GENTICEL
GENTLE T CELL VACCINES

ERADICATING HPV INFECTION BEFORE IT CAUSES CERVICAL CANCER

Semi-annual financial report as at 30 june 2014

This English-language translation of the French-language original was prepared for your convenience. In the event of any inconsistencies between this document and the French-language original, the latter shall prevail.

Limited company (*société anonyme*) with an Executive Board and a Supervisory Board
with share capital of €1,528,507.10
Registered office: Prologue-Biotech 516 Rue Pierre et Marie Curie 31670 Labège, France
Toulouse Trade and Companies Register (RCS) B 439 489 022

SEMI-ANNUAL FINANCIAL REPORT

AS AT 30 JUNE 2014

This English-language translation of the French-language original was prepared for your convenience. In the event of any inconsistencies between this document and the French-language original, the latter shall prevail.

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PERSON RESPONSIBLE FOR THE SEMI-ANNUAL FINANCIAL STATEMENTS

Benedikt Timmerman, Chairman of the Executive Board

STATEMENT OF THE PERSON RESPONSIBLE FOR THIS DOCUMENT

(Art. 222-3 - 4 of the AMF General Regulations)

"I certify that, to the best of my knowledge, the financial statements have been prepared in accordance with applicable accounting standards, and accurately represent the Company's assets, financial position and earnings, and that the attached management report presents a true and fair picture of the progress of the Company's business, earnings and financial position as well as a description of the main risks and uncertainties it faces."

Benedikt Timmerman, Chairman of the Executive Board

2- ACTIVITY REPORT AS AT 30 JUNE 2014

SIGNIFICANT EVENTS IN THE FIRST HALF OF 2014

On 4 April 2014, Genticel was admitted for trading on the Euronext regulated market in Paris (compartment C) and Brussels, under the terms of an Open Price Public Offering in France and Belgium and a Global Placement mainly for institutional investors in France, Belgium and certain other European countries. Some countries, in particular the United States, were explicitly excluded.

The placement met with great success among French, Belgian and international institutional investors, as well as private investors in France and Belgium.

In light of the strong demand, amounting to €55 million (offer oversubscribed by a factor of 1.8), the Executive Board meeting on 3 April 2014, with the consent of the Supervisory Board meeting the same day, increased the total initial offering from €30 million to €34.5 million. Total issuance on 8 April 2014, after settlement/delivery, amounted to 4,367,088 ordinary shares, producing a capital increase of €34.5 million (issue premium included).

On 2 May 2014, Oddo, acting for the Joint Lead Managers and Joint Bookrunners, informed the Company that the Overallotment Option which the Company had authorised had been partially exercised in the amount of an additional €0.2 million corresponding to the issue of 21,604 additional new shares.

Consequently, Genticel's Initial Public Offering raised a total of €34.7 million, corresponding to the issue of 4,388,692 new shares, or approximately 29% of Genticel's share capital.

The fees connected with this operation amounted to €3,212K of which:

- €211K was posted to expenses (Note 16);
- €3,001K was posted to issue premium (of which €2,944K was for the first half of 2014 as indicated in the statement of changes in shareholders' equity, and €57K was in respect of the first half of 2013).

The Company also wishes to note for the record:

- In accordance with the Executive Board decision of 24 January 2014, €104,687.60 was added to the Company's share capital by the exercise of 1,046,876 share subscription warrants authorised and issued at the Shareholders' General Meeting of 22 April 2013, conferring the right to 1,046,876 shares amounting to a total of €4,187,504 (issue premium included).

- At its 7 March 2014 meeting, the Executive Board, using the authorisation granted to it by Resolution Ten of the Combined Ordinary and Extraordinary Shareholders' General Meeting of 7 March 2014, decided to issue 612,907 convertible bonds (CBs) representing a total borrowing of €2,451,628. In accordance with their terms and conditions, 306,454 convertible bonds totalling €1,225,816 were automatically redeemed on 31 May 2014 by conversion to 155,164 Company shares (after fractioning) with a value of €7.90 each (issue premium included).

