ANNUAL FINANCIAL REPORT

2015

(English version for information only)*

GENFIT
TOWARDS BETTER MEDICINE

www.genfit.com

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

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> I- General Information

1.1 Person responsible for information

Jean-François Mouney, Chairman of the Executive Board

1.2 Statement by the person responsible

I hereby declare that, to the best of my knowledge, the financial statements have been prepared in accordance with applicable accounting standards and that they provide a true and fair view of the assests and liabilities, financial position and results of the Company and the entities included in the scope of the Group, and that the management report provided on pages 4 to 71 provides a fair view of the changes in the business, results and financial position of the Company and the entities included in the scope of the Group, as well as a description of the principal risks and uncertainties they face.

Loos, 9 February 2016

Jean-François Mouney
Chairman of the Executive Board

> II- Management Report

Dear Shareholders

We present the Management Report on the activities of Genfit SA (hereinafter called the "Company") and those of the group (hereinafter called "the Group") during the fiscal year that opened on January 1, 2015, and closed on December 31, 2015, in application of articles L.225-100, L.233-26, and L.232-1 of the French Commercial Code.

I - STATUS AND CHANGES IN COMPANY AND GROUP ACTIVITY DURING THE FISCAL YEAR

1.1 Group Scope

The Group comprises the following three legal entities: GENFIT S.A., a company under French law, GENFIT Corporation (GENFIT Corp), a company under American law, and GENFIT Pharmaceuticals SAS, a company under French Law.

Genfit Corporation is a wholly owned subsidiary of GENFIT SA. Created in 2003, it acts as a representative of the Group in the United States and located in Cambridge, Massachusetts. Genfit Corporation has notably been assigned the following objectives :

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

Every year since its incorporation, an annual services agreement is concluded between Genfit SA and Genfit Corp to allow the development of the US subsidiary's activities and to cover its operating expenses.
Genfit Pharmaceuticals SAS is a wholly owned subsidiary of GENFIT SA. Linked by a business address agreement at its parent company's premises, it was founded on December 14, 2011 to take advantage of any new financing opportunities. The subsidiary has had no operational activity since its incorporation, and thus none during the past fiscal year.

1.2 Status and changes in activity and significant events during the fiscal year

The Company's purpose is to discover and/or develop innovative treatment (drug candidates) and diagnostic solutions (biomarker candidates) in the area of metabolic, inflammatory, autoimmune or fibrotic diseases, affecting in particular the liver (as "Non Alcoholic Steato-Hepatitis" or NASH); diseases for which medical needs are still largely unmet because of a lack of efficient treatment and the increase of illness at a global level.

The research and development activity of the Company relies essentially on the Company's globally recognized research expertise in nuclear receptors modulating gene expression through nuclear receptors (nuclear receptors are a specific set of transcription factors that regulate the expression of certain genes specifically) ; and in particular, the knowledge of their roles in the physiopathological mechanisms and their pharmacological modulation for the treatment of metabolic, inflammatory, autoimmune and/or fibrotic diseases notably affecting liver (NASH, PBC, PSC, cirrhosis).

The Company conducts its R&D activities within the framework of so-called "proprietary" research programs, for which it holds all Intellectual Property rights.

Besides these proprietary programs, since its creation and in the course of its early years of existence, the Company has been carried out co-research alliances with pharmaceutical companies, renewed for some of them until very recently and for which most Intellectual Property Rights generated during the collaboration belong to the partners. Lastly, and very marginally, since its incorporation, the Company has also offered so-called "services" for industrials and other biotechnology companies that rely on technological tools and platforms developed during its research and development work to target, in particular, better characterization of drug candidates under development, or the identification of active mechanisms in these compounds.

During the fiscal year closed on December 31, 2015, the Company continued and concentrated its efforts on what have become its core business, its proprietary research and development programs.

At the end of the year 2015, the proprietary portfolio of the Company is composed of the following compounds and programs :

- The Elafibranor/GFT505 program, Elafibranor being the generic name approved in June 2015 by World Health Organization for GFT505, the most advanced proprietary drug candidate of the Company. Elafibranor has notably terminated a Phase IIb clnical trial in Europe and in the United State (GOLDEN 505 trial), for the treatment of Non Alcoholic Steato Hepatitis (NASH), a liver disease affecting in particular the patients with metabolic disorders ;

- Two research and validation programs of new diagnostic biomarkers for pre-diabetes (BMGFT02) and NASH (BMGFT03). Under the particularly BMGFT03 program, the Company reached in 2015 a milestone with the development of a proprietary algorithm enabling to identify, without biopsy, NASH patients who should be treated with Elafibranor/GFT505 or any other suitable drug ;

- The TGFTX1 program, aimed at discovering innovative drug candidates targeting RORγt, a nuclear receptor involved in some inflammatory and autoimmune diseases. Under this program, the Company has developed proprietary molecules inhibiting the activity of this nuclear receptor showing beneficial effects in both in vitro and in vivo assays adapted to the targeted pathologies, in particular for their potential in the treatment of several liver and intestine diseases ;

- The TGFTX3 program, aimed at discovering innovative drug candidates targeting Rev-Erbα, a nuclear receptor involved in the disorders of the circadian rhythm (daily rhythm allowing the body to adapt to daily environmental changes and regulate various physiological mechanisms including metabolism). Under this program, the Company has developed a series of proprietary agonists modulating this nuclear receptor in vitro and in vivo showing their pharmacological activity on the regulation of glucose and lipid metabolism and hepatic protection ;

- The TGFTX4 program aiming to develop new anti-fibrotic drug candidates. Under this program, the Company has identified several potential drug-candidates showing anti-fibrotic activity in cellular essays and for some of them in in vivo models ;

- The TGFTX5 program, which aims to identify and develop drug candidates for the treatment of bowel chronic inflammatory diseases. Under this program, the Company has demonstrated both the preclinical efficacy of Elafibranor/GFT505 in a model of colitis and evaluates, at the same time, Elafibanor/GFT505 derivative products.

Appendix 6 of this report gives further details on the progress of these proprietary research and development programs.

As regards activities conducted in the framework of alliances of co-research, the Company completed in may 2015 the research sharing phase that was in progress by the scientific teams of both parties in accordance with the last alliance with Sanofi. The heart of this alliance of co-research with Sanofi is the SAN/ GFT-2 program. This program aims to identify and then develop new molecules making it possible to correct the mitochondrial dysfunctions associated with some pathologies including metabolic diseases, in a context in which the cellular mechanisms regulating energy production under normal conditions and the ways they can adapt to stress might offer therapeutic potential for several pathologies including metabolic diseases. At the time of this report, the results of this program are currently being evaluated by both parties.

At the close of the 2015 fiscal year, the Company had a portfolio of 399 patents and patent applications, primarily for the work conducted within the framework of the various proprietary research and development programs described above. 322 patents have been definitively granted or issued.

Within this portfolio and as of the same date, there were 320 patents and patent applications for GFT505/ Elafibranor (275 have been definitively granted or issued), the Company's drug candidate in the most advanced stage of development, which represents very significant market potential and therefore will carry the Company's and Group's main value creation in the coming years.

The main significant events during the 2015 fiscal year were as follows :

- In January, the Company announced the results of a clinical study on cardiac safety of GFT505 in which two doses have been tested : a therapeutic dose of 120mg/day and a supra-therapeutic dose of 300mg/ day. These results showed that a repeated daily administration for 14 days of GFT505 at up to 2.5 times the therapeutic dose had no effect on cardiac electrical activity, thus meeting regulatory requirements ;
- In March 2015, the Company announced the topline results of the Phase IIb clinical trial of GFT505 in NASH (GOLDEN-505 study) ;
- In May 2015, the research sharing phase between the scientific teams of Genfit and Sanofi under the SAN/GFT-2 program was completed ;
- In June 2015, the Company announced that the World Health Organization (WHO) has accepted the international non-proprietary name (INN, or generic name) Elafibranor for its drug candidate previously referred to as GFT505 ;
- In September 2015, the Company announces that it has designed, in the framework of BMGFT03 program, a diagnostic tool based on algorithms including a new type of NASH biomarkers : small non-coding RNAs or miRNAs. It should allow - without invasive liver biopsy – to identity NASH patients that deserve to be treated with Elafibranor or other appropriate treatment ;
- In November 2015, the Company presented at the 2015 AASLD (American Association for the Study of the Liver Disease) annual meeting additional data from the study GOLDEN 505 demonstrating the efficacy, safety, good tolerability and the cardiometabolic protective effect of Elafibranor ;
- In November 2015, the Company presented the design of pivotal phase III clinical trial of Elafibranor in NASH; following input of regulatory authorities and announced its launch at the AASLD.

II – PRESENTATION OF THE COMPANY FINANCIAL STATEMENTS AND ALLOCATION OF GENFIT SA RESULT

The Genfit SA annual financial statements for the fiscal year closed on December 31, 2015 that we submit for your approval were prepared in accordance with the rules for presentation and evaluation methods set out by current regulations, in accordance with French standards in compliance with the French Commercial Code. These rules and methods are identical to those for the previous fiscal year.

2.1 Examination of financial statements and results

The income statement and balance sheet is provided in appendices 1 and 2 of this report.

Revenue and other income

Operating income (En euros)	12/31/2015	12/31/2014
Revenue	526 767	1 614 356
Inventoried production	0	0
Capitalized production	0	0
Operating grants	12 000	94 083
Depreciation recovery & costs reclassified, others	112 477	73 793
Total	**651 244**	**1 782 232**

Revenue and other income for the fiscal year decrease to amount € 651k compared with € 1, 782k for the previous fiscal year, or a change of (67) %.

Among these products, almost all the revenue (which amounts € 527k as of December 31, 2015 compared with €1,614k as of December 31, 2014) has been generated by the prolongation until May 2015 of the shared research phase, obtained by Genfit in the framework of the last three-year collaboration and license agreement signed with Sanofi in 2011. This decrease is essentially due to the fact, that the revenue generated in the course of the fiscal year 2014 included a milestone payment of €1 million made by Sanofi for reaching a scientific milestone contractually agreed upon in the last three-year contract.

Operating expenses

Operating expenses (En euros)	12/31/2015	12/31/2014
Raw material & consumables used	1 442 138	1 135 105
Inventory changes	187 576	-84 897
Other purchases and external expenses	10 855 098	13 111 645
Taxes	140 598	342 140
Wages & salaries	4 696 167	5 796 362
Social security costs	2 159 009	2 573 638
Depreciation charges	274 490	235 546
Provisions	41 511	4 200
Others	52 703	42 087
Total	**19 849 289**	**23 155 825**

As of December 31, 2015, operating expenses globally decrease and amounted to € -19, 849k compared with € -23, 156 as of December 31, 2014.

Among those, the purchases of goods, raw materials and other supply are increasing and amounting € 1,442k as of December 31, 2015 compared with € 1,135k the previous year. This evolution is mainly due to the increase in staff assigned to research, reflecting in particular the efforts incurred by the Company in its drug candidate discovery program called TGFTX1 and in its biomarker candidate discovery program in NASH called BMGFT03.

Among those, the other purchases and external charges declined compared to the previous year since they represent a total of € -10,855k in 2015 compared with € -13,112k in 2014.

These other purchases and external charges consist essentially of :

Other purchases and external expenses (En euros)	12/31/2015	12/31/2014
Activities conducted by third parties	5 397 914	9 024 556
Rent and related expenses	980 377	950 610
External staff	236 464	155 472
Fees	2 499 751	1 321 603
Other expenses	1 740 593	1 659 404
Total	**10 855 098**	**13 111 645**

- operational outsourcing expenses for a total of € 5,398k. They include all the activities that for regulatory reasons are outsourced to third parties, including the production of pharmaceuticals active ingredients and therapeutic units necessary for the implementation of pharmacokinetic studies and clinical trials, the pharmacokinetic studies themselves and the work of synthesis in medicinal chemistry for the most upstream research programs of the Company and above all the costs related to preclinical and clinical studies of Group's drug candidates.

- "fees", for a total of € 2,500k. They include the legal fees, audit and accounting, the fees of various advisors (press relations, investor relations, communication, economic intelligence, computing), the external staff seconded to the Company (guard, security and reception), as well as the fees of some of its scientific advisers. This amount also includes Intellectual Property fees that correspond to the filing and maintenance fees incurred by the Company for its patents' registration and maintenance.

- expenses related to the rental, use, and maintenance of the Headquarters premises for a total of € 980k.

- expenses related to business travels and conferences, which essentially concern staff's travel expenses as well as the costs of participation in scientific, medical, financial and development of commercial affairs congresses.

This decrease of other purchases and external charges is largely due to the decrease in the financial burden of the study program of phase II of GFT505/Elafibranor in NASH.

Employee expenses of the Company are also in net decrease and amount to € -6,855k as of December 31, 2015 compared with € -8,370k to the same period a year earlier. This decrease is largely cyclical, as in 2014, extraordinary bonuses were recorded for staff's involvement in the scientific and financial successes specifically obtained during this period. However, this decrease is partially offset by the impact of staff's increase in 2015 ((96 employees on December 31, 2015 compared with 81 on December 31, 2014).

Operating income/loss

The operating loss decrease and amount to €-19.198k as of December 31, 2015 compared with € -21 374k as of December 31, 2014.

Net income

Given a financial result amounting to € 408k (compared with € 329k as of December 31, 2014), an exceptional result of €-218k (compared with € 4,000k as of December, 2014), and a Research Tax Credit amounting to € 3,705k as of December 31, 2015 (compared with € 4,973k as of December 31, 2014), the net result was €-15,198k as of December 31, 2015 compared with € -15,973k for the previous fiscal year.

Balance sheet

As of December 31, 2015, the Company's balance sheet was € 69,089k compared with € 86,118k for the previous fiscal year.

As of December 31, 2015, the Company had a cash flow, cash equivalents and current financial assets of € 59,979k compared with €76,283k as of December 31, 2014.

2.2 Allocation of the result

We propose to allocate the result as follows :

SOURCE OF THE RESULTS

Loss for the fiscal year closed on 12/31/2015 € 15,197,508

ALLOCATION

Carry forward: € 15,197,508

The "carry forward" debt account will thus be increased from € 58,610,677 to € 73,808,185.

In accordance with the provisions of article 243 bis of the French General Tax Code, we remind you that no dividends have been distributed for the past three fiscal years.

2.3 Non-tax deductible expenses

In accordance with the provisions of articles 223 part 4 and 223 part 5 of the French Tax Code, we inform you that the accounts for the past fiscal year do not account for so-called "luxury" expenses, which are not deductible from the taxable results.

2.4 Investments and control as of the closing of the fiscal year

The Company's only investments are its whole ownership of Genfit Corp on the one hand and of Genfit Pharmaceuticals SAS on the other. They were consolidated by global integration into the consolidated Genfit accounts as of December 31, 2015.

Companies	Country	Consolidation method	% of control	% of interest	
At 31 December 2015					
SA Genfit	France		PARENT		
Genfit Corp.	USA	IG*	100,00%	100,00%	(*) Acquisition method
Genfit Pharmaceuticals	France	IG*	100,00%	100,00%	(*) Acquisition method

Companies		Address	Identification number
SA Genfit	Parent Company	Parc Eurasanté - 885, avenue Eugène Avinée - 59120 Loos	424 341 907 000 22
Genfit Corp.		245 First Street - 18th floor-Office 1806- Cambridge, Massachussets 02042	06-1702052
Genfit Pharmaceuticals		Parc Eurasanté - 885, avenue Eugène Avinée - 59120 Loos	538 707 662 000 10

In accordance with the provisions in article L.233-6 of the French Commercial Code, we inform you that during the past fiscal year, the Company did not invest in any company.

2.5 Notice concerning payment deadlines

In accordance with the provisions of article L.441-6-1 of the French Commercial Code, we inform you below with the breakdown by due date of the balances at the end of 2015 and the end of 2014 of the Company's trade payables:

Due dates as of 12/31/2015 (in € thousands)	Due from more than 60 days	Due from 30 to 60 days	Due from 1 to 30 days	Due as of 31.12.2015	To be due in 0 to 30 days	To be due in 31 to 60 days	To be due in more than 60 days	Total
Total suppliers	0	131	161	845	1,788	203	815	3,943
including items expected to be validated at the end of the fiscal year	0	131	161	0	0	0	0	292

Due dates as of 12/31/2014 (in € thousands)	Due from more than 60 days	Due from 30 to 60 days	Due from 1 to 30 days	Due as of 31.12.2014	To be due in 0 to 30 days	To be due in 31 to 60 days	To be due in more than 60 days	Total
Total suppliers	210	33	407	340	1,199	1,081	108	3,378
including items expected to be validated at the end of the fiscal year	171	33	407	0	0	0	0	612

III – PRESENTATION OF THE GROUP'S CONSOLIDATED FINANCIAL STATEMENTS

The Group's consolidated financial statements for the fiscal year ended December 31, 2015, which we are submitting for your approval, were prepared in accordance with the rules for presentation and the evaluation methods set out by current regulations, in accordance with International Financial Reporting Standards (IFRS), as adopted by the European Union and as published by the IASB (International Accounting Standards Boards) as of December 31, 2015.

In an effort to improve the financial communication, the Group decided to change the presentation of the annual consolidated statements of operations. The Group now presents annual consolidated statements of operations by destination and no longer by nature.

The consolidated statements of operations and the consolidated statements of financial position are provided in Appendices 3 and 4 of this report.

3.1 Consolidated statements of financial position

Industrial revenue totaled € 527 thousands compared with € 1,614.4k for the previous fiscal year, a change of -67%.

The other revenues integrating the operating subsidies, other operating income and the Research Tax Credit totaled € 3,831k compared with € 5,161k for the previous fiscal year, a change of -26%.

The total income amounted to € 4,358k compared with € 6, 776k for the previous fiscal year, a change of, variation -36 %.

Operating expenses by destination

Operating expenses and other operating income (expenses) (in € thousands)	December 31, 2014	Of which:					
		Raw materials & consumables used	Contracted research & development activities conducted by third parties	Employee expenses	Other operating expenses	Depreciation, amortization & impairment charges	Gain / (loss) on disposal of property, plant & equipment
Research & development expenses	(18 111)	(1 332)	(9 020)	(5 347)	(2 168)	(245)	0
General & administrative expenses	(5 879)	(73)	0	(4 018)	(1 815)	26	0
Other operating income	10	0	0	0	0	0	10
Other operating expenses	(55)	0	0	0	(55)	0	0
TOTAL	**(24 034)**	**(1 404)**	**(9 020)**	**(9 365)**	**(4 037)**	**(219)**	**10**

Operating expenses and other operating income (expenses) (in € thousands)	December 31, 2015	Of which:					
		Raw materials & consumables used	Contracted research & development activities conducted by third parties	Employee expenses	Other operating expenses	Depreciation, amortization & impairment charges	Gain / (loss) on disposal of property, plant & equipment
Research & development expenses	(16 360)	(1 863)	(5 389)	(6 289)	(2 356)	(459)	(3)
General & administrative expenses	(5 630)	(68)	(0)	(2 840)	(2 675)	(46)	0
Other operating income	2	0	0	0	1	0	1
Other operating expenses	(47)	0	0	0	(43)	(2)	(2)
TOTAL	**(22 034)**	**(1 930)**	**(5 390)**	**(9 130)**	**(5 074)**	**(508)**	**(3)**

Operating expenses of the fiscal year totaled €22 million compared with €24 million for the previous fiscal year, representing a decrease of 8.3%. They consist in particular of:

- Research and development expenses, which include the costs of staff assigned to research (€6.3 million in 2015), the costs of consumables and operational outsourcing (especially clinical and pharmaceutical), and expenses related to intellectual property.

  These research and development expenses amounted to €16.4 million in 2015 compared with €18.1 million in 2014, respectively 74% and 75% of the operating expenses.

- General and administrative expenses, which include the costs of staff not assigned to research (€2.8 million), and the administrative and commercial costs.

  These general and administrative expenses amounted to € 5.6 million in 2015 compared with € 5.9 million in 2014, respectively 26% and 24% of operating expenses.

Contracted research and development activities conducted by third parties

Costs included under this heading totaled €5.4 million compared with €9 million for the previous fiscal year, representing a decrease of 40.2%, essentially linked to the completion of the Phase IIb clinical trial of Elafibranor in NASH.

Employee expenses

Employee expenses	Year ended December 31,	
(in € thousands)	2014	2015
Wages and salaries	(5 775)	(4 906)
Social security costs	(2 562)	(2 154)
Pension costs	20	(57)
Individual training entitlement	3	0
Share-based compensation	(1 051)	(2 012)
TOTAL	**(9 365)**	**(9 130)**

Employee expenses amounted to € 9.1 million compared with € 9.4 million for the previous fiscal year, representing a decrease of 2.5%.

Among these expenses and notwithstanding the increase in staff in 2015 (96 employees on 31 December 2015 compared to 81 on 31 December 2014), the amount of wages and social security costs decreased.

On the other hand, the amount recognized as share-based compensation (equity warrants (BSA) and redeemable warrants (BSAAR)) without impact on the cash flow increased from € 1.1 million in 2014 to € 2 million in 2015.

Financial results

The financial result is € 0.5 million compared with € 0.2 million for the previous fiscal year.

Net loss

The fiscal year ended with a net loss of € 17,135k compared with a net loss of € 17,025k for the previous fiscal year.

3.2. Consolidated statements of financial position

As of December 31, 2015, the total statement of financial position of the Group amounted to € 69,258k compared with € 86,366k for the previous fiscal year.

Cash, cash equivalents and financial instruments of the Group amounted to €60.1 million as of December 31, 2015, compared with €76.3 million as of December 31, 2014.

3.3. Impact linked to the restatement of the Group's financial statement in IFRS standard

The main impact linked to the restatement of the Group's financial statement in IFRS standard is a charge of € 2, 012 linked to the inclusion of warrants ("BSA").

IV – FINANCIAL POSITION AND PRIMARY RISKS FACED BY COMPANY

4.1 Financial position in relation to the volume and complexity of business

The Group had a cash flow (cash equivalents and current financial instruments) of € 60,111k at the end of the fiscal year.

The company took out 5 bank loans intended in particular to finance the acquisition of scientific equipment and computer hardware.

Crédit Industriel et Commercial	In August 2013, GENFIT took out • a € 200.0k loan ; • repayable in 41 months, repayment of which began after a 5 month grace period ; • The effective interest rate was 1.89%. As of December 31, 2015, the principal amount outstanding was € 68 k (2014 : € 135k).
Crédit du Nord	In September 2013, GENFIT took out • a € 150.0k loan ; • repayable in three years ; • at the effective interest rate of 2.11%. As of December 31, 2015, the principal amount outstanding was € 34k (2014: € 84k).
Neuflize OBC	In June 2014, GENFIT took out • a € 150.0k loan ; • repayable in three years ; • at the effective interest rate Euribor 3 months +2.5%. As of December 31, 2015, the principal amount outstanding was € 75k (2014 : € 125k).
Banque Nationale de Paris – Paribas	In December 2014, GENFIT took out • a € 500.0k loan ; • repayable in 60 months ; • at the effective interest rate of 2%. As of December 31, 2015, the principal amount outstanding was € 403k (2014 : € 500k)
Crédit Industriel et Commercial	In march 2015, GENFIT took out • a € 500k loan ; • repayable in 48 months ; • at the effective rate of 0.85 %. As of December 31, 2015, the principal amount outstanding was € 408k.

Additionally:

- Oséo Financement, which became BPI France, approved a loan contract for €2,300k in June 2010 for a period of 7 years with a principal repayment deferment of 2 years in the form of a participatory development contract. The capital remaining due under this participatory development contract is € 690k ;

- In the second half of 2011, the Nord Pas de Calais Regional Council and the Metropolitan Lille Urban Community granted reimbursable advances respectively of € 1,000k and € 500k. The first of these two advances is totally reimbursed whereas the principal remaining due as regards the Metropolitan Lille Urban Community reimbursable advance is € 28k.

Lastly, as of December 31, 2015, repayable public grants totaled € 3,998k.

4.2 Main risks and uncertainties faced by the Company

Main risks and uncertainties to which the Company could be faced are listed below :

Risks related to the Company's Business

Risks related to research and development of new drugs and biomarkers

The development of a new drug candidate, such as those of the Company, is a long, complex and expensive process with a high failure rate.

The common development and marketing stages for a pharmaceutical product are as follows :

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

Given the risks inherent in the research and development of new drugs, together with the constraints imposed by the 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.

Significant side effects caused by a drug candidate or the fact that it is less effective than products already on the market can be sufficient grounds for discontinuing its development. Moreover, disappointing results during the initial phases of development are often not a sufficient basis for a decision as to whether or not a project should be continued. At these early stages, sample sizes, the duration of studies and the parameters examined may not be sufficient to enable a definitive conclusion to be drawn, in which case further investigations are required and the Company's results may be negatively

affected. Conversely, promising results during the initial phases, and even after advanced clinical trials have been conducted, do not guarantee that a project will be successfully completed.

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

Risks related to the Company's regulatory environment

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

Each of the research and development stages leading to the commercialization of a pharmaceutical product is governed by a complex regulatory and legislative process. The facilities required to implement these stages of research, development and production are thus subject to protocols, directives and regulations defined and overseen by regulatory agencies such as France's Agence Française de Sécurité Sanitaire des Produits de Santé (AFSSAPS), the European Medicines Agency (EMA) and the US Food and Drug Administration (FDA).
These agencies and their counterparts in other countries have the authority to permit the commencement of clinical trials or to temporarily or permanently halt a study. They are entitled to request additional clinical data before authorizing the commencement or resumption of a study, which could result in delays or changes to the Company's product development plan.
Should any one of these risks materialize, this could have a material adverse effect on the Company's business, prospects, financial situation, results and development.

