360
24/09/2012 - Convertible bond - Conversion of bonds	15 589 619	0,25	3 897 405	24 663 806	37 833	24 701 639
08/10/2012 - Convertible bond - Conversion of bonds	15 622 935	0,25	3 908 234	24 752 977	37 833	24 790 810
09/10/2012 - Convertible bond - Conversion of bonds	15 676 251	0,25	3 919 063	24 841 907	37 833	24 879 740
12/10/2012 - Convertible bond - Conversion of bonds	15 718 195	0,25	3 929 549	24 931 233	37 833	24 969 126
12/10/2012 - Convertible bond - Conversion of bonds	15 760 139	0,25	3 940 035	25 020 807	37 833	25 058 640
12/10/2012 - Convertible bond - Conversion of bonds	15 802 083	0,25	3 950 521	25 110 321	37 833	25 148 154
16/10/2012 - Convertible bond - Conversion of bonds	15 864 765	0,25	3 966 191	25 244 650	37 833	25 282 483
16/10/2012 - Convertible bond - Conversion of bonds	15 906 552	0,25	3 976 638	25 333 895	37 833	25 371 728
17/10/2012 - Convertible bond - Conversion of bonds	15 969 232	0,25	3 992 308	25 468 037	37 833	25 505 870
21/12/2012 - Share option program - Offset against the commitment fee	15 988 359	0,25	3 997 090	25 462 105	37 833	25 499 938
20/12/2012 - Convertible bond - Conversion of bonds	16 043 746	0,25	4 010 937	25 480 276	37 833	25 518 109

The Shareholders' General Meeting of June 27, 2006 authorized a 64-for-1 stock split, thereby reducing the shares' par value from EUR 16 to EUR 0.25. As a result, the number of shares in issue increased from 150,001 to 9,600,064.

The private placement on November 28, 2006 enabled the Group to raise EUR 15,035.0k at the price of EUR 9.00 per share.

As a result of the transaction, the Company's share capital increased by EUR 417.7k, corresponding to the issue of 1,670,562 shares, the EUR 14,617.3k balance constituting the share premium.

The issue costs directly attributable to the transaction, which represent external costs, amounted to EUR 903.3k net of tax and have been deducted from the share premium.

IT.Omics's sole shareholder, Genfit, decided to dissolve it with effect from December 26, 2006. This dissolution, which was carried out by means of a transfer of all IT.Omics's assets and liabilities, generated a EUR 136.9k merger surplus, EUR 37.8k of which has been recognized as a merger premium.

During the 2008 and 2009 fiscal years, no transactions were carried out in the Company's capital.

The Company then strengthened its financial position by means of two private placements in 2010 and 2011:

- an initial private placement totaling EUR 2.3 million in February 2010, which resulted in the issue of 391,540 new shares at the price of EUR 5.90 per share,
- a second private placement totaling EUR 5.3 million in July 2011, which resulted in the issue of 1,678,129 new shares at the price of EUR 3.20 per share. This placement was followed in October 2011 by an additional capital increase reserved for a longstanding shareholder that had been unable to participate in the placement due to the timescale. It was carried out at the same price as the July placement and therefore totaled EUR 0.5 million and gave rise to the issue of 156,250 new shares

In July 2011, the Company also signed an equity financing agreement with Yorkville opening a credit facility for a maximum of EUR 5.3 million payable in shares, with EUR 5 million of this amount covered by a Standby Equity Distribution Agreement (SEDA) to be completed within 24 months. In connection with the implementation of this agreement, the Company carried out two initial capital increases at the end of 2011:

- the first transaction, which totaled EUR 0.2 million, resulted in the issue of 84,033 new shares
- the second, which totaled EUR 0.1 million, was carried out as compensation for the receivable representing the commitment fee due to Yorkville for opening the credit facility to be used in respect of the SEDA. This resulted in the issue of 50,000 new shares.

Finally, in 2012, the Company continued to implement and extend its partnership with Yorkville as follows:

- In February, the Company drew down an initial amount of EUR 0.25 million under the SEDA program (96,184 new shares were therefore issued in connection with this transaction).
- Between March and July, the Company completed four additional capital increases outside the SEDA program totaling EUR 2.45 million, which resulted in the issue of a total of 1,358,903 new shares.
- In August, the Company carried out an initial convertible bond issue totaling EUR 2 million, which resulted in the issue of 820,911 new shares, and completed a reserved capital increase, in the amount of EUR 0.1 million, to offset the receivable representing the commitment fee due to Yorkville for arranging this initial bond issue (resulting in the issue of 62,656 new shares). These borrowings were repaid in full in shares in September and October.
- At the end of December, the Company signed and completed the first tranche of a new convertible bond loan issue of up to EUR 8 million over 24 months, usable by the Company in successive tranches of EUR 1 million each. The issuance of this initial EUR 1 million tranche gave rise to a reserved capital increase in the amount of EUR 0.05 million to offset the receivable representing the commitment fee due to Yorkville for arranging this initial tranche (which resulted in the issue of 19,127 new shares) and the issue of 55,387 new shares via the conversion by Yorkville of bonds in the amount of EUR 0.25 million.

The various fundraising programs in 2012 with Yorkville totaling EUR 5.7 million enabled Genfit to strengthen its financial position and pursue its development strategy by giving it the resources to maintain research expenditure at its current level as regards most of the programs in progress, and as regards GFT505 in particular.

The number of shares outstanding thus increased from 13,630,578 as of December 31, 2011 to 16,043,746 as of December 31, 2012.

The following table provides details of the Company's shareholder base:

Company's shareholding	Au 31 décembre 2012		At 31 December 2011	
	Number of shares	%	Number of shares	%
Academical partners	2 601 050	16,2%	2 601 050	19,1%
Financial investors	3 249 071	20,3%	4 024 400	29,5%
Industrial partners	1 101 879	6,9%	1 280 000	9,4%
Directors & senior staff	3 242 194	20,2%	3 292 194	24,2%
Others	5 849 552	36,5%	2 432 934	17,8%
Total	16 043 746	100,0%	13 630 578	100,0%

The Group has not to date paid any dividends.

Information on capital management

For management purposes, the definition of capital invested does not differ from the definition of Group equity for accounting purposes, which totaled EUR 6,833k.

The Group's objectives as regards equity management are, on the one hand, to safeguard the business as a going concern and, on the other hand, to ensure the continuation of its research programs, particularly those concerning the most advanced compounds, whilst optimizing the resources allocated.

3.9 Option plan

The Shareholders' General Meeting of October 18, 2006 authorized the Executive Board to grant to the Group's corporate officers and employees, on one or more occasions, share subscription options up to the limit of 5% of Genfit SA's share capital.

Date of allocation	Number of share granted	Exercise price	Vesting period	Number of share options non exercisable at 31 December 2012	Number of share options outstanding at 31 December 2012
24 septembre 2007	307 179	9,61 €	25 % par an dès 2008	242 319	264 860
19 décembre 2007	81 148	11,03 €	25 % par an dès 2008	81 148	0

The term of each plan has been set at five years as from the date it was set up. Options may be exercised in tranches of 25%, the first being exercisable on the first anniversary of the granting of the options, then 25% on the second anniversary, 25% on the third anniversary and the remaining 25% on the fourth anniversary of the granting of said options.

Charge for 2011 fiscal year

The value of each option was determined in accordance with the Black and Scholes method. The parameters and assumptions used for this valuation are shown in the following table:

Assumptions used for the calculation of the unit value of each option	Option plan	Option plan
	24 sSeptember 2007	19 December 2007
Share price at the grant date (in euros)	11,99	10,90
Exercise price (in euros)	9,61	11,03
Share price volatility (en %)	60,00	60,00
Dividend yield (en %)	-	-
Risk-free interest rate (en %)	4,19	4,19

The volatility of the share price was determined on the basis of the historical volatility observed on comparable stocks. Since Genfit SA had been listed for one year when the options were granted, the profile and historical volatility level of entities in the same sector were used.

No charge was recognized in respect of the 2012 fiscal year (the term of the plan had expired).

3.10 Current and non-current provisions

Non-current & current provisions (in € thousands)	31.12.12		31.12.11	
	Non-current	Current	Non-current	Current
Provision for taxes	0,0	0,0	0,0	25,4
Provision for litigation	0,0	6,0	0,0	6,0
Provision for risks	0,0	0,0	0,0	0,0
Provision for formation benefit	0,0	2,7	0,0	2,8
Provision for pension	382,4	0,0	286,2	0,0
TOTAL	382,4	8,7	286,2	34,3

Provision 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 basis of the INSEE table
Probability of continued presence in the company at retirement age	On the basis of the DARES table
Salary growth rate - 2009	2,5%
Salary growth rate - 2010	2,0%
Salary growth rate - 2011	de 1,26% à 2,2%
Discount rate - 2009	4,60%
Discount rate - 2010	4,33%
Discount rate - 2011	3,46%
Discount rate - 2012	2,60%

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)	Year ended 31/12/2012	Year ended 31/12/2011
Current service cost	-102,2	-84,6
Interest cost on benefit obligation	-46,4	-38,9
Actuarial losses / (gains) on obligation	52,4	40,2
Change of legislation	0,0	0,0
Net benefit expense, recognised in cost of sales	-96,2	-83,3

The interest cost on the benefit obligation is recognized in finance income and costs, with the other elements being included in personnel costs.

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)	Year ended 31/12/2012	Year ended 31/12/2011
Defined benefit obligation at 1st January	286,2	202,9
Net benefit expense, recognised in cost of sales	96,2	83,3
Benefits paid	0,0	0,0
Defined benefit obligation at 31 December	382,4	286,2

3.11 Financial liabilities

Breakdown between non-current and current

Current & non-current financial liabilities (in € thousands)	31.12.2012		31.12.2011	
	Non-current	Current	Non-current	Current
Convertible loans	0,0	850,0	0,0	0,0
Bank loans	10,7	125,0	135,7	120,9
Participating development loan	1 610,0	575,0	2 070,0	230,0
Renewable credit facility	0,0	998,3	1 000,0	1 991,8
Obligations under finance leases and hire purchase contracts	60,3	62,9	1 065,9	784,8
Other financial liabilities	0,0	19,8	0,0	8,9
Accrued interests	0,0	53,1	0,0	49,9
Bank overdrafts	0,0	4,0	0,0	0,0
TOTAL	1 681,1	2 688,1	4 271,6	3 186,3

All financial liabilities are denominated in euros.

Bank loans

Crédit Industriel et commercial:

In 2008, Genfit SA took out a EUR 340.0k loan repayable in five years. The principal amount outstanding totaled EUR 71.7k.

The interest rate is based on the TX Rate for Sustainable Development Passbook Accounts (*Livret de Développement Durable - LDD*) increased by 1.5 points. In 2012, the TX Rate for these accounts was 2.25%.

Société Générale:

On June 29, 2010, Genfit took out a EUR 70.0k loan repayable in four years at the effective interest rate of 2.95%. As of December 31, 2012, the principal amount outstanding was EUR 28.7k.

Crédit du Nord:

At the end of December 2010, Genfit took out a EUR 100,0k loan repayable in three years at the effective interest rate of 2.50%. As of December 31, 2012, the principal amount outstanding was EUR 34.2k.

The bank loans were taken out with the aim of financing laboratory equipment.

Participating loan agreement

On June 15, 2010, OSEO Financement granted a EUR 2,300.0k loan in the form of a participating loan agreement (which is not a participating loan (*prêt participatif*) within the meaning of Article L.313-13 *et seq.* of the French monetary and financial code (*Code monétaire et financier*)).

The term of the loan is seven years and repayment of the principal is deferred for two years. By way of guarantee, EUR 115.0k was withheld from the funds loaned.

The effective interest rate on the loan is 5.47%. This rate includes additional interest based on the annual revenue generated. A maximum upper limit had been placed on the revenue used as a basis for calculating this additional interest.

Revolving bank credit facility

On October 10, 2006, a revolving credit agreement was signed for a total amount of EUR 10.0 million, repayable in instalments over a term of six years. The authorized residual amount as of December 31, 2012 was EUR 1 million (see Section 4.3.4).

At the year end, EUR 1 million of the credit facility had been used. The contractual interest rate applied is the Euribor over the term of each drawdown, to which is added a 2% margin.

Use of the revolving credit facility is conditional upon compliance with the covenants (see Section 4.3.3). As of December 31, 2012, the Group did not comply with the criteria in respect of one of the covenants.

Finance leases

As of December 31, 2012, of the EUR 116.5k debt relating to the finance leases, EUR 112.8k related to movable property.

On September 27, 2012, the Company took the decision to terminate early the finance lease on its real estate and thus become the owner of its premises.

Changes in financial liabilities

Changes in financial liabilities (in € thousands)	31.12.11 12 months	Cash-in	Cash-out	Others	31.12.12 12 months
Convertible bonds	0,0	850,0	0,0	0,0	850,0
Bank loans	256,6	0,0	-120,9	0,1	135,7
Participating development loan	2 300,0	0,0	-115,0	0,0	2 185,0
Renewable credit facility	2 991,8	0,0	-2 000,0	6,5	998,3
Obligations under finance leases and hire purchase contracts	1 850,7	127,0	-1 861,2	0,0	116,5
Other financial liabilities	8,9	10,9	0,0	0,0	19,8
Accrued interests	49,9	53,1	-49,9	0	53,1
Bank overdrafts	0,0	4,0	0,0	0	4,0
TOTAL	7 458,0	1 044,9	-4 147,0	6,6	4 362,5

Movements classified as “Other” did not correspond to cash movements but to the amortization of the issuance costs of the revolving credit calculated at the effective interest rate.