Upon the completion of all these transactions, the Company's share capital was €1,528,507.10. It consists of 15,295,071 fully subscribed and paid-up shares, each with a nominal value of €0.10.

COMPANY ACTIVITY AND RESULTS

Research and Development

In the first half of 2014, Genticel passed a key milestone in its product development with the launch of a Phase II clinical trial for ProCervix, its first therapeutic vaccine candidate. ProCervix is intended for women already infected with HPV 16 and/or 18 but before the appearance of high-grade or cancerous lesions. It is the first therapeutic vaccine that meets the medical needs of this high-risk population, as preventive HPV vaccines are only effective in women who are not yet infected.

The multi-centre Phase II trial, whose purpose is to evaluate the efficacy of ProCervix in viral clearance, received a favourable opinion from the European Medicines Agency (EMA). Thirty-nine investigation sites in seven European countries (Germany, Belgium, Spain, Finland, France, the Netherlands and the United Kingdom) actively participated in this clinical trial.

The first patient was treated on 31 January 2014. On 30 June 2014, Genticel had recruited half the patients for its Phase II trial, in line with its projections.

Furthermore, the Data and Safety Monitoring Board (DSMB) a group of independent experts who review the tolerance data from the trial every six months, recommended at a scheduled meeting on July 1st to continue the trial unchanged.

The Company's second drug candidate is a multivalent therapeutic HPV vaccine (called **Multivalent HPV**) that targets HPV 16, 18 and four other HPV genotypes likeliest to result in cervical cancer. The preclinical results during first half of 2014 were very encouraging.

Human resources

To run its clinical development pipeline, and the Phase II ProCervix trial in particular, Genticel has strengthened its management team by recruiting Dr Sophie Olivier as Medical Director. Dr Olivier comes to Genticel with expertise spanning more than 20 years in clinical development in gynaecology, vaccines, and regulatory affairs.

The Company had 35 employees as at 30 June 2014, versus 30 at 31 December 2013.
Of these 35 people, five were on fixed-term contracts as at 30 June 2014 and one on an apprenticeship, mainly to replace employees on maternity leave.

Results

The Company's operating loss of -€4,634K was consistent with its expectations. The growth in R&D expenses relative to the first half of 2013 (€4,701K versus €2,919K) was linked to setting up and starting the Phase II clinical trial, which generated major costs. However, a large part of these costs are non-recurring.

The growth in these expenses over the period (+60%) was accompanied by an even larger increase in Research Tax Credits (CIR), from €751K for first half 2013 to €1,335K for first half 2014 (+78%). There was a negative impact on the CIR for first half 2013 from the payment of repayable advances and subsidies totalling €805K.

The €680K increase in general and administrative expenses to €1,345K for first half 2014 was due to:

- A €151K increase in stock exchange listing fees;
- €211K fees connected with the Company's initial public offering;
- The impact of the fair value measurement of share-based payments in the amount of €122K (non-cash charges);
- The €113K increase in personnel expense of which €87k are related to the payment of an exceptional bonus to management (the overcall cost to the company of these bonuses was €145k for the period of which €87k was allocated to general and administrative expenses and the reminder to research and development expenses based on the activity of the concerned personnel).

The net loss of -€4,643K was consistent with the Company's expectations.

Working capital requirement

Working capital requirements as at 30 June 2014 amounted to €615K, versus -€216K at the same time the previous year. The growth in working capital requirements was mainly due to a reduction in payments due to suppliers. Very large invoices connected with the launch of the Phase II trial were paid in early 2014.