Risks related to obtaining marketing authorization (MA)

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

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

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

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

All these risks result in a high level of attrition in this activity, at every stage of the process. According to data published in June 2014 by the French Pharmaceutical Companies Association LEEM (Les Entreprises du Médicament), for the preclinical research and development stages, out of 10,000 molecules screened in exploratory research, 100 are tested during preclinical trials and only 10 reach the stage of clinical trials in phases I, II and III, and then the marketing authorization process.

So, in addition to the risk of higher-than-expected preclinical development costs, various other factors can disrupt or delay the program underway. The Company cannot, therefore, guarantee that all the drug candidates or biomarker candidates that it is working on at present or may work on in the future will effectively be commercialized or that there will be no delays in their development or launch on the market.

Should one or more of these risks materialize, this would have a material adverse effect on the Company's business, results, prospects, financial situation and development The set of procedures put in place to oversee the research and development activities, whether in terms of decision-making or project monitoring, help to mitigate this risk.

Risks inherent in the marketing of new drugs and biomarkers

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

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

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

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

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

Risks related to potential changes in drug reimbursement conditions

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

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

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

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

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

The Company 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/ Elafibranor, there are existing expressions of interest from biopharmaceutical companies, and early-stage discussions are ongoing.

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

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

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

Risks related to maintaining and renewing the collaborative research agreements currently in force and/or signing new alliances of co-research

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 last framework agreements for collaborative research concluded with this type of partner determine a phase of shared-research between the teams of both partners and are generally for a set duration of three years, during which the Company receives revenues that currently make up the bulk of the Company's sales.

Until recently, the Company also potentiated a part of 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 should continue to decrease.
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.

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 fulfill 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.

Such events 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 labeled 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.

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

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

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

Should it fail to comply with applicable laws and regulations, the Company could be subject to fines or could be forced to temporarily or permanently suspend its operations. In the event of accidental contamination, injuries or other damage, the Company could be held liable. This could be detrimental to its activity and its actual insurance coverage to cover the risks inherent in its operations could be insufficient, notably as regards the coverage of damage to Company's reputation.

The Company is also obliged to invest in healthcare, and in the environment and safety of its employees in compliance with French legislation.

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

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

Risks related to the Company's human resources management

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

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

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.

The Company's ability to recruit quality scientific, commercial, administrative or technical staff to support its growth is crucial. Since its creation, a high number of quality spontaneous applications and the Company's proximity to university communities have provided an extensive recruitment pool which has to date satisfied all of the Company's recruitment needs. The Company cannot, however, guarantee that these favorable conditions will remain in place. Nor can it fully guarantee the sustainability of its attractiveness to candidates.

Risks related to competition

The Company operates within a highly competitive sector.

Several companies in the biotechnology sector and large pharmaceutical groups are working on technologies, therapeutic targets or drug or biomarker candidates that aim to treat or diagnose the same diseases that the Company is working on.

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.

Legal risks

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

The Company cannot guarantee:

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

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. Furthermore, the legal uncertainty inherent to these lawsuits is important and the Company could lose.

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 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.

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 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.

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.

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.

The possibility cannot be ruled out that rules on the security and protection of confidential information and agreements or other arrangements to protect the Company's trade secrets fail to provide the protection sought, or are breached, or that the Company's trade secrets are disclosed to, or developed independently by, its competitors.

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

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

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

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

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.

Financial risks

Financial performance risks

Since its creation in 2006, the Group had consistently generated a net profit. Following the substantial investments required 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 biopharmaceutical companies constitute an important source of revenue for the Company. Should the Company prove unable to extend these agreements or sign new ones, it could be forced to delve deeper into its own cash reserves.

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

Risks related to the Company's financing capacity

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

The Company could need additional funds to finance future investments that are as yet unknown or difficult to quantify since they concern projects that have yet to reach maturity. The clinical development of future drugs 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, in particular as regards many products of the Company, that 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.

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, 2015, the Group has € 60,111k in cash and cash equivalents and current financial instruments.

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

The Group's net cash as of December 31, 2015 amounts to € 54,406k.

The table below shows the breakdown of the Group's net debt by maturity as of December 31, 2015 :

- Maturity of financial liabilities :

Conditional advances are made up entirely of public financing, mainly from BPI France to finance defined research programs. Those from "Région Nord Pas de Calais" and "Lille Metropole Communauté Urbaine" are intended to sustain the development of the Company. The elements related to these conditional advances are detailed in the next table :

Maturity of financial liabilities (in € thousands)	December 31, 2015	< 1 year	< 2 years	< 3 years	< 4 years	< 5 years	> 5 ans
BPI FRANCE - OLNORME 2	100	100	0	0	0	0	0
BPI FRANCE - IT-DIAB	3 229	0	0	0	0	3 229	0
BPI FRANCE - ADVANCE N°1 - AD-INOV 1	88	32	38	0	0	0	0
BPI FRANCE - ADVANCE N°2 - AD-INOV 2	88	52	46	0	0	0	0
BPI FRANCE - ADVANCE N°3 - AD-INOV 3	77	46	40	0	0	0	0
BPI FRANCE - ADVANCE N°1 - OLNORME II - 1	138	12	38	44	0	0	0
BPI FRANCE - ADVANCE N°2 - OLNORME II - 2	138	50	63	50	0	0	0
BPI FRANCE - ADVANCE N°3 - OLNORME II - 3	110	40	50	40	0	0	0
LILLE METROPOLITAN URBAN COMMUNITY	28	28	0	0	0	0	0
TOTAL - Refundable & conditional advances	**3 998**	**360**	**275**	**134**	**0**	**3 229**	**0**
Bank loans	**988**	374	250	228	135	0	0
Development loans with participation feature	**690**	460	230	0	0	0	0
Accrued interests	**24**	24	0	0	0	0	0
Other financial loans and borrowings	5	5	0	0	0	0	0
TOTAL - Other loans & borrowings	**1 707**	**864**	**480**	**228**	**135**	**0**	**0**
TOTAL	**5 705**	**1 223**	**755**	**363**	**135**	**3 229**	**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.

Cash & cash equivalents (in € thousands)	Year ended December 31, 2014	2015
Short-term deposits	71 480	59 683
Cash & bank accounts	525	428
TOTAL	**72 005**	**60 111**

Short-term deposits (in € thousands)	Year ended December 31, 2014	2015
UCITS	22 594	4 541
TERM ACCOUNTS	33 688	53 987
NEGOTIABLE MEDIUM TERM NOTES	11 800	1 050
INTEREST BEARING CURRENT ACCOUNT	3 398	105
TOTAL	**71 480**	**59 683**

The breakdown of the Group's financial liabilities as of December 31, 2015 is presented below :

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

Loans & borrowings - Total (in € thousands)	Year ended December 31, 2014	2015
Refundable & conditional advances	4 440	3 998
Bank loans	844	988
Development loans with participation feature	1 265	690
Obligations under finance leases and hire purchase contracts	28	0
Accrued interests	19	5
Other financial loans and borrowings	21	24
TOTAL	**6 618**	**5 705**

Loans & borrowings - Current (in € thousands)	Year ended December 31, 2014	2015
Refundable & conditional advances	780	360
Bank loans	264	374
Development loans with participation feature	575	460
Obligations under finance leases and hire purchase contracts	28	0
Accrued interests	19	5
Other financial loans and borrowings	21	24
TOTAL	**1 687**	**1 223**

Loans & borrowings - Non current (in € thousands)	Year ended December 31, 2014	2015
Refundable & conditional advances	3 660	3 638
Bank loans	580	614
Development loans with participation feature	690	230
Obligations under finance leases and hire purchase contracts	0	0
Accrued interests	0	0
Other financial loans and borrowings	0	0
TOTAL	**4 931**	**4 482**

- Bank loans

The bank loans taken out in 2013, 2014 and 2015 totaled € 500k and will be fully paid back in 2019. The participating loan agreement taken out in 2010 for a total of € 2,300k will be fully reimbursed in 2017.

- Financial lease contracts

As of December 31, 2015, financial lease contracts expired.

Risks relating to the Research Tax Credit

To finance its operations, the Company benefits from Research Tax Credit ("CIR" for "Crédit d'Impôt Recherche").

The French Treasury always refunded Research Tax Credit to the Company during the year following the close of the fiscal year concerned. Regarding the Research Tax Credit recognized for 2015 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.

At the date of this report and following a fiscal control on fiscal years ended December 31 2011, 2012 and 2013, as well as on Research Tax Credit for 2010, the Company received two reassessment proposals concerning the Research Tax Credit for 2010, 2011 and 2012. They state a potential recovery that could amount to a total of € 2,475k induced by evolution of the calculation methods advocated by the tax authorities for Research Tax Credit. The dispute primarily relates to co-research alliances concluded pharmaceuticals companies. The tax authorities contend that, in these agreements, the Company is acting a sub-contractor, which would result in reducing the basis on which the CIR is computed to the amounts billed by the Company to the other party.

The Company's claim initiated in February 2015 as regards the tax adjustment of CIR for the fiscal year 2010 (€ 1,141k) is still unanswered at the date of the present report and the Company is preparing a detailed answer of the same type as regards the tax adjustment of CIR for the fiscal years 2011 and 2012.

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

In these circumstances, the Company, although confident in its position, has provisionally calculated the amount of the potential tax liability pertaining to the 2010 to 2015 CIR as if the tax authorities' interpretation were to prevail. On the basis of analyses conducted by third party experts, the Company believes that this potential tax liability could amount to € 2,018k, out of the total € 20,695.4k of CIRs in the 2010 to 2015 financial statements.

The mention of this potential tax liability in this Financial Annual Report and in the notes to the consolidated financial statements and to the annual financial statements for the year ended December 31, 2015 does not constitute in any form an acknowledgement of the tax authorities' arguments in this matter.

Thus, it cannot be excluded that the tax control on the CIR led to the questioning of the CIR for the controlled fiscal years and for subsequent fiscal years and therefore cannot be excluded that it could have an adverse effect on the Company's results, financial situation and prospects of the Company and Group.

The mention of this potential tax liability in this report and in the notes to the consolidated financial statements and to the annual financial statements for the year ended December 31, 2015 does not constitute in any form an acknowledgement of the tax authorities' arguments in this matter.

Other risks

Exchange rate risks

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

In the future, the Company could also be conducted to conclude more contracts denominated in other foreign currencies, which would increase its exposure to currency risk.

In accordance with the Company's business decisions, its exposure to this type of risk could change depending on :

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

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

Market risks

The Company's exposure to interest rate fluctuations mainly affects two items on the balance sheet: cash and cash equivalents. These items comprise mainly term deposits, units in mutual funds, negotiable medium-term notes and SICAV money market funds. These are highly liquid short-term investments subject to an insignificant risk of change 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 December 31, 2015, the Group's financial liabilities totaled € 5,705k 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 considers 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 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.

Furthermore, the stockmarkets have experienced considerable price fluctuations over the last few years, and often, these movements do not reflect the operational and financial performance of the listed companies concerned. In particular, biotechnology companies' share prices have been highly volatile and may continue to be highly volatile in the future.

Fluctuations in the stock-market as well as the macro-economic environment could significantly affect the price of the Company's shares.

Dilution Risk

Since the Company's creation, it has regularly allocated or issued stock-options, equity warrants ("BSA") and redeemable share subscription warrants ("BSAAR") to motivate its managers, employees and consultants. As of the date of this Report, the Company's stock option plan has lapsed. The BSA and BSAARs plans are however in effect. In the future, the Company could allocate or issue new capital instruments or securities providing access to its share capital.

As of the date of this report, the exercise of financial instruments giving access to the Company's share capital would enable the subscription of 180,734 new shares, representing approximately 0.75 per cent of the diluted share capital. The exercise of financial instruments giving access to the Company's share capital which could be put in place, as well as all allocations or new issues, would lead to dilution for the shareholders.

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

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

The total expenses paid by the Group for all insurance policies were respectively € 107.32k and € 137.1k for the fiscal years ended on December 31, 2015, and 2014.

4.3 Main disputes in progress

In April 2008, M. Jean Charles Fruchart relinquished his position of Chairman of the Supervisory Board of the Company. Following this, he and his wife initiated multiple legal proceedings, in both commercial and criminal courts, against or involving the Company and certain of its officers, shareholders, subsidiaries and affiliated companies, almost systematically appealing against unfavorable court rulings.

As these proceedings negatively impacted their reputation and their investment in the Company, two institutional shareholders of the Company have sought to hold Mr. and Mrs. Fruchart liable. As the Company has itself incurred a number of internal expenses, lawyers' fees and other legal expenses, it has joined the shareholders' legal action to obtain indemnification for these expenses, as well as compensation for the costs and damages it has suffered due to Mr. and Ms. Fruchart's actions. The Company and its shareholders have recently appealed against a ruling by the trial court in this matter.

As of the date hereof, certain of these claims are being litigated in trial courts or in appeal courts, or are in pre-hearing proceedings.

As of the date hereof, following a tax audit of the 2011, 2012 and 2013 fiscal years and of the Research Tax Credit ("CIR") for the 2010 fiscal year, the French tax authorities have notified the Company of two proposed tax adjustments pertaining to the 2010, 2011 and 2012 CIRs of up to a maximum amount of € 2,475k.

The tax authorities' adjustments mainly pertain to joint research agreements with pharmaceutical companies. The tax authorities contend that, in these agreements, the Company is acting a sub-contractor, which would result in reducing the basis on which the CIR is computed to the amounts billed by the Company to the other party. The Company maintains that

these joint research agreements include reciprocal provisions relating to intellectual property, the shared governance of the research programs, risk sharing, termination of the agreements and financial compensation, which demonstrate that they are not sub-contracting agreements.

In February 2015, the Company formally contested the proposed tax adjustment pertaining to the 2010 CIR (€ 1,141k) and has not, as of the date hereof, received a response from the tax authorities. It is currently preparing a similar response to the proposed tax adjustment pertaining to the 2011 and 2012 CIRs.

During the 2015 fiscal year, the tax authorities have agreed to the Company's request for the immediate payment of its 2014 CIR, less, as a provisional measure, the proposed tax adjustment for the 2010 CIR.

In these circumstances, the Company, although confident in its position, has provisionally calculated the amount of the potential tax liability pertaining to the 2010 to 2015 CIR as if the tax authorities' interpretation were to prevail. On the basis of analyses conducted by third party experts, the Company believes that this potential tax liability could amount to € 2,018k, out of the total € 20,695.4k of CIRs in the 2010 to 2015 financial statements (see also Note 6.25 to the Consolidated Financial Statements for the fiscal year ended December 31, 2015).

The mention of this potential tax liability in this Financial Annual Report and in the notes to the consolidated financial statements and to the annual financial statements for the year ended December 31, 2015 does not constitute in any form an acknowledgement of the tax authorities' arguments in this matter.

On January 19, 2015, the Autorité des Marchés Financiers (the « AMF », the French securities market authority) opened an inquiry into the financial communication of the Company and into the trading of its shares over the June 2014 – April 2015 period. On January 14, 2016, the AMF's Investigations and Inspections Department sent three official letters to Biotech Avenir, Genfit and its CEO. These letters mainly revolve around the fact that on September 26, 2014, after market close, Biotech Avenir sold shares in a block trade shortly before the Company's press release announcing half-year 2015 results was published. In addition, the AMF also raises the issue of an interview given by the CEO in the afternoon of that same day, in which the recent activities and positive outlook of Genfit were discussed, without mention of its net losses over the period. Finally, the AMF also refers to the sale notification that Biotech Avenir made on October 7, 2014 pursuant to article 223-22 of the AMF's General Regulations, which the AMF contends was not made within the applicable deadline.

Pursuant to article 144-2-1 of the AMF's General Regulations, these three letters were sent to allow the addressees to communicate to the AMF their observations on the facts and on the legal arguments discussed in the letters. These observations are communicated to the Board of the AMF, together with the report of the AMF's Investigations and Inspections Department, so that the Board may decide whether to pursue the proceedings or not.

Except for the proceedings described above, there are no other government, court or arbitration proceedings of which the Company is aware, that are pending or threatened, and 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.

V – FORESEEABLE CHANGES AND FUTURE PROSPECTS

5.1 Important events occurred since the end of the period

None

5.2 Prospects

The Company intends to continue its value creation strategy based on developing its proprietary therapeutic and diagnostic assets; and in particular by developing Elafibranor, the drug candidate at the most advanced development stage and that the Company foresees as being the main catalyst for growth in the coming years.

The Company also intends to benefit from the pivotal Phase III clinical trial of Elafibranor in NASH, being launched at the time of the current report, to move forward with the associated biomarker program ; the validation of the algorithm developed during the exercise could thus significantly strengthen the value of Elafibranor.

Given the cash available at the date of the current report, the following financial options are considered in priority by the Company:

- industrial co-development license(s) for Elafibranor ; and
- licensing agreement(s) for the commercialization of Elafibranor to one or several biopharmaceutical companies for most of its market potential ;
- retention by the Company of certain territorial commercialization rights for the co-marketing of Elafibranor ;
- alternative non-diluting financing ;
- fundraising.

VI - CHANGE TO SHARES AND OTHER INFORMATION CONCERNING SHARE CAPITAL

The Company's shares were initially admitted for listing on the Euronext Paris Alternext market in 2006 and then transferred to the group of companies making a public issue on August 6, 2007. As of April 17, 2014, the Company's were transferred by direct listing to the Euronext Paris regulated market, Compartment B.
During the 2015 fiscal year, the stock market price reached its lowest level at € 28.31 on March 27, 2015, closing at € 32.55 on December 31, 2015. The highest price reached was € 70.64 on February 20, 2015.

6.1. Price and transaction volume trends

The tables below show the price and transaction volume trends for the shares over the period between January 2, 2015 and December 31, 2015 (NYSE Euronext Paris price).

6.2 History of the issued capital trend, transactions carried out on issued capital during 2015, and issued capital as of December 31, 2015.

The trend in the Company's share capital by transaction type since the transfer of its shares on the Alternext market (trading category of companies making a public issue - approval from the *Autorité des Marchés Financiers* - French Financial Markets Authority- on August 6, 2007) is shown in the table below.

Changes in issued capital & premium	Share capital			Share premium	Merger premium	Premium
	Number of shares	Face value	Share capital			
At 31 December 2005	150 001	16,00	**2 400 016**	0	0	**0**
06/27/2006 - Division of shares' par value	9 600 064	0,25	**2 400 016**	609 796	0	**609 796**
10/18/2006 - Private placement	11 270 626	0,25	**2 817 657**	14 323 832	0	**14 323 832**
11/21/2006 - Absorption of IT.OMICS	11 270 626	0,25	**2 817 657**	14 323 832	37 833	**14 361 665**
02/16/2010 - Private placement	11 662 166	0,25	**2 915 542**	16 240 395	37 833	**16 278 228**
07/15/2011 & 07/19/2011 - Private placement	13 340 295	0,25	**3 335 074**	20 864 969	37 833	**20 902 802**
10/04/2011 - Reserved share capital increase	13 424 328	0,25	**3 356 082**	20 968 324	37 833	**21 006 157**
10/28/2011 - Reserved share capital increase	13 580 578	0,25	**3 395 145**	21 427 072	37 833	**21 464 905**
10/28/2011 - Share capital increase - offset against receivables (BSA 2011)	13 630 578	0,25	**3 407 645**	21 406 881	37 833	**21 444 714**
02/22/2012 - Reserved share capital increase - exercise of BSA (2011)	13 726 762	0,25	**3 431 691**	21 606 965	37 833	**21 644 798**
From 03/07/2012 to 07/03/2012 - Reserved share capital increase	15 085 665	0,25	**3 771 416**	23 707 055	37 833	**23 744 888**
08/01/2012 - Share capital increase - offset against receivables (OCA 2012)	15 148 321	0,25	**3 787 080**	23 690 141	37 833	**23 727 974**
From 09/05/2012 to 10/14/2012 - Conversion of bonds (OCA 2012)	15 969 232	0,25	**3 992 308**	25 437 239	37 833	**25 475 072**
From 12/21/2012 to 03/08/2013 - Share capital increase - offset against receivables (OCA 2012-:	16 029 806	0,25	**4 007 452**	25 415 946	37 833	**25 453 779**
From 12/27/2012 to 04/11/2013 - Conversion of bonds (OCA 2012-2)	17 370 068	0,25	**4 342 517**	30 591 512	37 833	**30 629 345**
04/17/2013 - Private placement	20 299 516	0,25	**5 074 879**	43 294 235	37 833	**43 332 068**
04/19/2013 & 05/02/2013 - Share capital increase - offset against receivables (OCA 2012-2)	20 317 291	0,25	**5 079 323**	43 287 291	37 833	**43 325 124**
From 04/24/2013 to 08/02/2013 - Conversion of bonds (OCA 2012-2)	20 541 821	0,25	**5 135 455**	44 270 698	37 833	**44 308 531**
02/03/2014 - Share capital increase - maintenance of preferential subscription rights	21 257 671	0,25	**5 314 418**	48 839 327	37 833	**48 877 160**
06/20/2014 - Private placement	23 374 238	0,25	**5 843 560**	95 698 624	37 833	**95 736 457**
12/17/2014 - Private placement	23 957 671	0,25	**5 989 418**	115 718 226	37 833	**115 756 059**
10/29/2015 & 11/04/2015 - Share capital increase - exercise of BSAAR	23 958 904	0,25	**5 989 726**	115 720 750	37 833	**115 758 583**

One capital increase with a nominal amount of € 308.25 was recognized during the 2015 fiscal year and results from the exercise of 833 BSAAR 2014-A (redeemable share subscription warrants) and 400 BSAAR 2014-C (redeemable share subscription warrants) by employees of the Company, at the price of € 23.50 per share (issue premium included). This gives rise to the issue of 1,233 new shares. The share capital of the Company therefore increases from € 5,989,417.75 to € 5, 989,726.

The company did not carry out any of the transactions set out in articles L.233-29 and L.233-30 of the French Commercial Code. As of December 31, 2015, the share capital was € 5,989,726.

6.3 Acquisition by the Company of its own shares during the fiscal year closed on December 31, 2015.

Objectives of buyback program and use of redeemed securities

We remind you that, in accordance with the provisions of articles L.225-209 et seq. of the French Commercial Code, the Company's shareholders authorized it to purchase its own shares, up to a limit of 10% of the issued share capital. The combined shareholders' meeting of the Company initially granted it this authorization for a period of 18 months on June 26, 2013 in accordance with its twelfth resolution and renewed a first time for another period of 18 months by the combined shareholders' meeting of April 2, 2014, as per its first resolution and then renewed a second time for another period of 18 months by the combined shareholders' meeting of February 24, 2015, as per its first resolution.

During the fiscal year ended December 31, 2015, the Executive Board implemented the program authorized by the General Meeting of April 2, 2014, and then, starting on February 25, 2015, the program authorized by the shareholders meeting of February 24, 2015, which was identical to the previous one except that the maximum purchase price set earlier at € 50 per share was increased to € 125 per share by the shareholders meeting of February 25, 2015. This explains why the program was discontinued for a while at the beginning of February 2015, as it was used exclusively as part of a liquidity agreement (see hereafter) and during this period, the share price was above the maximum purchase price of € 50 per share set by the authorization from the General Meeting of April 2, 2014.

The objectives of this program are to :

- support the market for GENFIT shares within a liquidity agreement complying with a code of ethics acknowledged by the French Financial Markets Authority, and signed with an investment services provider ;
- cancel the purchased shares ;
- allocate shares upon the exercise of rights attached to securities giving the right to assign Company shares by reimbursement, conversion, exchange, presentation of a warrant, or any other manner ;
- save the shares to be allotted later as payment or exchange for delivery or exchange in connection with any future external growth transactions ; and/or
- to attribute, cover and implement any stock option purchase plan, the allocation of free shares or implementation of employee shareholder plans reserved to members of company savings plans or any other form of allocation to the Company's employees and officers or the companies linked to it under the conditions and according to the procedures set out by law and applicable regulations.

The description of this share redemption program is available at the Company headquarters as well as on its website.

Implementation of the redemption program

In accordance with the provisions of article L.225-211 of the French Commercial Code, we are informing you of the procedures for implementing the share redemption program during the past fiscal year.

During the 2015 fiscal year, this share redemption program was used exclusively as part of the liquidity agreement to meet the market coordination objective for the Company's shares by an investment services provider. In compliance with current regulations, and in particular with the provisions of European Regulation No. 2273/2003 dated December 22, 2003, the Company signed a liquidity agreement with CM-CIC Securities on August 1, 2013, in accordance with the code of ethics of the *Association française des marchés financiers* (AMAFI - French Association of Financial Markets), recognized by the French Financial Markets Authority. This agreement is still in force as of the date of this report.

Since August 1, 2013, the sum the Company allocated to the liquidity account is € 250,000.

As part of the share redemption program and within the framework of this liquidity account, the Company carried out own-share purchase and sale transactions listed below, between the opening and closing dates of the past fiscal year :

	Number of shares purchased	Number of shares sold	Average purchase price	Average selling price	Number of shares registered in the name of the Company	Fraction of the share capital
Repurchase program	0	0	0	0	0	0
Liquidity agreement						
January 2015	82 845	84 345	44,362	44,564	1 000	0,00%
February 2015	17 055	17 055	62,407	58,526	1 000	0,00%
March 2015	63 107	59 107	53,642	54,902	5 000	0,02%
April 2015	68 500	71 500	38,068	37,215	2 000	0,01%
May 2015	57 070	54 070	38,466	38,735	5 000	0,02%
June 2015	62 083	66 083	35,563	35,508	1 000	0,00%
July 2015	59 798	51 798	36,073	36,135	9 000	0,04%
August 2015	32 604	40 568	34,066	33,930	1 036	0,00%
September 2015	69 172	59 208	37,129	37,103	11 000	0,05%
October 2015	53 122	64 122	37,401	37,233	0	0,00%
November 2015	91 137	91 137	41,266	41,079	0	0,00%
December 2015	41 193	36 193	34,225	33,086	5 000	0,02%
Total 2015	**697 686**	**695 186**	**40,32**	**40,10**		

The annual weighted-averages are calculated over the financial year

The Company held 5,000 of its own shares as of December 31, 2015, with a total nominal value of € 1,250 and a value of € 163k at the share average purchase price.