Net cash position and reimbursement schedule

Net cash position & schedule of repayment (in € thousands)	31.12.12	<1 year	<2 years	<3 years	<4 years	<5 years	>5 ans
Convertible bonds	850,0	0,0	850,0	0,0	0,0	0,0	0,0
Bank loans	135,7	125,0	10,7	0,0	0,0	0,0	0,0
Participating development loan	2 185,0	575,0	460,0	460,0	460,0	230,0	0,0
Renewable credit facility	998,3	998,3	0,0	0,0	0,0	0,0	0,0
Obligations under finance leases and hire purchase contracts	123,3	62,9	32,5	27,8	0,0	0,0	0,0
Other financial liabilities	19,8	19,8	0,0	0,0	0,0	0,0	0,0
Accrued interests	53,1	53,1	0,0	0,0	0,0	0,0	0,0
Bank overdrafts	4,0	4,0	0,0	0,0	0,0	0,0	0,0
FINANCIAL LIABILITIES	4 369,2	1 838,1	1 353,3	487,8	460,0	230,0	0,0
CONDITIONAL & REPAYABLE ADVANCES	6 352,5	1 294,9	1 058,9	680,1	278,4	248,0	2 792,2
Financial assets	124,3	9,3	0,0	0,0	0,0	0,0	115,0
Short-term deposits	5 065,8	5 065,8	0,0	0,0	0,0	0,0	0,0
Cash & bank balances	1 237,9	1 237,9	0,0	0,0	0,0	0,0	0,0
CONDITIONAL & REPAYABLE ADVANCES + CASH & CASH EQUIVALENTS	6 427,9	6 312,9	0,0	0,0	0,0	0,0	115,0
NET CASH POSITION	-4 293,8	3 180,0	-2 412,2	-1 167,9	-738,4	-478,0	-2 677,2

The conditional advances (EUR 6,352.5k) are all publicly financed. Those granted by OSEO or by the French Ministry of Industry are repayable in full if the programs they finance are successful (see Section 3.12).

The financial assets comprise the guarantee withholding paid to the lender in respect of the EUR 2,300.0k participating loan agreement (see Section 3.4).

3.12 Conditional and repayable advances

Breakdown between non-current and current

Current & non-current conditional & repayable advances (in € thousands)	31.12.12		31.12.11	
	Non-current	Current	Non-current	Current
Conditional & repayable advances	5 057,6	1 294,9	5 884,8	762,2
TOTAL	5 057,6	1 294,9	5 884,8	762,2

The conditional advances received from OSEO Innovation and the French Ministry of Research are intended to finance defined research programs.

These advances are repayable in full in the longer term if the programs they fund are successful.

If a program is pronounced a failure, the advances are reclassified, in full or in part, as grants and written back immediately to profit or loss. In most cases, they result in a minimum flat-rate repayment.

In addition, two repayable advances of EUR 1,000k and EUR 500k were granted in 2011 by the Nord-Pas de Calais Region and Lille Metropolitan Urban Community (see below).

Changes in 2012 :

Interest-free loans (from government) - changes for the period (in € thousands)	31.12.11 12 months	Cash-in	Cash-out	Through profit & loss	31.12.2012 12 months
Conditional & repayables advances	6 647,0	803,2	-456,9	-640,8	6 352,5

The Company received payments totaling EUR 803.2k.

Of those, the following related to OSEO Innovation advances:

EUR 156.7k financing the IT-DIAB project, the aim of which is to develop a global strategy for the prevention and management of Type 2 diabetes (innovation aid: December 23, 2008)

- EUR 150k relating to the OLNORME project, the aim of which is the research of pharmaceutical entities in plant extracts for the treatment of inflammatory diseases (innovation aid: November 24, 2010)

EUR 246.5k relating to the AD-Inov project, the aim of which is to develop therapeutic approaches and innovative technologies for the treatment of central disorders

And the following related to the balance of the Lille Metropolitan Urban Community advance totaling EUR 250k.

In 2011, EUR 640.8k was received in respect of the ISI micro-Path project, the aim of which is to develop a “tool box” for the selection of drug candidates and the monitoring of their effectiveness, at the preclinical and clinical stages, in reducing the risk of atherothrombosis. This amount was converted into a grant in connection with the cessation of this program in 2012.

In 2012, Genfit made the scheduled repayments in connection with the Oséo Olnorme and B-Diab projects and in connection with the amounts due to the Nord-Pas de Calais Region and Lille Metropolitan Urban Community.

The main terms and conditions of the 10 repayable advances are as follows:

Ministry of Industry's Genhomme files: November 9, 2000

Purpose: To finance an innovation program entitled "AAP after genome sequencing: identification of new risk factors for coronary heart disease by use of bio-chip technology"

Recipient:	Genfit SA
Total amount:	EUR 1,599,976
Amount received as of December 31, 2012:	EUR 1,595,676
Amount repaid as of December 31, 2012:	0
Grant recognized in the statement of profit or loss in 2006:	EUR 1,119,983
Carrying amount as of December 31, 2012:	EUR 479,993

At the outset, this non-interest bearing loan was repayable in full (at 100% of its nominal value) in the event of technical and/or commercial success.

In 2006, an acknowledgement of the partial failure of the program was announced by the Ministry of Industry, which decided to limit repayment of the public finance to 30% of the funding originally granted, i.e. EUR 479,993.

The repayment schedule in respect of the balance was as follows:

33.3% on July 1, 2010 i.e. EUR 159,997

66.7% on July 1, 2012 i.e. EUR 319,996

OSEO Innovation aid: October 20, 2006

Purpose: To finance an innovation program entitled "OLNORME project: identification of Novel Ligands for Orphan Nuclear Receptors from plant extracts"

Recipient:	Genfit SA
Total amount:	EUR 900,000
Amount received as of December 31, 2012:	EUR 900,000
Amount repaid as of December 31, 2012:	EUR 350,000
Carrying amount as of December 31, 2012:	EUR 550,000

Due to the success of the program, this non-interest bearing advance is repayable in full (at 100% of its nominal value).

The repayment schedule is as follows:

EUR 150,000 no later than 30 September 2011.

EUR 200,000 no later than 30 September 2012.

EUR 250,000 no later than 30 September 2013.

EUR 300,000 no later than 30 September 2014.

OSEO Innovation aid: June 21, 2007

Purpose: To provide additional financing for an innovation program entitled "OLNORME project: identification of Novel Ligands for Orphan Nuclear Receptors from plant extracts"

Recipient:	Genfit SA
Total amount:	EUR 200,000
Amount received as of December 31, 2012:	EUR 200,000
Amount repaid as of December 31, 2012:	0
Carrying amount as of December 31, 2012:	EUR 200,000

Due to the success of the program, this non-interest bearing advance is repayable in full (at 100% of its nominal value).

The repayment schedule is as follows:

EUR 100,000 no later than 30 September 2013.

EUR 100,000 no later than 30 September 2014.

OSEO Innovation aid: December 23, 2008

Purpose: Strategic industrial innovation program entitled “IT-DIAB project: development of a global strategy for the prevention and management of Type 2 diabetes”

Recipient:	Genfit SA
Total amount:	EUR 3,229,151
Amount received as of December 31, 2012:	EUR 2,792,225
Amount repaid as of December 31, 2012:	0
Carrying amount as of December 31, 2012:	EUR 2,792,225

The advance granted by OSEO was in connection with a framework innovation aid agreement involving several scientific partners, Genfit SA being the lead partner. The contribution expected at each stage and by each of the partners in terms of work carried out and results is defined in the framework agreement.

As regards Genfit SA, the aid consists of a EUR 3,229,151 repayable advance and a EUR 3,946,740 non-repayable government grant, both of which will be received in instalments until 2015.

As of December 31, 2012, EUR 2,792,225 of the repayable advance and EUR 3,552,066 of the government grant had been received.

In the event of technical and/or commercial success, Genfit SA undertakes to pay to OSEO 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 (see Section 4.3.3).

OSEO Innovation aid: June 15, 2009 – Advance no. 1

Purpose: To finance an innovation program entitled “B-DIAB project: preclinical and clinical characterization of beta-glucans from yeast in Type 2 diabetes”

Recipient:	Genfit SA
Total amount:	EUR 30,750
Amount received as of December 31, 2012:	EUR 30,750
Amount repaid as of December 31, 2012:	EUR 5,850*
Carrying amount as of December 31, 2012:	EUR 24,900

These non-interest bearing advances are repayable in full (at 100% of their nominal amount) in the event of technical and/or commercial success.

The repayment schedule is as follows:

EUR 5,850 no later than December 31, 2012*

EUR 9,825 no later than 31 December 2013.

EUR 11,963 no later than 31 December 2014.

EUR 3,112 no later than 31 March 2015.

The terms of the advance provide for a EUR 22,009 flat-rate repayment irrespective of the technical and/or commercial success.

OSEO Innovation aid: June 15, 2009 – Advance no. 2

Purpose: To finance an innovation program entitled “B-DIAB project: preclinical and clinical characterization of beta-glucans from yeast in Type 2 diabetes”

Recipient:	Genfit SA
Total amount:	EUR 30,750
Amount received as of December 31, 2012:	EUR 30,750
Amount repaid as of December 31, 2012:	EUR 5,850*
Carrying amount as of December 31, 2012:	EUR 24,900

These non-interest bearing advances are repayable in full (at 100% of their nominal amount) in the event of technical and/or commercial success.

The repayment schedule is as follows:

EUR 5,850 no later than December 31, 2012*

EUR 9,825 no later than 31 December 2013.

EUR 11,963 no later than 31 December 2014.

EUR 3,112 no later than 31 March 2015.

The terms of the advance provide for a EUR 22,009 flat-rate repayment irrespective of the technical and/or commercial success.

OSEO Innovation aid: June 26, 2009 – Advance no. 3

Purpose: To finance an innovation program entitled “B-DIAB project: preclinical and clinical characterization of beta-glucans from yeast in Type 2 diabetes”

Recipient:	Genfit SA
Total amount:	EUR 37,000
Amount received as of December 31, 2012:	EUR 37,000
Amount repaid as of December 31, 2012:	EUR 7,050*
Carrying amount as of December 31, 2012:	EUR 29,950

These non-interest bearing advances are repayable in full (at 100% of their nominal amount) in the event of technical and/or commercial success.

The repayment schedule is as follows:

EUR 7,050 no later than December 31, 2012*

EUR 11,725 no later than 31 December 2013.

EUR 14,450 no later than 31 December 2014.

EUR 3,775 no later than 31 March 2015.

The terms of the advance provide for a EUR 26.482 flat-rate repayment irrespective of the technical and/or commercial success.

OSEO Innovation aid: December 14, 2009 – Advance no. 1

Purpose: To finance an innovation program entitled “AD Inov project”

Recipient:	Genfit SA
Total amount:	EUR 171,500
Amount received as of December 31, 2012:	EUR 171,500
Amount repaid as of December 31, 2012:	0
Carrying amount as of December 31, 2012:	EUR 171,500

These non-interest bearing advances are repayable in full (at 100% of their nominal amount) in the event of technical and/or commercial success. Terms concerning the payment of funds at each stage are defined in the attribution contract.

The repayment schedule is as follows:

EUR 41,744 no later than 31 December 2014.

EUR 41,744 no later than 31 December 2015.

EUR 41,744 no later than 31 December 2016.

EUR 46,268 no later than 31 December 2017.

OSEO Innovation aid: December 14, 2009 – Advance no. 2

Purpose: To finance an innovation program entitled “AD Inov project”

Recipient:	Genfit SA
Total amount:	EUR 171,500
Amount received as of December 31, 2012:	EUR 171,500
Amount repaid as of December 31, 2012:	0
Carrying amount as of December 31, 2012:	EUR 171,500

These non-interest bearing advances are repayable in full (at 100% of their nominal amount) in the event of technical and/or commercial success. Terms concerning the payment of funds at each stage are defined in the attribution contract.

The repayment schedule is as follows:

EUR 41,744 no later than 31 December 2014.

EUR 41,744 no later than 31 December 2015.

EUR 41,744 no later than 31 December 2016.

EUR 46,268 no later than 31 December 2017.

OSEO Innovation aid: February 17, 2010 – Advance no. 3

Purpose: To finance an innovation program entitled “AD Inov project”

Recipient:	Genfit SA
Total amount:	EUR 150,000
Amount received as of December 31, 2012:	EUR 150,000
Amount repaid as of December 31, 2012:	0
Carrying amount as of December 31, 2012:	EUR 150,000

These non-interest bearing advances are repayable in full (at 100% of their nominal amount) in the event of technical and/or commercial success. Terms concerning the payment of funds at each stage are defined in the attribution contract.

The repayment schedule is as follows:

EUR 36,511 no later than 31 December 2014.

EUR 36,511 no later than 31 December 2015.

EUR 36,511 no later than 31 December 2016.

EUR 40,467 no later than 31 December 2017.

OSEO Innovation aid: November 24, 2010 – Advance no. 1

Purpose: To finance an innovation program entitled “Eurotransbio Olnorme II. project: research of pharmaceutical entities in plant extracts for the treatment of inflammatory diseases”

Recipient:	Genfit SA
Total amount:	EUR 250,000
Amount received as of December 31, 2012:	EUR 125,000
Amount repaid as of December 31, 2012:	0
Carrying amount as of December 31, 2012:	EUR 125,000

These non-interest bearing advances are repayable in full (at 100% of their nominal amount) in the event of technical and/or commercial success.

The repayment schedule is as follows:

EUR 28,125 no later than 31 December 2015.

EUR 46,875 no later than 31 December 2016.