Cash and equivalents

Cash and equivalents at 30 June 2014 amounted to €36,923K, versus €3,839K at the same time the previous year. The increase reflected:

- The payment of €2,451K on issuance of a share-convertible bond;
- Capital increases in the amount of €35,927K;
- The repayment of €100k in advances (i.e. "Avances Remboursables"):
- Investments of €44K;
- A €200K payment under the liquidity contract administered by Oddo;
- Cash used up in the amount of €4,950K for Company operations, a cash consumption in line with Company expectations.

DEVELOPMENT AND PROSPECTS

The Company now has the financial resources to drive the development of its portfolio of therapeutic vaccines aimed at early-stage elimination of the human papillomavirus (HPV) responsible for cervical cancer.

In particular, under the plan presented at the time of the IPO, the Company intends in the next three years to:

- Confirm the efficacy of ProCervix in the current Phase II trial;
- Prepare for the admission of ProCervix to Phase III clinical by:
  - conducting a Phase I trial in the US;
  - scaling up the manufacturing process to the industrial level
  - producing GMP batches at industrial scale as required for Phase III.

- Prepare Multivalent HPV, the Company's second therapeutic vaccine candidate, for admission to a Phase I clinical trial in 2017.

With half of the patients already recruited for the Phase II clinical trial of ProCervix, the Company has confirmed its initial patient recruitment projections for enrolment to be completed in the first half of 2015.

The Company plans to continue to follow up contacts in the pharmaceutical industry to find a partner for the HPV franchise or other non-HPV applications for the Vaxiclase second-generation technology platform.

POST-CLOSING EVENTS

The company has received on August 27th, 2017 from Bpifrance as part of the « OSEO 4 program:

- 128 532 € in subsidies;
- 220 679 € in subsidized loans (i.e « Avances Remboursables »).

The Company submitted to Bpifrance the final activity report in relation with « OSEO 3 ». In this project, Bpifrance had agreed to partially financed the production of the ProCervix Powder GMP lot currently in use in ProCervix Phase II as well as some extensions of ProCervix Phase I clinical study. The successful completion of this project led Bpifrance to validate the final report and pay on Sept 4th, 2014 € 481 k to the Company. This amount is slightly lower than the one initially agreed in the agreement (- 38 k€) because the amount of actual costs recorded for this project was lower than the initial budget submitted to Bpifrance.

To accommodate the enlarged clinical development department, the Company has asked to terminate its lease on its Paris premises at Rue de la Boétie. With the landlord agreement, the Company is searching for a successor for these offices. Meanwhile, the Company has moved in late August 2014 to Rue Tronchet, Paris.

RISKS AND UNCERTAINTIES

Company risks are disclosed in Section 4 "Risk Factors" of the Company's Registration Document.

3- CONDENSED SEMI-ANNUAL FINANCIAL STATEMENTS PREPARED TO IFRS STANDARDS AS AT 30 JUNE 2014

STATEMENT OF FINANCIAL POSITION

GENTICEL Statement of Financial Position	Notes	30/06/2014 €	31/12/2013 €
ASSETS			
Intangible assets	3	22 477	26 776
Property, plant and equipment	4	81 373	49 268
Other non-current financial assets	5	57 491	9 169
Total non-current assets		161 341	85 213
Inventories	6	44 415	44 415
Other receivables	7	2 158 923	2 551 655
Cash and cash equivalents	8	36 923 371	3 839 047
Total current assets		39 126 709	6 435 117
Total Assets		**39 288 050**	**6 520 330**
LIABILITIES			
Shareholders' equity			
Capital	10	1 528 507	969 434
Additional paid-in capital	10	46 871 132	11 219 831
Other comprehensive income	10	(82 755)	(35 528)
Reserves - attributable to owners of the parent company	10	(9 093 415)	(4 168 932)
Result - attributable to owners of the parent company	10	(4 643 574)	(5 962 728)
Shareholders' equity, attributable to owners of the parent company		**34 579 895**	**2 022 076**
Non-controlling interests		-	-
Total shareholders' equity		**34 579 895**	**2 022 076**
Non-current liabilities			
Employee benefit obligations	13	321 580	251 015
Non-current financial debt	12	1 270 767	1 430 768
Non-current liabilities		**1 592 347**	**1 681 783**
Current liabilities			
Current financial debt	12	1 616 031	283 293
Provisions		-	-
Trade payables and related accounts	14	978 427	1 922 035
Tax and social security liabilities	14	500 258	591 971
Other creditors and miscellaneous liabilities	14	21 092	19 172
Current liabilities		**3 115 808**	**2 816 471**
Total Liabilities		**39 288 050**	**6 520 330**