6.4 Distribution of issued capital as of December 31, 2015 and changes that occurred during the fiscal year.

As of December 31, 2015, the Company's share capital consists of 89.25% bearer shareholders and 10.75% registered shareholders.

In accordance with the provisions of article L. 233-13 of the French Commercial Code, the table below lists the identities of shareholders holding more than 5% of the share capital or voting rights, which is to say owning more than one twentieth, one tenth, three twentieths, one fifth, one quarter, one third, one half, two thirds, or nineteen twentieths of the issued capital or voting rights as of December 31, 2015 :

Shareholders	Shares		Voting rights	
	Number of shares	% of share capital	Number of voting rights	% of share capital
Biotech Avenir	1 770 574	7,39%	3 508 448	13,23%
Université de Lille 2	766 250	3,20%	1 532 500	5,77%
Others	21 422 080	89,41%	21 487 693	81,17%
Total 31/12/2015	**23 958 904**	**100,00%**	**26 528 641**	**100,00%**

No shareholder being concerned by other legal thresholds to the knowledge of the Company.

In accordance with the provisions of the article 32 of the articles of association, "any shareholder, regardless of nationality, whose shares have been fully paid in and registered in an account in his name for at least two years, shall benefit from a double voting right under the terms set out by the Law." The shareholders below hold the following shares with double voting rights as of December 31, 2015: BIOTECH AVENIR (1,737,874 shares with double voting rights), CM-CIC INVESTISSEMENT (65,000 shares with double voting rights), Mr. Laurent CROUAU (100 shares with double voting rights), Prof. Jean DAVIGNON (64 shares with double voting rights), Prof. Jean-Charles FRUCHART (64 shares with double voting rights), Mr. Eric GRIMONPREZ (64 shares with double voting rights), Mr. Xavier GUILLE DES BUTTES (64 shares with double voting rights), Mr. Laurent LANNOO (64 shares with double voting rights), Mr. Jean-François MOUNEY (64 shares with double voting rights), PROXINVEST (1 share with double voting rights), Mrs. Florence SEJOURNE (64 shares with double voting rights), UNIVERSITY OF LILLE II (766,250 shares with double voting rights), Mr. Charles WOLER (64 shares with double voting rights).

6.5 Transactions carried out by executives on Company shares.

To the Company's knowledge, transactions carried out during the 2015 fiscal year on Company shares by the persons listed in article L.621-18-2 of the French Monetary and Financial Code, and according to the procedures set out in articles 222-14 and 222-15 of the General Rules of the French Financial Markets Authority are as follows:

Shareholders	Office	Type of Financial Instruments	Nature of the operation	Weighted-average trading price (1)	Total number of shares	Total gross amount
Mouney Jean-François	Chairman of the Executive Board	Shares	Purchase	36,63 €	8 250	302 229,75 €
Nathalie Huitorel	Member of the Executive Board	Shares	Sale	37,79 €	130	4 912,70 €
Dean Hum	Member of the Executive Board	Shares	Purchase	32,96 €	10	329,60 €

(1) The weighted-average trading price are calculated for the fiscal year

VII – STOCK OPTIONS, EQUITY WARRANTS, REDEEMABLE SHARE SUBSCRIPTION WARRANTS, AND BONUS SHARES RESERVED FOR COMPANY EMPLOYEES, CONSULTANTS AND EXECUTIVES

7.1 Stock options or share purchase warrants.

By decision dated September 24, 2007, the Executive Board used the delegation granted to it by the shareholders 'combined general meeting of October 18, 2006, in accordance with its seventh resolution by assigning 507,179 stock options to 16 Group executives and employees under a "2007 Option Plan".

As the valid period for these options was 5 years, the 2007 Option Plan is null and void as of the date of this report. Therefore, and as in the previous fiscal years, no stock options or share purchase warrants were exercised during the 2015 fiscal year under the 2007 Option Plan.

Since then, the Executive Board has not established any other stock option or share purchase warrant plan. Under these conditions, no stock options or share warrant were assigned to Company employees or directors during the 2015 fiscal year and as of the date of this report.

7.2 Equity warrants (BSAs).

Following the authorization granted by Shareholders' Combined General meeting of April 2, 2014, in accordance with its 10th resolution, the Executive Board Meeting of July 24, 2014, adopted a first equity warrant plan (BSA 2014) and allocated equity warrants to two independent individuals on the Company's Supervisory Board and to four of the Company's scientific consultants. The main characteristics of these instruments and their subscription and exercise status as of the date of this report are summarized in the tables below :

Allocation and subscription of BSA 2014 **Non-executive corporate officers** (In euros)	**BSA** **2014-A**	**BSA** **2014-B**
Date of the Shareholder's meeting	02/04/2014	02/04/2014
Date of the Executive board meeting	24/07/2014	24/07/2014
Subscription periods	01/08/2014 to 15/09/2014	02/01/2015 to 15/02/2015
Total number of BSA subscribed by corporate officers	23 385	23 385
Total number of BSA that may be subscribed by corporate officers	-	-
Start date for exercise of BSA	01/11/2014	01/03/2015
Term of exercise of BSA	30/09/2018	28/02/2019
Issue Price	0,01	0,01
Exercise Prise*	23,5	23,5
Method of exercise	Exercisable in tranches of a minimum number of BSA equal to 2 000 or to a multiple of 2 000, except outstanding balance	

*Exercise price of BSA 2014 is equal to the average, weighted by the volumes of the closing prices of the share over five consecutive trading days from July 7 to July 11, 2014, decreased by a discount of 5%

Allocation and subscription of BSA 2014 **Consultants** (In euros)	**BSA** **2014-A**	**BSA** **2014-B**
Date of the Shareholder's meeting	02/04/2014	02/04/2014
Date of the Executive board meeting	24/07/2014	24/07/2014
Subscription periods	01/08/2014 to 15/09/2014	02/01/2015 to 15/02/2015
Total number of BSA subscribed by consultants	23 380	23 380
Total number of BSA that may be subscribed by consultants	-	-
Start date for exercise of BSA	01/11/2014	01/03/2015
Term of exercise of BSA	30/09/2018	28/02/2019
Issue Price	0,01	0,01
Exercise Prise*	23,5	23,5
Method of exercise	Exercisable in tranches of a minimum number of BSA equal to 2 000 or to a multiple of 2 000, except outstanding balance	

*Exercise price of BSA 2014 is equal to the average, weighted by the volumes of the closing prices of the share over five consecutive trading days from July 7 to July 11, 2014, decreased by a discount of 5%

No BSA 2014 has been exercised during the fiscal year 2015, nor to the date of this report.

Following the authorization granted by the Shareholders' Combined General Meeting of April 2, 2014, in accordance with its 10th resolution, the Executive Board Meeting of January 9, 2015 adopted a second equity warrant plan (BSA 2015) and allocated equity warrants to one independent individual on the Company's Supervisory Board and to two of the Company's scientific consultants. The main characteristics of these instruments and their subscription and exercise status as of the date of this Report are summarized in the tables below :

Allocation and subscription of BSA 2015 **Non-executive corporate officers** (In euros)	**BSA** **2015-A**	**BSA** **2015-B**
Date of the Shareholder's meeting	02/04/2014	02/04/2014
Date of the Executive board meeting	09/01/2015	09/01/2015
Subscription periods	20/01/2015 to 25/02/2015	01/07/2015 to 15/09/2015
Total number of BSA subscribed by non-executive corporate officers	7 015	7 015
Total number of BSA that may be subscribed by non-executive corporate officers	-	-
Start date for exercise of BSA	01/06/2015	01/12/2015
Term of exercise of BSA	31/05/2019	30/11/2019
Issue Price	0,01	0,01
Exercise price*	35,95	35,95
Methods of exercise	Exercisable in tranches of a minimum number of BSA equal to 2 000 or to a multiple of 2 000, except outstanding balance	

*Exercise price of BSA 2015 is equal to the average, weighted by the volumes of the closing prices of the share over five consecutive trading days from December 3 to December 9, 2014, decreased by a discount of 4.98%

Allocation and subscription of BSA 2015 **Consultants** (In euros)	**BSA** **2015-A**	**BSA** **2015-B**
Date of the Shareholder's meeting	02/04/2014	02/04/2014
Date of the Executive board meeting	09/01/2015	09/01/2015
Subscription periods	du 20/01/2015 au 25/02/2015	du 1/7/2015 au 15/09/2015
Total number of BSA subscribed by consultants	5 845	5 845
Total number of BSA that may be subscribed by consultants	-	-
Start date for exercise of BSA	01/06/2015	01/12/2015
Term of exercise of BSA	31/05/2019	30/11/2019
Issue Price	0,01	0,01
Exercise price*	35,95	35,95
Methods of exercise	Exercisable in tranches of a minimum number of BSA equal to 2 000 or to a multiple of 2 000, except outstanding balance	

*Exercise price of BSA 2015 is equal to the average, weighted by the volumes of the closing prices of the share over five consecutive trading days from December 3 to December 9, 2014, decreased by a discount of 4.98%

No BSA 2015 has been exercised as to the date of the present report.

7.3 Redeemable share subscription warrants (BSAARs).

Following the authorization granted by the Shareholders' Combined General Meeting of April 2, 2014, in accordance with its 11th resolution, the Executive Board Meeting on September 15, 2014 adopted a reimbursable stock and/or share warrant plan (2014 Redeemable share subscription warrants Plan or BSAAR 2014) and allocated redeemable share subscription warrants to three members of the Company's Executive Board and to employees who are not corporate officers. The main characteristics of these instruments and their subscription and exercise status as of the date of this Report are summarized in the tables below :

Allocation and subscription of BSAAR 2014 **Executive corporate officers** (In euros)	**BSAAR** **2014-A**	**BSAAR** **2014-B**	**BSAAR** **2014-C**
Date of the Shareholder's meeting	02/04/2014	02/04/2014	02/04/2014
Date of the Executive board meeting	15/09/2014	15/09/2014	15/09/2014
Subscription periods	19/09/2014 to 15/10/2014	07/05/2015 to 29/05/2015	06/07/2015 to 31/07/2015
Total number of BSAAR subscribed by executive corporate officers	5 901	17 822	18 711
Total number of BSAAR that may be subscribed by executive corporate officers	-	-	-
Start date for exercise of BSAAR	15/09/2015	15/09/2015	15/09/2015
Term of exercise of BSAAR	15/09/2018	04/05/2019	01/07/2019
Issue price	5,61	5,61	5,61
Exercise price*	23,5	23,5	23,5
Methods of exercise	Exercisable in tranches of a minimum number of BSA equal to 1/3 of the number owned by each beneficiary		

* Exercise price of BSAAR 2014 is equal to the average, weighted by the volumes of the closing prices of the share over five consecutive trading days from August 13 to August 19, 2014, decreased by a discount of 13.6%

Allocation and subscription of BSAAR 2014 **Employees – non corporate officers** (In euros)	**BSAAR** **2014-A**	**BSAAR** **2014-B**	**BSAAR** **2014-C**
Date of the Shareholder's meeting	02/04/2014	02/04/2014	02/04/2014
Date of the Executive board meeting	15/09/2014	15/09/2014	15/09/2014
Subscription periods	19/09/2014 to 15/10/2014	07/05/2015 to 29/05/2015	06/07/2015 to31/07/2015
Total number of BSAAR subscribed by employees	9 299	5416	5568
Total number of BSAAR that may be subscribed by employees	-	-	-
Start date for exercise of BSAAR	15/09/2015	15/09/2015	15/09/2015
Term of exercise of BSAAR	15/09/2018	04/05/2019	01/07/2019
Issue price	5,61	5,61	5,61
Exercise price*	23,5	23,5	23,5
Methods of exercise	Exercisable in tranches of a minimum number of BSA equal to 1/3 of the number owned by each beneficiary		

* Exercise price of BSAAR 2014 is equal to the average, weighted by the volumes of the closing prices of the share over five consecutive trading days from August 13 to August 19, 2014, decreased by a discount of 13.6%

833 BSAAR 2014-A and 400 BSAAR 2014-C have been exercised by employees who are not corporate officers of the Company during the fiscal year 2015. No other BSAAR 2014 has been exercised up to the date of this report.

7.4 Bonus Shares

No bonus share plan has been established since the incorporation of the Company, during the 2015 fiscal year, or as of the date of this Report.

7.5 Capital eligible for subscription by employees and directors, and diluted capital

As of the date of this Report, there were 24,139,638 shares of diluted capital. This includes the share capital as of the date of this Report (23,958,904 shares) plus the number of shares likely to be issued under securities allocation plans giving access to the Company's share capital (180,734) described below, representing a potential dilution of 0.75%.

Designation plan	Beneficiaries	Subscription price	Expiration date	Number of warrants allocated	% of dilution of share capital	Cumulated %
BSA 2014 A	Independent members of the Supervisory Board	0,01 €	30/09/2018	23 385	0,10%	0,25%
BSA 2014 B		0,01 €	28/02/2019	23 385	0,10%	
BSA 2015 A		0,01 €	31/05/2019	7 015	0,03%	
BSA 2015 B		0,01 €	30/11/2019	7 015	0,03%	
BSA 2014 A	Members of the Scientific Advisory Board and other scientific experts	0,01 €	30/09/2018	23 380	0,10%	0,24%
BSA 2014 B		0,01 €	28/02/2019	23 380	0,10%	
BSA 2015 A		0,01 €	31/05/2019	5 845	0,02%	
BSA 2015 B		0,01 €	30/11/2019	5 845	0,02%	
BSAAR 2014 A	Executive officers	5,61 €	15/09/2018	5 901	0,02%	0,18%
BSAAR 2014 B		5,61 €	04/05/2019	17 822	0,07%	
BSAAR 2014 C		5,61 €	01/07/2019	18 711	0,08%	
BSAAR 2014 A	Non-executive employees	5,61 €	15/09/2018	8 466	0,04%	0,08%
BSAAR 2014 B		5,61 €	04/05/2019	5 416	0,02%	
BSAAR 2014 C		5,61 €	01/07/2019	5 168	0,02%	
TOTAL				**180 734**	**0,75%**	**0,75%**

7.6 Employee shareholding in the share capital

In accordance with article L.225-102 of the French Commercial Code, we inform you that as of December 31, 2015 and as of the date of this report, the Employees held no issued capital in the Company within a collective management framework.

VIII - PRESENTATION AND EXPLANATION OF INFORMATION THAT MIGHT AFFECT A PUBLIC OFFER

In accordance with the provisions of article L.225-100-3 of the French Commercial Code, we present the information below that might affect a public offer:

- The Company's capital structure contains no characteristics that might affect a public offer ;

- There are no statutory restrictions to the exercise of voting rights and share transfers, nor clauses included in the agreements brought to the knowledge of the Company in application of article L.233-11 of the French Commercial Code ;

- No declarations made under articles L.233-7 and L.233-12 of the French Commercial Code identified direct or indirect investments in the Company's Capital that might affect a public offer ;

- There are no securities that include special rights of control. As per the articles of association, the shares that have double voting rights, were mentioned in paragraph 6.4 above ;

- Biotech Avenir, comprising some of the Company's founders and employees, holds 7.39% of the shares and 13.23% of the voting rights in the Company ;

- A shareholder agreement, signed prior to the acceptance of the Company's shares for listing on the Euronext Alternext market in 2006, sets out a preemptive right for Biotech Avenir or any shareholder signatory of the agreement that it may appoint in the event of an off-market transfer plan for all or part of its shares in the company by a shareholder party to said agreement, if the planned transfer, combined with any transfers carried out during a given year, represents a share of at least 2% of the issued capital. As of the date of this report and to the Company's knowledge, the parties to this agreement holding shares in the company are the University of Lille 2, Biotech Avenir, Finorpa SCR, Jean-François Mouney, Xavier Guille des Buttes, and Charles Woler ;

- In accordance with articles 14 and 15 of the bylaws, the members of the Executive Board are appointed by the Supervisory Board by unanimous decision less two votes of its members present or represented, or, where the Law allows, attending by video conference or another telecommunication method, and at least the majority of their votes for a 5-year term. The members of the Executive Board may be removed by the General Meeting, ruling under the quorum and majority conditions for Ordinary General Meetings. They may resign at any time. In the event of a vacancy, the Supervisory Board must fill the vacant position within 2 months. In accordance with article 17 of the bylaws, the members of the Supervisory Board are appointed from among the individual or corporate shareholders by the Ordinary General Meeting for 5 years; the latter body may remove them at any time. However, in the event of a merger or division, members of the Supervisory Board may be appointed by an Extraordinary General Meeting. If the seat of a member of the Supervisory Board is vacated between two general meetings of shareholders due to death or resignation, the Supervisory Board may make a temporary appointment, which shall be subject to ratification at the next Ordinary General Meeting. In accordance with the terms of article 36 of the bylaws, the Extraordinary General Meeting shall alone be authorized to change any provision in the Bylaws and in particular to decide to transform the Company into a company of another form ;

- The Executive Board shall be delegated the powers described in the "Summary table of valid delegated powers granted to the Executive Board by the General Meeting " appended to this document ;

- The Company has signed some contracts explicitly containing change of control clauses. This is true in particular for the contract governing the co-research alliance with Sanofi and some loan contracts.

Mr Jean-François MOUNEY has an employment contract as a general manager. Under the terms of his employment contract, Jean-François MOUNEY shall receive contractual severance pay of six months' salary in the event of dismissal (other than in the case of gross negligence or willful 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.

IX - CORPORATE OFFICES AND COMPENSATION FOR CORPORATE OFFICERS

9.1 Corporate offices

In accordance with the provisions of article L.225-102-1 of the French Commercial Code, we are providing you with the list below of all offices held and duties exercised in all French or foreign companies by each of the Company's directors during the fiscal year. This description was expanded to the past five years to satisfy the requirement in appendix I of EC regulation no. 809/2004, which governs the preparation of reference documents.

Jean-François MOUNEY, 60 years old, French	**Professional address 885, Avenue Eugène Avinée – 59120 LOOS**	**Number of Genfit's shares held : 8,339 shares and 17.1 % of Biotech Avenir**
Chairman of the Executive Board of Genfit SA		
PROFESSIONAL EXPERIENCE / EXPERTISE		
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.		
TERM OF OFFICE		
1st appointment : Supervisory Board of September 15th, 1999 –Last renewal: Supervisory Board of July 3, 2013	End of the current office : July 3, 2018	
OPE RATIONAL FUNCTIONS AND OTHER CORPORATE OFFICES IN FRENCH AND FOREIGN COMPANIES		
Chairman of the Supervisory Board of Genfit Corp, Chairman of Genfit Pharmaceuticals SAS, Chairman of Biotech Avenir	During the last five years, Jean-François MOUNEY has also held the following offices and positions, which he no longer holds : Chairman of Naturalpha	

Nathalie HUITOREL, 54 years old, French.	Professional address 885, Avenue Eugène Avinée – 59120 LOOS	Number of Genfit's shares held : 2,591 shares and 0 % of Biotech Avenir
Member of the Executive Board of Genfit SA		
PROFESSIONAL EXPERIENCE / EXPERTISE		
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.		
TERM OF OFFICE		
1st appointment : Supervisory Board of July 3, 2008 – Last renewal: Supervisory Board of July 3, 2013	End of the current office: July 3, 2018	
OPERATIONAL FUNCTIONS AND OTHER CORPORATE OFFICES IN FRENCH AND FOREIGN COMPANIES		
Member of the Supervisory Board of Genfit Corp, Member of the Executive Board of Genfit Pharmaceuticals SAS	None	

Dean HUM , 54 years, Canadian	Professional address 885, Avenue Eugène Avinée – 59120 LOOS	Number of Genfit's shares held : 10 shares and 6.2% of Biotech Avenir
Member of the Executive Board of Genfit SA		
PROFESSIONAL EXPERIENCE / EXPERTISE		
Dean HUM earned a Ph.D. in Biochemistry from McGill University in Montreal in 1990. An expert in the modulation of transcription factors and nuclear receptors associated with endocrine and cardiometabolic diseases, he held a 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 person in the organization of Genfit. In particular, he is responsible for defining, implementing, employing and coordinating short-, medium- and long-term strategies relating to R&D programs and portfolio. He coordinates all R&D activities with the CEO and in close collaboration with scientific officers and project managers.		
TERM OF OFFICE		
1st appointment : Supervisory Board of May 13, 2014	End of the current office : May 13, 2019	
OPERATIONAL FUNCTIONS AND OTHER CORPORATE OFFICES IN FRENCH AND FOREIGN COMPANIES		
None	None	

Xavier GUILLE DES BUTTES 74years old, French		Number of Genfit's shares held : 771 shares
Chairman of Genfit's Supervisory Board, of which he is an independent member. Member of the Appointment and Compensation Committee and member of the Audit Committee		
PROFESSIONAL EXPERIENCE / EXPERTISE		
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		
TERM OF OFFICE		
1st appointment : October 18, 2006 Last renewal : June 28, 2011	End of the current office: Shareholders' General Meeting called to approve the financial statements for the year ending December 31, 2015.	
OPERATIONAL FUNCTIONS AND OTHER CORPORATE OFFICES IN FRENCH AND FOREIGN COMPANIES		
Member of the Supervisory Board of the Companies Diagast and Hermarina, Member of the Board of partners Delpharm Holding.	During the last five years, Xavier Guille des Buttes has also held the following offices and positions, which he no longer holds : Member of the Supervisory Board of Ouest Angels	

Charles WOLER **66 years old, French**		**Number of Genfit's shares held :** **64 shares**
Vice-Chairman of the Supervisory Board of Genfit SA, of which he is an independent member – Chairman of the Appointment and Compensation Committee		
PROFESSIONAL EXPERIENCE / EXPERTISE		
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 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 (CEO) and Imclone System (executive committee member) - both biotechnology companies listed on Nasdaq, Neuro3d, Endotis Pharma and Biomnis (CEO).		
TERM OF OFFICE		
1st appointment : October 18, 2006 Last renewal: June 28, 2011	End of the current office: Shareholders' General Meeting called to approve the financial statements for the year ending December 31, 2015	
OPERATIONAL FUNCTIONS AND OTHER CORPORATE OFFICES IN FRENCH AND FOREIGN COMPANIES		
Chief Executive Officer of Biomnis, Chairman of BioDS, Chairman of the Supervisory Board of InflamAlps (Swiss), Chairman of the Board of Synexus (UK)	During the last five years, Charles Woler has also held the following offices and positions, which he no longer holds : Chief Executive Officer of Endotis Pharma Member of the Supervisory Board of Gastrotech Chairman of seed funding ITI	

Frédéric DESDOUITS **48 years old, French**		**Number of Genfit's shares held :** **100 shares**
Member of the Supervisory Board of Genfit SA and member of the Appointment and Compensation Committee		
PROFESSIONAL EXPERIENCE / EXPERTISE		
Mister Frédéric Desdouits is head of Pierre Fabre Group Business Development, Acquisition and Market Intelligence since 2011. He is also member of the Pharmaceuticals Executive Board and of the Development Products Board. Prior to joining Pierre Fabre, Frederic was Managing Partner at Bionest Partners (2004-2011), a consulting and transaction firm based in Paris and New York specialized in healthcare and biotechnology; and the founding Managing Partner of Bionest Partners Finance (2007-2011), a boutique specialized in value strategy and fund raising for emerging bio-companies. Between 1997 and 2004, Frederic was a partner in charge of Pharmaceutical and Biotechnology sectors at Exane BNP-Paribas, an investment company. Before heading for finance, Frederic worked in research (1996-1997) at GlaxoWellcome in France (now GSK), as a consultant for Hoechst in the USA (1995-1997) and as a PhD student (1992-1995) with a grant from Rhône-Poulenc in France (now Sanofi). Between 2010 and 2011, Frédéric Desdouits was a member of the Pre-Phase III DPU Blood & Vessels Specific Board at Sanofi Aventis (now Sanofi) R&D (Chilly-Mazarin, France). Between 2008 and 2011, Frederic was Board member at Exonhit Therapeutics (now Diaxonhit Therapeutics) and member of the M&A subcommittee. Frédéric Desdouits is graduated from Ecole Polytechnique (Palaiseau, France), obtained a MS in pharmacology and a PhD in Neurosciences at University Paris VI and Collège de France, did a post-doc (1994-1996) at the Rockefeller University in New York and is a CEFA (Certified European Financial Analyst).		
TERM OF OFFICE		
1st appointment : June 20, 2014	End of the current office : Shareholders' General Meeting called to approve the financial statements for the year ending December 31, 2017	
OPE RATIONAL FUNCTIONS AND OTHER CORPORATE OFFICES IN FRENCH AND FOREIGN COMPANIES		
Vice-Chairman – Head of Pierre Fabre Group Business Development, Acquisition and Market Intelligence Department	During the last five years, Charles Woler has also held the following offices and positions, which he no longer holds : Manager of Gidéal Chairman of Bionest Partners Managing Partner of Bionest Partners Finance Member of the Supervisory Board of Exonhit Therapeutics	

BIOTECH AVENIR, represented by Florence SEJOURNE 44 ans, French	Professional address 885, Avenue Eugène Avinée – 59120 LOOS	Number of Genfit's shares held : 1,770,574 shares
Member of the Supervisory Board of Genfit SA – Member of the Audit Committee		
PROFESSIONAL EXPERIENCE / EXPERTISE		
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 to2008. Since then, she isChairman of the Company Da Volterra.		
TERM OF OFFICE		
1st appointment : At creation of the Company, September 15th, 1999 Last renewal: June 28, 2011	End of the current office : Shareholders' General Meeting called to approve the financial statements for the year ending December 31, 2015	
OPE RATIONAL FUNCTIONS AND OTHER CORPORATE OFFICES IN FRENCH AND FOREIGN COMPANIES		
Chairman of the Company Da Volterra Chairman of the Executive Board of Biotech Avenir	None	

<table>
<tr><td colspan="2">Philippe MOONS
64 years old, French</td><td>Number of Genfit's shares held : 85</td></tr>
<tr><td colspan="3">Member of the Supervisory Board of Genfit SA, of which he is an independent member – Chairman of the Audit Committee</td></tr>
<tr><td colspan="3">PROFESSIONAL EXPERIENCE / EXPERTISE</td></tr>
<tr><td colspan="3">Graduated from the Institut Catholique des Arts et Métiers de 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.</td></tr>
<tr><td colspan="3">TERM OF OFFICE</td></tr>
<tr><td colspan="2">1st appointment :
July 16th, 2015 on cooptation by the Supervisory Board in replacement of Finorpa (resigning member) ; cooptation to be ratified by the General Meeting of Shareholders.
Last renewal : None</td><td>End of the current office :
Shareholders' General Meeting called to approve the financial statements for the year ending December 31, 2017</td></tr>
<tr><td colspan="3">OPE RATIONAL FUNCTIONS AND OTHER CORPORATE OFFICES IN FRENCH AND FOREIGN COMPANIES</td></tr>
<tr><td colspan="2">None</td><td>During the last five years, Philippe Moons has also held the following offices and positions, which he no longer holds :
Member of the Supervisory Board, as permanent representative of Finorpa ;
Member of the Supervisory Board of Alzprotect, as permanent representative of Finorpa ;
Member of the Executive Board of Fonds d'Amorçage Finovam ;
Member of the Supervisory Board of Purifonction, as permanent representative of Finorpa ;
Member of the Supervisory Board of Terra Nova, as permanent representative of Finorpa.</td></tr>
</table>

9.2 Compensation for corporate officers during the 2015 fiscal year

Compensation Policy

Compensation for the executive officers (members of the Company's Executive Board) consists of fixed compensation and an advantage in kind for the paid functions and duties that they exercise within the Company, potentially supplemented by:

- Variable annual compensation granted by the Supervisory Board for the fiscal year for their term as officer;

- Exceptional compensation for their paid functions as part of an incentive plan established, after a favorable opinion form the Company's Appointments and Compensation Committee and its Supervisory Board, by a decision of the Executive Board dated January 25, 2013 for helping ensure the best conditions for the implementation of various strategic development paths envisioned by the Company. In particular, this plan applies for successfully raising a minimum amount of funds over a predetermined period and in such a case sets out lump-sum base compensation as well as an additional variable profit sharing defined in % of the funds raised, up to a maximum of 1% of their amount, to be divided 40% for the Chairman of the Executive Board and 60% for the Company's top executives.

