Teaching your cells to treat your disease

A French limited liability company (*société anonyme*) with capital of €2,628,269.60

Registered office: Les Cardoulines, Allée de la Nertière, 06560 Valbonne – Sophia Antipolis

Grasse trade and companies register no. 435 361 209

HALF-YEAR FINANCIAL REPORT
2016

This English version is a free translation of the official annual financial report prepared in French.

All possible care has been taken to ensure that the translation is an accurate representation of the original. However, in all matters of interpretation of information, views or opinions expressed therein, the original version of the half-year financial report in French takes precedence over this translation

In this half-year financial report (the "*Rapport Financier Semestriel*"), the terms "TxCell" or the "Company" mean TxCell, a French limited liability company (*société anonyme*) whose head office is located at Allée de la Nertière, Les Cardoulines, 06560 Valbonne - Sophia Antipolis, France, registered with the Grasse trade and companies register under number B 435 361 209.

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1. STATEMENT OF THE PERSON RESPONSIBLE

1.1 Person responsible for the financial information

Mr. Stéphane Boissel, Chief Executive Officer.

1.2 Statement of the person responsible

I hereby certify that, to the best of my knowledge, the financial statements for the past half-year were prepared in accordance with applicable accounting standards and give an accurate image of the assets, financial situation and results of the company TxCell and that the half-year activity report attached provides a faithful account of the significant events which occurred during the first six months of the fiscal period, of their impact on the financial statements, of the main transactions between related parties as well as a description of the main risks and uncertainties for the remaining six months of the fiscal period.

French original signed in Valbonne,
on September 27, 2016

Stéphane Boissel
Chief Executive Officer

2. Statutory auditors' report on the 2016 half-year financial information

Audit Conseil Expertise, SAS
Member of PKF International

ERNST & YOUNG Audit

This is a free translation into English of the statutory auditors' review report on the half-yearly financial information issued in French and is provided solely for the convenience of English-speaking users. This report includes information relating to the specific verification of information given in the group's half-yearly management report. This report should be read in conjunction with, and construed in accordance with, French law and professional standards applicable in France.

TxCell

Period from January 1 to June 30, 2016

Statutory auditors' review report

on the half-yearly financial information

Audit Conseil Expertise, SAS
Member of PKF International
17, boulevard Augustin Cieussa
13007 Marseille – France

Statutory Auditor
Member of Compagnie
Régionale d'Aix-en-Provence - Bastia

ERNST & YOUNG Audit
1/2, place des Saisons
92400 Courbevoie - Paris-La Défense 1
A simplified joint-stock company with variable capital

Statutory Auditor
Member of Compagnie
Régionale de Versailles

TxCell

Period from January 1 to June 30, 2016

Statutory auditors' review report on the half-yearly financial information

To the Shareholders,

In compliance with the assignment entrusted to us by your general meetings and in accordance with the requirements of article L. 451-1-2 III of the French monetary and financial code, we hereby report to you on:

- the review of the accompanying half-yearly financial statements of TxCell, for the period from January 1 to June 30, 2016,
- the verification of the information presented in the half-yearly management report.

These half-yearly financial statements are the responsibility of the board of directors. Our role is to express a conclusion on these financial statements based on our review.

1. Conclusions about the financial statements

We conducted our review in accordance with professional standards applicable in France. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with professional standards applicable in France and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Based on our review, nothing has come to our attention that causes us to believe that the accompanying half-yearly financial statements are not prepared, in all material respects, in accordance with IAS 34 – standard of the IFRSs as adopted by the European Union applicable to interim financial information.

Without qualifying our conclusion, we draw your attention to the matter set out in note 2.2 "Going-concern principle" in the appendix to the half-yearly financial statements of June 30, 2016, regarding the elements underlying the application of the going-concern principle.

2. Specific verification

We have also verified the information presented in the half-yearly management report on the half yearly financial statements subject to our review.

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

Marseille and Paris-La Défense, September 23, 2016

The Statutory Auditors
French original signed by

Audit Conseil Expertise ***Member of PKF International***	**ERNST & YOUNG Audit**
Guy Castinel	**Cédric Garcia**

3. HALF-YEAR ACTIVITY REPORT

3.1 General presentation

TxCell (the "Company") was created in 2001 through a spin-off from the French National Institute of Health and Medical Research (*Institut National de la Santé et de la Recherche Médicale* - INSERM). The Company develops platforms for innovative, personalized T cell immunotherapies for the treatment of severe chronic inflammatory and autoimmune diseases with high unmet medical need. TxCell is targeting a range of autoimmune diseases (both T-cell and B-cell-mediated) including Crohn's disease, lupus nephritis, bullous pemphigoid and multiple sclerosis, as well as transplantation-related inflammatory disorders.

TxCell is the only clinical-stage cellular therapy company fully dedicated to the science of regulatory T lymphocytes (Tregs). Tregs are a recently discovered T cell population for which anti-inflammatory properties have been demonstrated. Contrary to conventional approaches based on non-specific polyclonal Tregs, TxCell is exclusively developing antigen-specific Tregs. This antigen specificity may either come from pre-existing Treg T-Cell Receptor (TCR) or from genetic modifications with a Chimeric Antigen Receptor (CAR). TxCell is developing two proprietary technology platforms, ASTrIA, which is composed of non-modified naturally antigen-specific Tregs, and ENTrIA, which is composed of genetically-engineered Tregs.

3.2 Significant events occurring since January 1, 2016 and strategy

3.2.1 Significant events since January 1, 2016

Significant progress on the ENTrIA CAR-Treg platform

- In June 2016, TxCell was granted an exclusive worldwide licensing agreement on the CAR-Treg patent from the Weizmann Institute of Science (Israel). The patent covers all redirected, genetically engineered T regulatory cells (CAR-Treg) and their use in the suppression of autoimmune and inflammatory diseases. This key patent has already been granted to TxCell in Europe and is under review in the United States.
- TxCell signed two CAR-Treg collaborations with prestigious European research institutions:
    - In April 2016, TxCell signed a first collaboration agreement with Ospedale San Raffaele (OSR), one of the most prestigious research institutions in Europe in the field of cell and gene therapy. The collaboration focuses on the non-clinical development of CAR-Treg cells for the treatment of one of the most serious complications of Lupus – Lupus Nephritis. In parallel, OSR is also performing research for TxCell on the design and biology of other chimeric antigen receptors.
    - In June 2016, TxCell signed a second collaboration agreement with the Lübeck Institute of Experimental Dermatology (LIED) in Germany, a leading institution in the field of translational research on skin blistering diseases. This collaboration covers the development of a CAR-Treg-based cellular immunotherapy for bullous pemphigoid, a rare, potentially fatal autoimmune disease characterized by tense inflammatory skin blisters and in some patients, erosions on mucous membranes.

Working with world-leading experts in immunology, T-cell biology and chimeric antigen receptors

- TxCell's Scientific Advisory Board (SAB) is now composed of four world-leading experts:
    - Professor Zelig Eshhar (Chairman), Professor of Immunology, Chair of Immunology Research, Weizmann Institute of Science, Rehovot (Israel), a CAR pioneer who received the Novartis Prize for Clinical Immunology in August 2016
    - Professor Chiara Bonini, Head of Unit, Experimental Hematology, San Raffaele Hospital, Milan (Italy)

- Olivier Danos, PhD, Senior Vice President of Cell and Gene Therapy at Biogen (Unites States)
- Bernard Malissen, PhD, Research Director, Immunology, Center of Marseille-Luminy, Marseille (France).

- In June 2016, Arnaud Foussat, Chief Scientific Officer of TxCell, chaired the world's first workshop dedicated to adoptive T cell therapy with Tregs for treating autoimmunity, inflammation and transplantation. This workshop was held at the North American Adoptive T Cell Therapy Congress in Boston on June 28, 2016. The panel of speakers included world-leading authors on the pioneering field of Tregs and CAR-Tregs.

Other key milestones

- In February 2016, TxCell launched a new manufacturing process development and technology transfer unit primarily dedicated to the improvement of the existing TxCell manufacturing process for its first platform ASTrIA as well as to the development of a manufacturing process for its second platform ENTrIA.
- In April 2016, the Japan Patent Office granted a key patent for Ovasave®, in line with the intent-to-grant notification received in March 2016.
- In March 2016, TxCell appointed PCT as its contract manufacturing organization (CMO) in the US.

3.2.2 Update on the strategy and prospects

More than 10 new CAR-Treg discovery programs initiated

TxCell has intensified the research efforts on its second technology platform, ENTrIA, composed of engineered regulatory T cells (CAR-Treg). Over the last twelve months, these efforts have led to the initiation of more than 10 new CAR development programs.

Initially, and following the advice of its recently formed Scientific Advisory Board (SAB), TxCell will focus its resources on 4 to 5 programs targeting notably lupus nephritis, bullous pemphigoid, multiple sclerosis and transplantation. TxCell's objectives are: firstly, to generate several additional preclinical proof-of-concept data within the next 12 months and, secondly, to start at least one first-in-man clinical study before the end of 2018. A number of these programs are being developed through collaboration agreements with leading academic laboratories, such as Ospedale San Raffaele (OSR) and the Lübeck Institute of Experimental Dermatology (LIED), as communicated in the first half of 2016.

These objectives are in line with TxCell's strategic roadmap disclosed in March 2016. As a result of recent positive findings, additional resources are being allocated to the ENTrIA platform to enable a further intensification of activity.

Development of less expensive and more efficient manufacturing processes

In February 2016, TxCell launched a new manufacturing process development and technology transfer unit with the primary objective of: (i) enhancing the manufacturing process for TxCell's first platform ASTrIA and (ii) developing a new process for the manufacturing of its engineered ENTrIA Treg programs. Within its first nine months of operation, TxCell has identified a new isolation method for its non-engineered Treg cells (ASTrIA). This innovative procedure should enable a reduction of approximately 50% of both the production costs and the overall manufacturing leadtime, as well as a reduction of the risk of non-compliant manufacturing for future clinical trials and a potential commercial launch.

Combining these encouraging preliminary results and TxCell's strict cost control policy, TxCell has decided to finalize and GMP-prove this new manufacturing process prior to the initiation of new clinical trials from the ASTrIA platform. Resulting from this decision, the clinical development of Ovasave® in refractory Crohn's disease will not restart immediately.

In addition, a manufacturing process for the ENTrIA platform should be validated by 2018 for the start of a clinical study with a first CAR-Treg program.

Ongoing business discussions to establish relevant partnerships

Since the beginning of the year, TxCell has met a significant number of pharma or large biotech companies and started several confidential business discussions. Regularly signing R&D partnerships with pharma or biotech companies is a key objective of TxCell's strategic plan.

3.3 Activity report

TxCell's 2016 half-year financial results reflect the Company's strategic shift initiated in 2015. The net loss amounted to €7.1 million as of June 30, 2016, with a €1.4 million increase compared to the same period in 2015. Half-year financial results can be summarized as follows:

- A decrease in revenue of €0.5 million following the Company's decision to terminate the collaboration, development, option and license agreement with Ferring/Trizell for Ovasave® in December 2015 in order to recover full rights to the product;
- A small decrease in research and development expenses of €0.1 million, as the decrease in expenses resulting from the decision to terminate the production and put the CATS29 clinical study on hold was offset by costs related to:
    - activities enabling the technology transfer to the CMO MaSTherCell;
    - manufacturing process improvement and industrialization for TxCell's ASTrIA platform;
    - investments to accelerate the development of TxCell's second platform ENTrIA, specifically through the collaboration agreements signed with OSR and LIED and the exclusive worldwide license on the key CAR-Treg patent.
- A non-recurring €0.6 million increase in TxCell's general and administrative expenses following:
    - the launch of new process development laboratories and technology transfer academy;
    - an increase in legal consultancy fees, notably for contracts covering collaboration, research, development and license agreements signed during the reporting period.

3.3.1 Income statement analysis

The income statement breaks down as follows:

Statement of net income (in thousands of euros)	06/30/2016	06/30/2015
Revenue	0	534
Other income	1,422	1,438
Revenue and other income	**1,422**	**1,972**
Research and development expenses	(5,624)	(5,709)
General and administrative expenses	(2,509)	(1,862)
Expenses related to share-based payments	(372)	(129)
Current operating profit / (loss)	**(7,083)**	**(5,728)**
Other operating expenses	(785)	0
Other operating income	792	0
Operating profit / (loss)	**(7,076)**	**(5,728)**
Income from cash and cash equivalents	3	27
Cost of gross financial debt	0	0
Cost of net financial debt	**3**	**27**
Other financial income	19	2
Other financial expenses	(29)	(22)
Net profit / (loss) before tax	**(7,084)**	**(5,721)**
Income taxes	0	0
Net profit / (loss)	**(7,084)**	**(5,721)**

3.3.1.1 Revenue and other income

As expected, the Company did not generate any revenue during the first half of 2016. In 2015, the Company's revenues were entirely generated by the collaboration, development, option and license agreement with Ferring/Trizell for Ovasave®, which was terminated on December 2, 2015.

Other operating income mainly comprises:

- Grants in the amount of €106 thousand;
- A research tax credit estimate for the first half of 2016 of €1,315 thousand, compared to €1,392 thousand on June 30, 2015.