INCOME STATEMENT

Income Statement Revenue	Notes	30/06/2014 6 months €	30/06/2013 6 months €
Cost of sales		-	-
Gross margin		-	-
		-	**-**
Net R&D expenses			
R&D expenses			
Subsidies	16	(4 701 394)	(2 919 182)
General and administrative expenses	16	1 391 022	1 150 757
Other income	16	(1 344 605)	(664 786)
Other expenses	16	21 252	40
Operating income		-	-
		(4 633 725)	**(2 433 172)**
Financial expenses			
Financial income	18	(36 723)	93 057
Variation de la juste valeur du dérivé	18	26 874	5 363
		(4 643 574)	**(2 334 751)**
Tax expense		-	-
Net income (loss) in the period from continuing activities		**(4 643 574)**	**(2 334 751)**
Income (loss) from discontinued activities		-	-
Net profit (loss)		**(4 643 574)**	**(2 334 751)**
Attributable to owners of the parent company		*(4 643 574)*	*(2 334 751)*
Non-controlling interests		-	-

Earnings per share	Notes	30/06/2014	30/06/2013
Weighted average number of outstanding shares		12 837 972	7 768 901
Basic earnings per share (€/share)	20	**(0,36)**	**(0,30)**
Diluted earnings per share (€/share)	20	**(0,36)**	**(0,30)**

STATEMENT OF COMPREHENSIVE INCOME

GENTICEL - IFRS Statement of Comprehensive Income	30/06/2014 €	30/06/2013 €
Profit (loss) for the year	(4 643 574)	(2 334 751)
Cash flow hedges	-	-
Actuarial gains (losses)	(47 227)	65 369
Items not recyclable in income	**(47 227)**	**65 369**
Assets available for sale	-	-
Actuarial gains (losses) of consolidation	-	-
Tax effect on the items above	-	-
Items recyclable in income	**-**	**-**
Other items of comprehensive income (net of tax)	(47 227)	65 369
Comprehensive income	**(4 690 801)**	**(2 269 382)**
Attributable to owners of the parent company	*(4 690 801)*	*(2 269 382)*
Non-controlling interests	-	-

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

GENTICEL Change in shareholders' equity	Notes	Capital Number of shares	Capital €	Premiums linked to capital €	Reserves and profit €	Translation gain (loss) €	Actuarial gain (loss) €	Shareholders' equity, attributable to owners of the parent company €	Non-controlling interests €	Shareholders' equity €
At 31 December 2012		*6 998 466*	**699 847**	**3 318 396**	**(6 661 227)**	-	**(84 040)**	**(2 727 025)**	-	**(2 727 025)**
Net loss for the period ended 30 June 2013					(2 334 751)			(2 334 751)		(2 334 751)
Other comprehensive income							65 369	65 369		65 369
Comprehensive income			-	-	(2 334 751)	-	65 369	(2 269 382)	-	(2 269 382)
Dividends										
Shares issued	10	*2 020 996*	202 100	6 062 993	1 818 892			8 083 984		8 083 984
BSA subscriptions				47				47		47
Share-based payments	11				28 469			28 469		28 469
Capital increase transaction expenses	10			(125 719)						
Other										
At 30 June 2013		*9 019 462*	**901 946**	**9 255 716**	**(7 148 618)**	-	**(18 671)**	**2 990 373**	-	**2 990 373**
At 31 December 2013		*9 694 339*	**969 434**	**11 219 831**	**(10 131 661)**	-	**(35 528)**	**2 022 076**	-	**2 022 076**
Net loss for the period ended 30 June 2014					(4 643 574)			(4 643 574)		(4 643 574)
Other comprehensive income							(47 227)	(47 227)		(47 227)
Comprehensive income			-	-	(4 643 574)	-	(47 227)	(4 690 801)	-	(4 690 801)
Dividends								-		-
Shares issued	10	*5 435 568*	543 557	37 372 425	942 188			38 858 170		38 858 170
Bond conversions		*155 164*	15 516	1 210 279				1 225 795		1 225 795
BSA subscriptions				13 000				13 000		13 000
Liquidity contract					(169 077)			(169 077)		
Share-based payments	11				265 134			265 134		265 134
Capital increase transaction expenses	10			(2 944 403)				(2 944 403)		(2 944 403)
Other								-		
At 30 June 2014		*15 285 071*	**1 528 507**	**46 871 132**	**(13 736 989)**	-	**(82 755)**	**34 579 895**	-	**34 579 895**