EUR 59,375 no later than 31 December 2016.

EUR 90,625 no later than 31 December 2017.

EUR 25,000 no later than 31 March 2018.

The terms of the advance provide for a EUR 150,000 flat-rate repayment irrespective of the technical and/or commercial success.

OSEO Innovation aid: November 24, 2010 – Advance no. 2

Purpose: To finance an innovation program entitled “Eurotransbio Olnorme II. project: research of pharmaceutical entities in plant extracts for the treatment of inflammatory diseases”

Recipient:	Genfit SA
Total amount:	EUR 250,000
Amount received as of December 31, 2012:	EUR 125,000
Amount repaid as of December 31, 2012:	0
Carrying amount as of December 31, 2012:	EUR 125,000

These non-interest bearing advances are repayable in full (at 100% of their nominal amount) in the event of technical and/or commercial success.

The repayment schedule is as follows:

EUR 28,125 no later than 31 December 2015.

EUR 46,875 no later than 31 December 2016.

EUR 59,375 no later than 31 December 2016.

EUR 90,625 no later than 31 December 2017.

EUR 25,000 no later than 31 March 2018.

The terms of the advance provide for a EUR 150,000 flat-rate repayment irrespective of the technical and/or commercial success.

OSEO Innovation aid: November 24, 2010 – Advance no. 3

Purpose: To finance an innovation program entitled “Eurotransbio Olnorme II. project: research of pharmaceutical entities in plant extracts for the treatment of inflammatory diseases”

Recipient:	Genfit SA
Total amount:	EUR 200,000
Amount received as of December 31, 2012:	EUR 100,000
Amount repaid as of December 31, 2012:	0
Carrying amount as of December 31, 2012:	EUR 100,000

These non-interest bearing advances are repayable in full (at 100% of their nominal amount) in the event of technical and/or commercial success.

The repayment schedule is as follows:

- EUR 22,500 no later than 31 December 2015.
- EUR 37,500 no later than 31 December 2016.
- EUR 47,500 no later than 31 December 2016.
- EUR 72,500 no later than 31 December 2017.
- EUR 20,000 no later than 31 March 2018.

The terms of the advance provide for a EUR 120.000 flat-rate repayment irrespective of the technical and/or commercial success.

Lille Metropolitan Urban Community: July 28, 2012

Purpose: To assist the Company in the successful completion of its development project and the maintenance, or even expansion, of its workforce.

Recipient:	Genfit SA
Total amount:	EUR 500,000
Amount received as of December 31, 2012:	EUR 500,000
Amount repaid as of December 31, 2012:	EUR 6,771*
Carrying amount as of December 31, 2012:	EUR 493,229

Repayments will be made monthly in accordance with the following repayment schedule:

- EUR 6,711 in 2012*
- EUR 136,455 in 2013
- EUR 166,291 in 2014
- EUR 162,059 in 2015
- EUR 28,422 in 2016

Nord-Pas de Calais Region: September 20, 2012

Purpose: To assist the Company in the successful completion of its development project.

Recipient:	Genfit SA
Total amount:	EUR 1,000,000
Amount received as of December 31, 2012:	EUR 1,000,000
Amount repaid as of December 31, 2012:	EUR 81,367*
Carrying amount as of December 31, 2012:	EUR 918,634

Repayments will be made monthly in accordance with the following repayment schedule:

EUR 81,367 in 2012*

EUR 301,372 in 2013

EUR 334,262 in 2014;

EUR 283,000 in 2015.

3.13 Other current and non-current liabilities

Other current & non-current liabilities (in € thousands)	31.12.12		31.12.11	
	Non-current	Current	Non-current	Current
Payables - Social security costs	0,0	1 079,9	0,0	1 118,2
Employee profit sharing	0,0	127,4	0,0	132,7
Payables - VAT	0,0	74,3	0,0	94,4
Payables - Taxes	0,0	122,7	0,0	135,9
Other payables	0,0	112,0	0,0	10,5
Deferred revenue arising from contracts with customers	0,0	550,0	0,0	550,0
Deferred revenue arising from equipment grants	18,8	9,0	1 054,6	70,1
Deferred revenue arising from operating grants	262,3	352,3	2 235,0	783,6
TOTAL	281,1	2 427,7	3 289,6	2 895,4

Equipment grants are recognized in profit or loss over the depreciation period of the asset financed by the grant and operating grants are recognized on the basis of the stage of completion of the research program financed.

Operating grants cover the following research programs:

IT-DIAB program

Title: Development of a global strategy for the prevention and management of Type 2 diabetes

Amount of the grant: EUR 3,946.7k.

Forecast duration: 90 months from July 1, 2008.

Olnorme II program

Title: Eurotransbio Olnorme II, research of pharmaceutical entities in plant extracts for the treatment of inflammatory diseases.

Amount of the grant: EUR 500.0k.

Forecast duration: 36 months from July 1, 2010.

3.14 Financial instruments as per statement of financial position and statement of profit or loss

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 year ended December 31, 2012:

Financial instrument as per statement of financial position & statement of profit or loss & other comprehensive income For the year 2012 (in € thousands)	As per statement of financial position	Assets / liabilities at fair value through profit & loss	Available for sale	Loans & receivables	Other financial liabilities at amortised cost	Non-financial instruments
Current & non-current financial assets	225,7			225,7		
Trade receivables	107,6			107,6		
Other current & non-current assets	4 961,8			644,7		4 317,2
Cash & cash equivalents	6 303,7	6 303,7				
Assets as per statement of financial position	11 598,8	6 303,7	0,0	978,0	0,0	4 317,2
Current & non-current interest-free loans (from government)	6 352,5				6 352,5	
Current & non-current financial liabilities	4 369,2				4 369,2	
Tax payables						
Trade payables	2 926,1				2 926,1	
Other current & non-current liabilities	2 708,8				112,0	2 596,7
Liabilities as per statement of financial position	16 356,6	0,0	0,0	0,0	13 759,9	2 596,7

Financial Instrument as per statement of financial position & statement of profit or loss & other comprehensive income for the year 2012 (In € thousands)	As per statement of profit or loss & other comprehensive income	Assets at fair value through profit & loss	Available for sale	Loans & receivables	Other financial liabilities at amortised cost	Non-financial instruments
Revenue	1 672,3			1 672,3		
Public fundings for research & development	4 309,3			4 309,3		
Other operating income	28,7			28,7		
Total income	6 010,2	0,0	0,0	6 010,2	0,0	0,0
Raw material & consumables used	-1 195,1				-1 195,1	
Contracted research & development activities conducted by third parties	-4 289,6				-4 289,6	
Employee benefit expenses	-5 540,2				-5 540,2	
Other operating expenses	-2 169,7				-2 169,7	
Depreciation, amortisation & impairment charges	-533,5					-533,5
Current operating profit	-7 717,8	0,0	0,0	6 010,2	-13 194,6	-533,5
Share-based payment transaction expenses	0,0				0,0	
Gain/(loss) on disposal of property, plant & equipment	1,8			1,8		
Operating profit	-7 715,9	0,0	0,0	6 012,1	-13 194,6	-533,5
Finance income	280,3			271,0	9,3	
Finance costs	-293,8				-293,8	
Net finance costs	-13,5	0,0	0,0	271,0	-284,5	0,0
Income tax expenses	2 317,9					2 317,9
Profit for the period	-5 411,6	0,0	0,0	6 283,1	-13 479,1	1 784,4

4. Other information

4.1 Related parties

Naturalpha SAS and Biotech Avenir SAS are related parties within the meaning of IAS 24.9.

Naturalpha SAS

Naturalpha SAS (www.naturalpha.com) was incorporated in 2001, in Lille. Initially, its primary activity was the design and coordination of clinical trials but it has expanded its offering to include consultancy services and R&D in nutrition and health, aimed at both the food and medicines industries.

Relying on a significant network of clinical experts, Naturalpha helps companies such as Genfit design and carry out their clinical trials in connection with the development of drug candidates. It also coordinates the various service providers involved in the carrying out of a particular clinical trial.

The size of its network, the ongoing relationships it has with its service providers and the expertise developed by its staff in collaboration with the pharmaceutical industry represent undeniable assets for Genfit in the development of its molecules.

Naturalpha is now chaired by Stéphane Postic who succeeded Jean-François Mouney as Chairman of Genfit SA's Executive Board. Mr. Mouney was a member of its Executive Committee in 2012. He ceased to be a member of this committee at the end of January 2013.

Genfit and Naturalpha have signed collaboration agreements on preclinical and clinical development related mainly to the development of GFT505, the terms and conditions of which are normal for this type of service. Under the terms of these agreements, Naturalpha is responsible for implementing and coordinating all activities relating to clinical trials: scientific and operational design of the trials, selecting service providers and investigation centers, drafting trial protocols and preparing regulatory submissions in the participating countries. Naturalpha is also responsible for compliance with the regulatory recommendations and standards governing clinical trials.

In addition, Naturalpha and Genfit have entered into three service agreements:

- The first defines the conditions for the use by Naturalpha of IT services offered by Genfit in connection with its presence within its laboratories, in return for an annual flat-rate fee excluding VAT of EUR 10,500 to which is added the annual website server fee recharged totaling EUR 2,400 excluding VAT.
- The second establishes the procedures for applying the support service and processing Naturalpha's payroll, in return for an annual flat-rate fee excluding VAT of EUR 800 to which is added a flat-rate monthly amount of EUR 15 excluding VAT for each pay slip.
- The third is a collaboration agreement in the nutrition field, which involves the provision of premises (EUR 15,904 per year) and the provision of preclinical research tests billed on the basis of costs set by means of specific service specifications.

Lastly, a commercial lease links the two companies: Naturalpha uses premises provided by Genfit, the related rent and other expenses for 2012 totaling EUR 51,403 excluding VAT.

Biotech Avenir SAS

As of December 31, 2012, Biotech Avenir SAS held 20.2% of Genfit SA's share capital compared with 24.2% as of December 31, 2011.

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 20 of the Company's managerial staff. Jean-François Mouney, the Chairman of Genfit SA's Executive Board, is also the Chairman of Biotech Avenir.

Biotech Avenir's main activity is investing in companies involved in biotechnology and related services.

Biotech Avenir therefore gives the companies in its portfolio access to its professional contacts network and plays a guidance role in matters concerning the structure of said companies' share capital or the search for additional funding by means of the formation of new partnerships, whether with industrial or institutional investors. This has enabled Genfit to restructure its share capital since 2005.

There are currently no agreements in force between Biotech Avenir and Genfit.

The following table provides a summary of the transactions carried out by Group companies with the related parties.

Related party transactions (in € thousands)	Year ended 31/12/2012	Year ended 31/12/2011
Purchases from related parties	989,6	1 683,4
Sales to related parties	127,8	104,3
Amounts owed by related parties (trade receivables)	38,1	25,9
Amounts owed to related parties (trade payables)	134,4	300,8

4.2

Compensation of key management personnel of the Group

Under the terms of his employment contract, Jean-François Mouney is entitled to six months' notice in the event of dismissal (other than in the case of gross negligence or wilful misconduct) or resignation, as well as contractual severance pay of six months' salary in the event of dismissal (other than in the case of gross negligence or wilful misconduct), calculated on the basis of the last 12 months and increased by additional compensation of one month's salary per year of service within Genfit. The commitment at the end of 2012 would total EUR 865k.

The following table provides details of the compensation paid to the members of the Executive Board and the financial years in which the relevant amounts were recognized in profit or loss.

Compensation paid to key management personnel (in € thousands)	Year ended 31/12/2012	Year ended 31/12/2011
Short-term employee benefits	895,0	895,0
Post-employment pension & medical benefits	129,0	102,0
Attendance fees	0,0	0,0
Share-based payment transactions	0,0	0,0
TOTAL	1 024,0	997,0

The Executive Board consists of three members.

Director fees Genfit Corp (in € thousands)	Year ended 31/12/2012	Year ended 31/12/2011
Director fees Genfit Corp (net)	23,5	29,4
TOTAL	23,5	29,4

The amount of the directors' fees awarded in connection with Genfit Corp., which had not changed since 2007, was halved as from the second quarter of 2011.

Genfit Pharmaceuticals SAS' executives do not receive any compensation since the company does not currently trade.

Option plan (see 3.9)

The three members of the Executive Board received options under this plan. No options have been exercised by Executive Board members. No new plans were set up during the year.

4.3 Commitments

4.3.1 Financial commitments

Operating leases

The minimum future lease payments under the operating lease of the land totaled EUR 1,500.4k at the end of the reporting period:

Operating lease commitments - group as lessee (in € thousands)	Year ended 31/12/2012	Year ended 31/12/2011
Minimum payments - for the period	36,0	34,3

Operating lease commitments - group as lessee (in € thousands)	Year ended 31/12/2012	Year ended 31/12/2011
Minimum payments - Within 1 year	41,7	36,0
Minimum payments - After 1 year but no more than 5 years	166,7	144,0
Minimum payments - More than 5 years	1 292,0	1 151,8
TOTAL	1 500,4	1 331,8

4.3.2

4.3.2 Liabilities guaranteed by collateral and pledges

Revolving credit facility

The October 2006 EUR 10 million medium-term credit facility, organized around a banking pool, provides for a certain number of guarantees:

- imperfect debtor delegation for the purposes of the payment of the amounts due under the key man insurance policy in the total amount of EUR 1.6 million, in the event of use of the credit
- presentation of a certificate of assessment based on the audited annual financial statements. After use of the credit and in the event of failure to comply with at least one of the financial ratios specified in the certificate of assessment, Genfit undertakes to pledge the patents designated in the agreement. The patents will be pledged to the banks in the amount of 15% of the amount of the credit authorized
- in addition, a guarantee was granted to the participating banks by Oséo-Sofaris by means of its Biotechnology Guarantee Fund in the amount of 15% of the amount of the credit used

As of December 31, 2012, EUR 1.0 million of the credit had been used.