3.3.1.2 Operating profit/(loss)

3.3.1.2.1 Research and development expenses

Research and development expenses were as follows:

In thousands of euros	06/30/2016	06/30/2015
Purchase of raw materials	715	1,315
Scientific fees, studies and other expenses	2,858	2,154
Salaries and social security expenses	1,780	2,009
Depreciation, amortization and provisions	268	225
Retirement benefits	2	6
Total research and development expenses	**5,624**	**5,709**

The 45.6% decrease in raw materials purchase was primarily due to the suspension of production activities since June 2015.

The 32.7% increase in scientific fees, studies and other expenses consisted primarily of the costs related to the technology transfer to the CMO MaSTherCell for the production of Ovasave®, as initiated in September 2015, and to research and development agreements with OSR and LIED. These were partially offset by a decrease in expenses following the decision to terminate the production and suspend the recruitment for the CATS29 clinical study.

The 11.4% decrease in salaries and social security expenses was mainly the result of closing the Besançon site, this being partially offset by strengthening the management team (notably in process development and regulatory affairs).

3.3.1.2.2 General and administrative expenses

Overheads and administrative costs were as follows:

In thousands of euros	06/30/2016	06/30/2015
Rent, fees and other expenses	1,859	1,033
Salaries and social security expenses	655	803
Depreciation, amortization and provisions	(5)	27
Retirement benefits	0	(1)
Total general and administrative expenses	**2,509**	**1,862**

The 80% increase in rent, fees and other expenses was mainly due to:

- The launch in Sophia Antipolis of new process development laboratories and technology transfer academy;
- An increase in legal consultancy fees, notably for contracts covering collaboration, research, development and license agreements signed during the reporting period;
- The increase in investor relations and communications expenses.

The 18.4% decrease in salaries and social security expenses was primarily due to non-recurring charges in the first half of 2015 (employer contributions on stock option issues and severance pay for Mr. Damian Marron), partially offset by strengthening the G&A team (notably in business development).

3.3.1.2.3 Other operating income and expenses

Other operating income and expenses correspond to the monitoring of the restructuring accrual related to the Besançon site closure.

3.3.1.3 Financial and net income

Income from cash and cash equivalents corresponds to accrued interest and short-term gains on investment securities. Other financial expenses comprise the discount of the financial flows for the zero-interest innovation loan (*Prêt à Taux Zéro Innovation*) and the payables on non-current assets (see Notes 11 and 14.2 of paragraph 4.5 of the *Rapport Financier Semestriel*).

The net loss on June 30, 2016 was €7,084 thousand compared to €5,721 thousand for the previous fiscal period, i.e. an increase of €1,362 thousand.

3.3.2 Balance sheet analysis

3.3.2.1 Assets

Assets (in thousands of euros)	06/30/2016	12/31/2015
Intangible assets	5,908	5,907
Property, plant and equipment	836	876
Financial assets	184	155
Total non-current assets	**6,928**	**6,939**
Trade receivables	4	4
Other current assets	4,126	4,570
Cash and cash equivalents	3,198	9,208
Total current assets	**7,328**	**13,781**
Total assets	**14,256**	**20,720**

The intangible assets item consist of Trizell's rights to Ovasave® repurchased on December 2, 2015.

Other current assets include:

- A research tax credit provision for the first half of 2016 of €1,315 thousand. A 2015 research tax credit receivable of €3,023 thousand was included on December 31, 2015;
- Prepayments in the amount of €1,849 thousand for operating expenses mainly resulting from the spreading over progress of subcontracting contracts for the Ovasave® Phase IIb clinical study and of research and development agreements with OSR and LIED.

The cash and cash equivalents consist of immediately available cash and short-term available-for-sale securities. Note that this amount does not include the first drawdown of €5 million planned in two tranches on the convertible notes financing line of €20 million set up on June 17, 2016 (OCABSA) and approved by the Extraordinary General Meeting of August 1, 2016.

3.3.2.2 Liabilities

Liabilities (in thousands of euros)	06/30/2016	12/31/2015
Share capital	2,601	2,577
Issue premiums	30,412	29,885
Reserves	(20,766)	(9,576)
Net profit / (loss) for the year	(7,084)	(11,297)
Total shareholders' equity	**5,163**	**11,589**
Financial payables - non current	1,648	1,641
Other non-current liabilities	19	23
Total non-current liabilities	**1,666**	**1,664**
Trade and other payables	2,111	1,608
Other current liabilities	5,195	5,087
Current provisions	121	772
Total current liabilities	**7,427**	**7,467**
Total Liabilities	**14,256**	**20,720**

Equity on June 30, 2016, including the loss for the period of €7.1 million, amounted to €5.2 million compared to €11.6 million on December 31, 2015.

Financial debt amounted to €1,648 thousand as of June 30, 2016, corresponding to the discounted amount of the zero-interest innovation loan received by the Company in December 2014 (see Note 11 of paragraph 4.5 of the *Rapport Financier Semestriel*).

Other non-current liabilities amounted €19 thousand and corresponded to the over-one-year portion of the grant proceeds of the zero-interest innovation loan.

Other current liabilities primarily comprise the balance in the supplier payables on non-current assets item of €3.9 million for the repurchase of Trizell's rights to Ovasave® by the Company. When the termination agreement was signed on December 2, 2015, €2 million of the original debt of €6 million had been repaid. Of the balance, €2 million is due on December 2, 2017 and €2 million on December 2, 2018, for a total of €3.9 million once present discounted (see Note 3 of paragraph 4.5 of the *Rapport Financier Semestriel*).

As of June 30, 2016, current provisions included:

- A retirement benefits provision of €37 thousand, compared to €21 thousand on December 31, 2015;
- A balance of €80 thousand on the restructuring accrual for the closure of the Besançon site after a reversal of €670 thousand in expenses effectively recorded during the first half of 2016.

3.3.3 Cash flows

In thousands of euros	06/30/2016	12/31/2015	06/30/2015
Net profit / (loss)	**(7 084)**	**(11 297)**	**(5 721)**
Elimination of items with no impact on cash and cash equivalents			
Elimination of depreciation, amortization and provisions	(445)	1 135	257
Share-based payment	372	483	129
Other eliminations with no impact on cash and cash equivalents	19	(7)	(4)
OPERATING CASH FLOW	(7 138)	(9 687)	(5 340)
Change - non-current	**5**	**(313)**	**12**
Other eliminations of non-current items with no impact on cash and cash equivaler	9	27	11
Change in other non-current liabilities	(5)	(340)	
Change - current	**1 040**	**(66)**	**(1 006)**
Change in trade receivables		997	767
Change in other current assets	444	(987)	(1 806)
Change in trade payables	503	213	(146)
Change in other current liabilities (excluding fixed asset suppliers)	93	(288)	179
CHANGE IN WORKING CAPITAL REQUIREMENTS	1 045	(379)	(995)
Net cash from operating activities	(6 093)	(10 066)	(6 335)
Acquisition of intangible assets	(2)	(5 902)	
Change in intangible assets supplier account	19	3 905	
Other eliminations of intangible items with no impact on cash and cash equivalents	(19)	(3)	
Acquisition of property, plant and equipment	(276)	(214)	(147)
Sale of property, plant and equipment	97	23	1
Change in property, plant and equipment supplier account	(4)	(83)	
Acquisition of non-current financial assets	(52)	(3)	(47)
Sale of non-current financial assets	5	3	1
Net cash from investing activities	(233)	(2 274)	(192)
Capital increases or contributions	316	7 631	329
Net cash from financing activities	316	7 631	329
NET CASH FLOWS	(6 009)	(4 710)	(6 198)
OPENING CASH	9 208	13 917	13 917
CLOSING CASH	3 198	9 208	7 719

3.3.3.1 Cash flows from operating activities

The cash flows from operating activities were -€6,093 thousand as of June 30, 2016, consisting of:

- A – €7,084 thousand net loss in the first half of 2016 due primarily to:
  - Costs related to subcontracting contracts with CROs (Contract Research Organizations) for the Ovasave® Phase IIb clinical study,
  - Costs related to the technology transfer to the CMO MaSTherCell for the production of Ovasave®, as initiated in September 2015,
  - Costs related to the manufacturing process development and industrialization for the Company's ASTrIA platform,
  - Costs related to the research program on ENTrIA, the Company's second platform based on engineered regulatory T cells, and notably:
    - The signature of an exclusive worldwide licensing agreement with Yeda Research and Development Company Ltd. regarding a patent on genetically-

modified, redirected regulatory T cells and their use in the suppression of autoimmune diseases (co-invented by Professor Zelig Eshhar), and,

- The signature of CAR-Treg research and development agreements with OSR for lupus nephritis and with LIED for bullous pemphigoid;

- A – €54 thousand total of non-cash items to be eliminated from net income, notably:
  - Amortization and provisions for the period in the amount of –€445 thousand including depreciation reversals on fixed assets and reversals over the 6-month period of restructuring accrual implemented for the Besançon site closure,
  - Share-based payments as per IFRS 2 amounting to €372 thousand in the first half of 2016;
- A + €1,045 thousand change in WCR, resulting primarily from:
  - The decrease in other current assets in the amount of €444 thousand, resulting primarily from the collection of the 2015 research tax credit receivable in the first half of 2016, partially offset by the increase in prepayments resulting from the spreading over progress of subcontracting contracts for the Ovasave® Phase IIb clinical study and of research and development agreements with OSR and LIED,
  - An increase in the balance of trade payables of €503 thousand as of June 30, 2016.

3.3.3.2 Cash flows from investing activities

The cash flows related to investing activities amounted to – €233 thousand as of June 30, 2016 (compared to – €192 thousand on June 30, 2015). They were primarily the result of deposit guarantee and laboratory equipment for the new process development laboratories and technology transfer academy, and the sale of fixed assets as part of the closure of the Besançon site.

3.3.3.3 Cash flows from financing activities

As of June 30, 2016, cash flows from financing operations amounted to €316 thousand resulting from the exercise, during the first half of 2016, of 576,255 BSA 04-11 warrants.

4. HALF-YEAR FINANCIAL INFORMATION

4.1 Statement of financial position

4.1.1 Assets

Assets (in thousands of euros)	Note	06/30/2016	12/31/2015
Intangible assets	3	5,908	5,907
Property, plant and equipment	4	836	876
Financial assets	5	184	155
Total non-current assets		**6,928**	**6,939**
Trade receivables	6	4	4
Other current assets	7	4,126	4,570
Cash and cash equivalents	9	3,198	9,208
Total current assets		**7,328**	**13,781**
Total assets		**14,256**	**20,720**

4.1.2 Liabilities

Liabilities (in thousands of euros)	Note	06/30/2016	12/31/2015
Share capital	10	2,601	2,577
Issue premiums		30,412	29,885
Reserves		(20,766)	(9,576)
Net profit / (loss) for the year		(7,084)	(11,297)
Total shareholders' equity		**5,163**	**11,589**
Financial payables - non current	11	1,648	1,641
Other non-current liabilities	12	19	23
Total non-current liabilities		**1,666**	**1,664**
Trade and other payables	14	2,111	1,608
Other current liabilities	14	5,195	5,087
Current provisions	13	121	772
Total current liabilities		**7,427**	**7,467**
Total Liabilities		**14,256**	**20,720**

4.2 Statement of net income and comprehensive income

Statement of net income (in thousands of euros)	Note	06/30/2016	06/30/2015
Revenue	15	0	534
Other income	15	1,422	1,438
Revenue and other income		**1,422**	**1,972**
Research and development expenses	17	(5,624)	(5,709)
General and administrative expenses	17	(2,509)	(1,862)
Expenses related to share-based payments	18	(372)	(129)
Current operating profit / (loss)		**(7,083)**	**(5,728)**
Other operating expenses	19	(785)	0
Other operating income	19	792	0
Operating profit / (loss)		**(7,076)**	**(5,728)**
Income from cash and cash equivalents	20	3	27
Cost of gross financial debt	20	0	0
Cost of net financial debt		**3**	**27**
Other financial income	20	19	2
Other financial expenses	20	(29)	(22)
Net profit / (loss) before tax		**(7,084)**	**(5,721)**
Income taxes	21	0	0
Net profit / (loss)		**(7,084)**	**(5,721)**
Basic earnings per share (in €)	24	(0.55)	(0.49)

Items of other comprehensive income:

Net profit / (loss) (in thousands of euros)		**(7,084)**	**(5,721)**
Non-recyclable elements in income statement:			
Revaluations of net liabilities arising from defined benefit schemes		(13)	46
Items of other comprehensive income		**(13)**	**46**
Comprehensive income		**(7,097)**	**(5,675)**