CASH FLOW STATEMENT

GENTICEL - IFRS Cash Flow Statement	Notes	30/06/2014 €	30/06/2013 €
Cash flow from operating activities			
Net income (loss) from continuing activities		(4 643 574)	(2 334 751)
Net income (loss) from discontinued activities		-	
Net income		(4 643 574)	(2 334 751)
(-) Elimination of amortization expense of intangible assets	3	(4 299)	(2 689)
(-) Elimination of depreciation expense of property, plant and equipment	4	(12 131)	(28 234)
(-) Provision additions	13	(23 338)	(26 329)
(-) Expenses linked to share-based payments	11	(265 134)	(28 469)
(-) Subsidies posted to profit and loss		42 221	367 207
(-) Capitalised interest	12	(18 105)	(52 536)
(-) Change in non-conversion premium	12	-	189 930
(-) Unwinding of advances	12	(28 796)	(12 198)
Self-financing capacity before net financial debt and taxes		(4 333 992)	(2 741 434)
(-) Change in working capital requirements (net of depreciation of trade receivables and inventories)		615 849	(216 699)
Cash flow from operating activities		(4 949 840)	(2 524 735)
Cash flow from investing activities			
Acquisitions of intangible assets	3	-	-
Acquisitions of property, plant and equipment	4	(44 236)	(686)
Other cash flows from investing activities			
Cash flow from investing activities		(44 236)	(686)
Cash flow from financing activities			
Capital increase net of conversion of bonds to shares	10	38 858 170	3 387 008
BSA subscriptions	10	13 000	47
Capital increase transaction expenses	10	(2 944 403)	(125 719)
Encashment of conditional advances and subsidies	12	-	805 420
Issue of share-convertible bond	12	2 451 628	2 074 878
Repayment of conditional borrowings and advances	12	(100 000)	(35 000)
Other cash flows from financing activities (change in liquidity contract)		(200 000)	
Cash flow from financing activities		38 078 395	6 106 634
Impact of exchange rate fluctuations		-	
Increase (decrease) in cash		33 084 319	3 581 213
Cash & cash equivalents at period-start (including bank overdrafts)		3 838 953	1 555 801
Cash & cash equivalents at period-end (including bank overdrafts)		36 923 272	5 137 014
Increase (decrease) in cash		33 084 319	3 581 213

BREAKDOWN OF CHANGE IN WORKING CAPITAL REQUIREMENTS (WCR)

Breakdown of change in WCR for continuing activities	**30/06/2014**	**30/06/2013**
Other non-current assets	17 400	-
Other payables	(434 953)	(441 083)
Trade payables and related accounts	943 608	(3 743)
Tax and social security liabilities	91 713	237 500
Other creditors and miscellaneous liabilities	(1 920)	(9 373)
Total change	615 849	(216 699)

NOTES TO THE SEMI-ANNUAL FINANCIAL STATEMENTS

(Unless indicated otherwise, the amounts mentioned in these Notes are in euros)

Note 1: The Company and its Activity

The following information constitutes the Notes to the IFRS consolidated semi-annual financial statements as at 30 June 2014 and 30 June 2013. The 30 June 2013 financial statements have been prepared for comparison purposes.