Since 2014, they may also receive redeemable share subscription warrants (BSAAR).

Compensation for non-executive corporate officers, independent individuals on the Supervisory Committee, shall consist of director's fees.

Since 2014, they may also receive equity warrants (BSA).

Tables 1, 2, and 3 below show the compensation owed to executive officers and non-executive corporate officers for the fiscal years closed on December 31, 2015 and 2014 and the compensation received by these same individuals during these same fiscal years.

Table 4 shows the instruments giving access to capital allocated to each executive officer or non-executive officer, during the 2015 fiscal year.

Tables 8 shows the allocation history for stock options and share warrants, and lastly, table no. 11 provides additional information on terms for compensation and other advantages granted to executive officers (members of the Executive Board)

Tables nos. 5 to 7 and 9 and 10 recommended by the AMF for transparency of compensation for corporate officers do not apply.

Tableau n° 1 : Summary table of remuneration, options and shares allocated to each executive director

Summary table of remuneration (1), options and shares allocated to each executive director		
	Financial year ended December 31, 2015	**Financial year ended December 31, 2014**
Jean-François MOUNEY - Chairman of the Executive Board		
Remuneration due for the financial year	€ 676 005	€ 1 207 216
Valuation IFRS 2 of the option granted during the financial year	€ 0	€ 167 147
Valuation of the free stock options granted during the financial year	€ 0	0
TOTAL	**€ 676 005**	**€ 1 374 363**
Nathalie HUITOREL - member of the Board		
Remuneration due for the financial year	€ 228 940	€ 297 093
Valuation IFRS 2 of the option granted during the financial year	€ 0	€ 149 271
Valuation of the free stock options granted during the financial year	€ 0	0
TOTAL	**€ 228 940**	**€ 446 365**
Dean HUM - member of the Board (2)		
Remuneration due for the financial year	€ 474 944	€ 490 044
Valuation IFRS 2 of the option granted during the financial year	€ 0	€ 155 880
Valuation of the free stock options granted during the financial year	€ 0	0
TOTAL	**€ 474 944**	**€ 645 924**

(1) The amounts indicated are gross amounts
(2) The office of Dean Hum began on May 13, 2014

The remuneration indicated correspond to the period of exercise of its office

Table n° 2 : Summary table of remuneration allocated to each executive director

Summary table of remuneration (1) of each Executive coroprate officer				
	Financial year ended December 31, 2015		Financial year ended December 31, 2014	
	Amount due	Amount paid	Amount due	Amount paid
Jean-François MOUNEY - Chairman of the Executive Board				
Fixed annual remuneration	487 272 €	472 272 €	372 978 €	360 431 €
Variable remuneration	0	0	*27 178 €*	*27 178 €*
Exceptionnal remuneration	167 927 €	140 761 €	785 696 €	617 901 €
Attendance fees	0	0	0 €	0 €
Benefits in kind	20 806 €	20 806 €	21 364 €	21 364 €
TOTAL	**676 005 €**	**633 838 €**	**1 207 216 €**	**1 026 874 €**
Nathalie HUITOREL - member of the Board				
Fixed annual remuneration	148 335 €	143 720 €	99 272 €	100 825 €
Variable remuneration	0	0	*7 183 €*	*7 183 €*
Exceptionnal remuneration	77 237 €	63 598 €	187 270 €	133 796 €
Attendance fees	0	0	0 €	0 €
Benefits in kind	3 368 €	3 368 €	3 368 €	3 368 €
TOTAL	**228 940 €**	**210 686 €**	**297 093 €**	**245 172 €**
Dean HUM - member of the Board (2)				
Fixed annual remuneration	251 419 €	242 573 €	101 689 €	90 145 €
Variable remuneration	0	0	*0 €*	*125 €*
Exceptionnal remuneration	220 029 €	149 542 €	386 123 €	245 295 €
Attendance fees	0	0	0 €	0 €
Benefits in kind	3 497 €	3 497 €	2 232 €	2 232 €
TOTAL	**474 944 €**	**395 611 €**	**490 044 €**	**337 797 €**

(1) The amounts indicated are gross amounts
(2) The office of Dean Hum began on May 13, 2014

The remuneration indicated correspond to the period of exercise of its office

Advantages in kind are a vehicle for each officer and GSC unemployment insurance for the Chairman of the Executive Board.

Table no. 3: table of attendance fees and other remuneration received by non-executive corporate officers

Attendance fees and other forms of remuneration payable to each of the non executive officer				
Non executive officers	Amounts due* during the fiscal year 2015	Amounts paid* during the fiscal year 2015	Amounts due* during the fiscal year 2014	Amounts paid* during the fiscal year 2014
Xavier GUILLE DES BUTTES				
Attendance fees	20 935 €	20 935 €	21 330 €	21 725 €
Other remuneration				
TOTAL	**20 935 €**	**20 935 €**	**21 330 €**	**21 725 €**
Charles WOLER				
Attendance fees	6 715 €	6 715 €	8 690 €	8 690 €
Other remuneration				
TOTAL	**6 715 €**	**6 715 €**	**8 690 €**	**8 690 €**
Frédéric DESDOUITS				
Attendance fees	9 085 €	9 085 €	3 160 €	3 160 €
Other remuneration				
TOTAL	**9 085 €**	**9 085 €**	**3 160 €**	**3 160 €**
BIOTECH AVENIR				
represented by Florence Séjourné				
Attendance fees	- €	- €	- €	- €
Other remuneration				
TOTAL	**- €**	**- €**	**- €**	**- €**
FINORPA				
represented by Philippe Moons				
Attendance fees	- €	- €	- €	- €
Other remuneration				
TOTAL	**- €**	**- €**	**- €**	**- €**
Philippe MOONS				
Attendance fees	4 740 €	4 740 €	- €	- €
Other remuneration				
TOTAL	**4 740 €**	**4 740 €**	**- €**	**- €**
TOTAL	**41 475 €**	**41 475 €**	**33 180 €**	**33 575 €**

* after deduction of the 21% flat rate levy

Table no. 4: table of instruments giving access to capital allocated to each corporate officer during the fiscal year

Capital instruments allocated to each corporate officer during the financial year							
	Date of the Executive Board meeting	Nature of the instrument	Valuation of the Instrument (1)	Number of instruments allocated during the financial year	Number of instruments subscribed during the financial year	Exercise Price	Term of exercise
Jean-François Mouney	15/09/2014	BSAAR 2014-B(2)	70 415,73 €	-	6 237	23,50 €	04/05/2019
	15/09/2014	BSAAR 2014-C(2)	70 415,73 €	-	6 237	23,50 €	01/07/2019
Nathalie Huitorel	15/09/2014	BSAAR 2014-B (2)	70 415,73 €	-	6 237	23,50 €	04/05/2019
	15/09/2014	BSAAR 2014-C(2)	70 415,73 €	-	6 237	23,50 €	01/07/2019
Dean Hum	15/09/2014	BSAAR 2014-B(2)	60 378,92 €	-	5 348	23,50 €	04/05/2019
	15/09/2014	BSAAR 2014-C(2)	70 415,73 €	-	6 237	23,50 €	01/07/2019
Xavier Guille des Buttes	24/07/2014	BSA 2014 -B(3)	219 008,30 €	-	14 030	23,50 €	28/02/2019
Charles Woler	24/07/2014	BSA 2014 -B(3)	146 031,55 €	-	9 355	23,50 €	28/02/2019
Frédéric Desdouits	09/01/2015	BSA 2015 -A(3)	177 689,95 €	7 015	7 015	35,95 €	31/05/2019
	09/01/2015	BSA 20145 -B(3)	177 689,95 €	7 015	7 015	35,95 €	30/11/2019

(1) according to the method used for consolidated financial statements (IFRS 2)

(2) Exercise price of each BSAAR 2014 is € 5,61

(3) Subscription price of each BSA 2014 and of each BSA 2015 is € 0.01

Tableaux n° 8 : Allocation history of financial instruments giving access to share capital

As part of its compensation, incentive, and loyalty building policy of directors and employees, Genfit established a 2007 options plan in 2007 for the Group's directors and employees, including the Company's executive officers. These options were never exercised and the plan expired on September 23, 2012.

In 2014, Genfit established a BSAAR plan for the Company's directors and employees, including the Company's executive officers.

History of allocations of financial instruments giving access to share capital Information on redeemable share subscription warrants (BSAAR) allocated to executive officers			
	BSAAR 2014 A	**BSAAR 2014 B**	**BSAAR 2014 C**
Date of the Shareholder's meeting	02/04/2014	02/04/2014	02/04/2014
Date of the Executive board meeting	15/09/2014	15/09/2014	15/09/2014
Methods of exercise	1 bon / 1 action Exerçables par fractions d'un nombre de BSAAR égal à 1/3 du nombre détenu par chaque bénéficiaire		
Subscription periods	19/09 to 15/10/2014	7/05 to 29/05/2015	06/07 to 31/07/2015
Warrants that may be subscribed by executive officers	5 901	17 822	18 711
- of which : Jean-François Mouney	3 118	6 237	6 237
- of which : Nathalie Huitorel	1 000	6 237	6 237
- of which : Dean Hum	1 783	5 348	6 237
Start date for exercise of BSAAR	15/09/2015	15/09/2015	15/09/2015
Term of exercise of BSAAR	15/09/2018	04/05/2019	01/07/2019
Issue Price	5,61 €	5,61 €	5,61 €
Exercise price	23,50 €	23,50 €	23,50 €
Subscribed shares as per date of this report	0	0	0
Non exercisable or oustanding BSAAR	0	0	0
Remaining BSAAR as per date of this report	5 901	17 822	18 711

In 2014 and then in 2015, Genfit established two plans of BSA, some of which for independent individual members of the Supervisory Board of the Company.

History of allocations of financial instruments giving access to share capital Information on equity warrants (BSA) allocated to non executive officers (Independent members of the Supervisory Board)				
	BSA 2014 A	**BSA 2014 B**	**BSA 2015 A**	**BSA 2015 B**
Date of the Shareholder's meeting	02/04/2014	02/04/2014	02/04/2014	02/04/2014
Date of the Executive board meeting	24/07/2014	24/07/2014	09/01/2015	09/01/2015
Modalités d'exercice	1 warrant / 1 share Exercisable per tranches of a minimum number of BSA equal to 2.000 or a multiple of 2.000, except outstanding balance			
Methods of exercise	01/08 to 15/09/2014	du 2/01 to 15/02/2015	du 20/01 to 25/02/2015	du 01/07 to 15/09/2015
Warrants that may be subscribed by non executive officers	23 385	23 385	7 015	7 015
- of which : Xavier Guille des Buttes	14 030	14 030	-	-
- of which : Charles Woler	9 355	9 355	-	-
- of which : Frédéric Desdouits	-	-	7 015	7 015
Start date for exercise of BSA	01/11/2014	01/03/2015	01/06/2015	01/12/2015
Term of exercise of BSA	30/09/2018	28/02/2019	31/05/2019	30/11/2019
Issue Price	0,01 €	0,01 €	0,01 €	0,01 €
Exercise price	23,50 €	23,50 €	35,95 €	35,95 €
Subscribed shares as per date of this report	0	0	0	0
Non exercisable or oustanding BSA	0	0	0	0
Remaining BSAs as per date of this report	23 385	23 385	7 015	7 015

Table no. 11: additional information on terms for compensation and other advantages granted to executive officers (members of the Executive Board)

Executive officers	Employment contract		Supplementary pension benefit plan		Compensations or benefits due or likely to be due in respect of the termination or change of position		Compensation related to a non-competition clause	
	YES	NO	YES	NO	YES	NO	YES	NO
Jean-François MOUNEY Chairman of the Executive Board First appointment : *9/15/1999* Term of office: *7/3/2018*	X(1)			X	X(1)			X
Nathalie HUITOREL Member of the Executive Board *First appointment : 7/3/2008* Term of office : *7/3/2018*	X			X		X		X
Dean HUM Member of the Executive Board First appointment : *5/13/2014* Term of office : *5/13/2019*	X			X		X		X

(1) Jean-François MOUNEY has an employment contract as a general manager. 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 willful 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 willful 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 2015 amounted € 1,197k.

9.3 Interests of the directors and corporate officers in the Company's Capital

The interests of the directors and corporate officers in the Company's capital were as follows as of the date of this report :

Directors and executive officers	Number of shares	% of share capital	Number of shares resulting from the potential exercise of BSAAR	Number of shares resulting from the potential exercise of BSA	Total % after the potential exercise of warrants
Jean-François MOUNEY	8 389	0.04%	15 592	NA	0.10%
Nathalie HUITOREL	2 591	0.01%	13 474	NA	0.07%
Dean HUM	10	0.00%	13 368	NA	0.06%
Xavier GUILLE DES BUTTES	771	0.00%	NA	28 060	0.12%
Charles WOLER	64	0.00%	NA	18 710	0.08%
Frédéric DESDOUITS	100	0.00%	NA	14 030	0.06%
Philippe Moons	85	0.00%	NA	NA	0.00%
Biotech Avenir	1 770 574	7.39%	NA	NA	7.33%

Attachments: APPENDICES

- Appendix 1: Company's Income Statement (Corporate Accounts)
- Appendix 2 : Company's Balance Sheet (Corporate Accounts)
- Appendix 3 : Consolidated statements of operations (Consolidated Accounts)
- Appendix 4 : Consolidated statements of financial position (Consolidated Accounts)
- Appendix 5 : Table summarizing delegations of authority granted to the Executive Board by the general meeting of shareholders with respect to capital increases and their use.
- Appendix 6 : Research and Development Activity

APPENDICES

APPENDIX 1
COMPANY'S INCOME STATEMENT (CORPORATE ACCOUNTS)

INCOME STATEMENT

INCOME STATEMENT (In euros)	31.12.2015 TOTAL	31.12.2015 %	31.12.2014 TOTAL	31.12.2014 %
Revenue	526 767	100,0%	1 614 356	100,0%
Inventoried production	0	0,0%	0	0,0%
Capitalized production	0	0,0%	0	0,0%
Operating grants	12 000	2,3%	94 083	5,8%
Depreciation recovery & costs reclassified, others	112 477	21,4%	73 793	4,6%
Operating income	651 244	123,6%	1 782 232	110,4%
Raw material & consumables used	1 442 138	273,8%	1 135 105	70,3%
Inventory changes	187 576	35,6%	-84 897	-5,3%
Other purchases and external expenses	10 855 098	2060,7%	13 111 645	812,2%
Taxes	140 598	26,7%	342 140	21,2%
Wages & salaries	4 696 167	891,5%	5 796 362	359,1%
Social security costs	2 159 009	409,9%	2 573 638	159,4%
Depreciation charges	274 490	52,1%	235 546	14,6%
Provisions	41 511	7,9%	4 200	0,3%
Others	52 703	10,0%	42 087	2,6%
Operating expenses	19 849 289	3768,1%	23 155 825	1434,4%
OPERATING INCOME	-19 198 046	-3644,5%	-21 373 594	-1324,0%
Finance income (on short-term investments & term deposits)	593 528	112,7%	441 835	27,4%
Depreciation recovery & costs reclassified	23 622	4,5%	14 645	0,9%
Foreign exchange gains	3 031	0,6%	1 697	0,1%
Finance income	620 180	117,7%	458 177	28,4%
Depreciation charges	58 829	11,2%	26 672	1,7%
Interest expenses	76 097	14,4%	89 827	5,6%
Foreign exchange losses	77 135	14,6%	12 813	0,8%
Finance costs	212 061	40,3%	129 311	8,0%
NET FINANCE COSTS	408 119	77,5%	328 866	20,4%
PROFIT / (LOSS) BEFORE TAX	-18 789 927	-3567,0%	-21 044 728	-1303,6%
Exceptional items - operating income	0	0,0%	0	0,0%
Exceptional items - income on capital transactions	10 200	1,9%	15 037	0,9%
Depreciation recovery & costs reclassified	67 604	12,8%	51 964	3,2%
Exceptional items - income	77 803	14,8%	67 000	4,2%
Exceptional items - operating expenses	0	0,0%	0	0,0%
Exceptional items - expenses on capital transactions	5 562	1,1%	4 773	0,3%
Exceptional items - Depreciation charges	290 664	55,2%	58 050	3,6%
Exceptional items - costs	296 227	56,2%	62 823	3,9%
NET EXCEPTIONAL COSTS	-218 423	-41,5%	4 177	0,3%
Employee profit sharing	0	0,0%	0	0,0%
Income tax	-3 810 842	-723,4%	-5 067 238	-313,9%
NET PROFIT / LOSS	-15 197 508	-2885,1%	-15 973 312	-989,5%

APPENDIX 2

COMPANY'S BALANCE SHEET ASSETS (CORPORATE ACCOUNTS)

BALANCE SHEET (ASSETS)

ASSETS (In euros)	31.12.2015			31.12.2014
	GROSS AMOUNT	AMORT. / DEP.	NET AMOUNT	NET AMOUNT
Start-up costs	1 093	1 093	0	0
Software, patents	1 201 682	839 006	362 676	85 869
Buildings	0	0	0	0
Scientific equipment	3 292 040	2 662 954	629 085	523 481
Other equipment	1 814 959	1 257 186	557 774	522 090
In progress	220 999	0	220 999	113 003
Other equity interests	42 031	0	42 031	42 031
Other fixed securities	126 969	46 875	80 094	0
Other financial assets	621 906	10 348	611 558	734 693
NON-CURRENT ASSETS	**7 321 679**	**4 817 461**	**2 504 217**	**2 021 167**
Inventories	69 521	41 080	28 441	247 798
Advances and deposits paid on orders with suppliers	2 469	0	2 469	2 469
Trade receivables	172 609	0	172 609	434 544
Other receivables	5 865 215	0	5 865 215	6 274 755
Of which : personnel cots	2 028	0	2 028	1 842
Of which : social security costs	16 664	0	16 664	217
Of which : Research tax credit	4 951 384	0	4 951 384	5 067 249
Of which : taxes - VAT	842 011	0	842 011	798 795
Of which : taxes - others	0	0	0	0
Of which : others	53 129	0	53 129	406 653
Issued capital, called but not paid	0	0	0	0
Short-term deposits	59 660 779	0	59 660 779	75 771 052
Cash & bank balances	318 393	0	318 393	512 029
Prepaid expenses	535 136	0	535 136	830 883
CURRENT ASSETS	**66 624 122**	**41 080**	**66 583 042**	**84 073 530**
Foreign exchange assets	1 394	0	1 394	23 622
TOTAL ASSETS	**73 947 195**	**4 858 541**	**69 088 653**	**86 118 318**

COMPANY'S BALANCE SHEET LIABILITIES (CORPORATE ACCOUNTS)

BALANCE SHEET (LIABILITIES)		
LIABILITIES (In euros)	31.12.2015 TOTAL	31.12.2014 TOTAL
Issued capital	5 989 726	5 989 418
Share premium	116 111 618	115 842 941
Revaluation surplus	240 021	276 455
Legal reserve	240 001	240 001
Statutory reserve	6 562 822	6 526 388
Retained earnings	-58 610 677	-42 637 364
Profit / (loss) for the period	-15 197 508	-15 973 312
Investment grants	5 880	0
Regulatory provisions	469 061	307 730
EQUITY	**55 810 945**	**70 572 256**
Other equity	4 095 243	4 440 385
OTHER EQUITY	**4 095 243**	**4 440 385**
Provision - for risks	7 606	29 622
Provision - for expenses	62 873	0
PROVISIONS	**70 479**	**29 622**
Convertible bonds	0	0
Loans	1 721 092	2 164 288
Bank overdrafts	0	0
Trade payables	5 389 771	6 150 364
Advances and deposits received on orders from customers	0	0
Payables	1 969 940	2 410 100
Of which : personnel cots	936 240	1 214 613
Of which : social security costs	876 897	837 076
Of which : taxes	27 455	58 896
Of which : taxes - others	0	0
Of which : others	129 348	299 515
Payables - Non-current assets	0	0
Payables - Group & associates	0	100 000
Payables - Others	0	0
Deferred revenue	26 397	251 302
LOANS & PAYABLES	**9 107 200**	**11 076 054**
Foreign exchange liabilities	4 786	2
TOTAL LIABILITIES	**69 088 653**	**86 118 318**

APPENDIX 3
CONSOLIDATED STATEMENTS OF OPERATIONS
(CONSOLIDATED ACCOUNTS)

(in € thousands, except earnings per share data)	Notes	Year ended December 31, 2014	2015
Revenues and other income			
Revenue	6.19.	1 614	527
Other income	6.19.	5 161	3 831
Total - Revenues and other income		6 776	4 358
Operating expenses and other operating income (expenses)			
Research & development expenses	6.20.	(18 111)	(16 360)
General & administrative expenses	6.20.	(5 879)	(5 630)
Other operating income	6.20.	10	2
Other operating expenses	6.20.	(55)	(47)
Operating loss		(17 259)	(17 676)
Financial revenue	6.22.	492	642
Financial expenses	6.22.	(259)	(100)
Financial income		234	542
Income tax	6.23.	(0)	(0)
Net loss		**(17 025)**	**(17 135)**
Attributable to owners of the Company		(17 025)	(17 135)
Basic / diluted loss per share attributable to shareholders of Genfit			
Basic earnings per share (€/share)	6.24.	(0.76)	(0.71)

APPENDIX 4
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (CONSOLIDATED ACCOUNTS)

ASSETS (in € thousands)	Notes	Year ended December 31, 2014	 2015
Non-current assets			
Goodwill	6.5.	75	0
Intangible assets	6.6.	86	563
Property, plant & equipment	6.7.	1 333	1 324
Non current trade & others receivables	6.8.	0	7
Other non-current financial assets	6.9.	1 060	612
Total - Non-current assets		2 553	2 505
Current assets			
Inventories	-	248	28
Current trade & others receivables	6.8.	6 702	5 998
Other current financial assets	6.9.	4 025	31
Other current assets	6.10.	833	585
Cash & cash equivalents	6.11.	72 005	60 111
Total - Current assets		83 813	66 753
Total - Assets		**86 366**	**69 258**

EQUITY & LIABILITIES (in € thousands)	Notes	Year ended December 31, 2014	 2015
Shareholders' equity			
Share capital	6.12.	5 989	5 990
Share premiums	-	115 757	118 038
Retained earnings	-	(34 278)	(51 492)
Currency translation adjustment	-	(15)	15
Net loss	-	(17 025)	(17 135)
Total shareholders' equity - Group share		70 429	55 416
Non-controlling interests	-	0	0
Total - Shareholders' equity		70 429	55 416
Non-current liabilities			
Non-current loans & borrowings	6.13.	4 931	4 482
Non-current deferred income and revenue	6.15.	1	5
Non-current employee benefits	6.17.	614	743
Total - Non-current liabilities		5 546	5 229
Current liabilities			
Current loans & borrowings	6.13.	1 687	1 223
Current trade & other payables	6.14.	8 438	7 292
Current deferred income and revenue	6.15.	260	29
Current provisions	6.16.	6	69
Total - Current liabilities		10 391	8 613
Total - Equity & liabilities		**86 366**	**69 258**

APPENDIX 5

TABLE SUMMURAZING DELEGATIONS OF AUTHORITY GRANTED TO THE EXECUTIVE BOARD BY THE GENERAL MEETING OF SHAREHOLDERS WITH RESPECT TO CAPITAL INCREASES AND THEIR USE

In accordance with the provisions of article L.225-100 of the French Commercial Code, we report below on the use by the Executive Board of delegations for capital increases granted by the General Meeting during the 2015 fiscal year and as of the date of this report and current valid delegations and their use as of the date of this report.