4.3.3 Other commitments

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. These agreements may sometimes require the Company to pay milestones in the event of the compounds covered by intellectual property rights reaching a major scientific step and royalties on sales of these products.

Bank covenants

On October 6, 2006, a revolving credit agreement was signed in the form of a medium-term credit for a total of EUR 10.0 million, repayable in instalments over six years.

Use of the credit is conditional on the presentation of a certificate of assessment based on the audited annual financial statements.

Compliance with the financial ratios described below is required:

Debt/EBITDA ratio

Debt/equity ratio

Free cash flow greater than debt servicing

Or net cash and unused credit greater than or equal to EUR 5.0 million

As of December 31, 2012, the criteria for complying with one of these ratios were not met.

In addition to compliance with the financial ratios, the Company is required to comply with other default clauses. As of December 31, 2012, a more detailed description of the risk exposure was not required since it falls within the same framework.

Potential obligation

The IT-DIAB innovation aid, dated December 23, 2008, was granted by OSEO Innovation in the form of an operating grant and a repayable advance. The repayable advance amounted to EUR 3,229.2k, EUR 2,792.2k of which had already been received at the end of December 2012. The balance of the advance will be received in instalments until 2015.

As regards repayment of this advance, the recipient has undertaken to pay to OSEO 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 EUR 3,229.2k advance³. Any further amounts will be classified as additional payments.

4.3.4 Commitments received

³ 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.

Renewable credit facility (in € thousands)	Committed Nominal	Drawn at 31.12.13	Rate
Borrowing facilities :	3 000	3 000	As of 30/09/2011 :
- Banking consortium (lead arranger : Crédit du Nord)	3 000	3 000	Euribor for each period of use + a margin of 2%
Repayments	1 000		
- Au 30.03.13	500		
- Au 30.06.13	500		

The revolving credit agreement signed in 2006 in the form of a credit opened for an initial amount of EUR 10 million was repayable in instalments over a six-year term. As of September 30, 2012, the credit authorized had been reduced to EUR 3.0 million.

Constructed around a banking pool, with Crédit du Nord as the lead bank (providing 33% of the total finance), the participating banks were Société Générale (30%), CIC Banque Scalbert Dupont (27%) and Banque Palatine (10%).

In March 2012, an amendment was made to the credit agreement, the aims of which were:

- to ensure that the covenant linked to the average EBITDA for 2008, 2009 and 2010 was not taken into account;
- to extend the repayment term in respect of the amount due, the effect of which was to delay the final instalment until June 30, 2013;
- to increase the terms of the credit from Euribor for the duration of the drawdown +1.5 % to Euribor for the duration of the drawdown +2%.

Use of the credit is conditional upon the achievement of the financial ratios. As of December 31, 2012, the Group did not comply with one of the covenants.

5. Events after the reporting period

Research collaboration with Sanofi: in accordance with the research agreement entered into in March 2011, and following demonstration of the activity of several chemical series selected in connection with the second approach of its research program targeting various metabolic disorders, Genfit billed the second of the scheduled stage payments in January 2013.

Capital increase program by the exercise of options totaling EUR 8,000k: between January 1, 2013 and March 8, 2013, four drawdowns were made totaling EUR 4,000k.

20.1.3 Other information audited by the Statutory Auditors

None.

20.2 Pro forma information

Not applicable

20.3 Verification of historical financial information

20.3.1 Statutory auditors' report on the consolidated financial statements prepared under IFRS as adopted within the European Union for the year ended December 31, 2013

Dear Shareholders,

In accordance with the terms of the engagement entrusted to us at your shareholders' general meeting, we present herewith our report for the year ended December 31, 2013 on:

- our audit of the consolidated financial statements of Genfit, as appended to this report;
- the basis of our opinion;
- specific checks required by law.

The consolidated financial statements were signed off by the Executive Board. It is our duty, on the basis of our audit, to express an opinion on these financial statements.

I. Opinion on the consolidated financial statements

We have conducted our audit in accordance with generally accepted French auditing standards. These standards require that we carry out verifications so as to obtain reasonable assurance that the consolidated financial statements are free from material misstatement. An audit consists of verifying, on a test basis or using other selection methods, evidence supporting amounts and disclosures included in the consolidated financial statements. An audit also includes an assessment of the accounting policies used and significant estimates made by management, as well as an evaluation of the overall presentation of the financial statements. We believe that the evidence we have been able to gather provides a sufficient and appropriate basis for our audit opinion.

In our opinion, under IFRS as adopted within the European Union, the consolidated financial statements for the year provide a true and fair view of the assets, financial position and results of the consolidated group.

II. Basis of our opinion

In accordance with the provisions of Article L.823-9 of the French Commercial Code on the basis of our assessment, your attention is drawn the following:

The notes to the financial statements set out methods used to estimate, inter alia, impairment losses on goodwill (Note 14) and activated tax losses (Notes 17 and 2.4.3).

In assessing the accounting principles adopted by the company, we have verified the appropriateness of the accounting policies referred to above and the information provided in the notes to the financial statements, and have ensured that they have been properly applied.

These assessments formed part of our audit of the consolidated financial statements as a whole and thus contributed to our opinion expressed in the first part of this report.

III. Specific checks

In accordance with professional standards applicable in France, we have also performed specific checks laid down in law on information disclosed in the report on the group's management.

We have no observations to make on the accuracy of that information or its consistency with the consolidated financial statements.

Lille and Paris-La Défense, March 12, 2014

The statutory auditors

AUDIT & COMMISSARIAT
AINE & DELDIQUE Associés

ERNST & YOUNG et Autres

Rémy Aine

Franck Sebag

20.3.2 Statutory auditors' report on the consolidated financial statements prepared under IFRS as adopted within the European Union for the year ended December 31, 2012

Dear Shareholders,

In accordance with the terms of the engagement entrusted to us at your shareholders' general meeting, we present herewith our report for the year ended December 31, 2012 on:

- our audit of the consolidated financial statements of Genfit, as appended to this report;
- the basis of our opinion;
- specific checks required by law.

The consolidated financial statements were signed off by the Executive Board. It is our duty, on the basis of our audit, to express an opinion on these financial statements.

I. Opinion on the consolidated financial statements

We have conducted our audit in accordance with generally accepted French auditing standards. These standards require that we carry out verifications so as to obtain reasonable assurance that the consolidated financial statements are free from material misstatement. An audit consists of verifying, on a test basis or using other selection methods, evidence supporting amounts and disclosures included in the consolidated financial statements. An audit also includes an assessment of the accounting policies used and significant estimates made by management, as well as an evaluation of the overall presentation of the financial statements. We believe that the evidence we have been able to gather provides a sufficient and appropriate basis for our audit opinion.

In our opinion, under IFRS as adopted within the European Union, the consolidated financial statements for the year provide a true and fair view of the assets, financial position and results of the consolidated group.

Without qualifying the opinion expressed above, we draw your attention to the point set out in note II.3 the appendix, which presents the company's means to find sufficient financial resources to meet its operating cash needs over the next twelve months.

II. Basis of our opinion

In accordance with the provisions of Article L.823-9 of the French Commercial Code on the basis of our assessment, your attention is drawn the following:

The notes to the financial statements set out methods used to estimate, inter alia, impairment losses on goodwill (Note 14), activated tax losses (Notes 16 and 2.4.3) and share-based payment (Notes 21.3 and 3.9).

In assessing the accounting principles adopted by the company, we have verified the appropriateness of the accounting policies referred to above and the information provided in the notes to the financial statements, and have ensured that they have been properly applied.

These assessments formed part of our audit of the consolidated financial statements as a whole and thus contributed to our opinion expressed in the first part of this report.

III. Specific checks

In accordance with professional standards applicable in France, we have also performed specific checks laid down in law on information disclosed in the report on the group's management.

We have no observations to make on the accuracy of that information or its consistency with the consolidated financial statements.

Lille and Paris-La Défense, April 30, 2013

The statutory auditors

AUDIT & COMMISSARIAT
AINE & DELDIQUE Associés

ERNST & YOUNG et Autres

Rémy Aine

Franck Sebag

20.4 Date of most recent financial information

December 31, 2013.

20.5 Interim consolidated financial information

Not applicable.

20.6 Dividend distribution policy

20.6.1 Dividends distributed over the last three years

None.

20.6.2 Dividend distribution policy

Considering the stage of its development, the Company has no plans to implement a dividend distribution policy in the near future.

20.7 Judicial and arbitration proceedings

As of the date of this Prospectus, no other government, court or arbitration proceedings, including any proceedings of which the Company is aware, are pending or threatened that might have or have had a significant effect over the last 12 months on the financial situation, business or profit of the Company and/or the Group.

20.8 Significant changes in the Group's financial or commercial situation

So far as the Company is aware, there has not been any significant change in the Group's financial or commercial situation since December 31, 2013.

21. ADDITIONAL INFORMATION

21.1 Share capital

21.1.1 Share capital amount

The Company has a capital of five million three hundred fourteen thousand four hundred seventeen euros and seventy-five cents (EUR 5,314,417.75) divided into 21,257,671 fully paid in ordinary shares with a par value of EUR 0.25 each.

21.1.2 Acquisition of treasury shares

At their combined general meeting of [April 2, 2014], the Company's shareholders authorized the Executive Board to implement an 18-month share redemption program in accordance with Article L. 225-209 et seq. of the French Commercial Code and the market practices accepted by the AMF. The main terms of this authorization are as follows:

- The maximum purchase price of a share (excluding costs) is EUR 50. Shareholders delegated authority to the Executive Board (whose members may subdelegate this authority in accordance with Article L. 225-209 of the French Commercial Code) to adjust the above purchase price in the event of a change in the par value of shares, a capital increase carried out via the capitalization of reserves, a free share allotment, the division or pooling of securities, the distribution of reserves or any other assets, the redemption of capital or any other equity-related operation in order to take account of the impact of such operations on the value of shares.
- The maximum funds intended for this share redemption program must not exceed EUR 500,000.

Shareholders decided that purchases of shares in the Company could involve the following:

- the maximum number of shares that may be purchased pursuant to this authorization must not exceed 10% of the total number of shares that make up the Company's capital and, in the context of acquisitions made with a view to retaining shares and subsequently delivering them as payment or in exchange in the context of a merger, demerger or contribution, 5% of the total number of shares that make up the Company's capital, on the understanding that (i) these limits apply to an amount of capital that will be adjusted if necessary to take account of any operations affecting capital after the meeting and (ii) should shares be purchased to increase liquidity in accordance with the terms and conditions defined in the AMF's General Regulation, the number of shares taken into account to calculate the aforementioned limit of 10% would correspond to the number of shares purchased, less the number of shares sold during the authorization period;
- acquisitions made by the Company must not under any circumstances result in the Company directly or indirectly holding more than 10% of its capital at any time.

- Share purchase objectives

- (i) to retain the shares in the Company that have been purchased and to subsequently deliver them in exchange or as payment in the context of potential acquisitions, in accordance with stock exchange regulations
- (ii) to deliver shares in the context of the exercise of rights attached to securities that entitle their holders to a share of equity in the Company
- (iii) to allot shares to employees and corporate officers of the Company and its subsidiaries in accordance with the terms and conditions provided for by law, particularly in connection with the allotment of free shares, the profit-sharing scheme, the stock option plan or a company savings plan

- (iv) to ensure the liquidity and drive the secondary market of Genfit securities, via an investment services provider acting pursuant to a liquidity agreement that complies with the ethics charter recognized by the AMF
- (v) to cancel some or all of the securities purchased subject to the adoption of the 14th resolution below
- (vi) to achieve any other goal authorized now or in the future by the law or recognized now or in the future as market practice by the AMF, in which case the Company will inform its shareholders via a press release.

As of December 31, 2013, the Company held 16,000 Genfit shares under the liquidity agreement.

21.1.3 Securities that entitle their holders to an equity interest

Not applicable

21.1.4 Authorized capital

The issue resolutions (delegations of authority to the Executive Board) approved by shareholders at their combined general meeting of [April 2, 2014] in extraordinary session are summarized below:

	Validity period	Maximum nominal amount	Maximum amount (in Euros)
Authorization granted to the Company to purchase its own shares, up to the limit of 10% of the share capital	18 months	500.000€ per share : 50 €	900.000 €
Authorization to issue Company shares and/or securities giving access to the share capital of the Company, with shareholders' preferential subscription rights	26 months	800.000 €	
Authorization to issue Company shares and/or securities giving access to the share capital of the Company, without shareholders' preferential subscription rights	26 months	750.000 €	
Authorization to issue Company shares and/or securities giving access to the share capital of the Company, without shareholders' preferential subscription rights, up to the limit of 20% of the share capital per annum, as part of an offering provided in paragraph II of Article L. 411-2 of the French Monetary and Financial Code (private placement)	26 months	675.000 €	
Under the condition precedent of the admission of the Company's shares to trading on a regulated market, determination of the issuance price, up to the limit of 10% of the share capital per annum, of the ordinary shares and/or of securities giving access to the share capital of the Company, in the event of the withdrawal of shareholders' preferential subscription rights	26 months	750.000 €	
Authorization to increase the number of securities to be issued in the event of a share capital increase with or without shareholders' preferential subscription rights	26 months	15 % of the initial issue	
Authorization to increase the Company share capital in benefit of industrial or commercial companies in the pharmaceutical/biotechnology sector or to collective savings fund managers of French or foreign law investing in the pharmaceutical/biotech sector, likely to invest in a private placement	26 months	750.000 €	
Under the condition precedent of the admission of the Company's shares to trading on a regulated market, authorization to issue ordinary shares and/or securities giving access to the share capital of the Company, as compensation for contributions in kind comprised of equity securities or securities giving access to the share capital	26 months	800.000 € up to the limit of 10 % of the share capital	
Under the condition precedent of the admission of the Company's shares to trading on a regulated market, authorization to issue ordinary shares and/or securities giving access to the share capital of the Company, in the event of a public exchange offer initiated by the Company	26 months	800.000 €	
Authorization to issue autonomous share subscription warrants reserved for the benefit of the employees and Company's Officers	18 months	50.000 €	
Authorization to issue redeemable share subscription warrants (OBSARs) for the benefit of the employees and member of the Company's Officers and its affiliates, without shareholders' preferential subscription right	18 months	50.000 €	
Authorization to reduce the share capital through the cancellation of treasury shares	24 mois	Up to the limit of 10 % of the share capital during a period of 24 months	

21.1.5 Information about the capital of any Group member concerned by an option or a conditional or an unconditional agreement to impose an option

So far as the Company is aware, no shareholder of the Company is entitled to or has granted a purchase or sale option or made any other commitment in relation to shares in the Company.