Genticel's consolidated semi-annual financial statements were approved by the Executive Board on 10 September 2014 and authorised for publication.

1.1 The Company and its activity

Genticel, a limited company (*société anonyme*) under French law, was created in October 2001. The Company hasthe following corporate purpose in France and internationally: research, study, development, manufacturing and distribution of medicines and drug and health products in the field of human and animal health.
Genticel's research focuses on developing therapeutic vaccines (ProCervix and Multivalent HPV) for women infected by High Risk Human Papillomavirus (HPV).

Genticel has been listed on the NYSE Euronext market in Paris since 4April 2014.

Registered office:
Prologue-Biotech - 516 Rue Pierre et Marie Curie - 31670 LABEGE INNOPOLE

Toulouse Trade and Companies Register (RCS) number: Toulouse Trade & Companies Register (RCS) 439 489 022

Genticel is hereinafter referred to as the "Company".

1.2 Significant events in the first half of 2014

- In order to be able to fund its R&D projects, develop its therapeutic vaccines in a timely fashion, cover its working capital requirements and repay all its financial obligations, the Company launched an IPO on the Euronext regulated market in Paris and Brussels, compartment C, on 4 April 2014. The gross proceeds from the issue were approximately €34.7 million (of which €0.2 million were overallotment options). 4,388,692 new shares were issued as a result of this IPO (see Note 10).
- Share subscription options exercised by some investors in January 2014 in the amount of €3,245,315. (See Note 10.)
- Issuance of a bond convertible into ordinary shares in the first half of 2014 in the amount of €2,451,628 (EGM authorisation and bond terms & conditions of 7 March 2014). The latter was partially converted in May 2014 in the amount of €1,225,816 with the creation of 155,164 shares. (See Note 10).

1.3 Events after the reporting period

- The Company early-terminated its lease on its Paris premises at Rue de la Boétie and moved its Paris offices in late August 2014 to Rue Tronchet, Paris.

Note 2: Accounting principles, rules and methods

The financial statements are presented in euros unless otherwise indicated.

2.1 Principles used in preparing the financial statements

Statement of compliance

Genticel has prepared its financial statements, in accordance with the standards and interpretations published by the International Accounting Standards Board (IASB) and adopted by the European Union as at the preparation date of the financial statements, for all the periods presented.

This reference, available on the European Commission website http://ec.europa.eu/internal_market/accounting/ias_eu.htm, incorporates the international accounting standards (IAS and IFRS), the interpretations of the Standing Interpretations Committee (SIC) and of the International Financial Interpretations Committee (IFRIC).

The accounting principles, methods and options adopted by the Company are described below. In some cases, IFRS standards allow a choice between the treatment of reference and another approved treatment.

In compliance with European Regulation 1606/2002 of 19 July 2002, Genticel's consolidate financial statements as at 30 June 2014 have been prepared in accordance with IAS 34 "Interim Financial Reporting" as adopted by the European Union.

As they are condensed financial statements, they do not include all the information required by IFRS for the preparation of financial statements. These Notes must be read in conjunction with the published Genticel IFRS financial statements for the fiscal year ended 31 December 2013.

Principle used in preparing the financial statements

The Company's financial statements have been prepared in accordance with the historical cost principle with the exception of certain classes of assets and liabilities in accordance with the treatment imposed by IFRS standards. The classes concerned are mentioned in the following Notes.