4.3 Statement of changes in equity

IN THOUSANDS OF EUROS	NUMBER OF SHARES	CAPITAL	SHARE PREMIUMS	RESERVES AND RETAINED EARNINGS	OTHER ITEMS OF COMPREHENSIVE INCOME	INCOME	TOTAL
31/12/2014	**11,663,015**	**2,333**	**21,993**	**(1,312)**	**(33)**	**(8,269)**	**14,712**
Allocation of net profit / (loss) for the previous period				(8,269)		8,269	0
Subscription of BSA 03-15 warrants			21				21
S1 2015 - Exercise of Options 2014	54,203	11	292				302
07/24/2015 - Private placement	1,166,300	233	7,698				7,931
Allocation of capital increase costs			(645)				(645)
S2 2015 - Exercise of Options 2014	3,808	1	20				21
Expense arising from share-based payments			483				483
Liquidities Contract - Treasury shares			23				23
Actuarial gains and losses					38		38
Net profit / (loss) for the period						(11,297)	(11,297)
12/31/2015	**12,887,326**	**2,577**	**29,885**	**(9,581)**	**5**	**(11,297)**	**11,589**
Allocation of net profit / (loss) for the previous period				(11,297)		11,297	0
Subscription of BSA PACEO warrants			0				0
S1 2016 - Exercise of BSA 04-11 warrants	115,251	23	294				317
Allocation of capital increase costs			(1)				(1)
Expense arising from share-based payments			372				372
Liquidities Contract - Treasury shares			(18)				(18)
Actuarial gains and losses					(13)		(13)
Reserves for allocation of free shares			(120)	120			0
Net profit / (loss) for the period						(7,084)	(7,084)
06/30/2016	**13,002,577**	**2,601**	**30,412**	**(20,759)**	**(8)**	**(7,084)**	**5,163**

4.4 Statement of cash flows

In thousands of euros	06/30/2016	06/30/2015
Net profit / (loss)	**(7 084)**	**(5 721)**
Elimination of items with no impact on cash and cash equivalents		
Elimination of depreciation, amortization and provisions	(445)	257
Share-based payment	372	129
Other eliminations with no impact on cash and cash equivalents	19	(4)
OPERATING CASH FLOW	(7 138)	(5 340)
Change - non-current	**5**	**12**
Other eliminations of non-current items with no impact on cash and cash equivaler	9	11
Change in other non-current liabilities	(5)	
Change - current	**1 040**	**(1 006)**
Change in trade receivables		767
Change in other current assets	444	(1 806)
Change in trade payables	503	(146)
Change in other current liabilities (excluding fixed asset suppliers)	93	179
CHANGE IN WORKING CAPITAL REQUIREMENTS	1 045	(995)
Net cash from operating activities	(6 093)	(6 335)
Acquisition of intangible assets	(2)	
Change in intangible assets supplier account	19	
Other eliminations of intangible items with no impact on cash and cash equivalents	(19)	
Acquisition of property, plant and equipment	(276)	(147)
Sale of property, plant and equipment	97	1
Change in property, plant and equipment supplier account	(4)	
Acquisition of non-current financial assets	(52)	(47)
Sale of non-current financial assets	5	1
Net cash from investing activities	(233)	(192)
Capital increases or contributions	316	329
Net cash from financing activities	316	329
NET CASH FLOWS	(6 009)	(6 198)
OPENING CASH	9 208	13 917
CLOSING CASH	3 198	7 719

4.5 Notes to the financial statements

Note 1 : The Company

TxCell (the "Company") is a biotechnology company which develops innovative, personalized cellular T cell immunotherapies for the treatment of severe chronic inflammatory and autoimmune diseases with high unmet medical need. TxCell is the only clinical-stage cellular therapy company fully dedicated to the science of regulatory T lymphocytes (Tregs). Tregs are a recently discovered cell population for which anti-inflammatory properties have been demonstrated.

Highlights of the period

On February 25, 2016, the Company announced that it had successfully concluded the most important milestone in the transfer of its manufacturing technology to MaSTherCell, its contract manufacturing organization (CMO) for the manufacturing of Ovasave®.

On February 29, 2016, the Company announced the launch of its new process development laboratories and technology transfer academy facilities in the premises of GenBiotech in Sophia Antipolis.

On March 8, 2016, the Company announced that the Japan Patent Office has indicated that it intends to grant to TxCell a key patent in Japan to cover its lead product Ovasave® and its application to inflammatory bowel disease (IBD).

On March 15, 2016, the Company announced the appointment of PCT, a Caladrius Company, as its contract manufacturing organization (CMO) in the US. The initial relationship could transition to a technology transfer, and to PCT having responsibility for the future manufacturing of TxCell's clinical supply in the US.

On March 31, 2016, the Company announced the appointment of its new Scientific Advisory Board (SAB), chaired by Professor Zelig Eshhar, to strengthen the scientific expertise and strategic directions of the Company for the development of its new ENTrIA platform.

On April 25, 2016, the Company announced the signature of a strategic collaboration agreement with Ospedale San Raffaele (OSR). The collaboration will include a development arm focused on Lupus Nephritis, as well as a research program dedicated to CAR-Treg biology.

On May 25, 2016, the Company received authorization from European regulatory authorities to restart its Phase IIb, placebo-controlled clinical trial with lead product Ovasave® in patients with moderate to severe Crohn's disease refractory to existing treatments (CATS29).

On June 1, 2016, the Company announced the signature of a strategic collaboration agreement with the Lübeck Institute of Experimental Dermatology (LIED). The collaboration concerns covers the development of a CAR-Treg-based cellular immunotherapy for bullous pemphigoid, a rare, potentially fatal autoimmune disease.

On June 17, 2016, the Company announced, subject to the approval of TxCell's shareholders through an Extraordinary General Meeting convened on August 1, 2016, the implementation of a convertible notes with warrants financing (OCABSA) for a maximum nominal amount of €20 million, to finance the Company's non-clinical research activities. This includes a first drawdown of €5 million (in two tranches) which has already been agreed on.

On June 21, 2016, the Company announced the grant by the European Patent Office of the patent covering all redirected, genetically engineered T regulatory cells (CAR-Tregs) and their use in the suppression of autoimmune and inflammatory diseases (patent identification number: EP 2126054). As a result, TxCell has exercised its option and signed an exclusive worldwide licensing agreement with Yeda Research and Development Co. Ltd., the technology transfer arm of the Weizmann Institute of Science in Rehovot, Israel and owner of the patent.

Note 2 : Accounting principles and methods

Note 2.1 : Basis of preparation of the financial statements

The accounting principles used to prepare the 2016 half-year financial statements comply with IFRS standards and interpretations as adopted by the European Union. They are available on the European Commission's website at: http://ec.europa.eu/internal_market/accounting/ias/index_fr.htm.

The accounting principles chosen are identical to those used to prepare the financial statements for the fiscal period closing December 31, 2015, with the exception of the application of the new standards, amendments to standards and interpretations below adopted by the European Union and compulsory for fiscal periods after January 1, 2016:

- The amendment to IAS 1 “Disclosure Initiative”;
- The amendments to IAS 16 and IAS 38 “Clarification of Acceptable Methods of Depreciation and Amortization”;
- The amendment to IAS 19 “Employee Contributions”;
- The annual improvements of the IFRS: 2010-2012 cycle;
- The amendments to IFRS 11 “Accounting for Acquisitions of Interests in Joint Operations”;
- The annual improvements of the IFRS: 2012-2014 cycle.

The application of these standards and amendments had no significant impact on the financial statements.

Furthermore, the Company decided not to proceed with the early application of standards, amendments, revisions and interpretations of standards, if their application was compulsory after June 30, 2016, regardless if they were adopted by the European Union or not. Management does not expect the standards to have a significant impact on the financial statements.

The financial statements have been prepared on a historical cost basis, apart from financial assets and liabilities which are measured at their fair value. Preparing the financial statements in accordance with IFRS requires the formulation of estimates and assumptions that affect the amounts and disclosures contained therein. Actual results may turn out to be significantly different from these estimates, depending on the different conditions and assumptions used, and where such differences are material, sensitivity analysis may be carried out as applicable. The main decisions and estimates are described in Note 2.19.

The financial statements are presented in thousands of euros.

Figures have been rounded up or down when calculating certain financial items and other information contained in the financial statements. Consequently, the totals given in certain tables may not be the exact sum of the figures that precede them.

Note 2.2 : Going-concern principle

The going-concern principle was adopted in light of the following factors:

- The Company's historical loss-making position is the result of the innovative nature of its products, which require several years of research and development;
- As of June 30, 2016, the Company’s cash and cash equivalents amounted to €3.2 million. In August 2016, the Company received €2.9 million for the first tranche of convertible notes (OCABSA) and €1.1 million for the partial prefunding of its 2016 research tax credit (RTC). By the start of 2017, the Company should again receive approximately €2 million for the second tranche of convertible notes (OCABSA) and €1 million in RTC prefunding. To cover its cash needs over the next 12 months, the Company expects to find other sources of financing, in particular through new capital increases or by signing strategic partnerships, to pursue its development plan. Otherwise, it could defer expenses for certain programs and/or use its convertible bonds or its equity lines.

Note 2.3 : Intangible assets

In accordance with IAS 38, acquired intangible assets are recognized at purchase cost.

Note 2.3.1 : Research and development expenses

Research and development costs are systematically recognized as an expense.
In accordance with IAS 38, development costs are recognized in intangible assets only if the Company can demonstrate all of the following:

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

Pursuant to this standard, the Company recognizes all its research and development costs as expenses. The Company considers that the technical feasibility of its development projects is not demonstrated until such time as the required marketing authorizations are issued, which also corresponds to the time at which virtually all of the development costs have been incurred.

Note 2.3.2 : Patents

Costs associated with filing currently valid patents and incurred by the Company before those patents are secured, are recognized in expenses, consistently with the approach used for research and development costs.

Note 2.3.3 : Software

The costs of acquiring software licenses are recorded in assets, based on the costs incurred to acquire and use the software concerned.

Software is amortized on a straight-line basis over its estimated useful life. The following useful lives are applicable:

Nature of intangible asset	Duration
Software	3 years

Note 2.3.4 : Other intangible assets

The acquisition costs of other intangible assets are recorded in assets when they can be measured reliably.

Other intangible assets are recognized as in progress up until they satisfy the conditions to be commissioned.

Note 2.4 : Property, plant and equipment

Property, plant and equipment are recognized at cost. Costs arising from major renovation and improvement work are capitalized; repair and maintenance expenses and costs associated with other renovation work are expensed as incurred.

Property, plant and equipment are depreciated on a straight-line basis over their estimated useful lives.

The following useful lives are applicable:

Nature of property, plant and equipment	Duration
Fixtures and fittings on third-party land	10 years
Component : Major construction work	20 years
Component : Miscellaneous fixtures and fitti	5 to 8 years
Component : Plumbing	8 to 10 years
Component : Air conditioning	8 to 10 years
Component : Electricity	15 years
Laboratory fittings	4 to 5 years
Laboratory equipment	5 to 6 years
IT equipment	3 to 5 years
Office furniture	3 to 10 years

Note 2.5 : Financial assets

Non-current financial assets include security deposits and a social construction tax loan (see Note 5).

Financial assets and liabilities are measured and recognized in accordance with IAS 39 “Financial Instruments: Recognition and Measurement”.

Loans and receivables:

This category includes loans as well as deposits and guarantees recognized under non-current financial assets.

These are recognized initially at fair value and subsequently at amortized cost, calculated using the effective interest method. Short-term receivables with no stated interest rate are measured at the original invoice amount except where the application of an implied interest rate has a material effect. The effective interest rate matches the expected future cash inflows to the current net book value of the asset in order to determine its amortized cost.

Loans and receivables are subject to an objective indication of impairment. A financial asset is impaired when an impairment test establishes that its carrying amount is higher than its estimated recoverable amount. The resulting impairment loss is recognized in the income statement.

In accordance with the IAS 32 "Financial instruments", treasury shares held under a liquidity agreement are deducted from equity and the losses and profits realized on the sale of a part of the shares are neutralized in the income statement.

Note 2.6 : Recoverable value of non-current assets

Tangible and intangible assets with a finite useful life are subjected to an impairment test if the recoverability of their book value is in doubt. Impairment is recognized up to the excess of the book value over the asset's recoverable value. The asset's recoverable value is the higher of the fair value less costs to sell and the value in use.

Note 2.7 : Cash, cash equivalents and other financial assets

Cash and cash equivalents consist of immediately available cash and short-term available-for-sale securities. Cash equivalents are held for the purpose of covering short-term liquidity needs rather than for investment or other purposes. They can be readily converted to known amounts of cash and are not exposed to any material risk of impairment.

They are measured at fair value, and any changes in value are recorded in financial income and expense.

Note 2.8 : Capital

Shares are classified in equity. Capital transaction costs directly attributable to issues of new shares or options are recognized in equity as deductions against the proceeds of those issues.

Note 2.9 : Share-based payments

The Company applies IFRS 2 to the equity instruments granted to employees.

In accordance with IFRS 2, the cost of equity-settled transactions is expensed against an increase in equity over the vesting period of the equity instruments in question.

The fair value of share warrants granted to employees is determined using Monte Carlo or Black & Scholes simulation methods, as described in Note 18.

Note 2.10 : Measurement and recognition of financial liabilities

Note 2.10.1 : Financial liabilities at amortized cost

Borrowings and other financial liabilities are measured initially at fair value and subsequently at amortized cost, calculated using the effective interest method.

Transaction costs directly attributable to the acquisition or issue of a financial liability are deducted from the value of said liability. These costs are then amortized on an actuarial basis over the life of the liability, using the effective interest method. The effective interest rate matches the expected future cash payments to the current net book value of the liability in order to determine its amortized cost.

Note 2.10.2 : Liabilities at fair value through profit and loss

Liabilities at fair value through profit and loss are measured at fair value.