1. Use of delegations for capital increases granted by the General Meeting held on April 2, 2014 during the 2015 fiscal year and as of the date of this report.

We inform you that following its decision dated January 9, 2015, the Executive Board used the delegation of powers set out by the 10th resolution of the Combined General Meeting on April 2, 2014, leading to the allocation of equity warrants (BSA 2015) to one independent individual member of the Company's Supervisory Board and to two consultants, members of the Company's Scientific Committee.

2. Use of others financial authorizations granted by the Combined General Meeting of April 2, 2014, whose use is likely to have an effect on the share capital of the Company during the fiscal year 2015 and as of the date of this report.

We inform you :

- of the use of the authorization set out by the 1st resolution of the Combined General Meeting on April 2, 2014 concerning the buyback by the Company of its own shares within the framework of a liquidity agreement and under the conditions stated in the paragraph 6.3 of the present report ; and
- that this use did not impact the share capital of the Company.

3. Current valid delegations for capital increases and use of these delegations as of the date of this report

	Date of the Meeting granting the delegation	Term of use	Maximum amount that can be issued (in Euro)	Use
Delegation of authority to the Executive Board concerning the issuance of ordinary shares and/or of securities giving access to the share capital of the Company, with shareholders' preferential subscription rights	Combined General Meeting of February 25, 2015 (resolution n.2)	26 months	€ 1,137,500 (4,550,000 shares) (1)	-
Delegation of authority to the Executive Board concerning the issuance of ordinary shares and/or of securities giving access to the share capital of the Company, without shareholders' preferential subscription rights	Combined General Meeting of February 25, 2015 (resolution n.3)	26 months	€ 1,075,000 (4,300,000 shares) (1)	-
Delegation of authority to the Executive Board for the purpose of issuing, without shareholders' preferential subscription rights, ordinary shares and/or securities giving access to the share capital of the	Combined General Meeting of February 25, 2015 (resolution n.4)	26 months	€ 1,075,000 (4,300,000 shares) (up to the limit of 20 % of the share capital per year) (1)	-

Company, within the framework of an offering as described in paragraph II of Article L. 411-2 of the French Monetary and Financial Code (private placement)				
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, in the event of the withdrawal of shareholders' preferential subscription rights	Combined General Meeting of February 25, 2015 (resolution n.5)	26 months	€ 1,075,000 € (4,300,000 shares) (up to the limit of 10 % of the share capital per year) (1)	-
authorization granted to the Executive Board to increase the number of securities to be issued in the event of a share capital increase with or without shareholders' preferential subscription rights	Combined General Meeting of February 25, 2015 (resolution n.6)	26 months	15% of the initial issue (1)	-
Delegation of authority to the Executive Board to increase the Company share capital in benefit of industrial or commercial companies or to investment funds of French or foreign law investing in the pharmaceutical/biotech sector, likely to invest in a private placement	Combined General Meeting of February 25, 2015 (resolution n.7)	18 months	€ 1,075,000 (4,300,000 shares) (1)	-
Delegation of authority to the Executive Board for the purpose of issuing 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	Combined General Meeting of February 25, 2015 (resolution n.8)	26 months	€ 1,075,000 (and up to the limit of 10 % of the share capital) (1)	-
Delegation of authority to the Executive Board for the purpose of issuing 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	Combined General Meeting of February 25, 2015 (resolution n.9)	26 months	€ 1,075,000 (4,300,000 shares) (1)	-
Delegation of authority to the Executive Board for the purpose of issuing autonomous share subscription warrants reserved for a specific category of persons	Combined General Meeting of February 25, 2015 (resolution n.10)	18 months	€ 31,250 (125,000 actions) (1)	-
Delegation of authority to the Executive Board for the purpose of issuing redeemable share subscription warrants reserved for the benefit of the employees and member of the Company's Officers and its affiliates, without shareholders' preferential subscription right	Combined General Meeting of February 25, 2015 (resolution n.11)	18 months	€ 31,250 (125,000 actions) (1)	-

(1) these delegations shall apply to an overall nominal cap of 1,200,000 euros (4,800,000 shares) as decided by the Combined General Meeting dated February 25, 2015 (resolution no. 13 – Overall limit on authorizations).

We inform you that no use was made of these delegations as of the date of this report and that no other delegations of competence or powers were granted to the Executive Board by the General Meeting for capital increases as of the date of this report.

4. Other financial authorizations granted by the General Meeting on February 25, 2015, whose use could have an effect on the Company's share capital

Authorization for the Company's buyback of its own shares	Combined General Meeting of February 25, 2015 (resolution n.1)	18 months	Up to the limit of 10 % of the share (maximum Investment of €500,000 euro and up to €125€ / share)	Implementation in the framework of the liquidity contract with the Company CM-CIC Securities
Authorization to reduce the share capital by cancellation of all or part of the Company's shares that the Company holds pursuant to the authorization granted to the Executive Board to repurchase the Company's shares (resolution n.1 of the Combined General Meeting of February 25, 2015)	Combined General Meeting of February 25, 2015 (résolution n.14)	24 months	within the limit of 10% of the share capital over a period of 24 months	-

We inform you :

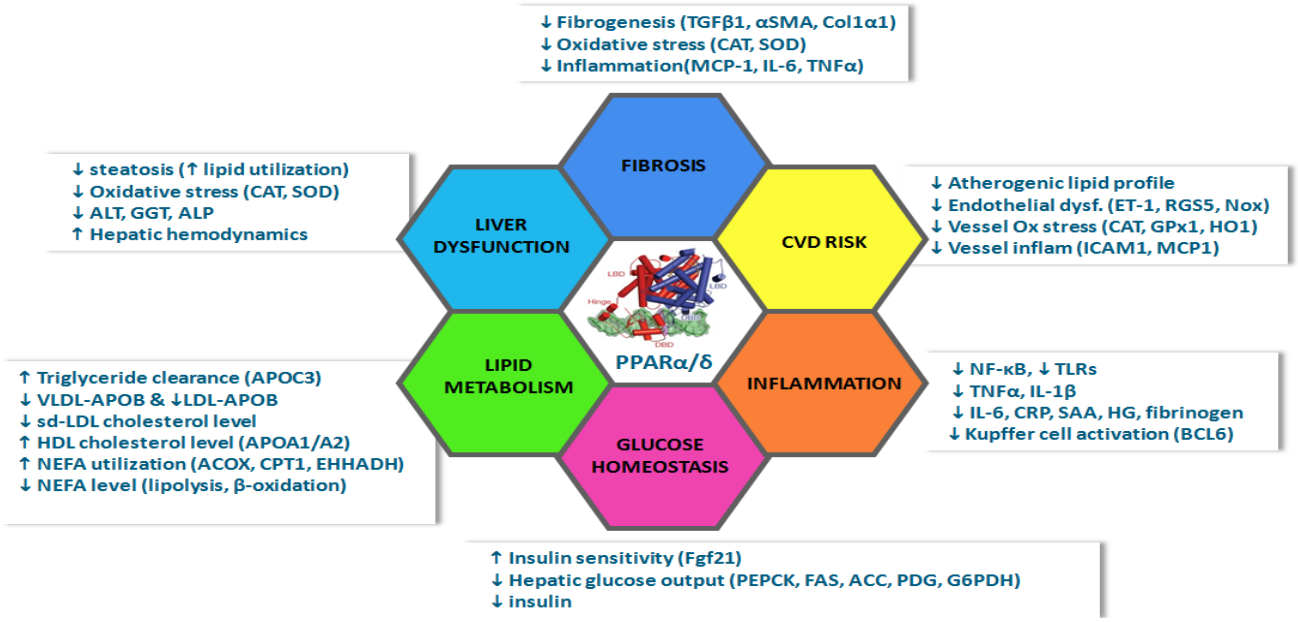
- of the use of the authorization set out by the 1st resolution of the Combined General Meeting on February 25, 2015 concerning the buyback by the Company of its own shares within the framework of a liquidity agreement and under the conditions stated in the paragraph 6.3 of the present report ;
- that this use did not impact the share capital of the Company ; and
- that no other delegations of competence or powers were granted to the Executive Board by the General Meeting for capital increases as of the date of this report.

APPENDIX 6
RESEARCH AND DEVELOPMENT ACTIVITY (PROPRIETARY PROGRAMS)

GFT505/ELAFIBRANOR PROGRAM

General presentation and development background

GFT505 and its principle metabolite GFT1007 are mixed agonists that act simultaneously on the nuclear receptors PPARα and PPARδ. As shown in the diagram below, these receptors are implicated in numerous pathophysiological processes of interest for the treatment of NASH and its co-morbidities.



All the preclinical animal studies and the clinical studies (Phase I and Phase IIa) have confirmed the wide range of activities expected with a mixed PPARα/PPARδ agonist.

In preclinical studies, GFT505 showed efficacy in NASH and liver fibrosis, as well as lipid-lowering, insulin-sensitizing, anti-diabetic, and anti-atherosclerotic activities.
The efficacy data obtained in Man in several Phase IIa studies at the dose of 80 mg/day in patients with atherogenic dyslipidemia, insulin resistance, pre-diabetes, or diabetes (patients at risk for NASH) may be summarized as follows

- GFT505 improves the levels of plasma lipids and lipoproteins ;
- GFT505 improves insulin sensitivity and glucose metabolism ;
- GFT505 has anti-inflammatory effects ;
- GFT505 lowers liver dysfunction markers.

Following the recommendations of its scientific advice board in 2011, GENFIT chose to focus primarily on the treatment of NASH, resulting in the launch of a Phase IIb study in this indication.
This multi-center international study aimed to evaluate the efficacy and tolerability of GFT505 (today known under its International Nonproprietary Name « Elafibranor ») administered once a day to patients with NASH.

The main aim of this Phase IIb study, known as « GOLDEN-505 », was to evaluate the efficacy versus placebo of GFT505 80mg and 120mg orally administered once daily for 52 weeks on (i) the reversal of histological steatohepatitis, and (ii) the absence of fibrosis worsening. Numerous secondary objectives were included in the protocol to evaluate the efficacy of GFT505 on other histological evaluation criteria of NASH (evolution of the NASH severity score (NAS score), of steatosis, of inflammation, of ballooning…), on plasma markers of liver dysfunction, on plasma lipids, on insulin resistance and glucose metabolism, on inflammatory markers and on safety markers.

The patients included in this study had NASH, defined by the histological examination of a liver biopsy at inclusion as follows:

- a score of NAS≥3 ; and
- a score of ≥1 for each of the three components of the NAS score, i.e. steatosis, inflammation, and ballooning.

A second biopsy was taken at the end of the 52 week treatment period to evaluate the efficacy of Elafibranor vs placebo.

The study was launched at the end of the third quarter of 2012, both in Europe and the United States (274 patients recruited). The treatment of the first patients in Europe and the United States began in mid-November 2012 after having obtained notably a favorable opinion from the European Medicines Agency (EMA) and the approval of the United States Food and Drug Administration (FDA).

The first efficacy results from the GOLDEN-505 Phase IIb study were announced by the Company in March 2015.
After correction for baseline severity and site heterogeneity by a standardized statistical analysis, GFT505 at 120mg met the primary endpoint: Reversal on NASH without worsening of fibrosis.

Analysis showed that the least severe patients, with NAS=3, do not need to be treated (approximately half of these patients showed a spontaneous NASH reversal). A secondary analysis performed on the population that the Company has chosen to target for the Phase III of Elafibranor in NASH (NAS≥4), showed a significant activity of GFT505 at 120 mg/d on the major primary endpoint of the study and on numerous other histological evaluation criteria.

Moreover, the evaluation of the various secondary endpoints confirmed the therapeutic activity of Elafibranor at the dose of 120 mg :

- improvement of the levels of plasma lipids and lipoproteins ;
- improvement of insulin sensitivity and glucose metabolism ;
- anti-inflammatory effects ;
- reduction of liver dysfunction markers.

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

A more complete presentation of the results of the GOLDEN 505 study was given at the annual congress of the American Association for the Study of Liver Diseases (AASLD – San Francisco – 13th to 17th November 2015). Importantly, this presentation showed that Elafibranor at the dose of 120 mg /day would have reached its primary efficacy endpoint if the study had used the new consensual definition of NASH resolution without worsening of fibrosis that emphasizes the importance of necro-inflammation (ballooning and inflammation) in driving the disease. This was the case when considering both the global population of the study, and particularly the patients with NAS≥4.

Safety

The toxicity of GFT505 has been evaluated in numerous specific regulatory animal studies with up to two years of treatment in rats and mice and one year of treatment in monkeys at high doses. These studies have not revealed any major toxicity signal. In particular, GFT505 does not show any of the deleterious effects associated with glitazones. It does not induce weight gain, peripheral edema, or an increase in heart weight. Two-year carcinogenicity studies in rats and mice did not reveal any risk of cancer that was relevant to humans.

The safety of GFT505 has also been evaluated in Phase I studies of healthy lean volunteers, overweight or obese subjects, and/or diabetic subjects.

Phase I studies testing increasing single doses of GFT505 up to 360 mg have not shown any sign of intolerance or toxicity. Similarly, Phase I studies testing the repeated administration for 14 days of increasing doses of GFT505 up to 300 mg have confirmed its favorable tolerance profile.

A specific regulatory cardiac safety study did not reveal any adverse effect on cardiac function at the dose of 300 mg/d.

This safety profile was confirmed in all the Phase IIa studies performed to date in cardiometabolic patients (up to 3 months of treatment in diabetic patients).

Finally, in the Phase IIb study GOLDEN-505, the safety assessment after one year of treatment showed a very favorable profile, in line with the intermediate conclusions of the expert committee (DSMB) mandated to monitor product safety throughout the study. There were no cardiac events, no signals on cancer, and no death in the GFT505 treatment groups. Weight remained stable, and no signal of edema was observed. A mild increase in creatinine was noted (< 5%; GFT505 120mg vs placebo), which is a known reversible effect of GFT505 and other molecules that act on the PPARα nuclear receptor. The most common adverse events in this study were of gastrointestinal nature and of mild intensity, with no notable difference between the groups.

A development plan established with regulatory bodies

Considering the importance of NASH in terms of public health, on February 14th 2014 the FDA (Food and Drug Administration) granted « Fast Track » designation to the GFT505 development program in NASH. The FDA's Fast Track program is designed to facilitate the development and expedite the review of new drugs that are intended to treat serious or life-threatening conditions, and that demonstrate the potential to address unmet medical needs. The aim is to ensure that new therapies for serious conditions are approved and available to patients as soon as possible. This designation permits close and regular contact between GENFIT and the FDA, thus enabling the joint definition of the most efficient development plan through frequent meetings and an accelerated review process prior to Marketing authorization in the United States.

In this context, and after close consultation with the FDA and the EMA (European Medicines Agency), the Company decided to launch a pivotal Phase III clinical trial of Elafibranor in NASH, with the aim of obtaining an accelerated marketing authorization for the product based on the intermediate analysis of a single histological endpoint after 72 weeks of treatment.

This pivotal study will be a randomized, double-blind, placebo-controlled (2:1) Phase III trial, conducted in approximately 1800 patients, at 200 centers worldwide. The study population will include NASH patients (NAS≥4) with F2 or F3 fibrosis. Elafibranor 120 mg and placebo will be administered once daily.

An interim analysis, for initial market approval under Subpart H, will be performed after 72 weeks in order to evaluate the beneficial effect of Elafibranor on the liver histology of the first 900 patients. To support full approval, the trial will continue post-marketing in order to demonstrate the impact of Elafibranor on the prevention of cirrhosis and other liver related outcomes on the full study population. A group of patients with F1 fibrosis and concomitant cardiometabolic comordities, which are associated with rapid progression of the disease, will also be enrolled.

Initial approval will be based on the interim analysis (72 weeks / 900 patients) of the following surrogate histological primary endpoint: NASH resolution without worsening of fibrosis, defined as ballooning=0, inflammation=0-1. This criteria defining disease activity, and based on a centralized histological reading, is considered by the FDA as well as NASH clinical and scientific experts as a surrogate endpoint for approval.

In order to confirm the long-term clinical benefits of treatment with Elafibranor 120mg, the trial will continue post-marketing and remain blinded after the interim analysis. All patients will be followed until the occurrence of a pre-defined number of progressions to cirrhosis and other liver related events. The trial will also evaluate key secondary histological endpoints, including an improvement of fibrosis, as well as non-invasive NASH markers. In addition, the trial will assess the improvement of cardiometabolic profile, including plasma lipids, glucose homeostasis and inflammatory markers.

BIOMARKER PROGRAMS

Use of biomarkers:

Biomarkers are biological measurements for a defined biological condition. These markers are typically proteins or other cellular components that one finds in bodily fluids such as cerebrospinal fluid, blood, or urine, and that are specifically linked to pathology.

Biomarkers can be detected either by using physical methods or biochemical or molecular methods. They can be used alone or in combination as indicators of a normal or pathological condition, and as controls of a pharmacological response to a therapeutic intervention. The robustness of a biomarker detection test lies in its selectivity and specificity, which is to say its ability to avoid false positives and false negatives.

Since its creation, Genfit has acquired a set of skills that made the discovery and rapid development of new biomarkers possible. It has thus developed strong expertise on a broad range of technologies such as proteomics, peptidomics, purification and quantification of micro-vessels or circulating nucleic acids.

These platforms, which use cutting-edge technologies, combined with access to human samples through close collaboration with many hospitals (through participation in consortia) enabled Genfit to rapidly launch the early stages of clinical approval.

The development of biomarkers plays an important role in diagnostics as well as in the care and treatment of a given disease. Additionally, biomarkers are precious tools for establishing clinical trials and for evaluating the efficacy of drug candidates.

micro-RNA (miRNA) : a new type of biomarker

GENFIT has developed a strong expertise in a wide range of technologies such as proteomics, peptidomics, and transcriptomics applied to miRNAs, the purification and quantification of micro-vesicles or small circulating nucleic acids (miRNAs).

MicroRNAs (miRNAs) represent a class of small non-coding RNA whose principal function is the regulation of the expression of target genes, by acting on the stability and the translation of their mRNA. Today it is estimated that more than one-third of human genes are regulated by miRNAs. As such, they play an essential role in numerous biological processes, such as development, proliferation, differentiation, and apoptosis. Multiple studies in man have demonstrated a close association between circulating levels of miRNA and the development and progression of several cancers. As a result, oncology is the principal research domain on circulating miRNAs. Recent studies have also highlighted an important role for miRNAs in the regulation of liver development and pathophysiology in man.

Since these small non-coding RNAs are released by cells when they are subjected to stress, they are found in the majority of biological fluids, including the blood. Moreover, their stability as well as their tissue specificity make them ideal candidates in the quest for non-invasive biomarkers.

Since its inception, GENFIT has developed a recognized expertise in the domain of transcriptomics applied initially to mRNA, an expertise extended in recent years to circulating small non-coding RNAs, in particular miRNAs. Strong in this expertise, GENFIT is now well acquainted with the extraction and the development of rapid and reliable measurement methods of any miRNA, in samples of blood, serum, or plasma. Moreover, GENFIT uses advanced technologies, such as Next-Generation Sequencing (NGS), in its research programs for novel candidate biomarker miRNAs.

Biomarkers for the non-invasive diagnosis of NASH (BMGFT03 program)

Histological examination of hepatic biopsies is still the standard method for NASH diagnosis. However, liver biopsies are invasive and have many limits, such as cost, sample variability, and variability of the histological analysis.

To address the problem of NASH diagnosis, GENFIT launched the internal program BMGFT03. The program is based on the Company's expertise and the availability of high quality biological samples associated with clinical data from the Phase IIb clinical trial of GFT505/Elafibranor. This program has two objectives :

- to find and then validate new biomarkers and/or an innovative biomarker algorithm for a better diagnosis of NASH; this approach could lead to better patient stratification and, in particular, enable the identification of patients to be treated, without the need for an invasive biopsy;
- to find and then validate new biomarkers and/or an innovative biomarker algorithm to identify the patients that best respond to Elafibranor; this approach could lead to the discovery of a companion biomarker for Elafibranor.

The Company recently reached a milestone with the development of a proprietary algorithm enabling the identification of NASH patients that should be treated with Elafibranor (GFT505) or any other appropriate drug.
This algorithm will be validated during the Phase III trial of Elafibranor in NASH described above.

<u>Biomarkers for pre-diabetic diagnosis (BMGFT02 program)</u>

The early treatment of cardio-metabolic patients requires identifying patients before they develop a more serious pathology. Thus, preventing the progressive destruction of insulin secreting cells responsible for the onset of type 2 diabetes involves identifying patients who are actually "pre-diabetic".

To date, the definition of pre-diabetes based solely on glycemia does not help predict the change toward type 2 diabetes and its complications.

GENFIT, as the leader of a research consortium initiated in 2008 and called IT-DIAB, initiated with its partners a large cohort of patients at risk for Type 2 diabetes. This cohort, established in collaboration with the Diabetology department of Nantes University Hospital, notably enables the longitudinal follow-up of 900 patients with morbid obesity, giving Genfit access to phenotypical data and valuable biological samples. The Company continues to follow these patients and has thus developed a research program based on the development of biomarkers that are predictive of evolution from the pre-diabetic to the diabetic state.

OTHERS PROPRIETARY RESEARCH PROGRAMS

TGFTX1 PROGRAM

As part of the TGFTX1 program, Genfit has selected RORγt , 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.

RORγt 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 RORγt by a drug candidate is therefore a simple and efficacious approach to adjust the exacerbated immune responses closed 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 RORγt 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 RORγt 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 RORγt inhibitors with a drug profile for autoimmune diseases.

PROGRAM TGFTX3

As part of the TGFTX3 program, Genfit is developing new proprietary compounds that activate the nuclear receptor Rev-Erbα, 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-Erbα 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-Erbα agonists and dual Rev-Erbα and Rev-Erbβ agonists. These agonists regulate the expression of the target genes of Rev-Erbα 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-Erbα, Genfit has particularly demonstrated the pharmacological activity of these synthetic ligands of Rev-Erbα, Genfit has particularly demonstrated the pharmacological activity of these synthetic ligands of Rev-Erbα 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

PROGRAM TGFTX4

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. Certain of these molecules arising from the Company's research are proprietary compounds that have demonstrated anti-fibrotic activity in both cellular tests and in animal models. Others originate from the pharmacopoeia and were developed for other indications. While the anti-fibrotic properties of these compounds have not previously been claimed, the Company has demonstrated their activity in cellular tests, and is now evaluating their repositioning potential in the field of fibrotic liver disease, by testing their in vivo activity.

TGFTX5 PROGRAM

In the second half of 2014, the Company initiated a new drug candidate research program for Inflammatory Bowel Disease (IBD), known as TGFTX5.

Inflammatory Bowel Disease arises from an inflammatory process associated with scarring and fibrosis, that can lead to organ dysfunction.

Building on the knowledge of the anti-inflammatory and anti-fibrotic properties of Elafibranor, a scientific program has been undertaken with the aim of identifying potential novel treatments for IBD (Crohn's disease and ulcerative colitis).

Beyond Elafibranor, for which preclinical efficacy has been demonstrated in a colitis model, the Company also evaluates other products, derived from the medicinal chemistry set up for Elafibranor, that may have superior pharmacokinetic and distribution properties, and potentially a greater efficacy in IBD.