21.1.6 Capital history

21.1.6.1 Changes to capital since August 6, 2007

The table below contains information about changes to the Company's capital since the granting of Approval No. 07-288 on August 6, 2007 by the AMF in relation to the Prospectus concerning the transfer of Genfit shares to the group of companies that make public offerings on the Euronext Alternext market in Paris.

Date	Nature of the transactions	Number of shares issued	Share capital	Share issue premiums or contribution share premiums	Cumulative amount of nominal share capital	Cumulative amount of shares outstanding	Nominal value
6-Aug-07					2 817 656,50 €	11 270 626	0,25 €
16-Feb-10	Share capital increase in cash	391 540	97 885,00 €	2 212 201,00 €	2 915 541,50 €	11 662 166	0,25 €
15-Jul-11	Share capital increase in cash	1 608 129	400 782,25 €	4 729 230,55 €	3 316 323,75 €	13 265 295	0,25 €
19-Jul-11	Share capital increase in cash	75 000	18 750,00 €	221 250,00 €	3 335 073,75 €	13 340 295	0,25 €
4-Oct-11	Share capital increase in cash	84 033	21 008,25 €	178 990,29 €	3 356 082,00 €	13 424 328	0,25 €
28-Oct-14	Share capital increase in cash	50 000	12 500,00 €	81 000,00 €	3 368 582,00 €	13 474 328	0,25 €
28-Oct-14	Share capital increase in cash	156 250	39 062,50 €	460 937,50 €	3 407 644,50 €	13 630 578	0,25 €
22-Feb-12	Share capital increase in cash by the exercise of BSA	96 184	24 046,00 €	225 955,45 €	3 431 690,50 €	13 726 762	0,25 €
7-Mar-12	Share capital increase in cash	326 087	81 521,75 €	668 478,35 €	3 513 212,25 €	14 052 849	0,25 €
2-Apr-12	Share capital increase in cash	279 070	69 767,50 €	530 233,00 €	3 582 979,75 €	14 331 919	0,25 €
2-May-12	Share capital increase in cash	337 079	84 269,75 €	515 730,87 €	3 667 249,50 €	14 668 998	0,25 €
3-Jul-12	Share capital increase in cash	416 667	104 166,75 €	395 833,65 €	3 771 416,25 €	15 085 665	0,25 €
1-Aug-12	Share capital increase through the incorporation of reserves	62 656	15 664,00 €	84 334,98 €	3 787 080,25 €	15 148 321	0,25 €
5-Sep-12	Issuance of shares via convertible bonds 2012	220 702	55 175,50 €	444 824,88 €	3 842 255,75 €	15 369 023	0,25 €
24-Sep-12	Issuance of shares via convertible bonds 2012	220 596	55 149,00 €	544 850,06 €	3 897 404,75 €	15 589 619	0,25 €
8-Oct-12	Issuance of shares via convertible bonds 2012	43 316	10 829,00 €	89 170,32 €	3 908 233,75 €	15 632 935	0,25 €
9-Oct-12	Issuance of shares via convertible bonds 2012	43 316	10 829,00 €	89 170,32 €	3 19 062,75 €	15 676 251	0,25 €
11-Oct-12	Issuance of shares via convertible bonds 2012	41 944	10 486,00 €	89 512,69 €	3 929 548,75 €	15 718 195	0,25 €
12-Oct-12	Issuance of shares via convertible bonds 2012	83 888	20 972,00 €	179 025,38 €	3 950 520,75 €	15 802 083	0,25 €
15-Oct-12	Issuance of shares via convertible bonds 2012	62 682	15 670,50 €	134 333,79 €	3 966 191,25 €	15 864 765	0,25 €
16-Oct-12	Issuance of shares via convertible bonds 2012	41 787	10 446,75 €	89 553,72 €	3 976 638,00 €	15 906 552	0,25 €
17-Oct-12	Issuance of shares via convertible bonds 2012	62 680	15 670,00 €	134 329,51 €	3 992 308,00 €	15 969 232	0,25 €
21-Dec-12	Share capital increase through the incorporation of reserves	19 127	4 781,75 €	45 216,23 €	3 997 089,75 €	15 988 359	0,25 €
27-Dec-12	Issuance of shares via convertible bonds OCA 2012-2	55 387	13 846,75 €	136 141,25 €	4 010 936,50 €	16 043 745	0,25 €
7-Jan-13	Issuance of shares via convertible bonds OCA 2012-2	33 097	8 274,25 €	91 711,79 €	4 019 210,75 €	16 076 843	0,25 €
8-Jan-13	Issuance of shares via convertible bonds OCA 2012-2	49 310	12 327,50 €	137 673,52 €	4 081 538,25 €	16 126 153	0,25 €
10-Jan-13	Issuance of shares via convertible bonds OCA 2012-2	47 701	11 925,25 €	138 094,40 €	4 043 463,50 €	16 173 854	0,25 €
11-Jan-13	Issuance of shares via convertible bonds OCA 2012-2	31 481	7 870,25 €	92 144,89 €	4 051 333,75 €	16 205 335	0,25 €
18-Jan-13	Issuance of shares via convertible bonds OCA 2012-2	65 042	16 260,50 €	183 743,65 €	4 067 594,25 €	16 270 377	0,25 €
21-Jan-13	Issuance of shares via convertible bonds OCA 2012-2	48 340	12 085,00 €	137 914,02 €	4 079 679,25 €	16 318 717	0,25 €
30-Jan-13	Share capital increase through the incorporation of reserves	13 912	3 478,00 €	46 521,73 €	4 083 157,25 €	16 332 629	0,25 €
30-Jan-13	Issuance of shares via convertible bonds OCA 2012-2	269 252	67 313,00 €	932 688,59 €	4 150 470,25 €	16 601 881	0,25 €
12-Feb-13	Issuance of shares via convertible bonds OCA 2012-2	207 238	51 809,50 €	948 187,28 €	4 202 279,75 €	16 809 119	0,25 €
14-Feb-13	Issuance of shares via convertible bonds OCA 2012-2	107 993	26 998,25 €	523 010,10 €	4 229 278,00 €	16 917 112	0,25 €
26-Feb-13	Issuance of shares via convertible bonds OCA 2012-2	42 958	10 739,50 €	239 258,88 €	4 240 017,50 €	16 960 070	0,25 €
8-Mar-13	Share capital increase through the incorporation of reserves	10 804	2 701,00 €	47 299,91 €	4 242 718,50 €	16 970 874	0,25 €
8-Mar-13	Share capital increase through the incorporation of reserves	8 170	2 042,50 €	47 957,90 €	4 244 761,00 €	16 979 044	0,25 €
8-Mar-13	Share capital increase through the incorporation of reserves	8 561	2 140,25 €	47 855,99 €	4 246 901,25 €	16 987 605	0,25 €
8-Mar-13	Issuance of shares via convertible bonds OCA 2012-2	34 637	8 659,25 €	191 341,03 €	4 255 560,50 €	17 022 242	0,25 €
21-Mar-13	Issuance of shares via convertible bonds OCA 2012-2	24 876	6 219,00 €	123 781,07 €	4 261 779,50 €	17 047 118	0,25 €
25-Mar-13	Issuance of shares via convertible bonds OCA 2012-2	97 820	24 455,00 €	475 542,15 €	4 286 234,50 €	17 144 938	0,25 €
26-Mar-13	Issuance of shares via convertible bonds OCA 2012-2	38 284	9 571,00 €	191 341,03 €	4 295 805,50 €	17 183 222	0,25 €
27-Mar-13	Issuance of shares via convertible bonds OCA 2012-2	31 872	7 968,00 €	162 087,25 €	4 308 773,50 €	17 215 094	0,25 €
28-Mar-13	Issuance of shares via convertible bonds OCA 2012-2	27 656	6 914,00 €	143 092,14 €	4 310 687,50 €	17 242 750	0,25 €
3-Apr-13	Issuance of shares via convertible bonds OCA 2012-2	61 896	15 474,00 €	334 529,36 €	4 326 161,50 €	17 304 646	0,25 €
8-Apr-13	Issuance of shares via convertible bonds OCA 2012-2	49 533	12 383,25 €	287 616,87 €	4 338 544,75 €	17 354 179	0,25 €
11-Apr-13	Issuance of shares via convertible bonds OCA 2012-2	15 889	3 972,25 €	96 017,23 €	4 342 517,00 €	17 370 068	0,25 €
17-Apr-13	Share capital increase in cash	2 929 448	732 362,00 €	13 592 638,72 €	5 074 879,00 €	20 299 516	0,25 €
19-Apr-13	Share capital increase through the incorporation of reserves	9 578	2 394,50 €	47 602,66 €	5 077 273,50 €	20 309 094	0,25 €
24-Apr-13	Issuance of shares via convertible bonds OCA 2012-2	35 329	883 225,00 €	191 166,94 €	5 086 105,75 €	20 344 423	0,25 €
26-Apr-13	Issuance of shares via convertible bonds OCA 2012-2	52 984	13 246,00 €	286 746,31 €	5 099 351,75 €	20 397 407	0,25 €
2-May-13	Share capital increase in cash	8 197	2 049,25 €	47 952,45 €	5 101 401,00 €	20 405 604	0,25 €
27-Jun-13	Issuance of shares via convertible bonds OCA 2012-2	23 000	5 750,00 €	94 249,40 €	5 107 151,00 €	20 428 604	0,25 €
17-Jul-13	Issuance of shares via convertible bonds OCA 2012-2	48 138	12 084,50 €	187 964,98 €	5 119 185,50 €	20 476 742	0,25 €
2-Aug-13	Issuance of shares via convertible bonds OCA 2012-2	65 079	16 269,75 €	283 735,53 €	5 135 455,25 €	20 541 821	0,25 €
3-Feb-14	Share capital increase with shareholders' preferential subscription rights	715 850	178 962,50 €	4 817 670,50 €	5 314 417,75 €	21 257 671	0,25 €

21.1.6.2 Changes to the Company's capital since December 31, 2011

Shareholders	December 2011		December 2012		February 2014	
	% of the share capital	% of voting rights	% of the share capital	% of voting rights	% of the share capital	% of voting rights
Biotech Avenir (1)	24,15%	29,59%	20,21%	27,68%	13,99%	22,73%
Pasteur Institute of Lille	10,89%	6,67%	9,25%	6,34%	6,01%	4,94%
University of Lille 2	8,19%	9,33%	6,96%	8,86%	5,25%	8,63%
Finorpa	6,39%	7,83%	5,43%	7,43%	1,14%	0,93%
CM-CIC Capital Finance	6,59%	8,07%	6,00%	7,45%	1,16%	1,90%
Xavier Guille des Buttes	0,00%	0,00%	0,00%	0,00%	0,00%	0,00%
Charles Woler	0,00%	0,00%	0,00%	0,00%	0,00%	0,00%
TOTAL Supervisory Board members	56,21%	61,49%	47,85%	57,76%	27,55%	39,14%
Jean-François Mouney	0,00%	0,00%	0,00%	0,00%	0,06%	0,05%
Nathalie Huitorel	0,00%	0,00%	0,00%	0,00%	0,01%	0,01%
TOTAL Executive Board members	0,00%	0,00%	0,00%	0,00%	0,08%	0,06%
Sanofi Research & Development	4,70%	5,75%	3,99%	5,46%	1,66%	2,72%
Other historic investors	18,10%	17,95%	8,72%	7,94%	0,00%	0,00%
Liquidity agreement					0,08%	0,00%
Free float	20,99%	14,81%	39,44%	28,84%	70,71%	58,08%
TOTAL	100,00%	100,00%	100,00%	100,00%	100,00%	100,00%

In July 2011, the Company signed an equity financing agreement opening a credit facility for a maximum of EUR 5.3 million payable in shares, with EUR 5 million of this amount covered by a Standby Equity Distribution Agreement (SEDA) to be completed within 24 months.

In 2012, the Company pursued and extended its partnership with Yorkville (founded in 2001, Yorkville Advisors LLC is an investment fund manager specialized in providing flexible, innovative debt and equity investments and financing to public listed companies in various sectors of activities such as healthcare, energy, mining, media and telecommunication, and transport).