Note 2.10.3 : Fair value

The fair value of financial instruments traded on an active market, such as available-for-sale securities, is based on their market price at the reporting date. The market prices used for financial assets held by the Company are the market bid prices at the valuation date.

The nominal amount of current receivables and payables, less any impairment losses, is presumed to be close to the fair value of those items.

Note 2.11 : Grants

The Company has received a certain number of grants which are recognized in other operating income (Note 15).

Grants are recognized where there is a reasonable assurance that:

- the Company will meet the conditions of the grant; and
- the conditions of their receipt have been met.

Grants receivable either as compensation for expense or losses already incurred, or as immediate financial aid with no related future costs, are recognized in income in the year in which they become receivable.

Note 2.12 : Provisions

Note 2.12.1 : Provisions for risks and charges

Provisions for risks and charges correspond to financial commitments arising from various risks and legal proceedings, of an uncertain maturity and amount, which the Company may face in the course of its business.

A provision is recognized where the Company has a legal or implied obligation to a third party resulting from a past event where it is probable or certain that payment to said third party will arise from the obligation (with no equal or greater payment expected to be received from said third party), and where future payments can be reliably estimated.

The amount recognized as a provision is management's best estimate of the amount of the expense needed to settle the liability, discounted at the reporting date as applicable.

Note 2.12.2 : Retirement benefits

The Company's employees are entitled to statutory French retirement benefits:

a) a lump sum paid by the Company upon their retirement (defined benefit scheme);

b) a pension paid by the social security authorities and funded by employer and employee contributions (national defined contribution scheme).

The cost of retirement benefits in a defined benefit scheme is estimated using the projected unit credit method pursuant to revised IAS 19.

Under this method, the cost is recorded in the income statement in such a way as to spread it evenly over the employee's career at the Company. Past-service costs, however, are recognized immediately in expenses (increase in benefits allocated) or in income (decrease in benefits allocated) as soon as a new scheme is implemented or an existing one is modified. Actuarial gains or losses are recognized immediately and in full under equity in items of other comprehensive income.

Retirement obligations are measured at the present value of estimated future payments, using the market rate based on long-term investment grade corporate bonds with a duration equal to the estimated length of the scheme.

The Company's payments under defined contribution schemes are recorded as expenses in the income statement for the period to which they relate.

More details on retirement obligations can be found in Note 13.

Note 2.13 : Revenue and other income

Note 2.13.1 : Revenue

The revenue the Company is likely to generate can result from the signature of strategic partnerships and include various financial components, such as amounts payable upon entering into the agreement, amounts payable upon reaching certain predefined development, sales and production milestones, as well as one-off payments to fund research and development costs and royalties on future product sales.

The non-reimbursable amounts billable on the signature of contracts are spread over the estimated duration of the Company’s involvement in the future development of the contract purpose.

The amounts which are payable upon reaching certain predefined development, sales and production milestones, are the amounts received by partners when certain scientific, regulatory or sales milestones are reached. The Company recognizes this revenue when the milestone is passed and there is no risk of repaying these amounts.

License revenues are gradually recorded over the whole period of the agreement.

Note 2.13.2 : Other income

Other income is recognized in accordance with IAS 20.

- **Grants:** Since its creation, and based on of its innovative nature, the Company has received grants and aid from national and local government aimed at funding its operations or specific recruitment drives. Grants are recognized in other income as and when the associated expenses are incurred, irrespective of when grant payments are received.
- **Research tax credit:** The French government awards research tax credits to companies to encourage them to conduct technical and scientific research. Companies that can demonstrate expenditure meeting the required criteria are eligible for a tax credit that can be offset against corporate income tax in respect of the year in which the expenditure is incurred and the following three years, or refunded where applicable (i.e. where it exceeds the amount of corporate income tax payable). Since the Company has not paid any corporate income tax since its creation, every year it receives payment of the research tax credit relating to the previous year from the French Treasury.

These amounts are recognized in "Other income" for the year in which the corresponding expenses are incurred.

Note 2.14 : Research and development contracts

Note 2.14.1 : Service provider contracts

Service provider contracts are recognized on a progress basis according to a best estimate by management. The charges can be estimated based on the period over which a service is spread or based on certain objective criteria such as the number of patients recruited or the number of visits made.

If applicable, the amounts payable when certain objectives representing technical success milestones for the service provider are met are recognized as an expense when the milestone has been reached.

Note 2.14.2 : Research and development agreements

Research agreements are recognized on a progress basis according to a best estimate by management based on the information provided by the external partners and confirmed by internal analysis.

Development agreements can include a number of components such as amounts payable on signature and amounts payable when certain development objectives have been met. When the concept of ongoing service can be established, development agreements are recognized on a progress basis according to a best estimate by management based on the information provided by the external partners and confirmed by internal analysis.

Otherwise, non-reimbursable amounts payable on contract signature are recognized immediately in income and the amounts payable when certain objectives, representing scientific or regulatory milestones, are met are recognized as an expense when the milestone has been reached.

Note 2.15 : Lease contracts

The Company does not hold any finance leases pursuant to IAS 17.

Lease agreements where a significant portion of the risks and benefits is retained by the lessor are classed as operating leases. Net of any incentive, payments under an operating lease are recognized in expenses in the income statement on a straight-line basis over the duration of the lease.

Note 2.16 : Income tax

The Company is subject to corporate income tax in France in connection with its activities.

Deferred taxes are recognized using the comprehensive allocation and liability methods, for all timing differences arising from the difference between the tax base and accounting base of assets and liabilities shown in the financial statements. The main timing differences relate to tax loss carryforwards. Deferred taxes are calculated based on the tax rates enshrined in law at the reporting date.

Deferred tax assets mainly corresponding to tax loss carryforwards are recognized only to the extent that it is probable that future taxable profits will be available. The Company must use its judgment to determine the probability that future taxable profits will be available.

Note 2.17 : Segment information

The Company considers it operates in a single segment: research and development for pharmaceutical products to be brought to the market in the future.

The whole of the Company's research and development activity is located in France. All of the Company's tangible assets are located in France. The main operational decision-makers measure the Company's performance in terms of the cash burn rate of its activities. This is why the Company's management believes it is not appropriate to break its internal reports down into separate business segments.

Note 2.18 : Items of other comprehensive income

Any components of income and expense for the period that are recognized directly in equity are booked in items of other comprehensive income. This item, for the period presented, includes the impacts of changes in actuarial assumptions for provisions for retirement indemnities.

Note 2.19 : Critical accounting estimates and judgments

The estimates and judgments made by management when implementing the accounting methods described above are based on historical information and on other factors, particularly the anticipation of future events that are deemed to be likely given the current circumstances. The main estimates and judgments are as follows:

Note 2.19.1 : Valuation of stock options

The fair value of stock options allocated to employees is calculated on the basis of actuarial models. These models require the Company to make certain calculation assumptions, such as expected share price volatility.

Note 2.19.2 : Recognizing deferred taxes for tax loss carryforwards

The Company is subject to corporate income tax in France in connection with its activities.

Deferred tax assets mainly corresponding to tax loss carryforwards are recognized only to the extent that it is probable that future taxable profits will be available. Given its stage of development, the Company does not recognize net deferred tax assets.

Note 2.19.3 : Recognizing revenue generated within the scope of a collaboration agreement

Where the Company commits to future research and development, income is deferred and recognized over the estimated duration of said commitment. The use of estimates is required to determine this duration. These estimates are regularly updated to take into account development progress and outstanding future services.

Note 2.19.4 : Evaluation of provisions for risks and charges

As part of its business, the Company may be exposed to certain risks, particularly those associated with its contractual obligations. As such, the Company's management must use its judgment to estimate the probability and, where applicable, the amount of a contingent liability, as well as the relevant information it will need to provide.

Note 3 : Intangible assets

Changes to intangible assets break down as follows:

In thousands of euros	01/01/2016	Increases	Decreases	06/30/2016
Acquisition cost				
Software	8	2	0	10
Intangible assets in progress	5,902	0	0	5,902
Gross intangible assets	**5,910**	**2**	**0**	**5,912**
Amortization				
Software	3	2	0	5
Intangible assets in progress	0	0	0	0
Amortization of intangible assets	**3**	**2**	**0**	**5**
Net total intangible assets	**5,907**	**0**	**0**	**5,908**

On December 2, 2015, the Company and Trizell concluded an agreement terminating their collaboration, development, option and license agreement on Ovasave®. Under this agreement, the Company recovered full rights to Ovasave® from Trizell in return for milestone payments which could reach up to €15 million, €6 million of which is fixed and €9 million of which is conditional on future revenues generated by Ovasave®. In 2015, the acquisition costs for these rights were recognized as an asset, for the part of which the amount and maturity can be definitely fixed, i.e. €6 million. These acquisition costs were discounted in accordance with IAS 38. The 10-year French Government bond rate at December 31, 2015 of 0.995% was used as the discount rate. The purchase of these rights after discounting therefore totals €5.9 million. This intangible asset is recognized as in progress insofar as it has not satisfied the conditions for being put into service as at the date of this document.

Note 4 : Property, plant and equipment

Changes to property, plant and equipment break down as follows:

In thousands of euros	01/01/2016	Increases	Decreases	06/30/2016
Acquisition cost				
Fixtures and fittings	1,054	29	(241)	843
Laboratory equipment	2,353	236	(506)	2,083
Office and IT equipment	318	11	(30)	299
Gross property, plant and equipment	**3,725**	**276**	**(777)**	**3,224**
Amortization				
Fixtures and fittings	913	43	(264)	692
Laboratory equipment	1,681	224	(445)	1,459
Office and IT equipment	255	30	(49)	236
Amortization of property, plant and equipment	**2,849**	**297**	**(758)**	**2,388**
Net total plant, property and equipment	**876**	**(21)**	**(19)**	**836**

The main investment during the half-year was the purchase of laboratory equipment to equip new laboratories specializing in manufacturing processes development and technology transfer.

The decrease in net tangible assets was primarily the result of sales and disposals of fixtures and laboratory equipment in 2016 related to the closure of the Besançon site.

Note 5 : Financial assets

In thousands of euros	01/01/2016	Augmentations	Diminutions	06/30/2016
Loans	5	0	0	5
Deposits and guarantees	45	52	5	93
Liquidity contract	105	0	18	86
Total non-current financial assets	**155**	**52**	**23**	**184**

Non-current financial assets include the following items:

- A €5 thousand social construction tax loan in 2011;
- Security deposits in the amount of €93 thousand, primarily for commercial leases. The increase is related to the new laboratories specialized in manufacturing processes development and technology transfer;
- The cash balance of the liquidity agreement of €86 thousand implemented at the time the Company was listed on the stock market, effective May 12, 2014. Under this liquidity agreement, 19,881 treasury shares were recognized as a reduction in shareholders' equity at June 30, 2016 compared to 11,076 shares at June 30, 2015.

Note 6 : Trade receivables and related accounts

Trade receivables are as follows:

In thousands of euros	06/30/2016	12/31/2015
Trade receivables	4	4
Total Trade receivables	**4**	**4**

All receivables have been collected to date.

Note 7 : Other current assets

Other current assets break down as follows:

In thousands of euros	06/30/2016	12/31/2015
Receivables from suppliers, advances and downp	11	17
Staff costs and related accounts	8	10
Grants receivable	88	84
Competitiveness and employment tax credit	24	86
Research tax credit	1,315	3,023
VAT	296	238
Other receivables	536	33
Prepaid expenses	1,849	1,078
Total other current assets	**4,126**	**4,570**

The research tax credit item corresponds to the provision of the research tax credit for the first half of 2016. Note that the Company received €1.1 million in August 2016 as partial prefinancing of its 2016 research tax credit (see Note 26 of the *Rapport Financier Semestriel*). As of December 31, 2015, the balance sheet included a receivable for the 2015 research tax credit received during the first half of 2016.

The value added tax item includes the requests for VAT credit refunds for the last two months in the amount of €177 thousand, received during the second half of 2016, compared to three months of VAT credit to be refunded on December 31, 2015, in the amount of €139 thousand.

Other receivables include a receivable of €317 thousand corresponding to François Meyer's subscription of 115,251 Company' shares in June 2016 via the exercise of 576,255 BSA 04-11 warrants, collected by the Company in July 2016.

Prepayments concern operating expenses and, particularly, the spreading of subcontracting contract progress for Ovasave® Phase IIb clinical study and research and development agreements with OSR and LIED.

Note 8 : Financial instruments recorded on the statement of financial position and net profit/(loss) impact

Accounting standards relating to financial instruments have been applied to the following items:

As of 06/30/2016 (in thousands of euros)	Carrying amount	Fair value by result	Loans and receivables	Liabilities at amortized cost
Financial assets	184		184	
Trade receivables	4		4	
Other current assets	4,126		4,126	
Cash and cash equivalents	3,198	3,198		
Total financial instrument assets	**7,512**	**3,198**	**4,314**	**0**
Financial payables - non current	1,648			1,648
Trade and other payables	2,111			2,111
Other current liabilities	5,195			5,195
Total financial instrument liabilities	**8,954**	**0**	**0**	**8,954**

As of 12/31/2015 (in thousands of euros)	Carrying amount	Fair value by result	Loans and receivables	Liabilities at amortized cost
Financial assets	155		155	
Trade receivables	4		4	
Other current assets	4,570		4,570	
Cash and cash equivalents	9,208	9,208		
Total financial instrument assets	**13,936**	**9,208**	**4,729**	**0**
Financial payables - non current	1,641			1,641
Trade and other payables	1,608			1,608
Other current liabilities	5,087			5,087
Total financial instrument liabilities	**8,336**	**0**	**0**	**8,336**

Note 9 : Cash and cash equivalents

Cash and cash equivalents consists of immediately available cash and short-term available-for-sale securities.