> III – Consolidated statements of operations

(in € thousands, except earnings per share data)	Notes	Year ended December 31, 2014	2015
Revenues and other income			
Revenue	6.19.	1 614	527
Other income	6.19.	5 161	3 831
Total - Revenues and other income		6 776	4 358
Operating expenses and other operating income (expenses)			
Research & development expenses	6.20.	(18 111)	(16 360)
General & administrative expenses	6.20.	(5 879)	(5 630)
Other operating income	6.20.	10	2
Other operating expenses	6.20.	(55)	(47)
Operating loss		(17 259)	(17 676)
Financial revenue	6.22.	492	642
Financial expenses	6.22.	(259)	(100)
Financial income		234	542
Income tax	6.23.	(0)	(0)
Net loss		**(17 025)**	**(17 135)**
Attributable to owners of the Company		(17 025)	(17 135)
Basic / diluted loss per share attributable to shareholders of Genfit			
Basic earnings per share (€/share)	6.24.	(0.76)	(0.71)

> IV – Consolidated statements of financial position

ASSETS (in € thousands)	Notes	Year ended December 31, 2014	 2015
Non-current assets			
Goodwill	6.5.	75	0
Intangible assets	6.6.	86	563
Property, plant & equipment	6.7.	1 333	1 324
Non current trade & others receivables	6.8.	0	7
Other non-current financial assets	6.9.	1 060	612
Total - Non-current assets		2 553	2 505
Current assets			
Inventories	-	248	28
Current trade & others receivables	6.8.	6 702	5 998
Other current financial assets	6.9.	4 025	31
Other current assets	6.10.	833	585
Cash & cash equivalents	6.11.	72 005	60 111
Total - Current assets		83 813	66 753
Total - Assets		**86 366**	**69 258**

EQUITY & LIABILITIES (in € thousands)	Notes	Year ended December 31, 2014	 2015
Shareholders' equity			
Share capital	6.12.	5 989	5 990
Share premiums	-	115 757	118 038
Retained earnings	-	(34 278)	(51 492)
Currency translation adjustment	-	(15)	15
Net loss	-	(17 025)	(17 135)
Total shareholders' equity - Group share		70 429	55 416
Non-controlling interests	-	0	0
Total - Shareholders' equity		70 429	55 416
Non-current liabilities			
Non-current loans & borrowings	6.13.	4 931	4 482
Non-current deferred income and revenue	6.15.	1	5
Non-current employee benefits	6.17.	614	743
Total - Non-current liabilities		5 546	5 229
Current liabilities			
Current loans & borrowings	6.13.	1 687	1 223
Current trade & other payables	6.14.	8 438	7 292
Current deferred income and revenue	6.15.	260	29
Current provisions	6.16.	6	69
Total - Current liabilities		10 391	8 613
Total - Equity & liabilities		**86 366**	**69 258**

> V – Consolidated Statement of Cash Flows

(in € thousands)	Year ended December 31, 2014	2015
Cash flows from operating activities		
+ Net loss	(17 025)	(17 135)
Reconciliation of net loss and of the cash used for operating activities		
Adjustments for:		
+ Amortization & depreciation	292	327
- Net gain / (loss) on disposals	(10)	3
- Net finance expenses / (revenue)	94	(27)
- Expenses related to share-based compensation	1 051	2 012
+ Provisions	53	237
- Income tax expense	0	0
+ Other non-cash items	(43)	10
Operating cash flows before change in working capital	(15 588)	(14 572)
Change in:		
Decrease (+) / increase (-) in inventories	(81)	219
Decrease (+) / increase (-) in trade receivables & other assets	(1 315)	946
Decrease (-) / increase (+) in trade payables & other liabilities	1 538	(1 462)
Change in working capital	142	(297)
Income tax paid	0	0
Net cash flows provided by (used in) operating activities	**(15 445)**	**(14 870)**
Cash flows from investment activities		
- Acquisition of property, plant & equipment	(721)	(790)
+ Proceeds from disposal of property, plant & equipment	15	2
- Acquisition of financial instruments	(4 300)	(16)
+ Proceeds from sale of financial instruments	0	4 300
- Acquisition of subsidiary, net of cash acquired	0	0
Net cash flows provided by (used in) investing activities	**(5 006)**	**3 496**
Cash flows from financing activities		
+ Proceeds from issue of share capital (net)	72 296	2
+ Proceeds from subscription / exercise of share warrants	86	267
+ Proceeds from new loans & borrowings	857	807
- Repayments of loans & borrowings	(1 606)	(1 609)
- Financial interests paid (including finance lease)	(98)	13
Net cash flows provided by (used in) financing activities	**71 535**	**(520)**
Increase / (decrease) in cash & cash equivalents	**51 083**	**(11 894)**
Cash & cash equivalents at the beginning of the period	**20 922**	**72 005**
Financial assets reclassified as short-term deposits	0	0
Cash & cash equivalents at the end of the period	**72 005**	**60 111**

> VI– Consolidated statement of changes in equity

(in € thousands)	Share capital		Share premiums	Treasury shares	Retained earnings	Currency translation adjustment	Net profit (loss)	Total shareholders' equity Group share	Non-controlling interests	Total shareholders' equity
	Number of shares	Share capital								
As of January 1, 2014	**20 541 821**	**5 135**	**44 315**	**0**	**(22 659)**	**(46)**	**(12 652)**	**14 093**	**0**	**14 093**
Net loss							(17 025)	(17 025)		(17 025)
Other comprehensive income (loss)					(103)	31		(72)		(72)
Total comprehensive income (loss)	**0**	**0**	**0**	**0**	**(103)**	**31**	**(17 025)**	**(17 097)**	**0**	**(17 097)**
Allocation of prior period profit (loss)					(12 652)		12 652	0		0
Capital increase	3 415 850	854	71 442					72 296		72 296
Share-based compensation					1 051			1 051		1 051
Treasury shares				0				0		0
Other movements					86			86		86
As of December 31, 2014	**23 957 671**	**5 989**	**115 757**	**0**	**(34 277)**	**(15)**	**(17 025)**	**70 429**	**0**	**70 429**
Net loss							(17 135)	(17 135)		(17 135)
Other comprehensive income (loss)					(62)	30		(32)		(32)
Total comprehensive income (loss)	**0**	**0**	**0**		**(62)**	**30**	**(17 135)**	**(17 167)**	**0**	**(17 167)**
Allocation of prior period profit (loss)					(17 025)		17 025	0		0
Capital increase	1 233	0	1					2		2
Share-based compensation			2 012					2 012		2 012
Treasury shares				(127)				(127)		(127)
Other movements			267					267		267
As of December 31, 2015	**23 958 904**	**5 990**	**118 038**	**(127)**	**(51 365)**	**15**	**(17 135)**	**55 416**	**0**	**55 416**

> VII – Notes to the consolidated financial statements

6.1. GENERAL PRESENTATION

Founded in 1999 under the laws of France, GENFIT S.A. (the "Company") is a biopharmaceutical company whose mission is to discover and develop innovative treatment solutions (candidate drugs) and diagnostic products (candidate biomarkers) to combat certain metabolic, inflammatory, autoimmune or fibrotic diseases affecting especially the liver (such as non-alcoholic steatohepatitis or NASH); diseases for which medical needs are largely unmet due to the lack of effective treatments and because of the increasing number of patients worldwide.

The consolidated financial statements of the Company include the operations of GENFIT S.A. and GENFIT CORP., our wholly-owned U.S. subsidiary (together referred to as "GENFIT" or the "Group").

6.2. BASIS OF PRESENTATION

The Consolidated Financial Statements of GENFIT have been prepared in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union and issued by the International Accounting Standards Board ("IASB") as of December 31, 2015. Comparative figures are presented for December 31, 2014.

The consolidated financial statements have been prepared on a historical cost measurement basis except for certain assets and liabilities that are measured at fair value in accordance with IFRS.

These consolidated financial statements for the years ending December 31, 2014 and 2015 were authorized for issue by our Board of Directors on February 1st, 2016.

The term IFRS includes International Financial Reporting Standards ("IFRS"), International Accounting Standards (the "IAS"), as well as the Interpretations issued by the Standards Interpretation Committee (the "SIC"), and the International Financial Reporting Interpretations Committee ("IFRIC"). The major accounting methods used to prepare the Consolidated Financial Statements are described below.

All financial information (unless indicated otherwise) is presented in thousands of euros (€).

6.2.1. Changes in accounting policies and new standards or amendments

The following amendments have been applied by GENFIT since January 1, 2015, but had no significant impact on the consolidated financial statements:

- The Annual Improvements to IFRSs for the 2010–2012 Cycle;
- The Annual Improvements to IFRSs for the 2011-2013 Cycle;
- Amendments to IAS 19, *Defined benefit plans*: *Employee contributions*.

6.2.2. Standards, interpretations and amendments issued but not yet effective

A number of new standards and amendments to standards are effective for annual periods beginning after January 1, 2015 and earlier application is permitted; however, the Group has not applied the following new or amended standards in preparing these consolidated financial statements.

New or amended standards	Summary of the requirements	Possible impact on consolidated financial statements
IFRS 9 Financial Instruments	IFRS 9, published in July 2014, replaces the existing guidance in IAS 39, *Financial Instruments: Recognition and Measurement*. IFRS 9 is effective for annual reporting periods beginning on or after January 1, 2018, with early adoption permitted.	The Group is assessing the potential impact on its consolidated financial statements resulting from the application of IFRS 9.
IFRS 15 Revenue from Contracts with Customers	IFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognized. It replaces existing revenue recognition guidance, including IAS 18, *Revenue*. IFRS 15 is effective for annual reporting periods beginning on or after January 1, 2018, with early adoption permitted.	The Group is assessing the potential impact on its consolidated financial statements resulting from the application of IFRS 15.

The following new or amended standards are not expected to have a significant impact on the Group's consolidated financial statements:

- Accounting for acquisitions of interests in joint operations (amendments to IFRS 11);
- Clarification of acceptable methods of depreciation and amortization (amendments to IAS 16 and IAS 38);
- Sale or contribution of assets between an investor and its associate or joint venture (amendments to IFRS 10 and IAS 28);
- Annual Improvements to IFRSs for the 2012–2014 Cycle;
- Disclosure initiative (amendments to IAS 1).

6.2.3. Change in the presentation of the financial statements

In accordance with IAS 1, and with the aim of improving the quality of its financial information, the Group has chosen to change the presentation of the consolidated statement of operations.

The Group now presents a consolidated statement of operations by function and not by nature.

6.3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

6.3.1. Use of estimates and judgments

In preparing the financial statements, management makes judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, incomes and expenses. Actual amounts may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

The estimates and underlying assumptions mainly relate to research tax credit (see section 6.3.18.2. - "Research tax credit"), employee benefits (see section 6.3.16. - "Employee benefits") and share-based payments (see section 6.3.21. - "Share-based compensation").

6.3.2. Consolidation

An investor controls an investee when the investor is exposed to variable returns from its involvement with the investee, and when the investor has the ability to affect those returns through its power over the investee. The notion of control implies exposure, or rights, to variable returns from the involvement with the investee and the ability to affect those returns through the power over the investee.

The Group controls all the entities included in the consolidation.

6.3.3. Foreign currency

6.3.3.1. Foreign currency transactions

Transactions in foreign currencies are translated into the respective functional currencies of the entities of the Group at the exchange rates applicable at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the reporting date.

The resulting exchange gains or losses are recognized in the statement of operations.

6.3.3.2. Foreign currency translation

The assets and liabilities of foreign operations having a functional currency different from the euro are translated into euros at the closing exchange rate. The income and expenses of foreign operations are translated into euros at the exchange rates effective at the transaction dates or, in practice, using the average exchange rate for the reporting period unless this method cannot be applied due to significant exchange rate fluctuations.

Gains and losses arising from foreign operations are recognized in the statement of other comprehensive loss. When a foreign operation is partly or fully divested, the associated share of gains and losses recognized in the currency translation reserve is transferred to the statement of operations.

The Group presentation currency is euro, which is also the functional currency of GENFIT S.A.
The functional currency of GENFIT CORP. is US dollars.

Euros (EUR) / US dollars (USD)	Year ended December 31,	
	2014	2015
Exchange rate at period-end	0.82366	0.91853
Average exchange rate for the period	0.75394	0.9019

6.3.4. Intangible assets

Intangible assets mainly consist of software and operating licenses acquired by the Group. They are recognized at cost less accumulated amortization and impairment. Amortization expense is recorded on a straight-line basis over the estimated useful lives of the intangible assets. The estimated useful lives of both patents and software are between 3 and 10 years.

6.3.5. Property, plant and equipment

Property, plant and equipment are initially recognized at cost. Cost includes expenditure that is directly attributable to the acquisition of the asset. Routine maintenance costs are expensed as incurred.

Subsequently, depreciation expense is recognized on a straight-line basis over the estimated useful lives of the assets. If components of property, plant and equipment have different useful lives, they are accounted for separately. Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted, if appropriate.

The estimated useful lives are as follows:

Scientific equipment	Between 4 and 12 years
Computer equipment	4 years
Furniture	10 years
Vehicles	6 years

Any gain or loss on disposal of an item of property, plant and equipment is determined by comparing the proceeds from disposal with the carrying amount of the item. The net amount is recognized in the consolidated statement of operations under the line item "Other operating income" or "Other operating expenses."

6.3.6. Leases

6.3.6.1. Finance leases

If, according to the terms of a lease, it appears that substantially all the risks and rewards incidental to ownership are transferred from the lessor to the lessee, the leasing contract is qualified as a finance lease. The associated leased assets are initially recognized as an asset at their fair value or the present value of the minimum lease payments due under the contract, if this is lower, and are subsequently depreciated or impaired, as necessary. The resulting financial liabilities are reported in the line item "Non-current loans and borrowings" and "Current loans and borrowings".

6.3.6.2. Operating leases

A lease is classified as an operating lease if it does not transfer to the lessee substantially all the risks and rewards incidental to ownership.

Payments made under operating leases are expensed on a straight-line basis over the term of the lease.

Lease incentives received such as rent-free periods or uneven lease payments are spread on a straight-line basis over the term of the lease.

GENFIT is a lessee in a number of lease contracts (see section 6.7. - "Property, plant and equipment").

6.3.7. Impairment of tangible assets, intangible assets and goodwill

If indicators of impairment are identified, amortizable intangible assets and depreciable tangible assets are subject to an impairment test under the provisions of IAS 36, *Impairment of Assets*.

Goodwill is tested for impairment as part of the cash-generating unit to which it has been allocated at least once per year. A cash-generating unit is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets. The goodwill resulting from the acquisition of the company IT.OMICS S.A. in November 2006 has been allocated to GENFIT S.A., which is also the lowest level at which it is monitored for internal management purposes.

6.3.8. Inventories

Inventories of supplies which consist mainly of laboratory consumables are measured at the lower of cost and net realizable value. Cost is determined using the weighted average cost method.

The Group progressively reduced the amount its inventory of laboratory consumables in 2015. This is related to a decrease in a collaboration research programme.

6.3.9. Trade & other receivables

Trade and other receivables are recognized at fair value, which is the nominal value of invoices unless payment terms require a material adjustment for the time value discounting effect at market interest rates. Trade receivables are subsequently measured at amortized cost. A valuation allowance for trade receivables is recognized if their recoverable amount is less than their carrying amount.

Receivables are classified as current assets, except for those with a maturity exceeding 12 months after the reporting date.

6.3.10. Other 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. These investments can be liquidated within a period between 0 and 32 days, but without capital protection in case of early redemption. All these investments have capital protection at maturity.

A gain or loss arising from a change in the fair value of an available-for-sale financial asset is recognized in other comprehensive income except for impairment losses and foreign exchange gains and losses, until the financial asset is derecognized. At that time the cumulative gain or loss previously recognized in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment.

6.3.11. Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits, together with short-term, highly liquid investments. They are readily convertible to a known amount of cash and thus are subject to an insignificant risk of changes in value.

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

6.3.12. Equity

Share capital comprises ordinary shares and ordinary shares with double voting rights classified in equity. Costs directly attributable to the issue of ordinary shares or share options are recognized as a reduction in equity.

6.3.13. Loans & borrowings

Financial liabilities 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.

The Group derecognizes financial liabilities when the contractual obligations are discharged or cancelled or expire.

In June 2010, BpiFrance granted GENFIT a loan with a participation feature. The interest rate of this loan is 4.46%. It gives rise to additional remuneration for BpiFrance depending on the revenues of GENFIT S.A. (see section 6.13.1.3. - "Development loans with participation feature").

6.3.14. Trade & other payables

Trade and other payables are initially recognized at the fair value of the amount due. This value is usually the nominal value, due to the relatively short period of time between the recognition of the instrument and its repayment.

6.3.15. Provisions

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

The amount recognized as a provision is the best estimate of the expenditure required to settle the present obligation at the reporting date.

Provisions are discounted when the time value effect is material.

6.3.16. Employee benefits

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

6.3.16.1. Defined benefit plans

Defined benefit plans relate to 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 measured on an actuarial basis using the projected unit credit method. The method consists in measuring the obligation based on a projected end-of-career salary and vested rights at the measurement date, according to the provisions of the collective bargaining agreement, corporate agreements and applicable law.

Actuarial assumptions are performed to determine the benefit obligations. 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. The discount rate used is the yield at the reporting date on AA credit-rated bonds with maturity dates that approximate the expected payments for the Group's obligations.

Re-measurements of the net defined benefit liability which comprise actuarial gains and losses are recognized immediately in the statement of other comprehensive loss.

The Group determines the net interest expense on the net defined benefit liability for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then-net defined benefit liability, taking into account any changes in the net defined benefit liability during the period as a result of contributions and benefit payments.

6.3.16.2. Defined contribution plans

Under defined contribution plans, the management of plans is performed by an external organization, to which the Group pays regular contributions. Payments made by the Group in respect of these plans are recognized as an expense for the period in the statement of operations.

6.3.16.3. Short-term employee benefits

A liability is recognized for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Group has a present legal or constructive obligation to pay the amount as a result of past service provided by the employee, and the obligation can be estimated reliably.

6.3.17. Revenues

GENFIT derives revenue from its projects with partners in the pharmaceutical industry in the context of co-research alliances as well as the occasional provision of research services.

The terms of these co-research alliances include several elements such as milestone payments, annual payments for research and royalties.

6.3.17.1. Annual payments for research

Annual payments for research correspond to fixed research funding payments contractually agreed with the industry partner. They depend on the resources allocated to the scientific programs and are generally recognized based on a Full-Time Equivalent (FTE) basis.

6.3.17.2. Milestone payments

Milestone payments represent amounts received from our co-research alliances, the receipt of which is dependent upon the achievement of certain scientific, regulatory, or commercial milestones. The Group recognizes milestone payments when:

- the triggering event contractually agreed with the industry partner is met;
- there are no further contingencies or services to be provided with respect to that event; and
- the co-contracting party has no right to refund of payment.

Examples of triggering event include: the identification of a target, the development of a screening tool, the transition to a clinical phase or the application filing for a marketing authorization (“Autorisation de Mise sur le Marché”).

6.3.18. Other income

6.3.18.1. Government grants

The Group receives various forms of government grants. This government aid is provided for and managed by French state-owned entities, and specifically “BpiFrance” (“Banque Publique d’Investissement”), formerly named “OSEO Innovation”.

Subsidies received are non-refundable. Conditional advances received are subject to nil or low interest rate depending on contractual provisions.

Grants related to assets

Grants related to assets are intended to finance the purchase of long-term assets. They are presented in the statement of financial position as deferred income and recognized in the line item “Other income” in the statement of operations on a systematic basis over the useful life of the related asset.

Grants related to income

Grants related to income are intended to finance research programs.

They are presented in the statement of financial position as deferred income and recognized in the line item "Other income" in the statement of operations as and when costs related to the research programs are incurred.

Conditional advances related to research programs

Conditional advances subject to nil or low interest rate are intended to finance research programs

In accordance with IAS 20, *Accounting for government grants and disclosure of government assistance*, the advantage resulting from nil or low interest rate as compared to a market interest rate is considered and accounted for as a government grant. A financial liability is recognized for proceeds received from the advance less the grant, and interest expense is subsequently imputed at market interest rate.

The grant portion of conditional advances is treated as a grant related to income.

For advances granted by BpiFrance, repayment is required in the event of commercial success. In addition, if GENFIT decides to stop the research program, the conditional advance may be repayable. If a program is unsuccessful, a pre-determined amount may be repayable. The remaining amount, if any, is then considered as a grant and written off in the line item "Other income" in the statement of operations.

Refundable advances

These advances, which bear interest, have been provided by MEL ("Métropole Européenne de Lille"), formerly named LMCU ("Lille Métropole Communauté Urbaine" hereafter "Lille Metropolitan Urban Community") and Nord Pas-de-Calais Region in order to support the Group. Repayment of such advances is required in all cases.

6.3.18.2. Research tax credit

The Research Tax Credit ("*Crédit d'Impôt Recherche",* or "CIR") is granted to entities by the French tax authorities in order to encourage them to conduct technical and scientific research. Entities that demonstrate that their research expenditures meet the required CIR criteria receive a tax credit that may be used for the payment of their income tax due for the fiscal year in which the expenditures were incurred, as well as in the next three years. If taxes due are not sufficient to cover the full amount of tax credit at the end of the three-year period, the difference is repaid in cash to the entity by the authorities. If a company meets certain criteria in terms of sales, headcount or assets to be considered a small/middle size company, immediate payment of the Research Tax Credit can be requested. GENFIT S.A. meets such criteria.

The Group applies for CIR for research expenditures incurred in each fiscal year and recognizes the amount claimed in the line item "Other income" in the statement of operations in the same fiscal year. In the notes to the financial statements, the amount claimed is recognized under the heading "Research tax credit" (see section 6.8. - "Trade and other receivables" and 6.19. - "Revenue and other income"). Research tax credit for the fiscal years 2010, 2011, and 2012 is currently under audit by tax authorities.

6.3.19. Research and development costs

Research expenses are recorded in the financial statements as expenses (see section 6.20. - "Operating expense").

In accordance with IAS 38, *Intangible Assets*, development expenses are recognized as intangible assets only if all the following criteria are met:

- Technical feasibility necessary for the completion of the development project;
- Intention on our part to complete the project and to utilize it;
- Capacity to utilize the intangible asset;
- Proof of the probability of future economic benefits associated with the asset;
- Availability of the technical, financial, and other resources for completing the project; and
- Reliable evaluation of the expenses attributed to the intangible asset during its development.

Since some of these criteria were not fulfilled, the Group did not capitalize any development costs.

6.3.20. Classification of operating expenses

Research and development expenses include:

- employee-related costs;
- lab supplies and facility costs;
- fees paid to scientific advisers and contracted research and development activities conducted by third parties;and
- intellectual property fees corresponding to the filing of the Group's patents.

Contracted research and development activities conducted by third parties includes services subcontracted to research partner for regulatory reasons, for the production of active ingredients and therapeutic units, as well as pharmacokinetics studies. Costs primarily relate to clinical trials (coordination of clinical trials, hospital services, etc.) and pre-clinical trials (tolerability and interaction studies) that are necessary to the development of GENFIT's drug candidates and biomarker candidates.

General and administrative expenses include:

- employee-related costs for executive, business development, intellectual property, finance, legal and human resource functions;
- facility-related costs;
- legal, audit and accounting fees;
- fees paid to the company responsible for press relations and communication;
- the costs of external employees seconded to the Company (security and reception);
- other service fees (recruiting, etc.); and
- intellectual property fees corresponding to the maintenance of the Group's patents.

6.3.21. Share-based compensation

The grant date fair value of equity settled share-based compensation granted to employees is recognized as a remuneration expense with a corresponding increase in equity, over the vesting period. The amount recognized as an expense is adjusted to reflect the actual number of awards for which the related service and non-market performance conditions are expected to be met.

The fair values of equity settled share-based compensation granted to employees are measured using the Black-Scholes model. Measurement inputs include share price on the measurement date, the exercise price of the instrument, expected volatility, expected maturity of the instruments, expected dividends, and the risk-free interest rate (based on government bonds). Service and non-market performance conditions attached to the transactions are not taken into account in determining fair value. For share-based compensation awards with non vesting conditions, the grant date fair value of the share-based compensation is measured to reflect such conditions and there is no adjustment for differences between expected and actual outcomes.

GENFIT may also grant equity-settled share-based compensation to consultants who are not considered employees in exchange for services. In such cases, the value of the services is measured when they are rendered by the consultants and the share-based compensation exchanged for the services is measured at an equal amount. If the value of the services cannot be measured reliably, then such value is measured with reference to the fair value of the equity instruments granted.

Share-based compensation granted to employees and consultants consist of share warrants, some of which may be redeemed at GENFIT's discretion.

6.3.22. Income tax

Income tax expense (income) comprises current tax expense (income) and deferred tax expense (income).

Deferred taxes are recognized for all the temporary differences arising from the difference between the tax basis and the accounting basis of assets and liabilities.

Deferred tax assets are recognized for unused tax losses, unused tax credits and temporary deductible differences to the extent that it is probable that future taxable profit will be available against which they can be used.

GENFIT has not recognized net deferred tax assets in the statement of financial position.

6.3.23. Earnings per share

Basic earnings per share are calculated by dividing profit attributable to our ordinary shareholders by the weighted average number of ordinary shares outstanding during the period.

Diluted earnings per share are calculated by adjusting profit attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all potentially dilutive ordinary shares (share warrants, employee warrants).

6.3.24. Operating segments

The Chief Operating Decision Maker ("CODM") is the Management Board.
The Management Board views the operations and manages the business as one segment with a single activity; namely the research and development of innovative medicines, the marketing of which depends on the success of the clinical development phase.

6.4. FINANCIAL RISKS MANAGEMENT

The Group may be exposed to the following risks arising from financial instruments: foreign exchange risk, interest rate risk, liquidity risk and credit risk.

6.4.1. Foreign exchange risk

As of the date of this document, the Group's exposure to exchange rate risk is low because almost all of its operations are denominated in euros, with the notable exception of the operations performed by GENFIT CORP.
In 2016, GENFIT S.A. may enter into contracts denominated in foreign currencies, which would increase the Group's exposure to foreign exchange risk. Any such exposure to this type of risk is subject to change depending on:

- the currencies in which the Group receives its revenues;
- the currencies chosen when agreements are entered into, such as licensing agreements, or co-marketing or co-development agreements;
- the location of clinical trials on drug or biomarker candidates; and
- the Group's insurance policies.

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

6.4.2. Interest rate risk

To date, the Group is only liable for governmental advances or conditional advances with no interest or interest at a fixed rate, generally below market rate. Consequently, the Group is not significantly exposed to fluctuations in interest rates for their liabilities.

As of 31 December 2015, the Group's financial liabilities totalled € 5 705k (as of December, 31, 2014: € 6 618k) and included no variable-rate loans. The Group's exposure to interest rate risk through its financial assets is also limited, since these assets are mainly euro-denominated money market funds (SICAV), medium-term negotiable notes or term deposits with progressive rates.