- In February, the Company drew down an initial gross amount (share premium included) of EUR 0.25 million under the SEDA program (96,184 new shares were issued in connection with this operation);
- Between March and July, the Company completed four additional restricted capital increases outside the SEDA program for a total gross amount (share premium included) of EUR 2.45 million, which led to the creation of a total of 1,358,903 new shares;
- In August, the Company carried out a reserved bond issue totaling EUR 2 million that led to a capital increase of the same gross amount (share premium included) and the creation of 820,911 new shares via the conversion of bonds, as well as a restricted capital increase of EUR 0.1 million, to offset the receivable representing the commitment fee due to Yorkville for arranging this initial bond issue (leading to the creation of 62,656 new shares). These borrowings were repaid in full in shares in September and October;
- At the end of December, the Company signed and completed the first tranche of a new convertible bond issue of up to EUR 8 million over 24 months, usable by the Company in successive tranches of EUR 1 million each. The issuance of this initial EUR 1 million tranche gave rise to a restricted capital increase for EUR 0.05 million to offset the receivable representing the commitment fee due to Yorkville for arranging this initial tranche (leading to the creation of 19,127 new shares) and the creation of 55,387 new shares via the conversion of bonds by Yorkville corresponding to a capital increase (share premium included) of a gross amount of EUR 0.15 million.

In 2013, the Company carried out the following capital increases:

- The convertible bond issue signed by the Company in December 2012 that could represent up to EUR 8 million in 8 tranches of EUR 1 million each, remained in effect during the first half of 2013, as stipulated below:
 - o the balance of the first tranche of EUR 1 million used at the end of December 2012 was converted; as a result, 274,971 new shares were created in January 2013, corresponding to a capital increase (share premium included) of a total gross amount of EUR 0.85 million;

- as a result of the issuance of tranches 2 to 7 of the loan, additional capital increases were carried out for a total gross amount (share premium included) of EUR 6 million. The bonds corresponding to tranches 2 to 6 were converted, leading to the creation of 1,027,372 new shares. Half of the bonds corresponding to tranche 7 were converted into 93,845 new shares on June 30, 2013; the last bonds corresponding to the issuance of the seventh tranche of the convertible bond loan were converted into 113,217 new shares in July and August 2013;
 - In parallel, the issuance of tranches 2 to 7 of the loan led to six capital increases of EUR 0.05 million reserved for the bondholder, to offset the receivables representing its commitment fee for arranging each of the six tranches. These respectively led to the creation of 13,912, 10,804, 8,170, 8,561, 9,578 and 8,197 new shares.
 - Accordingly, seven tranches of EUR 1 million each were issued. All the aforementioned bonds were converted into shares, which therefore extinguished the remaining debt under the bond loan booked in the Company's financial statements as of June 30, 2013. The Company will not issue the eighth tranche of this bond loan.
- The Company also increased its capital by making a private placement in April 2013 for a gross amount (share premium included) of EUR 14.3 million, which led to the creation of 2,933,448 new shares.

In February 2014, the Company increased its capital (while maintaining the shareholders' preferential subscription rights) by a gross amount (share premium included) of EUR 4,996,633 .

21.1.6.3 Allocation of the Company's capital and voting rights

Please refer to the table in Section 18.1 of the first part of this Prospectus.

21.2 **Articles of Association**

Certain provisions of the Company's Articles of Association described below were adopted by shareholders at their combined general meeting of [April 2, 2014], subject in some cases to the condition precedent of the first listing of Genfit shares on the regulated Euronext market in Paris.

21.2.1 Purpose (Article 3 of the Articles of Association)

The Company's direct or indirect purpose in France and elsewhere is:

- the research, production and sale, at different stages of development, of biological molecules and all other kinds of activities relating to the pharmaceutical industry;
- generally, the performance of all commercial, industrial, financial, non-real estate and real estate operations and transactions relating directly or indirectly to its business or that might facilitate the operation of its business.

21.2.2 Management and supervisory bodies

21.2.2.1 Executive Board (Articles 14, 15 and 16 of the Articles of Association)

Composition

- I. The Executive Board is made up of no less than two and no more than five members.
- II. Members of the Executive Board are appointed by the Supervisory Board by virtue of a unanimous decision less two votes of its members who are present or represented or, where permitted by law, who take part by videoconference or by any other method of telecommunication, and at least by a majority of votes of said persons.

Members of the Supervisory Board, deciding under the same conditions as regards a qualified majority, appoint one member of the Executive Board as Chairman of the Board for the term of his/her office as member of the Executive Board. The Supervisory Board may remove the Chairman of the Executive Board from office under the same conditions, on the understanding that the position and authority attached to the position of member of the Executive Board will not be affected by such decision.

All members of the Executive Board must be individuals, failing which their appointment will be invalid. Members may but need not be shareholders. They may be French or foreign.

Members of the Executive Board may be removed from office by shareholders at a general meeting, deciding in accordance with the terms and conditions as to quorum and majority required for ordinary general meetings. They may resign at any time.

Members of the Executive Board are appointed for a term of five (5) years. Any seat that becomes vacant must be filled by the Supervisory Board within two months.

The new member will be appointed for the period remaining until the next election of Executive Board members. Members of the Executive Board are eligible for re-election.

The document appointing them must stipulate how and how much each member of the Executive Board is compensated.

III. No member of the Executive Board may also be a member of the Supervisory Board or hold the position of single Chief Executive Officer or Chairman of the Board of Directors in more than one other corporation that has its principal office in metropolitan France.

The combined holding of an office as member of the Executive Board and a corporate office in another company is subject to applicable statutory and regulatory restrictions.

IV. The Executive Board meets as often as required in the interests of the Company and at least once per quarter, further to a notice issued by its Chairman or a member of the Board appointed to call a meeting, at the location specified in the notice of meeting.

In order for the Executive Board's decisions to be valid, the majority of the Board's members must be present. However, any member of the Executive Board who takes part in a Board meeting by videoconference or by any other method of telecommunication that complies with the laws and regulations applicable to corporations with an Executive Board and a Supervisory Board will be deemed present.

Any member of the Executive Board may be represented at a Board meeting by another Board member or take part in a Board meeting by videoconference or by any other method of telecommunication referred to above. Members of the Executive Board are not permitted to hold more than one office.

Decisions are taken by a majority of votes cast by those present and represented. Each member is entitled to one vote.

At each meeting, the Executive Board may appoint a secretary, who may but need not be a member of the Board.

V. Decisions taken by the Executive Board are recorded in minutes layered or bound in a special minute book. (...)

Powers of the Executive Board

I. The Executive Board is vested with the broadest powers to act in all circumstances in the name of the Company. It must exercise these powers within the limit of the Company's purpose and subject to the powers expressly granted by law to the Supervisory Board and to shareholders at general meetings, and within the limit of the restrictions (if any) imposed by the Supervisory Board.

In dealings with third parties, the Company is bound even by the actions of the Executive Board that are outside the scope of its purpose, unless it can prove that the third party knew that a particular action was ultra vires or could not have disregarded that fact given the circumstances, on the understanding that publication of the Articles of Association alone will not constitute such proof.

The Chairman of the Executive Board or the single Chief Executive Officer (as the case may be) represents the Company in its dealings with third parties. The Supervisory Board, by virtue of a unanimous decision less two votes of its members who are present or represented or, where permitted by law, who attend the meeting by videoconference or by any other method of telecommunication, and at least by a majority of votes cast by said persons, may grant the same power of representation to one or more other members of the Executive Board, who thus have the title of "Chief Executive Officer". The title of "Chief Executive Officer" may be removed under the same conditions. The Chairman of the Executive Board and the Chief Executive Officer(s) (if any) are authorized to delegate some of their powers to any special officers of their choosing.

II. At least once every quarter, the Executive Board presents a report to the Supervisory Board.

Within three months of the end of each fiscal year, the Executive Board presents the annual financial statements to the Supervisory Board for verification and control purposes.

It must also provide the Supervisory Board with the management report that it must present to shareholders at their annual general meeting.

III. The Chairman of the Executive Board represents the Company in its dealings with third parties.

IV. With the permission of the Supervisory Board, members of the Executive Board may allocate management tasks among themselves. However, this must not under any circumstances result in the Executive Board no longer being the body that collectively manages the Company.

21.2.2.2 Supervisory Board (Articles 18 to 21 of the Articles of Association)

Composition

I. The Executive Board is supervised by a Supervisory Board made up of no less than three and no more than eighteen members, subject to the exception provided for by law in the event of a merger.

Members of the Supervisory Board are appointed from among shareholders (individuals or legal entities) at the ordinary general meeting of shareholders, who may remove them from office at any time. However, in the event of a merger or demerger, members of the Supervisory Board may be appointed by shareholders at an extraordinary general meeting.

No member of the Supervisory Board is permitted to be a member of the Executive Board.

No more than one third of members of the Supervisory Board may be seventy (70) years of age. If this age limit applicable to members of the Supervisory Board is exceeded, the eldest member of the Supervisory Board will be deemed to have automatically resigned.

II. Members of the Supervisory Board are appointed for a term of five (5) years. Their office expires at the close of the general meeting at which shareholders decide on the financial statements for the previous year, held in the year in which their office expires.

Members of the Supervisory Board are eligible for re-election.

They may be removed at any time by shareholders at an ordinary general meeting.

III. Members of the Supervisory Board may be individuals or legal entities. Any legal entity member must, at the time of its appointment, name a permanent representative who will be bound by the same terms, conditions and obligations and who will incur the same liability by law as if he/she were a member of the Board in his/her own name, without prejudice to the joint and several liability of the legal entity he/she represents.

If the legal entity removes its representative, it must simultaneously replace him/her. The foregoing also applies in the event the permanent representative dies, resigns or is subject to an extended impediment.

An individual who accepts and exercises the duties of member of the Supervisory Board must agree to swear at any time that he/she complies with the limitation imposed by law as regards the combined holding of a seat as member of the Supervisory Board and a position as director of a corporation.

IV. The Supervisory Board may provisionally fill any seat on the Board that becomes vacant between two general meetings as a result of death or resignation.

Appointments made by the Supervisory Board are subject to ratification by shareholders at their next ordinary general meeting. If an appointment is not ratified, the decisions and actions taken previously by the Board will nonetheless be valid.

If the number of Board members falls to below the minimum required by law, the Executive Board must immediately convene an ordinary general meeting of shareholders to make up the required number.

Any member of the Supervisory Board appointed to replace another will remain in office only for the remaining term of his/her predecessor's office.

V. Each member of the Supervisory Board must own at least sixty-four (64) shares in the Company.

If, on the date of his/her appointment, a member of the Supervisory Board does not own the required number of shares or if, during his/her term of office, he/she ceases to own the required number, he/she will be deemed to have automatically resigned unless the situation is regularized within six months.

The Supervisory Board must appoint a Chairman and a Vice Chairman from among its individual members, who will be responsible for convening Board meetings and overseeing business transacted at such meetings.

The Chairman and the Vice Chairman perform their duties for the term of their office as members of the Supervisory Board. They are eligible for re-election.

The Board may also appoint a secretary, who may but need not be a Board member, and must set the secretary's term of office.

Business transacted at Supervisory Board meetings

I. The Supervisory Board meets as often as required in the interests of the Company and at least once per quarter to hear the report of the Executive Board, further to a notice of meeting issued by its Chairman or Vice Chairman, at the principal office or at such other location as may be specified in the notice of meeting. A member of the Executive Board or at least one third of members of the Supervisory Board may submit a substantiated request to call a Board meeting to the Chairman of the Supervisory Board by certified mail. The Chairman must call a Board meeting on a date that falls no more than 15 days after the date of receipt of the request. If a Board meeting is not called within this time limit, the persons who submitted the request may call a meeting themselves, in which case they must indicate the agenda for the meeting.

Meetings may be called by any means, including verbally.

The Supervisory Board may only validly transact business if at least half of its members are present.

Members of the Supervisory Board may take part in Board meetings and vote by videoconference or by any other method of telecommunication that complies with applicable laws and regulations. They are not however permitted to vote by videoconference in connection with decisions concerning the verification and control of financial statements.

Any member of the Supervisory Board may be represented at a Board meeting by another member of the Supervisory Board. No member of the Supervisory Board is permitted to hold more than one office.

Except in the cases provided for in Articles 15 (II) and 16 (I) of the Articles of Association concerning the appointment of members of the Executive Board and the appointment and removal of its Chairman or Chief Executive Officers, and in Article 20 (II) of the Articles of Association concerning the creation of Supervisory Board committees, as well as the determination of the composition and duties of said committees, decisions of the Supervisory Board must be taken by a majority of its members present or represented or, where permitted by law, who take part by videoconference or by any other method of telecommunication.

In the event of a tie, the Chairman has a casting vote.

A mere indication in the minutes of each meeting of the names of the members present, represented or absent will constitute proof of the number of members of the Supervisory Board in office and their appointment.

II. Decisions taken by the Supervisory Board are recorded in minutes entered in a special minute book. ...

Powers of the Supervisory Board

I. The Supervisory Board exercises permanent control over the management duties performed by the Executive Board.

II. At any time of the year, the Supervisory Board may carry out the verifications and controls it considers appropriate and obtain any documents it considers necessary to perform its duties.

At least once per quarter, it receives a report from the Executive Board.

Within three months of the end of each fiscal year, the Executive Board presents the Supervisory Board with the annual financial statements and a written management report for verification and control purposes.

The Supervisory Board informs shareholders at their annual ordinary general meeting of its observations on the Executive Board's report and on the annual financial statements.

The Supervisory Board also performs the duties expressly allocated to it by law.

The Supervisory Board may grant one or more of its members special authorization for one or more specific purposes.