These deposits satisfy the cash and cash equivalents classification criteria described in Note 2.7.

Cash and cash equivalents break down as follows:

In thousands of euros	06/30/2016	12/31/2015
Cash	162	3,201
Cash equivalents	3,037	6,007
Total cash and cash equivalents	**3,198**	**9,208**

Note 10 : Capital

Note 10.1 : Capital issued

As of June 30, 2016, the share capital was €2,600,515.40. It is divided into 13,002,577 shares, subscribed and fully paid up, with a par value of €0.20.

The change in share capital over the period breaks down as follows:

Changes over the year (in thousands of euros)	Number of shares	Capital	Par value (in €)	Issue premium per share (in €)
31/12/2015	**12 887 326**	**2 577**		
06/03/2016 - Exercise of BSA 04-11	115 251	23	0,20	2,55
30/06/2016	**13 002 577**	**2 601**		

The board of directors meeting of June 3, 2016 recognized the exercise of 576,255 BSA 04-11 by Mr. François Meyer resulting in the issue of 115,251 ordinary shares with a nominal value of €0.20 each, i.e. a capital increase of €23,050.20 in nominal value representing a total subscription amount, including the issue premium, of €316,940.25.

Note 10.2 : Treasury shares

As part of the liquidity agreement implemented following its stock market listing, the Company held 19,881 treasury shares as of June 30, 2016 compared to 16,280 treasury shares on December 31, 2015. These treasury shares were recognized as a reduction in shareholders' equity in the financial statements established pursuant to IFRS standards, for a total amount of €114 thousand on June 30, 2016, compared to €95 thousand on December 31, 2015.

Note 10.3 : Securities giving access to the share capital

As of June 30, 2016, the securities giving access to the Company's capital broke down as follows:

Note 10.3.1 : Stock option subscription plans

Description of the plan	2014 T1 Options	2014 T2 Options	SB 2015 Options	2015 Options	TOTAL
Date of meeting	03/07/2014	03/07/2014	03/07/2014	03/07/2014	-
Date of the board of directors' decision	03/07/2014	03/07/2014	04/27/2015	04/27/2015	-
Total number of stock options authorized	2 400 000	2 400 000	2 400 000	2 400 000	-
Total number of stock options attributed	203 211	720 000	300 000	137 968	**1 361 179**
including number of stock options for corporate officers	*0*	*455 000*	*300 000*	*10 000*	***765 000***
Corporate officers concerned:					
Stéphane Boissel (3)	-	-	300 000	-	**300 000**
Damian Marron (4)	-	400 000	-	-	**400 000**
Eric Pottier (5)	-	55 000	-	10 000	**65 000**
Number of non-corporate-officer beneficiaries	20	30	0	64	
Option exercise start date	(1)	(2)	(3)	(2)	-
Option expiry date	03/07/2024	03/07/2024	04/27/2025	04/27/2025	-
Subscription price	5,58 €	5,58 €	5,56 €	5,56 €	-
Exercise methods	(1)	(2)	(3)	(2)	-
Total number of options subscribed	203 211	716 400	300 000	137 968	**1 357 579**
Stock options outstanding at December 31, 2015	**153 043**	**426 271 (6)**	**300 000**	**122 968**	**1 002 282**
Number of canceled or voided stock options over the period	-	21 537	-	16 500	**38 037**
Number of shares subscribed over the period	-	-	-	-	**-**
Stock options outstanding at June 30, 2016	**153 043**	**404 734 (6)**	**300 000**	**106 468**	**964 245**
Total number of shares that can be subscribed by exercising the stock options outstanding at June 30, 2016	153 043	404 734 (6)	300 000	106 468	**964 245**

(1) All 2014 T1 Options are exercisable for a period of 10 years, starting from their allocation by the board of directors. Should the option holder leave the Company, he or she has, from the time he or she ceases to be an eligible recipient, six months to exercise the options that would be exercisable at the time of leaving, after which the options are void.

Notwithstanding the above, in case of a change of control of the Company, the board of directors will have the choice of deciding that any Option not exercised before the completion of such change of control will automatically be void.

(2) The 2014 T2 and the 2015 Options are exercisable by third parties at the end of each one-year period from their grant date by the board of directors, provided that the recipient is still an employee and/or corporate officer of the Company or an associated company. Should the option holder leave the Company, he or she has, from the time he or she ceases to be an eligible recipient, six months to exercise the options that would be exercisable at the time of leaving, after which the options are void.

Notwithstanding the above, in case of a change of control of the Company, all Options will immediately become exercisable by the beneficiary before the completion of such change of control, and the board of directors will have the choice of deciding that any Option not exercised before the completion of such change of control will automatically be void.

(3) Mr. Stéphane Boissel was appointed CEO of the Company by the board of directors on April 27, 2015. The SB 2015 Options can be exercised by a third at the end of each year from their allocation by the board of directors. They are subject to performance conditions, the fulfillment of which will be established by the board of directors, provided that Stéphane Boissel remains a corporate officer of the Company or one of its affiliates. Should he leave the Company, Stéphane Boissel has, from the time he ceases to be an eligible beneficiary, six months to exercise the SB 2015 Options that would be exercisable at the date of leaving, after which the Options are void.

Should there be a change of control of the Company, all of the SB 2015 Options will immediately be exercisable by Stéphane Boissel before that event transpires, and the board of directors will have the choice of deciding that any SB 2015 Option not exercised before that event will automatically be void.

(4) Mr. Damian Marron resigned as Chief Executive Officer with effect from April 27, 2015.

(5) Mr. Eric Pottier resigned from his position as Deputy Chief Executive Officer effective February 2, 2016.

(6) The 2014 T2 Options outstanding on June 30, 2016 include the 133,333 Options held by Damian Marron, all of which are exercisable, and the 36,666 exercisable Options held by Eric Pottier, which must be exercised by the latter within six months of the date he ceases to be an eligible beneficiary, or will otherwise become void.

a) 2014 T1 Options

On March 7, 2014 the Company issued a plan for 203,211 "2014 T1 Options" to employees within the meaning of IFRS 2. All the 2014 T1 Options were subscribed free of charge. Each 2014 T1 Option gives the right to subscribe to an ordinary share with a par value of €0.20 at a price of €5.58. The 2014 T1 Options are nontransferable and can be exercised until March 7, 2024.

As of June 30, 2016, there were 153,043 2014 T1 Options in circulation, representing a potential capital increase of a maximum nominal amount of €30,608.60.

b) 2014 T2 Options

On March 7, 2014 the Company issued a plan for 720,000 "2014 T2 Options" to employees within the meaning of IFRS 2. 716,400 2014 T2 Options were subscribed free of charge. Each 2014 T2 Option gives the right to subscribe to an ordinary share with a par value of €0.20 at a price of €5.58. The 2014 T2 Options are nontransferable and can be exercised until March 7, 2024.

During the first half of 2016, 21,537 2014 T2 Options expired.

As of June 30, 2016, there were 404,734 2014 T2 Options in circulation, representing a potential capital increase of a maximum nominal amount of €80,946.80.

c) SB 2015 Options

On April 27, 2015, the Company issued a plan for 300,000 "SB 2015 Options" to an employee within the meaning of IFRS 2. All the SB 2015 Options were subscribed free of charge. Each 2015 SB Option gives the right to subscribe to an ordinary share with a par value of €0.20 at a price of €5.56. The SB 2015 Options are nontransferable and can be exercised until April 27, 2025.

As of June 30, 2016, there were 300,000 SB 2015 Options in circulation, representing a potential capital increase of a maximum nominal value of €60,000.00.

d) 2015 Options

On April 27, 2015 the Company issued a plan for 137,968 "2015 Options" to employees within the meaning of IFRS 2. All the 2015 Options were subscribed free of charge. Each 2015 Option gives the right to subscribe to an ordinary share with a par value of €0.20 at a price of €5.56. The 2015 Options are nontransferable and can be exercised until April 27, 2025.

During the first half of 2016, 16,500 2015 Options expired.

As of June 30, 2016, there were therefore 106,468 2015 Options in circulation, representing a potential capital increase of a maximum nominal amount of €21,293.60.

Note 10.3.2 : Warrant (BSA) plans

Description of the plan	BSA 04-11	BSA 03-14	BSA 05-14	BSA 03-15	BSA 05-16	TOTAL
Date of meeting	04/18/2011	03/07/2014	03/07/2014	03/07/2014	04/21/2016	-
Date of the board of directors' decision	-	03/07/2014	05/22/2014	03/30/2015	05/02/2016	-
Number of warrants authorized	698,289	2,400,000	2,400,000	2,400,000	500,000	-
Number of warrants issued	698,289	260,000	20,000	70,000	40,000	**1,088,289**
Number of warrants subscribed	698,289	260,000	20,000	70,000	-	**1,048,289**
Total number of shares that can be subscribed:	139,657 (1)	260,000	20,000	70,000	40,000	**529,657** (1)
including those which can be subscribed by corporate officers	*139,657*	*260,000*	*20,000*	*70,000*	-	**489,657**
Corporate officers concerned:						
François Meyer	139,657	260,000	-	50,000	-	**449,657**
Marie-Yvonne Landel Meunier	-	-	20,000	-	-	**20,000**
David Horn Solomon	-	-	-	20,000	-	**20,000**
Number of non-corporate-officer beneficiaries	-	-	-	-	-	-
Warrant exercise start date	18/10/2011	(2)	(3)	(5) (6)	(8)	-
Warrant expiry date	30/06/2016	07/03/2024	22/05/2024	30/03/2025	02/05/2026	-
Warrant issue price	0.03 €	0.28 €	0.30 €	0.30 €	0.28 €	-
Warrant strike price	0.55 €	5.58 €	5.94 €	5.97 €	5.57 €	-
Exercise methods	(4)	(2)	(3)	(5) (6)	(8)	-
Number of warrants outstanding at December 31, 2015	**576,257**	**260,000**	**20,000**	**70,000**	**0**	**926,257**
Number of shares subscribed over the period	115,251 (1)	-	-	-	-	**115,251** (1)
Number of warrants voided or canceled over the period	2	-	-	-	-	**2**
Number of warrants outstanding at June 30, 2016	**0**	**260,000**	**20,000**	**70,000**	**40,000**	**390,000**
Total number of shares that can be subscribed by exercising the warrants outstanding at June 30, 2016	0	260,000	20,000	70,000	40,000	**390,000**

(1) This number takes account of the 1-for-5 reverse stock split decided by the Shareholders' Meeting of March 7, 2014. It will therefore take five BSA 04-11 warrants to obtain one share.

(2) The BSA 03-14 warrants granted to François Meyer are exercisable on the following schedule: (i) 200,000 BSA 03-14s are exercisable from the time they are subscribed, and (ii) 20,000 additional BSA 03-14s are exercisable at the end of each one-year period from the date they were granted by the board of directors, provided in both cases that at the time of exercise the beneficiary is a corporate officer or contracted consultant of the Company.

(3) The BSA 05-14 warrants allocated to Marie-Yvonne Landel-Meunier can be exercised by a third at the end of each year from their allocation by the board of directors, subject to the beneficiary's continuous presence on the board of directors over the vesting period.

(4) All BSA 04-11 warrants are exercisable, provided that, as at the exercise date, the beneficiary is a corporate officer or contracted consultant of the Company.

(5) The BSA 03-15 allocated to David Horn Solomon can be exercised by a third at the end of each year from their allocation by the board of directors, subject to the beneficiary's continuous presence on the board of directors over the vesting period.

(6) The BSA 03-15 warrants granted to François Meyer can be exercised at the end of a one-year period from their grant date by the board of directors, provided he is Chairman of the board of directors on the exercise date.

(7) Should there be a change of control of the Company, all warrants granted to a recipient will immediately be exercisable by the recipient before that event transpires, and the board of directors will have the choice of deciding that any warrant not exercised before that event will automatically be void.

(8) The BSA 05-16 warrants have been allocated to the Scientific Advisory Board (SAB) members. The BSA 05-16 warrants are all exercisable, provided that, at the exercise date, the beneficiary: (i) is a member or observer of the board of directors of the Company or one of its affiliates, or (ii) has entered into a service provider or consultant contract with the Company or one of its affiliates, or (iii) is a member of any committee set up by the board of directors.

a) BSA 04-11

On April 18, 2011, the Company issued a plan for 698,289 "BSA 04-11" share warrants to an employee within the meaning of IFRS 2. All the BSA 04-11 warrants were subscribed at €0.033 generating an issue premium of €23,043.54. Each BSA 04-11 warrant gives the right to subscribe to an ordinary share

with a par value of €0.04 at a price of €0.55. The BSA 04-11 warrants are nontransferable and may be exercised up to June 30, 2016, on the condition that the holder is either a corporate officer of the Company or has a consultancy contract with the Company. Following the 5-to-1 reverse split decided by the General Meeting on March 7, 2014, five BSA 04-11 warrants are required to subscribe to a share with a par value of €0.20.