6.4.3. Liquidity risk

The Group's loans and borrowings mainly consist of government advances for research projects, bank loans, and development loans with participation features. For conditional advances, reimbursement of the principal is subject to the commercial success of the related research project.

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, 2015, the Group has € 60 754k in cash and cash equivalents and other financial assets (as of December 31, 2014: € 77 090k).

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.

6.4.4. Credit risk

Credit risk is the risk of financial loss if a customer or counterparty to a financial asset defaults on their contract commitments. The Group is exposed to credit risk due to trade receivables, subsidies receivables and other financial assets.

The Group's policy is to manage this risk by transacting with third parties with good credit standards.

6.5. GOODWILL

The Group's goodwill relates solely to IT.OMICS (dissolved by a transfer of all its assets and liabilities to GENFIT S.A. in 2006), which is considered a Cash Generating Unit.

In prior years, an impairment loss totaling € 290k was recognized. A further impairment loss of € 75k was recognized in 2015, reducing the carrying value of the Group's goodwill to zero.

6.6. INTANGIBLE ASSETS

Intangible assets mainly comprise office and administrative software as well as scientific software purchased by the Group.

Intangible assets (in € thousands)	12/31/2014	Additions	Disposals	Foreign currency translation differences	In progress - reclassified	12/31/2015
Gross - Software	1 046	419	390	0	105	1 180
Gross - Patents	29	0	8	0	0	21
Gross - In progress	0	306	0	0	(105)	201
TOTAL - Gross	**1 075**	**725**	**398**	**0**	**0**	**1 403**
Accumulated amortization & impairment - Software	960	247	388	0		818
Accumulated amortization & impairment - Patents	29	0	8	0		21
TOTAL - Accumulated amortization & impairment	**989**	**247**	**396**	**0**		**840**
TOTAL - Net	**86**	**478**	**2**	**0**	**0**	**563**

6.7. PROPERTY, PLANT AND EQUIPMENT

Property, plant & equipment (in € thousands)	12/31/2014	Additions	Disposals	Foreign currency translation differences	Revaluation surplus	In progress - reclassified	12/31/2015
Gross - Scientific equipment	4 789	219	69	0	(2)	0	4 937
Gross - Fittings	845	36	0	0	0	0	881
Gross - Vehicles	62	30	9	0	(1)	0	82
Gross - Computer equipment	781	85	226	0	0	7	647
Gross - Furniture	298	1	1	0	0	0	298
Gross - In progress	112	20	105	0	0	(7)	20
TOTAL - Gross	**6 888**	**390**	**409**	**0**	**(3)**	**0**	**6 866**
Amortization & impairment - Scientific equipment	4 101	187	67	0	0		4 221
Amortization & impairment - Fittings	554	31	0	0	0		585
Amortization & impairment - Vehicles	13	11	9	0	0		14
Amortization & impairment - Computer equipment	628	56	226	0	0		459
Amortization & impairment - Furniture	259	5	1	0	0		262
TOTAL - Amortization & impairment	**5 556**	**289**	**303**	**0**	**0**		**5 542**
TOTAL - Net	**1 332**	**101**	**106**	**0**	**(3)**	**0**	**1 324**

Assets under finance lease contracts relate to scientific equipment. Their net carrying value as of December 31, 2015 amounts to € 151k (December 31, 2014: € 232k).

Financial commitments - Operating leases

The minimum future lease payments for property rented under the Group's real estate operating lease amounted to € 920k at the end of the reporting period:

Operating lease commitments - group as lessee (in € thousands)	Year ended December 31, 2014	2015
Minimum payments - Within 1 year	920	920
Minimum payments - After 1 year but no more than 5 years	3 679	3 679
Minimum payments - More than 5 years	2 273	1 354
TOTAL	**6 872**	**5 953**

GENFIT has guaranteed its obligation under the lease agreement by pledging term accounts in the amount of € 454k as of December 31, 2015 (€ 920k as of December 31, 2014). The lease agreement provides for the guarantee to decrease in line with the level of GENFIT's cash balance as of December 31, 2014.

6.8. TRADE AND OTHER RECEIVABLES

Trade & other receivables - Total (in € thousands)	Year ended December 31, 2014	2015
Trade receivables	435	173
Research tax credit	4 973	4 845
Social security costs receivables	2	19
VAT receivables	798	842
Grants receivables	395	11
Other receivables	99	115
TOTAL	**6 702**	**6 005**

Trade & other receivables - Current (in € thousands)	Year ended December 31, 2014	2015
Trade receivables	435	173
Research tax credit	4 973	4 845
Social security costs receivables	2	19
VAT receivables	798	842
Grants receivables	395	5
Other receivables	99	114
TOTAL	**6 702**	**5 998**

Trade & other receivables - Non-current (in € thousands)	Year ended December 31, 2014	2015
Trade receivables	0	0
Research tax credit	0	0
Social security costs receivables	0	0
VAT receivables	0	0
Grants receivables	0	6
Other receivables	0	1
TOTAL	**0**	**7**

As of December 31, 2015, trade receivables neither past due nor impaired amounted to € 131k compared to € 426k as of December 31, 2014.
As of December 31, 2015, past due trade receivables amounted to € 42k compared to € 8k as of December 31, 2014 (less than 30 days past due).

Research tax credit

The research tax credit receivable as of December 31, 2014 relates solely to the tax credit receivable for 2014.

As described in section 6.25. - "Litigation and contingent liabilities", the research tax credit receivable as of December 31, 2015 relates to the tax credit receivable for 2015 and to the unpaid portion of the 2014 research tax credit due to an ongoing tax audit.

6.9. OTHER FINANCIAL ASSETS

Financial assets - Total (in € thousands)	Year ended December 31, 2014	2015
Financial investments	4 300	0
Loans	137	159
Loan related security deposit	132	132
Deposits & guarantees	233	239
Liquidity contracts	283	113
TOTAL	**5 085**	**643**

Financial assets - Current (in € thousands)	Year ended December 31, 2014	2015
Financial investments	4 000	0
Loans	0	0
Loan related security deposit	17	9
Deposits & guarantees	8	22
Liquidity contracts	0	0
TOTAL	**4 025**	**31**

Financial assets - Non current (in € thousands)	Year ended December 31, 2014	2015
Financial investments	300	0
Loans	137	159
Loan related security deposit	115	123
Deposits & guarantees	225	217
Liquidity contracts	283	113
TOTAL	**1 060**	**612**

6.10. OTHER ASSETS

Other assets of € 585k in 2015 and € 833k in 2014 correspond to prepaid expenses related to current operating expenses.

6.11. CASH AND CASH EQUIVALENTS

The main components of cash equivalents were:

- UCITS and INTEREST-BEARING CURRENT ACCOUNT, available immediately;
- TERM ACCOUNTS, available within the contractual maturities or by the way of early exit;
- NEGOTIABLE MEDIUM TERM NOTES, available with a quarterly maturity or by the way of early exit.

These investments are short-term, highly liquid and subject to negligible risk of changes in value.

Cash & cash equivalents	Year ended December 31,	
(in € thousands)	2014	2015
Short-term deposits	71 480	59 683
Cash & bank accounts	525	428
TOTAL	**72 005**	**60 111**

Short-term deposits	Year ended December 31,	
(in € thousands)	2014	2015
UCITS	22 594	4 541
TERM ACCOUNTS	33 688	53 987
NEGOTIABLE MEDIUM TERM NOTES	11 800	1 050
INTEREST BEARING CURRENT ACCOUNT	3 398	105
TOTAL	**71 480**	**59 683**

6.12. EQUITY

Common shares are classified under shareholders' equity. Any shareholder, regardless of nationality, whose shares are fully paid-in and registered for at least two years, enjoys double voting rights under the conditions prescribed by law (article 32 of the articles of GENFIT S.A.).

As of December 31, 2015, 2,569,737 shares have been held for more than two years and entitle their holders to double voting rights (1.73% of the issued share capital).

Changes in share capital in 2015

- In 2015, in accordance with the 10th resolution of the Combined Shareholder's Meeting of April 2, 2014, GENFIT S.A carried out a capital increase resulting from the exercise of 833 BSAAR 2014-A and 400 BSAAR 2014-C by some employees. The gross amount of this capital increase was € 29k, resulting in the issue of 1,233 new shares.

Changes in share capital in 2014

In 2014 the Group carried out three share capital increases:

- In 2014, in accordance with the 14th resolution of the Combined Shareholder's Meeting of June 26, GENFIT S.A. carried out a capital increase maintaining existing shareholders' preferential subscription rights ("*droits préférentiels de souscription*"). The gross amount of this capital increase was € 4,996k, resulting in the issue of 715,850 new shares;

- In June 2014, in accordance with the 4th and 5th resolutions of the Combined Shareholder's Meeting of April 2, 2014, GENFIT S.A. carried out a capital increase by private placement. The gross amount of this capital increase was € 49,739k, resulting in the issue of 2,116,567 new shares;

- In December 2014, in accordance with the 4th resolution of the Combined Shareholder's Meeting of April 2, 2014, GENFIT S.A. carried out a capital increase by private placement. The gross amount of this capital increase was € 20,974k, resulting in the issue of 583,433 new shares.

6.13. LOANS AND BORROWINGS

6.13.1. Breakdown of loans and borrowings

Loans & borrowings - Total (in € thousands)	Year ended December 31, 2014	2015
Refundable & conditional advances	4 440	3 998
Bank loans	844	988
Development loans with participation feature	1 265	690
Obligations under finance leases and hire purchase contracts	28	0
Accrued interests	19	5
Other financial loans and borrowings	21	24
TOTAL	**6 618**	**5 705**

Loans & borrowings - Current (in € thousands)	Year ended December 31, 2014	2015
Refundable & conditional advances	780	360
Bank loans	264	374
Development loans with participation feature	575	460
Obligations under finance leases and hire purchase contracts	28	0
Accrued interests	19	5
Other financial loans and borrowings	21	24
TOTAL	**1 687**	**1 223**

Loans & borrowings - Non current (in € thousands)	Year ended December 31, 2014	2015
Refundable & conditional advances	3 660	3 638
Bank loans	580	614
Development loans with participation feature	690	230
Obligations under finance leases and hire purchase contracts	0	0
Accrued interests	0	0
Other financial loans and borrowings	0	0
TOTAL	**4 931**	**4 482**

All financial liabilities are denominated in euros.

6.13.1.1. Refundable and conditional advances

General overview

As of December 31, 2015, GENFIT had 12 conditional advances with BpiFrance. Advances are subject to nil or low interest rates and are intended to finance research programs described in 6.3.18.1 - "Government grants".

In addition, two refundable advances of € 1,000k and € 500k were granted in 2011 by the Nord-Pas de Calais Region and Lille Metropolitan Urban Community.

Refundable & conditional advances - general overview (in € thousands)	Grant date	Total amount allocated	Receipts	Repayments	Effets of discounting	Net book value 12/31/2015
BPI FRANCE - OLNORME	10/20/2006	900	900	900	0	0
BPI FRANCE - OLNORME 2	06/21/2007	200	200	100	0	100
Identification of novel ligands for orphan nuclear receptors from plant extracts						
BPI FRANCE - IT-DIAB	12/23/2008	3 229	3 229	0	0	3 229
Development of a global strategy for the prevention and management of type 2 diabetes						
BPI FRANCE - ADVANCE N°1 - B-DIAB 1	06/15/2009	31	31	31	0	0
BPI FRANCE - ADVANCE N°2 - B-DIAB 2	06/15/2009	31	31	31	0	0
BPI FRANCE - ADVANCE N°3 - B-DIAB 3	06/26/2009	37	37	37	0	0
Preclinical and clinical characterization of beta-glucans from yeast in type 2 diabetes						
BPI FRANCE - ADVANCE N°1 - AD-INOV 1	12/14/2009	172	172	73	10	88
BPI FRANCE - ADVANCE N°2 - AD-INOV 2	12/14/2009	172	172	73	10	88
BPI FRANCE - ADVANCE N°3 - AD-INOV 3	02/17/2010	150	150	64	9	77
Innovation program						
BPI FRANCE - ADVANCE N°1 - OLNORME II - 1	11/24/2010	250	200	38	24	138
BPI FRANCE - ADVANCE N°2 - OLNORME II - 2	11/24/2010	250	200	38	24	138
BPI FRANCE - ADVANCE N°3 - OLNORME II - 3	11/24/2010	200	160	30	19	110
Research of pharmaceutical entities in plant extracts for the treatment of inflammatory diseases						
NORD PAS-DE-CALAIS REGION	09/20/2012	1 000	1 000	1 000	0	(0)
To support the Company						
LILLE METROPOLITAN URBAN COMMUNITY	07/28/2012	500	500	472	0	28
To support the Company						
TOTAL		**7 121**	**6 980**	**2 885**	**98**	**3 998**

Receipts and repayments of refundable and conditional advances

In 2015, GENFIT received € 305k and repaid € 610k of refundable and conditional advances.
In 2014, GENFIT received € 210k and repaid € 967k of refundable and conditional advances.

Main terms of the contracts

BPI FRANCE OLNORME	This non-interest bearing advance is repayable in full (at 100% of its nominal value) in the event of technical and/or commercial success.
BPI FRANCE OLNORME 2	This non-interest bearing advance is repayable in full (at 100% of its nominal value) in the event of technical and/or commercial success. As provided in the agreement, GENFIT has requested that LMCU ("Lille Metropolitan Urban Community") fully waive repayment of the advance, based on the industrial exploitation in the metropolitan area.

BPI FRANCE IT-DIAB	The advance granted by BpiFrance was part of a framework innovation aid agreement involving several scientific partners and for which GENFIT was the lead partner. The contribution expected at each stage by each of the partners in respect of work carried out and results achieved is defined in the framework agreement. As regards GENFIT, the aid consists of: • a € 3,229k repayable advance; • a € 3,947k non-repayable government grant. As of December 31, 2014, € 2,924k of the repayable advance and € 3,552k of the government grant had been received. The program was finalized on December 31, 2014, which resulted in the remaining portion being paid in the course of 2015. In the event of success, defined as the commercial spin-offs of the IT-Diab program which involves products for the treatment or diagnosis of type 2 diabetes, the financial returns generated will be used initially to repay the € 3,229k advance[2]. Any further amounts will be classified as additional payments.
BPI FRANCE ADVANCE N°1 - B-DIAB 1	These non-interest bearing advances are repayable in full (at 100% of their nominal amount) in the event of technical and/or commercial success.
BPI FRANCE ADVANCE N°2 - B-DIAB 2	
BPI FRANCE ADVANCE N°3 - B-DIAB 3	
BPI FRANCE ADVANCE N°1 - AD-INOV 1	These non-interest bearing advances are repayable in full (at 100% of their nominal amount) in the event of technical and/or commercial success. Regardless of the technical and / or commercial success, the attribution contract includes a minimum repayment clause up to: • advance n°1 : € 35k • advance n°2 : € 35k • advance n°3 : € 30k
BPI FRANCE ADVANCE N°2 - AD-INOV 2	
BPI FRANCE ADVANCE N°3 - AD-INOV 3	
BPI FRANCE ADVANCE N°1 - OLNORME II - 1	These non-interest bearing advances are repayable in full (at 100% of their nominal amount) in the event of technical and/or commercial success. Regardless of the technical and / or commercial success, the attribution contract includes a minimum repayment clause up to: • advance n°1 : € 120k • advance n°2 : € 120k • advance n°3 : € 96k
BPI FRANCE ADVANCE N°2 - OLNORME II - 2	
BPI FRANCE ADVANCE N°3 - OLNORME II - 3	
NORD PAS-DE-CALAIS REGION	These interest bearing advances are repayable monthly in accordance with the repayment schedule. The interest rates of these advances are : • NORD PAS-DE-CALAIS REGION : 1.73% • LILLE METROPOLITAN URBAN COMMUNITY : 4.25%
LILLE METROPOLITAN URBAN COMMUNITY	

[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.

6.13.1.2. Bank loans

Crédit Industriel et Commercial	In August 2013, GENFIT borrowed : • a € 200k loan • repayable in 41 months, repayment of which began after a 5 month grace period • at the effective interest rate of 1.89%. As of December 31, 2015, the principal amount outstanding was € 68k (2014: € 135k).
Crédit du Nord	In September 2013, GENFIT borrowed: • a € 150k loan • repayable in three years • at the effective interest rate of 2.11%. As of December 31, 2015, the principal amount outstanding was € 34k (2014: € 84k).
Banque Neuflize OBC	In June 2014, GENFIT borrowed: • a € 150k loan • repayable in three years • at the effective interest rate of Euribor 3 months + 2.50%. As of December 31, 2015, the principal amount outstanding was € 75k (2014: € 125k).
Banque Nationale de Paris - Paribas	In December 2014, GENFIT borrowed: • a € 500k loan • repayable in 60 months • at the effective interest rate of 2.00%. As of December 31, 2015, the principal amount outstanding was € 403k (2014: € 500k).
Crédit Industriel et Commercial	In March 2015, GENFIT borrowed: • a € 500k loan • repayable in 48 months • at the effective interest rate of 0.85%. As of December 31, 2015, the principal amount outstanding was € 408k.

Bank loans are used to finance research and laboratory equipment.

6.13.1.3. Development loans with participation feature

In June 2010, BpiFrance granted GENFIT S.A. a development loan amounting to € 2,300k over a 7 year period.
No repayment of principal was scheduled during the first two years.
Since June 15, 2012, the repayments are made quarterly.
The interest rate of this loan is 4.46%.

The loan agreement contains a participation feature, which entitles BpiFrance to additional remuneration based on the revenues of GENFIT S.A.

This additional remuneration amounts to 0.2294% of revenue and revenue is capped at € 1,672k as of December 31, 2015. The maximum amount of remuneration that could be payable under this participation feature is € 7k as of December 31, 2015.

The loan is measured at amortized cost. GENFIT regularly reviews estimates of future cash flows which vary according to revenue estimates and adjusts the carrying amount of the liability accordingly.

6.13.2. Maturities of financial liabilities

Maturity of financial liabilities (in € thousands)	December 31, 2015	< 1 year	< 2 years	< 3 years	< 4 years	< 5 years	> 5 ans
BPI FRANCE - OLNORME 2	100	100	0	0	0	0	0
BPI FRANCE - IT-DIAB	3 229	0	0	0	0	3 229	0
BPI FRANCE - ADVANCE N°1 - AD-INOV 1	88	32	38	0	0	0	0
BPI FRANCE - ADVANCE N°2 - AD-INOV 2	88	52	46	0	0	0	0
BPI FRANCE - ADVANCE N°3 - AD-INOV 3	77	46	40	0	0	0	0
BPI FRANCE - ADVANCE N°1 - OLNORME II - 1	138	12	38	44	0	0	0
BPI FRANCE - ADVANCE N°2 - OLNORME II - 2	138	50	63	50	0	0	0
BPI FRANCE - ADVANCE N°3 - OLNORME II - 3	110	40	50	40	0	0	0
LILLE METROPOLITAN URBAN COMMUNITY	28	28	0	0	0	0	0
TOTAL - Refundable & conditional advances	**3 998**	**360**	**275**	**134**	**0**	**3 229**	**0**
Bank loans	**988**	374	250	228	135	0	0
Development loans with participation feature	**690**	460	230	0	0	0	0
Accrued interests	**24**	24	0	0	0	0	0
Other financial loans and borrowings	**5**	5	0	0	0	0	0
TOTAL - Other loans & borrowings	**1 707**	**864**	**480**	**228**	**135**	**0**	**0**
TOTAL	**5 705**	**1 223**	**755**	**363**	**135**	**3 229**	**0**

6.14. TRADE AND OTHER PAYABLES

Trade & other payables - Total	Year ended December 31,	
(in € thousands)	2014	2015
Trade payables	5 900	5 275
Social security costs payables	2 052	1 832
Employee profit sharing	17	17
VAT payables	58	27
Taxes payables	300	129
Other payables	111	11
TOTAL	**8 438**	**7 292**

Trade & other payables - Current	Year ended December 31,	
(in € thousands)	2014	2015
Trade payables	5 900	5 275
Social security costs payables	2 052	1 832
Employee profit sharing	17	17
VAT payables	58	27
Taxes payables	300	129
Other payables	111	11
TOTAL	**8 438**	**7 292**

Trade & other payables - Non current	Year ended December 31,	
(in € thousands)	2014	2015
Trade payables	0	0
Social security costs payables	0	0
Employee profit sharing	0	0
VAT payables	0	0
Taxes payables	0	(0)
Other payables	0	0
TOTAL	**0**	**(0)**

6.15. DEFERRED INCOME AND REVENUE

Deferred income & revenue - Total	Year ended December 31,	
(in € thousands)	2014	2015
Deferred revenue arising from contracts with customers	251	26
Deferred income arising from equipment grants	10	7
TOTAL	**261**	**33**

Deferred income & revenue - Current	Year ended December 31,	
(in € thousands)	2014	2015
Deferred revenue arising from contracts with customers	251	26
Deferred income arising from equipment grants	9	2
TOTAL	**260**	**29**

Deferred income & revenue - Non-current	Year ended December 31,	
(in € thousands)	2014	2015
Deferred revenue arising from contracts with customers	0	0
Deferred income arising from equipment grants	1	5
TOTAL	**1**	**5**

6.16. PROVISIONS

See reference to provision linked to CIR in section 6.25. - "Litigation and contingent liabilities".

6.17. EMPLOYEE BENEFITS

In France, pension funds are generally financed by employer and employee contributions and are accounted for as defined contribution plans with the employer contributions recognized as expense as incurred. The Group has no actuarial liabilities in connection with these plans. Expenses recorded in the years ended December 31, 2014 and 2015 amounted to € 407k and € 400k respectively.

French law also requires payment of a lump sum retirement indemnity to employees based on years of service and annual compensation at retirement. Benefits do not vest prior to retirement. The Group is paying this defined benefit plan. It is calculated as the present value of estimated future benefits to be paid, applying the projected unit credit method whereby each period of service is seen as giving rise to an additional unit of benefit entitlement, each unit being measured separately to build up the final. As at December 31, 2015, € 743k are recognized as pension provisions compared to € 614k as at December 31, 2014.

As part of the estimation of the retirement indemnity to employees, the following assumptions were used for all categories of employees:

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 - 12/31/2014	2.%%
Salary growth rate - 12/31/2015	4.%%
Discount rate - 12/31/2014	1.49%%
Discount rate - 12/31/2015	1.81%%

The discount rates are based on the market yield at the end of the reporting period on high quality corporate bonds.

The following table presents the changes in the present value of the defined benefit obligation:

Changes in the present value of the defined benefit obligation (in € thousands)	
Defined benefit obligation as of January 1, 2014	**412**
Current service cost	(20)
Interest cost on benefit obligation	119
Actuarial losses / (gains) on obligation	103
Defined benefit obligation as of December 31, 2014	**614**
Current service cost	57
Interest cost on benefit obligation	10
Actuarial losses / (gains) on obligation	62
Defined benefit obligation as of December 31, 2015	**743**

6.18. FAIR VALUE OF FINANCIAL INSTRUMENTS

The following tables provide the financial assets and liabilities carrying values by category and fair values as of December 31, 2015 and 2014:

	As of December 31, 2014						
	Carrying value				Fair value		
(in € thousands)	As per statement of financial position	Assets at fair value through profit & loss	Loans & receivables	Debt at amortized cost	Level 1	Level 2	Level 3
Assets							
Financial investments	4 300	4 300			4 300		
Loans	137		137			137	
Loan related security deposit	132		132			132	
Deposits & guarantees	233		233			233	
Trade receivables	435		435			435	
Cash & cash equivalents	72 005	72 005			72 005		
TOTAL - Assets	**77 242**	**76 305**	**937**	**0**	**76 305**	**937**	**0**
Liabilities							
Conditional advances	4 440			4 440			4 440
Bank loans	844			844		844	
Participating development loan	1 265			1 265		1 265	
Obligations under finance leases and hire purchase contracts	28			28		28	
Accrued interests	19			19		19	
Other financial loans and borrowings	21			21		21	
Trade payables	5 900			5 900		5 900	
Other payables	111			111		111	
TOTAL - Liabilities	**12 629**	**0**	**0**	**12 629**	**0**	**8 188**	**4 440**

	As of December 31, 2015						
	Carrying value				Fair value		
(in € thousands)	As per statement of financial position	Assets at fair value through profit & loss	Loans & receivables	Debt at amortized cost	Level 1	Level 2	Level 3
Assets							
Loans	159		159			159	
Loan related security deposit	132		132			132	
Deposits & guarantees	239		239			239	
Trade receivables	173		173			173	
Cash & cash equivalents	60 111	60 111			60 111		
TOTAL - Assets	**60 814**	**60 111**	**703**	**0**	**60 111**	**703**	**0**
Liabilities							
Conditional advances	3 998			3 998			3 998
Bank loans	988			988		988	
Participating development loan	690			690		690	
Accrued interests	5			5		5	
Other financial loans and borrowings	24			24		24	
Trade payables	5 275			5 275		5 275	
Other payables	11			11		11	
TOTAL - Liabilities	**10 990**	**0**	**0**	**10 990**	**0**	**6 993**	**3 998**

6.19. REVENUE AND OTHER INCOME

Other income (in € thousands)	Year ended December 31, 2014	2015
Government grants	94	12
Research tax credit	4 973	3 705
Other operating income	94	114
TOTAL	**5 161**	**3 831**

As described in section "6.25. - Litigation and contingent liabilities", the research tax credits for the fiscal years 2010, 2011, and 2012 are subject to an ongoing tax audit.