Business continuity

The Executive Board has adopted business continuity as a principle given the Company's ability to finance its needs over the next 12 months.

Its analysis is based on the Company's cash and equivalents at 30 June 2014, amounting to €36,923K.

The Company's deficit position over the course of the reporting periods is in line with the stage of development of its therapeutic vaccines (ProCervix and Multivalent HPV).

Accounting methods

The accounting principles are identical to those used to prepare the IFRS annual financial statements for the year ended 31 December 2013, with the exception of the following new standards, amendments and interpretations adopted by the European Union, mandatory for the Company from 1 January 2014:

<u>Standards, amendments and interpretations applicable to reporting periods starting on or after 1 January 2014</u>

The Company applied the following new standards, amendments and interpretations from the beginning of fiscal year 2014:

- IFRS 10 – Consolidated Financial Statements
- IFRS 11 – Joint Arrangements
- IFRS 12 – Disclosure of Interests in Other Entities
- IAS 27 Revised - Separate Financial Statements
- IAS 28 Revised (2011) – Investments in Associates
- Amendments to IFRS 10, IFRS 11 and IFRS 12
- Amendments to IAS 32 – Offsetting Financial Assets and Financial Liabilities
- Amendments to IAS 36 - Impairment of Assets: Recoverable Amount Disclosures for Non-Financial Assets
- Amendments to IAS 39 – Financial Instruments: – Recognition and Measurement – Novation of Derivatives and Continuation of Hedge Accounting

These new texts published by the IASB have had no significant impact on the Company's financial statements.

<u>Standards and interpretations published but not yet mandatory for the 2014 semi-annual financial statements</u>

- IFRS 9 – Financial Instruments – Amendments to IFRS 9: Deferral of Mandatory Effective Date and Amendments to Transition Disclosures
- IFRIC 21 – Levies imposed by governments
- Amendments to IAS 19 – Defined Benefit Plans: Employee Contributions
- Amendments to IFRS 11 – Joint Arrangements: Recognition of Acquisitions of Interests in Joint Operations
- Amendments to IAS 16/38: Clarification of Acceptable Methods of Depreciation and Amortisation

The Company is currently in the process of assessing the impact of the first-time adoption of these new standards. It does not expect them to have a significant impact on its financial statements.

2.2 Use of judgments and estimates

To prepare the financial statements in accordance with IFRS, the Company's Executive Management has made judgments and estimates that could affect the amounts presented under assets and liabilities, the liabilities as at reporting date, and the amounts presented under income and expenses for the period.

Such estimates are made by Executive Management based on the assumption of business continuity and on the information available at the time. These estimates are ongoing and are based on past experience as well as diverse other factors judged to be reasonable and form the basis for the assessments of the book value of assets and liabilities. The estimates may be revised if the circumstances on which they are based change or as a result of new information. Actual results may differ significantly from such estimates if assumptions or conditions change.

In preparing these consolidated financial statements, Management's main judgments and assumptions were the same as for the financial statements as at 31 December 2013, with the addition of judgments made on the Fees incurred by the Company's IPO and concomitant capital increase:

- For these concomitant transactions, the Company used its judgment to identify the portion of these costs connected with the listing of its existing shares, the marginal costs directly attributable to the issuance of new instruments, and portion of "shared" costs for the two operations.
- The portion of these fees charged to equity is shown in the statement of changes in shareholders' equity.

2.3 Change in accounting methods

Genticel made no change to accounting principles in the first half of 2014.

2.4 Liquidity contract

Following its admission to the NYSE Euronext market in Paris, on 18 April 2014 the Company signed a liquidity contract with Banque Oddo et Cie to limit the "intraday" volatility of Genticel shares.

Under this agreement, the Company allocates €200K for Oddo to take sell and buy positions on Company shares The portion of the contract invested by Oddo in the Company's treasury shares is recognised as a deduction from Company shareholders' equity at 30 June 2014, at purchase cost.