During the first half of 2016, 576,255 BSA 04-11 warrants were exercised. The exercise of the 576,255 BSA 04-11 warrants generated the issue of 115,251 new shares at the price of €2.75 (issue premium included), for a capital increase in the nominal amount of €23,050.20. As of June 30, 2016, two BSA 04-11 warrants had expired.

Therefore, no BSA 04-11 warrants were in circulation on June 30, 2016.

b) BSA 03-14

On March 7, 2014, the Company issued a plan for 260,000 "BSA 03-14" warrants to an employee within the meaning of IFRS 2. All the BSA 03-14 warrants were subscribed at a price of €0.28 generating an issue premium of €72,800.00. Each BSA 03-14 warrant gives the right to subscribe to an ordinary share with a par value of €0.20 at a price of €5.58. The BSA 03-14 warrants are nontransferable and can be exercised up until 03/07/2024.

As of June 30, 2016, 260,000, BSA 03-14 warrants were in circulation, representing a potential capital increase of a maximum nominal amount of €52,000.00.

c) BSA 05-14

On May 22, 2014, the Company issued a plan for 20,000 "BSA 05–14" warrants to an independent director. All the BSA 05-14 warrants were subscribed at €0.30 generating an issue premium of €6,000.00. Each BSA 05-14 warrant gives the right to subscribe to an ordinary share with a par value of €0.20 at a price of €5.94. The BSA 05-14 warrants are nontransferable and can be exercised up until 05/22/2024.

As of June 30, 2016, 20,000 BSA 05-14 warrants were in circulation, representing a potential capital increase of a maximum nominal amount of €4,000.00.

d) BSA 03-15

On 30 March 2015, the Company issued a plan for 70,000 "BSA 03-15" warrants, 50,000 to an employee within the meaning of IFRS 2, and 20,000 to an Independent Director. All the BSA 03-15 warrants were subscribed at €0.30 generating an issue premium of €21,000.00. Each BSA 03-15 warrant gives the right to subscribe to an ordinary share with a par value of €0.20 at a price of €5.97. The BSA 03-15 warrants are nontransferable and can be exercised up until 03/30/2025.

As of June 30, 2016, 70,000 BSA 03-15 warrants were in circulation, representing a potential capital increase of a maximum nominal amount of €14,000.00.

e) BSA 05-16

On May 2, 2016, the Company issued a plan for 40,000 "BSA 05-16" warrants to the members of its new Scientific Advisory Board (SAB). The unit subscription price of the BSA 05-16 warrant was €0.28. As of June 30, 2016, no BSA 05-16 warrants had been subscribed. Each BSA 05-16 warrant gives the right to subscribe to an ordinary share with a par value of €0.20 at a price of €5.57. The BSA 05-16 warrants are nontransferable and can be exercised until 05/02/2026.

As of June 30, 2016, 40,000 BSA 05-16 warrants were in circulation, representing a potential capital increase of a maximum nominal amount of €8,000.00.

Note 10.3.3 : Free share plans (AGA)

Description of the plan	2016 AGA employees	2016 AGA management	TOTAL
Date of meeting	04/21/2016	04/21/2016	-
Date of the board of directors' decision	05/02/2016	05/02/2016	-
Number of free shares authorized	750,000	750,000	-
Number of free shares allocated	450,000	150,000	**600,000**
including number of stock options for corporate officers	-	*150,000*	***150,000***
Corporate officers concerned:			
Stéphane Boissel	-	150,000	**150,000**
Date of share acquisition	(1)	(2)	-
End date of retention period	(3)	(3)	-
Number of free shares subscribed in 2016	-	-	-
Number of canceled or voided free shares at June 30, 2016	2,600	-	-
Free shares outstanding at June 30, 2016	**447,400**	**150,000**	**597,400**

(1) The 2016 AGA employees are acquired by a third at the end of each year from their allocation by the board of directors, provided that the acquisition is subject to a condition of presence, and, for some employees, to performance conditions, linked to the realization of annual objectives by the beneficiary, as determined by the board of directors.

In case of a change of control at the Company, all AGA allocated to a beneficiary will immediately become vested on the later of the two following dates: (i) the first anniversary of the allocation date (the condition of presence is then lifted and the vesting period is completed with a holding period expiring on the second anniversary of the allocation date, i.e. on May 2, 2018) or (ii) the date of completion of the change of control (said date marking the end of the vesting period), if necessary extended by a holding period up to the second anniversary of the allocation date, i.e. on May 2, 2018.

(2) The 2016 AGA management are acquired by a third at the end of each year from their allocation by the board of directors, provided that the acquisition is subject to a condition of presence, and to performance conditions, linked to the realization of annual objectives by the beneficiary (i.e. financing, progress on research and development programs, signature of strategic partnerships), as determined by the board of directors.

In case of a change of control of the Company, all AGA allocated to a beneficiary will immediately become acquired, at the same conditions as described in (1) above.

(3) The first third of the allocated free shares is subject to a one-year holding period from the date of acquisition, i.e. until May 2, 2018. No holding period was set for the two other thirds, subject to the provisions applicable in case of a change of control as described in (1) above.

a) 2016 AGA employees

The Company issued a plan with 450,000 free shares ("2016 AGA employees") on May 2, 2016. The 2016 AGA employees are acquired by a third at the end of each year from their allocation by the board of directors, provided that the acquisition is subject to a condition of presence, and, for some employees, to performance conditions, linked to the realization of annual objectives by the beneficiary, as determined by the board of directors.

During the first half of 2016, 2,600 2016 AGA employees expired.

As of June 30, 2016, there were 447,400 2016 AGA employees.

b) 2016 AGA management

The Company issued a plan with 150,000 free shares ("2016 AGA management") on May 2, 2016. The 2016 AGA management are acquired by a third at the end of each year from their allocation by the board

of directors, provided that the acquisition is subject to a condition of presence, and to performance conditions, linked to the realization of annual objectives by the beneficiary (i.e. financing, progress on research and development programs, signature of strategic partnerships), as determined by the board of directors.

As of June 30, 2016, there were 150,000 2016 AGA management.

Note 10.3.4 : Other dilutive instruments

On December 22, 2015 the Company announced that it had signed a PACEO® optional line of equity financing with Société Générale involving the issue of at most 1,150,000 new shares over the 24 months following the subscription date of the warrants, using the delegation of authority granted to the board of directors under the 15th resolution of the Combined Shareholders' Meeting of May 26, 2015.

On January 25, 2016 the Company obtained the AMF's approval of the prospectus required to set up the optional PACEO equity financing line with Société Générale signed on December 22, 2015. On January 27, 2016 Société Générale subscribed 1,150,000 warrants at the price of €0.0001, for a total subscription of €115.

As of June 30, 2016, none of this equity financing line has been drawn down, and therefore 1,150,000 warrants are still outstanding. The Company is under no obligation to draw on this line.

The impact of share-based payments on overall profit is described in Note 18.

Note 11 : Borrowings and financial payables

In thousands of euros	06/30/2016	12/31/2015
Financial payables - non current	1,648	1,641
Total non current financial payables	**1,648**	**1,641**
Total current financial payables	**0**	**0**
Total financial payables	**1,648**	**1,641**

The loans and financial payables correspond to a zero-interest innovation loan ("PTZI") obtained by the Company from Bpifrance Financement for a gross sum of €1.7 million, received in December 2014. This sum was paid within the scope of the Phase IIb clinical trial for Ovasave® which started in December 2014. This financing tool, which is intended to support innovative French companies, is complimentary to the research tax credit, because it is not taken into account to calculate this tax credit. The PTZI is repayable over a period of 8 years, with a deferred repayment of 3 years. The contract stipulates several causes of prepayments which mainly involve the abandonment or suspension of the financed project, or the occurrence of an important legal or financial event with major consequences for the Company's business.

In accordance with Note 2.10, the repayment flows for the Zero Rate Innovation Loan are discounted on the closing date. The 10-year French Government bond rate at December 31, 2014 of 0.837% was used to discount these flows. The discounting proceeds are processed as a grant within the meaning of IAS 20 and linearized over the duration of the project to which the loan is attached. The impact of the accretion expense of the debt is recognized as a financial expense.

The table below presents the financial liabilities maturity schedule valued at amortized cost:

In thousands of euros	Gross amount	One year at most	Over one year and 5 years at most	Over 5 years
Zero-interest innovation loan	1,648	0	1,324	324
Total loans and financial payables	**1,648**	**0**	**1,324**	**324**

Note 12 : Other non-current liabilities

Other non-current liabilities total €19 thousand and correspond to the over-one-year portion of the staggering of the zero-interest innovation loan.

Note 13 : Provisions

In thousands of euros	01/01/2016	Dotations	Reprises utilisées	Reprises non utilisées	06/30/2016
Provisions for risks	0	5	0	0	5
Provisions for expenses	772	15	(670)	0	117
Total current provisions	**772**	**20**	**(670)**	**0**	**121**

The French federal organization for the payment of social security and family allowance contributions (*Unions de Recouvrement des Cotisations de Sécurité Sociale et d'Allocations Familiales* – URSSAF) audited the Company for 2013, 2014 and 2015 during the first half of 2016. The Company was informed of the repayment of €5 thousand in the second half of 2016.

The provisions for expenses as of June 30, 2016 correspond to:

- A retirement benefits provision of €37 thousand, compared to €21 thousand on December 31, 2015. This increase is mainly due to a change in the assumptions used to calculate these commitments. In application of the IAS 19 standard, the impact on income was a €2 thousand charge for 2016. The actuarial differences relating to the variation in the discount rate and other assumptions are recognized as other items of comprehensive income (see Note 2.12.2), constituting a charge of €13 thousand on June 30, 2016. The assumptions used to calculate retirement indemnities for the Company's employees, defined in the collective bargaining agreement for the pharmaceutical industry, are as follows :

Valuation date	06/30/2016	12/31/2015
Retirement method	*For all employees:* voluntary departure at 67 years	*Pour l'ensemble des salariés* : départ volontaire à 67 ans
Rate of social security charges	46.00%	46.00%
Discount rate	0.705% Indice Bloomberg : F66710Y IND Euros Composite Zéro coupon yield AA)	1.674% Indice Bloomberg : F66710Y IND Euros Composite Zéro coupon yield AA)
Life table	TGH05 - TGF05	TGH05 - TGF05
Rate of increase in salaries (inflation included)	1.5%	1.5%
Turnover rate	10.5%	12%

- A balance of €80 thousand of the restructuring accrual linked to the closure of the Besançon site, after a reversal of €670 thousand in expenses effectively recorded during the first half of 2016.

Note 14 : Trade payables and other current liabilities

Note 14.1 : Trade payables

In thousands of euros	06/30/2016	12/31/2015
Trade payables	1,117	838
Trade payables - invoices not yet received	993	770
Total trade payables	**2,111**	**1,608**

No discounting has been applied to this item, since none of the amounts in question were more than a year old at the end of each reporting period.

Note 14.2 : Other current liabilities

In thousands of euros	06/30/2016	12/31/2015
Social security payables	921	978
Tax payables	18	6
Deferred income	297	125
Other payables	35	70
Fixed asset suppliers	3,925	3,909
Total other current liabilities	**5,195**	**5,087**

Deferred income was exclusively connected to operating grants.

The balance of the fixed assets suppliers' item of €3.9 million concerns the purchase of rights over Ovasave® from Trizell. The initial debt of €6 million was partially paid by a €2 million payment when the termination agreement was signed on December 2, 2015. Of the balance, €2 million is due on December 2, 2017 and €2 million on December 2, 2018, for a total of €3.9 million once present discounted (see Note 3).

Note 15 : Revenue and other income

In thousands of euros	06/30/2016	06/30/2015
Business revenue	0	534
Revenue	**0**	**534**
Grants	106	45
Research tax credit	1,315	1,392
Other income	1	0
Other income	**1,422**	**1,438**
Revenue and other income	**1,422**	**1,972**

As expected, the Company did not generate revenue during the first half of 2016. In 2015, the Company's revenue was entirely generated by the collaboration, development, option and licensing agreement with Ferring/Trizell for Ovasave®, which was terminated on December 2, 2015.

Other operating income mainly comprises:

- Grants in the amount of €106 thousand;
- A research tax credit estimate for the first half of 2016 of €1,315 thousand, compared to €1,392 thousand on June 30, 2015.

Note 16 : Staff costs

In thousands of euros	06/30/2016	06/30/2015
Salaries	1,671	1,884
Social security expenses	763	927
Expense arising from share-based payments	372	129
Retirement benefits	2	5
Total staff costs	**2,809**	**2,944**

The decrease in the salary and social security expenses items was primarily the result of:

- A decrease in the workforce following the closure of the Besançon site, this being partially offset by the strengthening of the management team (notably in process development and regulatory affairs) and the G&A team (notably in business development) ;

- Non-recurring expenses during the first half of 2015 (employer contributions on stock option issues and severance pay for Mr. Damian Marron).

Changes in the average headcount were as follows:

Category	06/30/2016	06/30/2015
VP	6	4
Directors	6	5
Managers and Scientists	16	18
Technicians and workers	20	36
Average headcount	**48**	**63**

The expenses relating to share-based payments are described in Note 18.