The Supervisory Board may decide, by virtue of a unanimous decision less two votes of its members who are present or represented or, where permitted by law, who attend the meeting by videoconference or by any other method of telecommunication, and at least by a majority of votes cast by said persons, to set up committees responsible for considering matters submitted to them by the Board or its Chairman for review. In accordance with the same condition as to a qualified majority vote, the Board must also set the composition of these committees and determine their duties.

21.2.3 Rights, privileges and restrictions attached to shares in the Company

21.2.3.1 Form of shares (Article 9 of the Articles of Association)

Registered or bearer.

21.2.3.2 Voting rights (extract of Article 32 of the Articles of Association)

Each share entitles its holder to one vote.

However, any shareholder, regardless of their nationality, whose shares have been fully paid in and that have been entered in a registered account for at least two years have a double voting right in accordance with the terms and conditions laid down by law.

21.2.3.3 Rights to dividends and profits (extracts of Articles 12 and 41 of the Articles of Association)

Each share entitles its holder to a portion of the Company's profit and assets proportionate to the fraction of capital it represents.

The terms and conditions of payment of dividends and interim dividends are set by shareholders at a general meeting or, failing this, by the Executive Board. However, dividends must be paid within nine months of the end of the relevant fiscal year, unless this time limit is extended with the permission of a court.

No dividends may be claimed back from shareholders unless they were distributed in violation of the law.

Any dividends that remain unclaimed within five years will lapse.

Shareholders who decide at a general meeting on the annual financial statements may grant themselves an option to receive the whole or part of any dividends or interim dividends in cash or shares issued by the Company, in accordance with the terms and conditions set or permitted by law.

21.2.3.4 Preferential subscription right

Holders of shares in the Company have a preferential right to subscribe for capital increases in accordance with the terms and conditions of the French Commercial Code.

21.2.3.5 Limitation on voting rights

No clause of the Company's Articles of Association restricts the voting right attached to shares.

21.2.3.6 Identifiable bearer shares (Article 9 of the Articles of Association)

The Company is also permitted, in accordance with the terms and conditions of applicable laws and regulations, to ask any authorized body at any time to inform it, subject to payment of a fee, of the name or, in the case of a legal entity, the company name, and the nationality and address of holders of shares that entitle their holders immediately or in the future to vote at general meetings of the Company's shareholders, the number of shares held by each shareholder and, where applicable, any restrictions imposed in connection with the shares.

21.2.3.7 Purchases of treasury shares

Please refer to Section 21.1.3.

21.2.4 Terms and conditions of modification of shareholders' rights (Article 7 of the Articles of Association)

The rights of shareholders as set out in the Company's Articles of Association may only be modified by shareholders at an extraordinary general meeting.

21.2.5 General meetings of shareholders

21.2.5.1 Meetings (Articles 26 to 34 of the Articles of Association)

General meetings are called and held in accordance with the terms and conditions set by law.

21.2.5.2 Powers of shareholders at general meetings (Articles 35, 36 and 37 of the Articles of Association)

Shareholders at ordinary, extraordinary and special general meetings must exercise their respective powers in accordance with the terms and conditions set by law.

21.2.5.3 Procedures that can be used to delay, defer or prevent a change of control

The Company's Articles of Association do not provide for procedures that can be used to delay, defer or prevent a change of control.

21.2.5.4 Disclosure thresholds (Article 11 of the Articles of Association)

Any individual or legal entity mentioned in Articles L. 233-7, L. 233-9 and L. 233-10 of the French Commercial Code who directly or indirectly holds, alone or with others, a number of shares representing a fraction of the Company's capital or voting rights equal to or higher than two percent (2%) or a multiple of this percentage must inform the Company of the total number of shares, voting rights and securities that entitle them to a share of the capital or voting rights that they hold now or in the future, by letter sent certified mail (with acknowledgement of receipt) to the Company's principal office within five trading days of said threshold being exceeded.

The above disclosure obligation also applies under the same conditions when shareholdings go below the above thresholds.

The persons who are required to make the above disclosures must also notify the Company should their shareholdings go above or below one tenth, one fifth or one third of the capital or voting rights and of their objectives for the next 12 months. The disclosure must stipulate whether the purchaser is acting alone or with others, whether he plans to stop or pursue the purchases or sales, to acquire or sell his controlling interest in the company, or to request his appointment or removal or the appointment of one or more other persons as member of the Executive Board or the Supervisory Board.

If a disclosure is not made as specified above, the shares or voting rights exceeding the fraction that should have been disclosed will be deprived of voting rights at general meetings of shareholders for any meeting held within two years of the date of submission of the notice in accordance with Article L. 233-14 of the French Commercial Code, if the non-disclosure comes to light and if one or more shareholders holding at least 5% of the capital make a request to that effect that is recorded in the minutes of the relevant general meeting.

The above disclosures apply without prejudice to the threshold disclosures provided for by law.

21.2.6 Specific provisions governing alterations of capital

The Company's Articles of Association do not include any specific provisions governing alterations of capital.

22. IMPORTANT AGREEMENTS

As of the date of this Prospectus, the Company has not concluded any important agreements that impose an important obligation or commitment on the entire Group other than those concluded in the ordinary course of its business. Thus, in the normal course of business, the company has entered into contracts with pharmaceutical companies by virtue of its contract research activity. However, the company has not entered into any contract covering commercialization rights on the drug candidates in its portfolio, including its principal asset, GFT505.

To date, only two contracts remain active, one with Laboratoires Servier and one with Sanofi.

Industrial Collaboration with Laboratoires Servier:

Initiated on March 1st 2004 and extended by amendments on January 5th 2009, October 28th 2009 and December 30th 2010 up to September 30th 2011, the industrial collaboration with Servier mainly concerns the «SERX1» research program dedicated to the treatment of several risk factors of insulin resistance and type 2 diabetes. In this context, the research conducted in partnership with Servier focused on the characterization of an innovative target (orphan nuclear receptor) as well as the identification of molecules that modulate its activity.

Significant progress in the development of this target and its molecules was recorded during the duration of this collaboration up to September 30th 2011. This enabled Genfit to receive a total of €850 k in upfront and milestone payments from its partner.

Since this date, the molecules derived from the collaboration continue to be developed by Laboratoires Servier. As such, Genfit remains eligible for further milestone payments, linked to the progress of the molecules in Servier's pipeline:

- A total of €800 k for the continuation of clinical development prior to the potential marketing of a product;
- A total of €1,000 k for the submission and approval of a Market Authorization Application for a product;
- Royalties on the potential sales of a product of between 0.75 and 1.5% of its net pre-tax revenue.

Industrial Collaboration with Sanofi:

The industrial alliance with Sanofi was initiated upon the founding of the Company in 1999 and has been renewed several times. The last Collaboration and Licensing Agreement was signed on March 9th 2011 until December 31st 2013. At the date of the present Prospectus, the two parties are negotiating with a view to extending the Agreement on one of the two research programs concerned.

This collaboration aims to identify and develop new molecules to correct the mitochondrial dysfunction associated with certain pathologies, including metabolic diseases, given that the cellular mechanisms regulating energy production under normal conditions, and the way in which they adapt to stress, could have therapeutic potential in such pathologies.

Under this contract, GENFIT receives annual payments to support research, as well as milestone payments based on progress in preclinical and clinical development, registration and marketing of the drug candidates resulting from the collaboration.

Significant progress has been achieved in the development of molecules resulting from one of the collaborative programs, resulting in the payment to Genfit of a total of €1,600 k in milestone payments from its partner.

Genfit remains eligible for further milestone payments, linked to the progress of these molecules at Sanofi:

- A total of €6,500 k for the continuation of clinical development prior to the potential marketing of a product;
- A total of €6,000 k for the approval of a Market Authorization Application for a product and for its first sales;
- Royalties on the potential sales of a product amounting to 3% of its net pre-tax revenue.

23. INFORMATION FROM THIRD PARTIES, STATEMENTS BY EXPERTS AND DECLARATIONS OF INTEREST

23.1 Appointment of experts

None.

23.2 Appointment of third parties

None.

24. DOCUMENTS ACCESSIBLE TO THE PUBLIC

Copies of this Prospectus can be obtained free of charge from the Company's principal office, at Parc Eurasanté, 885 Avenue Eugène Avinée, 59120 Loos, France. This Prospectus is also available on the Company's website (www.genfit.com) and on the AMF's website (www.amf-france.org).

The Company's Articles of Association, minutes of general meetings and other corporate documents, as well as its past financial information and any assessment or declaration prepared by an expert at the Company's request and that must be made available to shareholders in accordance with applicable legislation can be consulted free of charge at the Company's principal office.

As soon as the Company's shares have been admitted to trading on the regulated Euronext market in Paris, all regulated information within the meaning of the AMF's General Regulation will also be available on the Company's website (www.genfit.com).

25. **INFORMATION ON EQUITY INTERESTS**

Information concerning the companies in which Genfit holds an equity interest that might significantly affect the assessment of its assets and liabilities, its financial situation or its results is set out in Section 7 “Organization Chart” and Section 20 “Financial information” of the first part of this Prospectus.

Part two : OFFERING MEMORANDUM

1. PERSONS RESPONSIBLE

1.1 Name of persons responsible

1.1.1 Person responsible for the Prospectus

See Section 1.1 of the first part of this Prospectus.

1.1.2 Person responsible for financial information

See Section 1.4 of the first part of this Prospectus.

1.2 Statements by persons responsible

1.2.1 Statement by the person responsible for the Prospectus

See Section 1.2 of the first part of this Prospectus.

1.3 Statutory auditors

1.3.1 Principal statutory auditors

See Section 2.1 of the first part of this Prospectus.

1.3.2 Alternate statutory auditors

See Section 2.2 of the first part of this Prospectus.

2. RISK FACTORS LINKED TO THE OFFERING AND TRANSFER OF LISTING ONTO THE EURONEXT SEGMENT OF EURONEXT PARIS

Risk factors relevant to the Company and its activities are set out in Section 4 of Part 1 of this prospectus.

In addition to these risk factors, investors are encouraged to refer to the following risk factors concerning issued securities before they arrive at an investment decision.

2.1 Volatility in the market price of shares in the Company

The market price of shares in the Company could be significantly affected by various factors impacting the Company, its competitors, economic conditions in general and the online advertising sector. In particular, the market price of the Company's shares may fluctuate considerably in response to events such as:

- changes in the financial performance, forecasts or outlook of the Group or its competitors from one period to the next
- announcements by competitors or other companies engaged in similar activities, including announcements relating to their financial and operating performance
- adverse changes in the regulatory environment in countries and markets specific to the Group's industry sector or the Group itself
- changes in the Company's ownership structure or leadership
- announcements concerning the scope of the Company's assets (acquisitions, disposals, etc.)

Furthermore, stock markets can fluctuate significantly irrespective of the performance and outlook of companies whose shares are traded on those markets. Such market fluctuations and the economic environment could therefore also significantly affect the market price of the Company's shares.

2.2 Risks arising from the absence of any prior listing on a regulated market

Shares in the Company have been listed on the Alternext market of Euronext Paris since August 6, 2007. While there is already significant liquidity in the Company's shares on this market, there is no guarantee that this level of market liquidity will continue or increase once the shares are admitted to trading on the Euronext market of Euronext Paris. The share price that will be determined when the shares are admitted to trading on the Euronext regulated market is liable to vary substantially. If a liquid market in the shares fails to develop, both liquidity and the share price could be adversely affected.

3. BASIC INFORMATION

3.1 Statement on net working capital

At the date on which this prospectus was approved, the Company had sufficient net working capital to meet its obligations and cash requirements for the next 12 months.

3.2 Consolidated equity and debt

The Group's equity and net financial debt position, prepared under IFRS at February 28, 2014 in accordance with paragraph 127 of the ESMA (European Securities and Markets Authority) recommendations, is set out below:

On the basis of a consolidated situation as of 28 februar 2014 (in K€)	
Equity and financial debt	28-févr-14
Current financial liabilities :	649,0
Current debt with a guarantee of indebtedness	0,0
Current debt with assets pledged as security	0,0
Current debt without guarantees or assets pledged as security	649,0
Non-current financial liabilities (current portion of non-current debts not included) :	1 368,2
Non-current debt with a guarantee of indebtedness	0,0
Non-current debt with assets pledged as security	0,0
Non-current debt without guarantees or assets pledged as security	1 368,2
Equity (1) :	21 718,3
Issued capital	5 314,4
Legal reserves	240,0
Other reserves	16 163,9
On the basis of a consolidated situation as of 28 februar 2014 (in K€)	
Group's net financial debt	28-févr-14
A - Cash & bank balances	191,6
B - Cash equivalents	0,0
C - Short-term deposits	21 584,0
D - Cash & cash equivalents (A+B+C)	21 775,6
E - Short-term financial receivables	0,0
F - Short-term bank loans	0,0
G - Current portion of non-current bank loans	138,1
H - Other current financial liabilities	510,9
I - Current financial liabilities (F+G+H)	649,0
J - Current net financial debt (I-E-D)	-21 126,6
K - Non-current portion of non-current bank loans	199,7
L - Convertible loans	0,0
M - Other non-current financial liabilities	1 168,5
N - Non-current net financial debt (K+L+M)	1 368,2
O - Net financial debt (J+N)	-19 758,3

(1) The net income earned between 01 January 2014 and 28 februar 2014 is not taken into account.

Since February 28, 2014 no notable changes have affected equity, with the exception of earnings since January 1, 2014 and the various debt items set out above. At the date of this prospectus, the Company is not aware of any significant indirect or potential debts not shown in the above statement.