In 2015, the Group recognized in other operating income € 106k (2014: € 94k) relating to the CICE (*Crédit d'impôt pour la compétitivité et l'emploi*), which is a tax credit implemented to enhance the competitiveness of businesses through the promotion of certain activities and employment. In 2015, the tax credit is equal to 6% of all wages paid to employees during the year in respect of salaries that do not exceed 2.5 times the French minimum wage (2014: 6%).
In 2015, this tax credit was used to finance an increase in staff and the purchase of scientific equipment.

6.20. OPERATING EXPENSE

Operating expenses and other operating income (expenses) (in € thousands)	December 31, 2014	Of which:					
		Raw materials & consumables used	Contracted research & development activities conducted by third parties	Employee expenses	Other operating expenses	Depreciation, amortization & impairment charges	Gain / (loss) on disposal of property, plant & equipment
Research & development expenses	(18 111)	(1 332)	(9 020)	(5 347)	(2 168)	(245)	0
General & administrative expenses	(5 879)	(73)	0	(4 018)	(1 815)	26	0
Other operating income	10	0	0	0	0	0	10
Other operating expenses	(55)	0	0	0	(55)	0	0
TOTAL	**(24 034)**	**(1 404)**	**(9 020)**	**(9 365)**	**(4 037)**	**(219)**	**10**

Operating expenses and other operating income (expenses) (in € thousands)	December 31, 2015	Of which:					
		Raw materials & consumables used	Contracted research & development activities conducted by third parties	Employee expenses	Other operating expenses	Depreciation, amortization & impairment charges	Gain / (loss) on disposal of property, plant & equipment
Research & development expenses	(16 360)	(1 863)	(5 389)	(6 289)	(2 356)	(459)	(3)
General & administrative expenses	(5 630)	(68)	(0)	(2 840)	(2 675)	(46)	0
Other operating income	2	0	0	0	1	0	1
Other operating expenses	(47)	0	0	0	(43)	(2)	(2)
TOTAL	**(22 034)**	**(1 930)**	**(5 390)**	**(9 130)**	**(5 074)**	**(508)**	**(3)**

6.20.1. Research and development expenses

Research and development expenses include the costs of personnel dedicated to research, share-based payments for this personnel and scientific consultants, raw material and consumables used and operational outsourcing (notably clinical and pharmaceutical), and costs linked to intellectual property.

6.20.2. General and administrative expenses

In 2014, general and administrative expenses included the costs of personnel not dedicated to research, share-based payments for this personnel, administrative and commercial costs, the cost to transfer GENFIT's listing on the Alternext market to the regulated market of Euronext Paris, which occurred in April 2014.
In 2015, general and administrative expenses included the costs of personnel not dedicated to research, share-based payments for this personnel, and administrative and commercial costs.

6.20.3. Employee expenses

Employee expenses (in € thousands)	Year ended December 31, 2014	2015
Wages and salaries	(5 775)	(4 906)
Social security costs	(2 562)	(2 154)
Pension costs	20	(57)
Individual training entitlement	3	0
Share-based compensation	(1 051)	(2 012)
TOTAL	**(9 365)**	**(9 130)**

Number of employees at year-end

Number of employees at year-end	Year ended December 31, 2014	2015
Research & development	64	73
Administration & management	17	23
TOTAL	**81**	**96**

Average number of employees

The average number of employees in 2015 was 90 compared with 81 in 2014.

6.21. SHARE-BASED COMPENSATION

Share-based compensation is granted by GENFIT to employees, executive officers and consultants who are not considered employees.

Share-based compensation granted to employees in 2014 and 2015 correspond to share warrants ("Bons de Souscriptions d'Actions" or "BSA") or redeemable share warrants "Bons de Souscriptions et/ou d'Acquisition d'Actions" or "BSAAR").
Share-based compensation granted to consultants in 2014 and 2015 correspond to share warrants ("Bons de Souscriptions d'Actions" or "BSA").

Under these programs, holders of vested options are entitled to subscribe to shares of GENFIT at a pre-determined exercise price. All of the plans are equity settled.

The following table presents the share-based compensation for each program:

Share-based compensation - Annual expense	Year ended December 31,		Total expense
	2014	2015	calculated
BSA 2014-A	**608**	**337**	**945**
Of which : expense related to executive officers (1)	304	61	365
Of which : expense related to consultants	304	276	581
BSA 2014-B	**442**	**603**	**1 045**
Of which : expense related to executive officers (1)	221	144	365
Of which : expense related to consultants	221	459	680
BSA 2015-A	**0**	**335**	**335**
Of which : expense related to executive officers (1)	0	178	178
Of which : expense related to consultants	0	157	157
BSA 2015-B	**0**	**315**	**315**
Of which : expense related to executive officers (1)	0	178	178
Of which : expense related to consultants	0	138	138
BSAAR 2014-A	**0**	**43**	**43**
Of which : expense related to members of the Management Board	0	17	17
Of which : expense related to employees	0	26	26
BSAAR 2014-B	**0**	**191**	**191**
Of which : expense related to members of the Management Board	0	106	106
Of which : expense related to employees	0	85	85
BSAAR 2014-C	**0**	**189**	**189**
Of which : expense related to members of the Management Board	0	105	105
Of which : expense related to employees	0	84	84
TOTAL	**1 051**	**2 012**	**3 063**

(1) : Independant members of the Supervisory Board

The key terms and conditions related to each program are detailed in the following tables:

Share-based compensation Share warrants (BSA)	BSA 2014-A		BSA 2014-B	
	Executive officers (1)	Consultants	Executive officers (1)	Consultants
Date of the Shareholder's meeting	04/02/2014			
Date of the Executive board meeting	07/24/2014			
Nombre total de BSA - subscribed	23 385	23 380	23 385	23 380
Share entitlement per option	1 warrant / 1 share			
Issue price	0,01 €			
Exercise price (2)	23,50 €			
Subscription period	From 08/01/2014 To 09/15/2014		From 01/02/2015 To 02/15/2015	
Exercise period	From 11/01/2014 To 09/30/2018		From 03/01/2015 To 02/28/2019	
Methods of exercise	Exercisable per tranches of a minimum number of BSA equal to 2 000 or a multiple of 2 000, except outstanding balance			
Valuation method used	Black & Scholes			
Expected dividends	0%			
Expected volatility	74,9%			
Risk-free interest rate	0,40%			
Expected life	4 ans			
Estimated fair value - valued by expert opinion (3)	13,02 €			
Estimation of fair value as of December 31, 2014				
Period used for the estimation of the underlying share	As of 08/01/2014	From 08/01/2014 To 11/01/2014	As of 08/01/2014	From 08/01/2014 To 12/31/2014
Estimated fair value - according to IFRS 2	15,61 €	24,84 €	15,61 €	24,85 €
Estimation of fair value as of December 31, 2015				
Period used for the estimation of the underlying share	-	-	As of 08/01/2014	From 01/01/2015 To 03/01/2015
Estimated fair value - according to IFRS 2	-	-	15,61 €	40,09 €

(1) : Independant members of the Supervisory board.

(2) : Exercise price of the BSA 2014 is equal to the average, weighted by the volumes, of the closing prices of the share over five consecutive trading days from July 07, 2014 to July 11, 2014, decreased by a discount of 5.00 %.

(3) : Valuation of the financial instrument by independant expert opinion at the time of allocation.

Share-based compensation Share warrants (BSA)	BSA 2015-A		BSA 2015-B	
	Executive officers (1)	Consultants	Executive officers (1)	Consultants
Date of the Shareholder's meeting	04/02/2014			
Date of the Executive board meeting	01/09/2015			
Total number of BSA - granted	7 015	5 845	7 015	5 845
Share entitlement per option	1 warrant / 1 share			
Issue price	0,01 €			
Exercise price (2)	35,95 €			
Subscription period	From 01/20/2015 To 02/25/2015		From 07/01/2015 To 09/15/2015	
Exercise period	From 06/01/2015 To 05/31/2019		From 12/01/2015 To 11/30/2019	
Methods of exercise	Exercisable per tranches of a minimum number of BSA equal to 2 000 or a multiple of 2 000, except outstanding balance			
Valuation method used	Black & Scholes			
Expected dividends	0%			
Expected volatility	74,9%			
Risk-free interest rate	0,40%			
Expected life	4 ans			
Estimated fair value - valued by expert opinion (3)	14,64 €			
Estimation of fair value as of June 30, 2015				
Period used for the estimation of the underlying share	As of 01/09/2015	From 01/09/2015 To 06/01/2015	As of 01/09/2015	From 01/09/2015 To 06/30/2015
Estimated fair value - according to IFRS 2	25,33 €	26,89 €	25,33 €	26,31 €
Estimation of fair value as of December 31, 2015				
Period used for the estimation of the underlying share	-	-	As of 01/09/2015	From 07/01/2015 To 12/01/2015
Estimated fair value - according to IFRS 2	-	-	25,33 €	20,80 €

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

Share-based compensation Redeemable share subscription warrants (BSAAR)	BSAAR 2014-A		BSAAR 2014-B		BSAAR 2014-C	
	Members of the Executive Board	Employees	Members of the Executive Board	Employees	Members of the Executive Board	Employees
Date of the Shareholder's meeting	04/02/2014					
Date of the Executive board meeting	09/15/2014					
Nombre total de BSAAR - subscribed	5 901	9 299	17 822	5 416	18 711	5 568
Share entitlement per option	1 warrant / 1 share					
Issue price	5,61 €					
Exercise price (1)	23,50 €					
Subscription period	From 09/19/2014 To 10/15/2014		From 05/07/2015 To 05/29/2015		From 07/06/2015 To 07/31/2015	
Exercise period	From 09/15/2015 To 09/15/2018		From 09/15/2015 To 05/04/2019		From 09/15/2015 To 07/01/2019	
Methods of exercise	Exercisable by fraction of a number of BSAAR equal to 1/3 of the total number of warrants held by each beneficiary					
Valuation method used	Black & Scholes					
Expected dividends	0%					
Expected volatility	74,9%					
Risk-free interest rate	0,40%					
Expected life	4 ans					
Estimated fair value - valued by expert opinion (2)	5,61 €					
Estimation of fair value as of December 31, 2014						
Period used for the estimation of the underlying share	From 10/10/2014 To 10/14/2014	From 10/10/2014 To 10/14/2014	As of 09/15/2014	As of 09/19/2014	As of 09/15/2014	As of 09/19/2014
Estimated fair value - according to IFRS 2	8,44 €	8,44 €	11,29 €	10,61 €	11,29 €	10,61 €
Estimation of fair value as of December 31, 2015						
Period used for the estimation of the underlying share	From 10/10/2014 To 10/14/2014	From 10/10/2014 To 10/14/2014	As of 09/15/2014	As of 09/19/2014	As of 09/15/2014	As of 09/19/2014
Estimated fair value - according to IFRS 2	8,44 €	8,44 €	11,29 €	10,61 €	11,29 €	10,61 €

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

The services performed by the consultants are mainly:

- to evaluate product development plans and propose, if necessary, changes to strategic or technical approaches;
- to advise the Company's managerial staff and Scientific Board of GENFIT in identifying strategies and selecting drug candidates, based, in particular, on the scientific results obtained by GENFIT (new therapeutic targets, new compounds); and
- to assist and advise GENFIT in its alliance strategies, such as external growth-supporting synergies (acquisition of new competencies and the purchase of operating rights, drug candidates and innovative technologies, etc.).

6.22. FINANCIAL REVENUE AND EXPENSES

Financial revenue and expenses (in € thousands)	Year ended December 31, 2014	2015
Financial revenue		
Interest income	422	437
Foreign exchange gain	9	35
Other financial revenues	61	170
TOTAL - Financial revenue	**492**	**642**
Financial expenses		
Interest expenses	(92)	27
Interest expenses for financial leases	(1)	(0)
Foreign exchange losses	(45)	(78)
Other financial expenses	(120)	(49)
TOTAL - Financial expenses	**(259)**	**(100)**
FINANCIAL GAIN (LOSS)	**234**	**542**

6.23. INCOME TAX

6.23.1. Losses available for offsetting against future taxable income

As of December 31, 2015, the tax loss carryforwards for GENFIT S.A., a French entity, amounted to € 114,045k (€ 95,175k as of December 31, 2014).

Such carryforwards can be offset against future taxable profit within a limit of € 1 million per year, plus 50% of the profit exceeding this limit. Remaining unused losses will continue to be carried forwards indefinitely.

As of December 31, 2014, the tax loss carry forwards for GENFIT CORP., a U.S. entity, amounted to 30k of US dollars.

6.23.2. Deferred tax assets and liabilities

No deferred tax asset is recognized as of December 31, 2015 (and none was recognized as of December 31, 2014) as it is not probable that taxable profit will be available against which the deductible temporary differences and tax losses carryforwards can be utilized.

The Group's main sources of deferred tax assets and liabilities as of December 31, 2015 relate to:

- Tax losses carryforwards: € 114,045k (compared to € 95,175k as of December 31, 2014);
- Deductible temporary differences related to post employment benefit: € 248k (compared to € 205k as of December 31, 2014).

6.24. EARNINGS PER SHARE

Earnings per share	Year ended December 31,	
	2014	2015
Profit for the period - attributable to owners of the Company (in € thousands)	**(17 025)**	**(17 135)**
Weighted average number of ordinary shares for the period	22 289 901	23 957 877
Profit for the period - attributable to owners of the Company per share (in €)	**(0.76)**	**(0.71)**
Weighted average number of ordinary shares used in the above calculation	22 289 901	23 957 877
Weighted average number of ordinary shares adjusted for the effect of dilution	22 289 901	24 099 093
Diluted profit for the period - attributable to owners of the Company per share (in €)	**(0.76)**	**(0.71)**

6.25. LITIGATION AND CONTINGENT LIABILITIES

Dispute over research tax credit calculation

On October 17, 2014, GENFIT received a tax audit notice from the Public Finances General Directorate (DGFiP) in respect of fiscal years 2011, 2012 and 2013, as well as the research tax credit for 2010.

On December 18, 2014, GENFIT received a notification of tax adjustment of € 1,141k pertaining to the 2010 research tax credit.

In February 2015, GENFIT challenged the tax adjustment, and is awaiting a determination by DGFiP.

On December 18, 2015, GENFIT received a notification of tax adjustment pertaining to the 2011 and 2012 research tax credit, as well as a penalty related to a defect of reverse charge of VAT. The tax authorities proposed the recall of research tax credit amounting to € 876k for fiscal year 2011 and € 458k for fiscal year 2012. The penalty related to the defect of reverse charge in 2012 and 2013 amounted to € 5k.

GENFIT plans to contest this proposed tax adjustment within the given delay of February 2016. The tax authorities' adjustments mainly pertain to joint research agreements with pharmaceutical companies. The tax authorities contend that, in these agreements, the Company is acting a sub-contractor, which would result in reducing the basis on which the research tax credit is computed to the amounts billed by the Company to the other party. The Company maintain that these joint research agreements include reciprocal provisions relating to intellectual property, the shared governance of the research programs, risk-sharing, termination of the agreements and financial compensation, which demonstrate that they are not sub-contracting agreements.

Since discussions with the tax authorities as to the rules for calculation of the research tax credit began on February 16th, 2015, GENFIT has used the same calculation method for the 2014 research tax credit as in previous fiscal years, and has expressly mentioned this in the declaration 2069-A-SD.
This will also be the case for the 2015 research tax credit, given the abrogation of the research organism status on January 16, 2015.

In September 2015, the tax authorities have agreed to the Company's request for the immediate payment of research tax credit for 2014, less, as a provisional measure, the proposed tax adjustment. The payment received by GENFIT amounts to € 3,833k.

GENFIT, although confident in its position, has provisionally calculated the amount of the potential tax liability pertaining to the 2010 to 2015 research tax credit as if the tax authorities' interpretation were to prevail.
On the basis of analyses conducted by third party experts, the Company believes that this potential tax liability could amount to € 2018k. The mention of this potential tax liability does not constitute in any form an acknowledgement of tax authorities' arguments in this matter. The Company has however recognized a provision in relation to this litigation amounting to € 62k for contracts, not including joint research agreements, that could be considered as sub-contracting for third parties that are themselves eligible for the research tax credit.

6.26. RELATED PARTIES

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

As of December 31, 2015, Biotech Avenir SAS held 12.6 % of GENFIT's share capital compared to 20.2% as of December 31, 2014.

Biotech Avenir SAS is a 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 approximately fifteen of the Company's managerial staff.
Jean-François Mouney, the Chairman of GENFIT's Executive Board, is also the Chairman of Biotech Avenir.

An agreement was signed on January 2, 2014 between Biotech Avenir SAS and GENFIT, providing a commitment for Biotech Avenir SAS to subscribe on February 4, 2014, to the capital increase of € 5,000k at a level of 75%, if subscription applications had proved insufficient. As the capital increase was oversubscribed, this agreement did not apply.

In addition to the cash provided by GENFIT S.A. to the liquidity contract set up with the company CM-CIC Securities, Biotech Avenir provided GENFIT shares. This contract is in place as of December 31, 2015.

The registered office of Biotech Avenir SAS is situated at the same address as GENFIT S.A., this domiciliation being granted without charge.

Group companies did not carry out any transactions with the related party in 2014 or 2015.

6.27. 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 willful misconduct), calculated on the basis of the last 12 months and increased by additional compensation of one month's salary per year of service at GENFIT. The total commitment (gross amount + employer's contributions) as of December 31, 2015 would amount to € 1 197k.

The following table provides details of the compensation paid to the members of the Management Board and the financial years in which the relevant amounts were recognized in the statement of operations.

Compensation paid to key management personnel (employers' contributions included)	Year ended December 31,	
(in € thousands)	2014	2015
Short-term employee benefits	2 126	1 651
Post-employment pension & medical benefits	205	306
Attendance fees	0	0
Share-based payment transactions	0	0
Director fees Genfit Corp (net)	22	41
TOTAL	**2 353**	**1 998**

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

The amount of post-employment benefits consists of provision for pension liabilities. Fluctuations relate to rates described in section 6.17. - "Employee benefits").

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

6.28. COMMITMENTS

Pledges and guarantees

Pledges & guarantees (In euros)	Amount
Pledges & guarantees - granted by the Company	463 108
Pledges & guarantees - granted to the Company	24 013

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

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

In the case of co-research alliances, GENFIT's partners own all intellectual property rights to the drug candidates identified during such collaborations. This does not apply to GFT505, for which all patent rights are held by GENFIT.

The co-research 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 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. The development of compounds issued from the other industrial collaborations was terminated.

In the case of academic collaborations, when they relate to 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 ITDIAB and OLNORME, in which GENFIT is associated with academic laboratories and other biotechnology companies.

6.29. EVENTS AFTER THE REPORTING PERIOD

None.

> VIII – Report by the statutory auditors on the consolidated statements

GRANT THORNTON
Membre français de Grant Thornton International

ERNST & YOUNG et Autres

This is a free translation into English of the statutory auditors' report on the consolidated financial statements issued in French and it is provided solely for the convenience of English-speaking users.
The statutory auditors' report includes information specifically required by French law in such reports, whether modified or not. This information is presented below the audit opinion on the consolidated financial statements and includes an explanatory paragraph discussing the auditors' assessments of certain significant accounting and auditing matters. These assessments were considered for the purpose of issuing an audit opinion on the consolidated financial statements taken as a whole and not to provide separate assurance on individual account balances, transactions or disclosures.
This report also includes information relating to the specific verification of information given in the group's management report.
This report should be read in conjunction with and construed in accordance with French law and professional auditing standards applicable in France.

Genfit
Year ended December 31, 2015

Statutory auditors' report
on the consolidated financial statements

GRANT THORNTON
Membre français de Grant Thornton International
75017 Paris
75849 Paris Cedex 17
S.A. au capital de € 2.297.184

Commissaire aux Comptes
Membre de la compagnie
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ERNST & YOUNG et Autres
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S.A.S. à capital variable

Commissaire aux Comptes
Membre de la compagnie
régionale de Versailles

Genfit

Year ended December 31, 2015

Statutory auditors' report on the consolidated financial statements

To the Shareholders,

In compliance with the assignment entrusted to us by your annual general meetings, we hereby report to you, for the year ended December 31, 2015, on:

- the audit of the accompanying consolidated financial statements of Genfit;
- the justification of our assessments;
- the specific verification required by law.

These consolidated financial statements have been approved by the executive board. Our role is to express an opinion on these consolidated financial statements based on our audit.

I. Opinion on the consolidated financial statements

We conducted our audit in accordance with professional standards applicable in France; those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit involves performing procedures, using sampling techniques or other methods of selection, to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made, as well as the overall presentation of the consolidated financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

In our opinion, the consolidated financial statements give a true and fair view of the assets and liabilities and of the financial position of the group as at December 31, 2015 and of the results of its operations for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

II. Justification of our assessments

In accordance with the requirements of article L. 823-9 of the French commercial code *(Code de commerce)* relating to the justification of our assessments, we bring to your attention the following matters:

As documented in note 6.3.1 to the consolidated financial statements, management of Genfit is required to make accounting estimates and assumptions in the financial statements.

In accordance with our audit of the consolidated financial statements, we have exercised judgment on the main elements that are subject to significant accounting estimates. We have assessed the conditions and assumptions of the research tax credit, the contingent liability from the ongoing dispute with the tax authorities, and the assumptions of the share based payments calculation.

Regarding the research tax credit and contingent liability from the ongoing dispute with the tax authorities, we have assessed the basis on which these estimates are made and verified that notes 6.3.18.2 and 6.25 to the consolidated financial statements provide appropriate disclosures.

For the share-based payments, we have evaluated the methods and assumptions used to determine the fair value, and verified that note 6.3.21 to the consolidated financial statements provides appropriate disclosures.

These assessments were made as part of our audit of the consolidated financial statements taken as a whole, and therefore contributed to the opinion we formed which is expressed in the first part of this report.

III. Specific verification

As required by law we have also verified, in accordance with professional standards applicable in France, the information presented in the group's management report.

We have no matters to report as to its fair presentation and its consistency with the consolidated financial statements.

Paris and Paris-La Défense, February 5, 2016

The statutory auditors
French original signed by

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

> IX – Report by the statutory auditors on the Company financial statements

GRANT THORNTON
Membre français de Grant Thornton International

ERNST & YOUNG et Autres

This is a free translation into English of the statutory auditors' report on the financial statements issued in French and it is provided solely for the convenience of English-speaking users.
The statutory auditors' report includes information specifically required by French law in such reports, whether modified or not. This information is presented below the audit opinion on the financial statements and includes an explanatory paragraph discussing the auditors' assessments of certain significant accounting and auditing matters. These assessments were considered for the purpose of issuing an audit opinion on the financial statements taken as a whole and not to provide separate assurance on individual account balances, transactions or disclosures.
This report also includes information relating to the specific verification of information given in the management report and in the documents addressed to the shareholders.
This report should be read in conjunction with and construed in accordance with French law and professional auditing standards applicable in France.

Genfit
Year ended December 31, 2015

Statutory auditors' report on the financial statements

GRANT THORNTON
Membre français de Grant Thornton International
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S.A. au capital de € 2.297.184

Commissaire aux Comptes
Membre de la compagnie
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S.A.S. à capital variable

Commissaire aux Comptes
Membre de la compagnie
régionale de Versailles

Genfit

Year ended December 31, 2015

Statutory auditors' report on the financial statements

To the Shareholders,

In compliance with the assignment entrusted to us by your annual general meetings, we hereby report to you, for the year ended December 31, 2015, on:

- the audit of the accompanying financial statements of Genfit;
- the justification of our assessments;
- the specific verifications and information required by law.

These financial statements have been approved by the executive board. Our role is to express an opinion on these financial statements based on our audit.

I. Opinion on the financial statements

We conducted our audit in accordance with professional standards applicable in France; those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit involves performing procedures, using sampling techniques or other methods of selection, to obtain audit evidence about the amounts and disclosures in the financial statements. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made, as well as the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

In our opinion, the financial statements give a true and fair view of the assets and liabilities and of the financial position of the company as at December 31, 2015 and of the results of its operations for the year then ended in accordance with French accounting principles.

II. Justification of our assessments

In accordance with the requirements of article L. 823-9 of the French commercial code *(Code de commerce)* relating to the justification of our assessments, we bring to your attention the following matters:

Management of Genfit is required to make accounting estimates and assumptions in the financial statements.

As part of our audit of the financial statements, we have exercised judgment on the main elements that are subject to significant accounting estimates. We have assessed the conditions of the research tax credit, as well as the contingent liability from the ongoing dispute with the tax authorities.

For these two key items, we have assessed the basis on which these estimates are made and verified that note 8.5 to the financial statements provides appropriate disclosures.

These assessments were made as part of our audit of the financial statements taken as a whole, and therefore contributed to the opinion we formed which is expressed in the first part of this report.

III. Specific verifications and information

We have also performed, in accordance with professional standards applicable in France, the specific verifications required by French law.

We have no matters to report as to the fair presentation and the consistency with the financial statements of the information given in the management report of the executive board and in the documents addressed to the shareholders with respect to the financial position and the financial statements.

Concerning the information given in accordance with the requirements of article L. 225-102-1 of the French commercial code *(Code de commerce)* relating to remunerations and benefits received by the directors and any other commitments made in their favour, we have verified its consistency with the financial statements, or with the underlying information used to prepare these financial statements and, where applicable, with the information obtained by your company from companies controlling your company or controlled by it. Based on this work, we attest the accuracy and fair presentation of this information.

In accordance with French law, we have verified that the required information the identity of the shareholders or holders of the voting rights has been properly disclosed in the management report.

Paris and Paris-La Défense, February 5, 2016

The statutory auditors
French original signed by

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

2015

ANNUAL FINANCIAL REPORT

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Code ISIN stock :	FR0004163111
Code Mnémo :	GNFT
Code Reuters :	GNFT.PA
Code Bloomberg :	GNFT FP

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