Note 17 : Breakdown of expenses by function

Note 17.1 : Research and development

Research and development costs break down as follows:

In thousands of euros	06/30/2016	06/30/2015
Purchase of raw materials	715	1,315
Scientific fees, studies and other expenses	2,858	2,154
Salaries and social security expenses	1,780	2,009
Depreciation, amortization and provisions	268	225
Retirement benefits	2	6
Total research and development expenses	**5,624**	**5,709**

The Scientific fees, studies and other expenses item breaks down as follows:

In thousands of euros	06/30/2016	06/30/2015
Cost of acquiring patents	337	183
Fees and studies	2,023	1,452
Other	497	519
Total studies, scientific fees and other expenses	**2,858**	**2,154**

The decrease in raw materials purchase was primarily due to the suspension of production activities since June 2015.

The increase in scientific fees, studies and other expenses consists primarily of the costs related to the technology transfer to MaSTherCell for the production of Ovasave®, as initiated in September 2015, and to research and development agreements with OSR and LIED, this being partially offset by a decrease in expenses following the decision to terminate production and to suspend the recruitment of the CATS29 clinical study. The increase related to patents was due in part to the cost of the CAR-Treg patent from the Weizmann Institute of Science delivered in Europe during the first half of 2016 and for which the Company signed an exclusive worldwide licensing agreement.

The decrease in salaries and social security expenses was primarily due to the closing of the Besançon site, this being partially offset by increasing the management team (notably in process development and in regulatory affairs).

Note 17.2 : General and administrative expenses

General and administrative expenses are presented as follows:

In thousands of euros	06/30/2016	06/30/2015
Rent, fees and other expenses	1,859	1,033
Salaries and social security expenses	655	803
Depreciation, amortization and provisions	(5)	27
Retirement benefits	0	(1)
Total general and administrative expenses	**2,509**	**1,862**

Leases, fees and other expenses break down as follows:

In thousands of euros	06/30/2016	06/30/2015
Property leases	179	84
Fees	988	364
Other	693	586
Total rent, fees and other costs	**1,859**	**1,033**

The increase in rent, fees and other expenses is mainly due to:

- The launch in Sophia Antipolis of a new manufacturing process development laboratories and technology transfer academy;
- An increase in legal consultancy fees, notably for contracts covering collaboration, research, development and license agreements signed over the period;
- The increase in investor relations and communications expenses.

The decrease in salaries and social security expenses was primarily due to non-recurring charges in the first half of 2015 (employer contributions on stock options issues and severance pay for Mr. Damian Marron), partially offset by the strengthening of the G&A team (notably in business development).

Note 18 : Share-based payments

The Company allocated warrants (BSA), stock option rights (Options) and free shares (AGA) to employees, managers, independent directors and the members of the Scientific Advisory Board (SAB).

Note 18.1 : Conditions of allotment and exercise

The following table shows the number of free shares and options vested and exercisable by period, while the characteristics of the plans are detailed in Note 10.3:

No. of rights acquired and exercisable	06/30/2016	12/31/2016	06/30/2017	12/31/2017	06/30/2018	12/31/2018	06/30/2019
Sub-total BSA (warrants)	316,665	316,665	366,666	366,666	390,000	390,000	390,000
BSA 03-14	240,000	240,000	260,000	260,000	260,000	260,000	260,000
BSA 03-15	23,332	23,332	46,666	46,666	70,000	70,000	70,000
BSA 04-11	0	0	0	0	0	0	0
BSA 05-14	13,333	13,333	20,000	20,000	20,000	20,000	20,000
BSA 05-16	40,000	40,000	40,000	40,000	40,000	40,000	40,000
Sub-total Options	613,680	613,680	828,742	828,742	964,245	964,245	964,245
Options 2014 T1	153,043	153,043	153,043	153,043	153,043	153,043	153,043
Options 2014 T2	325,161	325,161	404,734	404,734	404,734	404,734	404,734
Options 2015	35,476	35,476	70,965	70,965	106,468	106,468	106,468
Options SB 2015	100,000	100,000	200,000	200,000	300,000	300,000	300,000
Sub-total AGA (Free shares)	0	0	199,121	199,121	398,255	398,255	597,400
2016 AGA employees	0	0	149,121	149,121	298,255	298,255	447,400
2016 AGA management	0	0	50,000	50,000	100,000	100,000	150,000
Total	**930,345**	**930,345**	**1,394,529**	**1,394,529**	**1,752,500**	**1,752,500**	**1,951,645**

Note 18.2 : Assessment of the fair value of allotted equity instruments

The valuation method chosen to estimate the fair value of the plans giving access to Company capital, issued by the Company since 2014, are as follows:

- The share price on the allocation date is equal to the strike price;
- The risk free rate is determined from the average lifespan of the instruments, based on the borrowing rates of the GRFN index;
- Volatility was determined on the basis of a sample of listed companies in the biotechnology sector, both at the date on which the instruments are subscribed and over a period equivalent to the life of the options;
- The discount, which reflects the fact that, unlike equivalent options, they cannot be transferred, was calculated using the estimated "forward price" loan rate model resulting from adding the 0.75% repo rate and the risk free rate together;
- The Black & Scholes valuation method was chosen to assess the fair value of the plans giving access to Company capital.

The Company's main managers made a commitment to hold securities, which is digressive over 4 years. According to IFRS 2, the fair value of the allotted equity instruments must be determined taking these conditions into account. This resulted in a non-transferability discount on the valuation of these plans.

The parameters used for estimates and the valuation of new plans and plans in the process of acquiring warrants and stock option rights are as follows:

Description of the plan (in thousand of euros)	Options 2014 T2	BSA 03-14	BSA 05-14	BSA 03-15	Options 2015	Options SB 2015	BSA 05-16
Date of award	03/07/2014	03/07/2014	05/22/2014	03/30/2015	04/27/2015	04/27/2015	05/02/2016
Price on the allocation date (in €)	5.58	5.58	5.94	5.7	5.56	5.56	(1)
Strike price (in €)	5.58	5.58	5.94	5.97	5.56	5.56	5.57
Average maturity used	5.79	5.34	5.79	6.00	6.00	6.00	5.00
Average risk free rate used	1.28%	1.13%	0.84%	0.14%	0.18%	0.18%	-0.10%
Number of valued options	720,000	260,000	20,000	70,000	137,968	300,000	40,000
Volatility	45%	45%	45%	45%	45%	45%	45%
Subscription price of plan	0	72,800	6,000	21,000			11,200
Probabilized value of the plan before discount	**1,507**	**510**	**42**	**118**	**268**	**451**	**47**
Non-transferability discount	59	40		1	1		
Probabilized value of the plan	**1,449**	**470**	**42**	**118**	**267**	**451**	**47**

(1) Given that BSA 05-16 warrants were not yet subscribed on June 30, 2016, valuation of this plan was done based on the Company's closing price on June 30, 2016, i.e. €4.53.

The parameters used for estimates and the valuation of new free share grant plans are as follows:

Description of the plan (in thousand of euros)	2016 AGA employees without performance conditions	2016 AGA employees with performance conditions	2016 AGA management with performance conditions
Date of award	05/02/2016	05/02/2016	05/02/2016
Price on the allocation date (in €)	5.49	5.49	5.49
Vesting period	1 to 3 years	1 to 3 years	1 to 3 years
Value of free share (in €)	5.49	5.49	5.49
Value of free share after non-transferability discount (in €)	5.49	5.49	5.49
Vesting assumption	100.00%	25.00%	25.00%
Number of free shares valued	130,000	320,000	150,000
Probabilized value of the plan before discount	**585**	**359**	**169**
Non-transferability discount	0	0	0
Probabilized value of the plan	**585**	**359**	**169**

The annual charges recognized are shown below:

Periods (in thousands of euros)	Options 2014 T2	BSA 03-14	BSA 05-14	BSA 03-15	BSA 05-16	Options 2015	Options SB 2015	2016 AGA employees	2016 AGA management	TOTAL
06/30/2016	17	9	4	26	47	39	117	96	17	372
06/30/2015	(2)	20	10	18		29	54			129

Pursuant to IFRS 2, the expenses recognized take into account the adjustment of expenses on options which were not vested on the beneficiaries' departure date.

Note 19 : Other operating income and expenses

Other operating income and expenses correspond to the monitoring of the restructuring accrual as part of the Besançon site closure.

Note 20 : Financial income and expense

Financial income and expense (in thousands of euros)	06/30/2016	06/30/2015
Foreign exchange gains	19	2
Other financial income	0	0
Sub-total other financial income	**19**	**2**
Gains on cash and cash equivalents	0	1
Interest on cash and cash equivalents	3	26
Sub-total income from cash and cash equivalents	**3**	**27**
Total financial income	**22**	**29**
Sub-total cost of gross financial debt	**0**	**0**
Foreign exchange losses	(3)	(16)
Other financial expense	(26)	(7)
Sub-total other financial expense	**(29)**	**(22)**
Total financial expense	**(29)**	**(22)**
Total financial income and expense	**(8)**	**7**

Income from cash and cash equivalents corresponds to accrued interest and short-term gains on investment securities.

Other financial expenses correspond to the discount of financial flows related to the zero-interest innovation loan (see Note 11) and the trade payables on fixed assets (see Note 14.2).

Note 21 : Tax charge

Based on current legislation, as of December 31, 2015 the Company has tax losses amounting to €67.6 million which can be carried forward indefinitely.

In France, losses can be carried forward against future profits with no time limit, but the amount that can be offset against profit in the fiscal year is capped at €1 million, plus 50% of the taxable income exceeding €1 million in that fiscal year.

Net deferred tax assets from timing differences have not been recognized on the grounds of prudence, in accordance with the principles described in Note 2.16.

Note 22 : Commitments

Note 22.1 : Obligations arising from operating leases

On December 22, 2015, the Company signed a rider to renew the commercial lease expiring on June 30, 2016, for an annual rent of €147 thousand excluding tax (the initial index-linked rent, which is now indexed annually to the quarterly service businesses index). This commercial lease is granted for a term of nine consecutive years, with the possibility of giving notice to quit every three years as well as, exceptionally, at the end of each of the first two years of the renewed lease.

Future rent and charges as of June 30, 2016 break down as follows:

- due in less than one year: €147 thousand;
- due between one and five years: €0.

The Company contracted a short-term lease with SAS Genbiotech under the commercial lease regime effective February 1, 2016. The lease was agreed for a period of two years (from February 1, 2016 to January 31, 2018) for an annual rent of €209 thousand excluding tax the first year and €198 thousand excluding tax the second year. In case of early termination of the lease, the Company will continue to be liable to SAS Genbiotech for the remaining rents due from the termination date to the end of the lease with a monthly 5% discount as of January 31, 2017.

Future rent and charges as of June 30, 2016 break down as follows:

- one year at most: €204 thousand;
- due between one and five years: €116 thousand.

The amount of rent recognized in expenses during the period ended June 30, 2016 totaled €160 thousand for the two rental contracts.

Note 22.2 : Obligations under the license agreement with INSERM

On January 30, 2006, the Company signed a license agreement with INSERM concerning patent families owned by INSERM (PTXC2) or jointly owned by INSERM and the Company (PTXC1, PTXC4 and PTXC5), which was amended on December 9, 2013 and December 31, 2014.

Under the agreement, INSERM granted the Company exclusive worldwide rights to develop, manufacture and market products and processes using the relevant patents in the field of cell therapy for chronic autoimmune and/or inflammatory diseases.

This agreement is valid until the latter of the following two events takes place: the expiry or invalidation of the last patent in question, or the expiry of a period of 10 years from the initial marketing of a product implementing the aforementioned patent groups in the field covered by the agreement.

According to the terms of the agreement, in the event that the Company develops and markets products, it will pay INSERM a series of conditional lump sums on the achievement of milestones reached in terms of the development, the regulatory process and the first anniversary of the market launch. As at the date hereof, total future payments for all indications could amount to €889 thousand. Note that €76 thousand excluding tax has already been paid in view of the success of the first trial. In the event that the Company or its subsidiaries market(s) the products, the Company will also be required to pay tiered royalties to INSERM based on a percentage of the sales (net of sundry charges, tax and discounts) for the products using the relevant patents in the field covered by the agreement.

However, in the event that the Company grants a sublicense to a third party allowing it to develop and market products using the relevant patents in the field covered by the agreement, the amounts to be paid to INSERM by the Company will be calculated as a percentage of the amounts received from the third party in connection with the development and marketing of the products.

Note 22.3 : Obligations under the termination agreement with Trizell

On December 2, 2015, the Company and Trizell entered into an agreement terminating their cooperation, development, option and license agreement for Ovasave®, signed on December 12, 2013 and modified by a rider dated March 30, 2015. Under this agreement the Company recovers full rights to Ovasave® from Trizell in return for milestone payments which could reach up to €15 million, including:

- a fixed €6 million, of which the Company has already paid €2 million, on the date signature on December 2, 2015. The balance is due on December 2, 2017 for €2 million and on December 2, 2018 for €2 million;
- a conditional €9 million on the future revenue generated by Ovasave®, which will be recognized if the contractual conditions are met.