3.3 Interests of natural and legal persons participating in the offering

Not applicable.

3.4 Reasons for transferring Genfit shares from the Alternext market to the Euronext regulated market

The purpose of transferring the Company's shares from the Alternext market to the Euronext regulated market is as follows:

- to address a wider French and foreign investor base by accessing a regulated market
- to increase awareness of the Company, which addresses a global market
- to be able to secure market funding at the best possible terms to help fund the Company's development

In transferring its shares from the Alternext market to the Euronext Paris regulated market, the Company is not issuing any new securities or placing any existing securities.

4. INFORMATION ON SECURITIES TO BE TRANSFERRED FROM THE ALTERNEXT TO THE EURONEXT MARKET

4.1 Type and class of shares

The 21,257,671 existing shares making up the Company's issued capital at the date of this prospectus are ordinary shares in the Company all belonging to the same category.

Shares in the Company are traded under the following ISIN code: FR0004163111.

The mnemonic for the Company's shares is: GNFT.

4.2 Applicable law and jurisdiction

Shares in the company are issued in accordance with French legislation. In the event of a dispute, the competent courts shall be those of the place where the Company has its registered office in cases where the Company is the defendant, and shall be determined in accordance with the nature of the dispute, unless otherwise stipulated in the French Code of Civil Procedure.

4.3 Form and registration of shares

Shares in the Company may be held in either bearer or registered form at the shareholder's discretion. Registered shares may be either directly or indirectly registered, at the shareholder's option. The Company's Articles of Association allow the Company to ask the clearing house at any time to initiate the procedure for identifying bearer shares laid down in Article L.228-2 et seq. of the French Commercial Code. As such, the Company may, at any time and in return for a fee, ask the central securities depository that maintains its securities account to provide the name, nationality, year of birth or formation and address of the holders of securities granting immediate or eventual entitlement to vote at shareholders' general meetings, and to indicate the number of securities held by each of them and, where applicable, any restrictions that may apply to those securities.

In accordance with the provisions of Article L.211-4 of the French Monetary and Financial Code, all shares in the Company, whatever their form, are paperless. As such, they must be registered in a securities account maintained by either the Company itself or an authorized intermediary, as the case may be. Shareholders' rights are represented by those shares being registered in the holder's name with:

- Société Générale Securities Services – SGSS (32 Rue du Champ de Tir, BP 81236, 44312 Nantes Cedex 3, France), appointed by the Company for directly registered shares
- an authorized intermediary of the holder's choice and SGSS, appointed by the Company for indirectly registered shares
- an authorized financial intermediary of the holder's choice for bearer shares

4.4 Currency of shares

Shares are denominated in euros.

4.5 **Rights attached to the shares**

The main rights attached to shares in the Company are set out in Section 21.2.3 in Part 1 of this prospectus.

4.6 **Authorizations**

Not applicable.

4.7 **Planned date of transfer to Euronext**

Not applicable.

4.8 **Restrictions on the free tradability of securities**

The Articles of Association contain no clauses restricting the free transfer of the shares making up the Company's capital.

4.9 **French regulations on public offerings**

The Company is subject to applicable French legislative and regulatory provisions on mandatory public offerings, public buyback offers and squeeze-outs.

4.9.1 **Mandatory public offering**

Article L.433-3 of the French Monetary and Financial Code and Articles 234-1 et seq. of the AMF General Regulation set out the conditions under which a draft mandatory public offering must be filed, worded in such a way as to comply with the AMF's requirements, covering all participating securities and securities giving access to equity or voting rights in a company whose shares are admitted to trading on a regulated market.

4.9.2 **Public buyback offers and squeeze-outs**

Article L.433-4 of the French Monetary and Financial Code and Articles 236-1 et seq. (public buyback offers), 237-1 et seq. (squeeze-out following a public buyback offer) and 237-14 et seq. (squeeze-out following any public offering) of the AMF General Regulation set out the conditions under which a public buyout offer must be filed and a squeeze-out of minority shareholders must be carried out by companies whose shares are admitted to trading on a regulated market.

4.10 Takeover bid for the Company initiated by third parties during the previous or current financial year

At the date of this prospectus, no takeover bids for the Company had been launched by third parties during the previous or the current financial year.

4.11 Withholding on dividends paid

This section provides a summary of the tax regime likely to apply in respect of withholdings on dividends paid by the Company under current French tax regulations, subject to the potential application of international tax treaties. Such treaties apply to shareholders who hold shares in the Company other than via a fixed base or a fixed establishment in France. The rules referred to below are subject to change in the event of legislative or regulatory changes (which may or may not have retroactive effect) or changes in their interpretation by the French tax authorities. In any event, this information is not intended as a comprehensive analysis of the tax implications for shareholders. Shareholders should consult their usual tax adviser to determine the tax rules applicable to their individual circumstances.

4.11.1 Shareholders resident in France for tax purposes

This sub-section describes the tax regime likely to apply in respect of withholdings on dividends paid by the Company to shareholders resident in France for tax purposes. This information is not intended as a comprehensive analysis of the tax implications for shareholders resident in France for tax purposes. Shareholders should consult their usual tax adviser to determine the tax rules applicable to their individual circumstances.

(a) Individual shareholders resident in France for tax purposes

The following paragraphs describe the tax regime likely to apply in respect of withholdings on dividends paid by the Company to individuals resident in France for tax purposes holding shares in the Company as part of their personal assets outside of any share savings scheme and not engaging in securities trading under conditions similar to those that are characteristic of a professional securities trader.

Withholdings

In accordance with Article 117 quater of the General Tax Code, subject to certain exceptions, dividends paid to individuals resident in France are subject to a flat rate levy that does not discharge them from liability for income tax. This levy is charged at 21% of the gross amount of income paid out.

This non-discharging flat rate levy is collected by the institution paying the dividends if the latter is established in France.

Where the paying institution is not established in France, dividends paid by the Company must be declared and the corresponding levy paid within the first 15 days of the month following the month during which the dividends were paid, either by the taxpayer or by the paying institution, where the latter is established in a European Union Member State or in Iceland, Norway or Lichtenstein and has been appointed by the taxpayer to collect the levy.

This non-discharging flat rate levy constitutes an advance income tax payment applied to income tax due for the year during which it is collected, with any surplus refunded to the taxpayer.

In accordance with Article 119 bis 2 of the French General Tax Code, subject to the provisions of international tax treaties entered into by France, if paid outside France within a non-cooperative country or territory as defined in Article 238-0 A of the French General Tax Code, dividends paid by the Company are subject to a withholding

equal to 75% of the gross amount of income paid out. A list of non-cooperative countries and territories is published by ministerial order and updated annually.

Social security levies

The gross amount of dividends paid out by the Company is also subject to social security levies at an aggregate rate of 15.5%, broken down as follows:

- the 8.2% *contribution sociale généralisée* (general social security contribution)
- the 0.5% *contribution pour le remboursement de la dette sociale* (social security debt repayment contribution)
- the 4.5% *prélèvement social* (social security levy)
- the 0.3% *contribution additionnelle au prélèvement social* (additional social security levy contribution)
- the 2% *prélèvement de solidarité* (solidarity levy) laid down in Article L.136-6 of the Social Security Code

These social security levies are collected in the same way as the 21% non-discharging flat rate levy.

(b) Legal entity shareholders domiciled in France for tax purposes

In principle, dividends paid by the Company to legal entities domiciled in France are not subject to withholdings.

However, where dividends are paid outside France within a non-cooperative country or territory, dividends paid out by the Company are subject to a withholding at a rate of 75%.

4.11.2 Shareholders not resident in France for tax purposes

This sub-section describes the tax regime likely to apply in respect of withholdings on dividends paid by the Company to individual and legal entity shareholders not resident in France for tax purposes.

Where the beneficiary's residence for tax purposes or registered office is located outside France, dividends paid by the Company are, in principle, subject to a withholding collected by the institution paying those dividends. The rate of this withholding is set at (i) 21% where the beneficiary is an individual resident for tax purposes in a European Union Member State or in Iceland, Norway or Liechtenstein, (ii) 15% where the beneficiary is a non-profit organization with its registered office in a European Union Member State or in Iceland, Norway or Liechtenstein and which, if it had its registered office in France, would be taxed under the conditions laid down in paragraph 5, Article 206 of the General Tax Code as interpreted in administrative policy (Bulletin Officiel des Finances Publiques-Impôts BOI-IS-CHAMP-10-50-10-40-20130325) and (iii) 30% in other cases.

However, where paid outside France within a non-cooperative country or territory as defined in Article 238-0 A of the French General Tax Code, dividends paid by the Company are subject to a withholding at a rate of 75%.

The withholding may be reduced, or even cancelled, under the terms of (i) Article 119 ter of the French General Tax Code applicable under certain conditions to legal entity shareholders having their effective management headquarters in a European Union Member State as interpreted in the Bulletin Officiel des Finances Publiques-Impôts BOI-RPPM-RCM-30-30-20-10-20120912, (ii) administrative policy under the circumstances and conditions laid down in the Bulletin Officiel des Finances Publiques-Impôts BOI-RPPM-RCM-30-30-20-40-20120912 concerning companies and other organizations meeting the criteria for the application of the regime applicable to parent companies and subsidiaries laid down in Articles 145 and 216 of the French General Tax Code and having their effective management headquarters in a European Union Member State or in Iceland, Norway or Liechtenstein, and which cannot apply the French withholding in their country of domicile, (iii) any international tax treaties that apply, as the case may be, or (iv) specific rules applicable to undertakings for collective investment in transferable securities established in another European Union Member State or another

country that is a party to the Agreement on the European Economic Area and has transposed Directive 2009/65/EC of July 13, 2009 into its domestic legislation and alternative investment funds established in another European Union Member State, established under foreign law and which meet certain criteria set out in the Bulletin Officiel des Finances Publiques-Impôts BOI-RPPM-PVBMI-RCM-30-30-20-70-20130812. The investment vehicles concerned should consult their usual tax adviser to determine whether these provisions apply to their specific circumstances.

Shareholders are also encouraged to familiarize themselves with practical arrangements for the application of international tax treaties, as laid down in particular in the Bulletin Officiel des Finances Publiques-Impôts BOI-INT-DG-20-20-20-20-20120912 on the so-called “normal” and “simplified” procedures for the reduction of or exemption from withholdings.

Persons who are not resident in France for tax purposes must also comply with applicable tax legislation in their country of residence, as potentially amended by any international tax treaty entered into between France and that country.

5. **TERMS OF THE OFFERING**

5.1 **Offering terms and statistics, provisional calendar and subscription procedure**

5.1.1 Terms of the offering

Not applicable

5.1.2 Amount of the offering

Not applicable

5.1.3 Subscription procedure and period

Not applicable

5.1.4 Withdrawal of the offering

Not applicable

5.1.5 Reduction of orders

Not applicable

5.1.6 Minimum and maximum order amounts

Not applicable

5.1.7 Withdrawal of orders

Not applicable

5.1.8 Clearing and settlement of shares

Not applicable

5.1.9 Publication of the outcome of the offering

Not applicable

5.1.10 Pre-emptive subscription rights

Not applicable

5.2 **Planned distribution and allocation of securities**

5.2.1 Categories of potential investor

Not applicable

5.2.2 Intention to subscribe by the Company's principal shareholders, members of its principal administrative, executive and supervisory bodies or anyone intending to subscribe for more than 5% of the share capital

Not applicable

5.2.3 Information on potential tranches allocated in advance

Not applicable

5.2.4 Notification of subscribers

Not applicable

5.2.5 Extension clause

Not applicable

5.3 **Price setting**

5.3.1 Price setting method

Not applicable

5.3.2 Publication of the offer price and changes in offering parameters

Not applicable

5.3.3 Valuation information

Not applicable

5.3.4 Price differentials

Not applicable

5.4 **Placement**

5.4.1 Details of lead arranger and bookrunner

Not applicable

5.4.2 Securities services and depositary

Administration and paying agent services in respect of the Company's shares are provided by:

Société Générale Securities Services
Global Issuer Services
32 Rue du Champ de Tir
BP 81236
44312 Nantes Cedex 3

5.4.3 Underwriting

Not applicable

6. REGISTRATION OF SHARES AND TRADING ARRANGEMENTS

6.1 Registration for trading

The existing shares making up the Company's share capital at the date of this prospectus are the subject of an application for admission to trading on the Euronext market of Euronext Paris.

6.2 Listing market

At the date on which the AMF approved this prospectus, shares in the Company were registered on the Alternext market of Euronext Paris.

6.3 Concomitant offerings of shares

None.

6.4 Liquidity agreement covering shares in the Company

The Company has entered into a liquidity agreement with CM-CIC Securities which became effective on August 1, 2013. This agreement complies with the code of conduct of the French Financial Markets Association (Association française des marchés financiers – AMAFI).

6.5 Stabilization

Not applicable.

7. HOLDERS OF SECURITIES WISHING TO SELL

7.1 Identification of persons or entities intending to sell

The Company is not aware of any intention to sell shares on the part of its existing shareholders.

7.2 Number and category of securities offered by holders of securities wishing to sell

Not applicable.

7.3 Expenses associated with the offering

Not applicable

8. **DILUTION**

8.1 **Impact of the offering on equity**

Not applicable.

8.2 **Impact of the issue on shareholders**

Not applicable.

9. **ADDITIONAL INFORMATION**

9.1 **Advisers associated with the offering**

Not applicable.

9.2 **Other information verified by the statutory auditors**

Not applicable.

9.3 **Expert report**

Not applicable.

9.4 **Information contained in the prospectus sourced from third parties**

Not applicable.

9.5 **Updated information about the Company**

None.