Note 23 : Related party transactions

Note 23.1 : Compensation and director's attendance fees for executive corporate officers and members of the board of directors

The compensation presented below was granted to executive corporate officers and members of the board of directors during the periods shown:

In thousands of euros	06/30/2016	12/31/2015	06/30/2015
Salaries and other short-term benefits	329	451	360
Probabilized cost of the stock options and warrants plans allocated during the financial year	169	588	588
Directors' attendance fees	35	70	35
Total	**532**	**1,109**	**983**

Salaries and other short-term benefits break down as follows:

In thousands of euros	06/30/2016		2015 financial		06/30/2015	
Name	Amount owed(1)	Amount paid(2)	Amount owed(1)	Amount paid(2)	Amount owed(1)	Amount paid(2)
François Meyer – Chairman of the board of directors						
Fixed compensation (6)	42	42	82	82	40	82
Variable compensation	0	0	0	0	0	0
Exceptional compensation	0	0	0	0	0	0
Director's attendance fees	0	0	0	0	0	0
Benefits in kind	0	0	0	0	0	0
Total	**42**	**42**	**82**	**82**	**40**	**82**
Stéphane Boissel – Chief Executive Officer (3)						
Fixed compensation (7)	138	138	186	186	49	49
Variable compensation (8)	50	17	17	0	10	0
Exceptional compensation	0	0	0	0	0	0
Director's attendance fees	0	0	0	0	0	0
Benefits in kind (9)	7	7	7	7	1	1
Total	**194**	**161**	**0**	**0**	**0**	**0**
Damian Marron – Chief Executive Officer (4)						
Fixed compensation (10)	0	0	60	60	60	60
Variable compensation (11)	0	0	0	46	0	46
Exceptional compensation (12)	0	0	211	211	211	211
Director's attendance fees	0	0	0	0	0	0
Benefits in kind	0	0	0	0	0	0
Total	**0**	**0**	**271**	**316**	**271**	**316**
Eric Pottier – Deputy Chief Executive Officer (5)						
Fixed compensation (13)	43	43	96	96	48	48
Variable compensation (14)	0	0	0	18	0	18
Exceptional compensation (15)	49	49	0	0	0	0
Director's attendance fees	0	0	0	0	0	0
Benefits in kind (16)	0	0	2	2	2	2
Total	**93**	**93**	**98**	**116**	**50**	**68**
Total	**329**	**295**	**451**	**515**	**360**	**466**

(1) For the fiscal year. Variable compensation owed for one fiscal year is paid in the next fiscal year.

(2) During the fiscal year.

(3) Mr. Stéphane Boissel was appointed CEO of the Company by the board of directors on April 27, 2015.

(4) Mr. Damian Marron was appointed CEO of the Company by the board of directors on September 6, 2013, a position from which he resigned on April 27, 2015.

(5) Mr. Eric Pottier was hired as Vice President for the Supply Chain on January 14, 2013 and was appointed Deputy Chief Executive Officer of the Company by the board of directors on January 22, 2013, a position which he resigned from on February 2, 2016. Mr. Eric Pottier was dismissed on economic grounds on March 17, 2016 in connection with the shutdown of the Besançon facility.

(6) The board of directors' meeting of September 6, 2013 set François Meyer's gross annual compensation at €60 thousand, covering his functions as Chairman, as well as his General Management support function. The board of directors meeting held on February 10, 2015 revalued and revised the apportionment of François Meyer's compensation to make a distinction between his compensation as Chairman of the board

of directors (€60 thousand gross per year) and the compensation for his specific mission (€24 thousand gross per year) effective February 1, 2015.

(7) The Company entered into a management agreement with Stéphane Boissel following his appointment as the company's CEO by the board of directors of April 27, 2015, with a view to determining the main terms and conditions of his work as the CEO. The signature of said management contract was authorized by the board at its meeting of April 27, 2015. In his position, Mr. Stéphane Boissel will receive (i) fixed annual compensation of €275,000, (ii) variable compensation of up to 30% of the said fixed compensation, based on the attainment of targets set annually by the Company's board of directors and (iii) benefits in kind consisting of the payment of his business expenses, unemployment insurance and health and welfare protection, and a supplementary pension.

(8) On February 3, 2016 the board of directors, upon the proposal of the nomination and compensation committee, set at 20% the percentage of completion at that date of the objectives set in Stéphane Boissel's management contract, representing €16.5 thousand of variable compensation for 2015, it being understood that a substantial part of this variable compensation will be evaluated as of December 31, 2016. On June 30, 2016, Stéphane Boissel's variable compensation was estimated at €50 thousand, based on assumptions formulated by management.

(9) Stéphane Boissel's benefits in kind are, pursuant to the management agreement concluded with the Company on April 27, 2015, the provision of a vehicle and unemployment insurance.

(10) On September 6, 2013, the board of directors set the fixed annual compensation allocated to Damian Marron at €180 thousand, to be paid pro rata according to his presence in the Company until December 2013 to take account of the transition period. Damian Marron's compensation was increased to €184 thousand by the board of directors of January 22, 2014, as part of its general increase policy for 2014. Mr. Damian Marron resigned as Chief Executive Officer with effect from April 27, 2015.

(11) Mr. Damian Marron's variable compensation was a maximum of €70 thousand conditional on the achievement of corporate targets defined and reviewed annually on the basis of proposal by the nomination and compensation committee. The achievement of the 2013 and 2014 objectives was confirmed respectively by the board of directors of January 22, 2014, and the board of directors of February 10, 2015. No variable compensation was paid to Damian Marron for the 2015 fiscal year.

(12) Mr. Damian Marron received severance pay in 2015, in view of his departure and pursuant to the MiddleNext Code's recommendations.

(13) Mr. Eric Pottier did not receive any compensation as Deputy Chief Executive Officer. He was remunerated only for his position as Vice President for the Supply Chain and Qualified Pharmacist (*pharmacien responsable*).

(14) The board of director's meeting of January 22, 2014 set Eric Pottier's variable compensation for 2014 at a maximum of €25 thousand, conditional on attaining 50% of the corporate targets and 50% of his personnel targets, as defined and reviewed annually on a proposal by the nomination and compensation committee. The achievement of the 2014 targets was confirmed by the board of directors of February 10, 2015. No variable compensation was paid to Eric Pottier for the 2015 fiscal year.

(15) Mr. Eric Pottier received a severance package during the 2016 fiscal year, in view of his departure, the amount of which is in line with the recommendations of the MiddleNext Code.

(16) Eric Pottier's benefits in kind involve the provision of a vehicle.

The probabilized costs of the financial instruments plans giving deferred access to capital allocated during the financial year to corporate officers break down as follows:

In thousands of euros	06/30/2016		2015 financial		06/30/2015	
Name	Amount owed(1)	Amount paid(2)	Amount owed(1)	Amount paid(2)	Amount owed(1)	Amount paid(2)
François Meyer – Chairman of the board of directors						
Probabilized cost of the stock option and warrants plans allocated during the financial year (3)	0	N/A	84	N/A	84	N/A
Total	**0**	**N/A**	**84**	**N/A**	**84**	**N/A**
Stéphane Boissel – Chief Executive Officer (4)						
Probabilized cost of the stock option and warrants plans allocated during the financial year (3)	169	N/A	451	N/A	451	N/A
Total	**169**	**N/A**	**451**	**N/A**	**451**	**N/A**
Eric Pottier – Deputy Chief Executive Officer						
Probabilized cost of the stock option and warrants plans allocated during the financial year (3)	0	N/A	19	N/A	19	N/A
Total	**0**	**N/A**	**19**	**N/A**	**19**	**N/A**
David Horn Solomon – Independent member (5)						
Probabilized cost of the stock option and warrants plans allocated during the financial year (3)	0	N/A	34	N/A	34	N/A
Total	**0**	**N/A**	**34**	**N/A**	**34**	**N/A**
Total	**169**	**N/A**	**588**	**N/A**	**588**	**N/A**

(1) For the fiscal year. Variable compensation owed for one fiscal year is paid in the next fiscal year.
(2) During the fiscal year.
(3) Share-based payments correspond to the probabilized cost of the financial instrument plans giving access to the capital of the Company attributed to corporate officers during the financial year after deducting non-transferability discounts under the Shareholders' Agreement in force on the date of the allocation.
(4) Mr. Stéphane Boissel was appointed CEO of the Company by the board of directors on April 27, 2015.
(5) Mr. David Horn Solomon was appointed independent member of the board of directors by the board of directors on March 30, 2015.

Directors' attendance fees break down as follows:

In thousands of euros	06/30/2016		2015 financial		06/30/2015	
Name	Amount owed(1)	Amount paid(2)	Amount owed(1)	Amount paid(2)	Amount owed(1)	Amount paid(2)
Marie-Yvonne Landel Meunier – Independent member						
Director's attendance fees	18	35	35	30	18	30
Total	**18**	**35**	**35**	**30**	**18**	**30**
David Horn Solomon – Independent member						
Director's attendance fees	18	35	35	0	18	0
Total	**18**	**35**	**35**	**0**	**18**	**0**
Total	**35**	**70**	**70**	**30**	**35**	**30**

(1) For the fiscal year. Variable compensation owed for one fiscal year is paid in the next fiscal year.
(2) During the fiscal year.

Note 23.2 : Miscellaneous

As of June 30, 2016, to the Company's knowledge, there was no management and/or financial link between its main suppliers and the members of its board of directors.

Note 24 : Earnings par share

The basic earnings per share are calculated by dividing the net profit (loss) attributable to the Company's shareholders by the weighted average number of shares outstanding during the year.

Net earnings par share	30/06/2016	30/06/2015
Net profit / (loss) (in thousands of euros)	(7,084)	(5,721)
Weighted average number of shares in circulation	12,905,690	11,663,015
Basic earnings par share (in euros)	**(0.55)**	**(0.49)**

Diluted earnings per share are calculated by dividing the net profit (loss) attributable to the Company's shareholders by the following:

- the weighted average number of shares outstanding during the fiscal year;
- plus the number of shares that may result from the conversion of instruments giving deferred access to the share capital, as soon as such instruments have been issued.

The instruments giving deferred access to the share capital (warrants, stock options and free share grants) are considered to be anti-dilutive as they result in higher earnings per share. As a result, diluted and basic earnings per share are identical.

Diluted earnings per share	30/06/2016	30/06/2015
Net profit / (loss) (in thousands of euros)	(7,084)	(5,721)
Weighted average number of potential shares*	14,562,331	13,069,477

** This weighted average number of potential shares takes into account the shares which could result from exercising the warrants and stock options, and the allocation of free shares, as soon as such instruments are issued.*

Note 25 : Financial risk management

The main risks to which the Company is exposed are liquidity risk, currency risk, interest rate risk and credit risk.

Cash and cash equivalents constitute the principal financial instruments of the Company. These instruments are used to finance the Company's activities. It is the Company's policy not to use financial instruments for speculative purposes. The Company does not use derivative financial instruments.

Note 25.1 : Liquidity risk

Cash flow forecasts are produced by the finance department. Management uses these forecasts, which are regularly updated, to monitor the Company's cash requirements and ensure that there is sufficient liquidity available to cover its operating needs.

These forecasts take into account the Company's funding plans. Any surplus cash held by the Company is invested in short-term investment securities that are sufficiently liquid to meet the flexibility requirements set forth in the above-mentioned forecasts (see Note 2.7).

Note 25.2 : Foreign exchange rate risk

As of June 30, 2016 the Company does not consider itself exposed to a foreign exchange rate risk as only a small part of its supplies are obtained outside the Eurozone and invoiced in foreign currency, mainly in American dollars, pounds Sterling, and Swiss francs.

In view of the insignificant amounts in currency positions, at this stage of the development of its business, the Company has not made any hedging arrangements to protect its business against fluctuations in exchange rates.

However, the Company cannot rule out the possibility that a significant increase in its business could leave it more exposed to currency risk. Should this occur, the Company would put in place an appropriate policy to hedge this risk. For the period ended June 30, 2016, the Company considers that a 10% variation in exchange rates in either direction would not have a material impact.

Note 25.3 : Credit risk

The Company manages its cash and cash equivalents in a conservative manner. Cash and cash equivalents are cash and current financial instruments held by the company (exclusively short-term investment securities which can be moved immediately).

In addition, credit risk relating to cash, cash equivalents and short-term financial instruments is not significant in view of the quality of the co-contracting financial institutions.

Note 25.4 : Interest rate risk

The only interest rate risk exposure concerns investments of cash and cash equivalents. Given the current low rate of return on this type of investment, the Company believes that any 1% increase or decrease would have no material effect on its net income in light of the losses generated by its operating activities.

The Company does not have any variable-rate debt. Repayments on its debts are not subject to interest rate risk.

Note 26 : Events subsequent to the reporting period

The following events occurred after the closing date:

- On August 3, 2016, the Company announced the effective implementation of a convertible notes with warrants financing (OCABSA) and the issue of the first tranche in the nominal amount of €3 million. A first OCA conversion was completed on August 22, 2016, and a second conversion of two OCA took place on September 15, 2016;
- On May 20, 2016, the Company signed an accounts receivable transfer agreement for its 2016 research tax credit with ACOFI GESTION. This provided the Company with a prefinancing line on its 2016 research tax credit payable as and when eligible expenses are incurred. The Company received a first payment of €1.1 million under the contract in August 2016.