The income from the sale of these treasury shares is also recognised directly in shareholders' equity.

The cash reserve for the liquidity contract is shown under "Other non-current financial assets".

Note 3: Intangible assets

GROSS VALUE OF INTANGIBLE ASSETS (Amounts in euros)	Patents	Software	Trademarks	Total
Statement of financial position at 31 December 2013	**47 088**	**26 545**	**990**	**74 623**
Acquisition	0	0	0	**0**
Sale	0	0	0	**0**
Transfer	0	0	0	**0**
Statement of financial position at 30 June 2014	**47 088**	**26 545**	**990**	**74 623**
DEPRECIATION				
Statement of financial position at 31 December 2013	**27 962**	**19 885**	**0**	**47 847**
Increase	1 371	2 928	0	**4 299**
Decrease	0	0	0	**0**
Statement of financial position at 30 June 2014	**29 333**	**22 813**	**0**	**52 146**
NET CARRYING VALUE				
At 31 December 2013	**19 126**	**6 660**	**990**	**26 776**
At 30 June 2014	**17 755**	**3 732**	**990**	**22 477**

No impairment was recognised on application of IAS 36.

Note 4: Property, plant and equipment

GROSS VALUE OF PROPERTY, PLANT & EQUIPMENT (Amounts in euros)	**Machinery and equipment**	**Fixtures and fittings**	**Office and computer equipment, furniture**	**Total**
Statement of financial position at 31 December 2013	**501 493**	**130 319**	**95 962**	**727 774**
Acquisition	0	25 673	18 563	44 236
Sale	0	0	0	0
Transfer	0	0	0	0
Statement of financial position at 30 June 2014	**501 493**	**155 992**	**114 525**	**772 010**
DEPRECIATION				
Statement of financial position at 31 December 2013	**476 610**	**114 454**	**87 442**	**678 506**
Increase	5 596	2 010	4 525	12 131
Decrease	0	0	0	0
Statement of financial position at 30 June 2014	**482 206**	**116 464**	**91 967**	**690 637**
NET CARRYING VALUE				
At 31 December 2013	**24 883**	**15 865**	**8 520**	**49 268**
At 30 June 2014	**19 287**	**39 528**	**22 558**	**81 373**

No impairment was recognised on application of IAS 36.

Note 5: Other non-current financial assets

OTHER NON-CURRENT FINANCIAL ASSETS (Amounts in euros)	**30/06/2014**	**31/12/2013**
Liquidity contract	30 922	0
Sureties	26 569	9 169
Total other non-current financial assets	**57 491**	**9 169**

Non-current financial assets consisted of:

- the cash reserve for the liquidity contract;
- deposits for commercial leases on its premises.

Note 6: Inventories

INVENTORIES (Amounts in euros)	**30/06/2014**	**31/12/2013**
Inventories of raw materials and consumables	44 415	44 415
Gross inventory	**44 415**	**44 415**
Inventory depreciation	0	0
Total inventory depreciation	**0**	**0**
Total net inventory	**44 415**	**44 415**

Composition of inventories

Inventories of raw materials mainly consist of products and consumables inherent in research work.

No physical inventory check was carried out on 30 June 2014.

Note 7: Other receivables

OTHER RECEIVABLES (Amounts in euros)	**30/06/2014**	**31/12/2013**
Research tax credit (1)	1 335 083	1 897 458
Competitiveness & jobs tax credit (CICE) (2)	12 918	16 871
Value Added Tax (3)	548 337	169 096
Subsidies receivable (5)	42 221	0
Credits note receivable	0	9 954
Prepaid expenses (4)	199 593	455 213
Other	20 771	3 063
Total other receivables	**2 158 923**	**2 551 655**

(1) Research Tax Credit (CIR)

The Company benefits from the provisions of articles 244 quater B and 49 septies F of the French General Tax Code relating to the research tax credit. In accordance with the principles described in Note 2.15, research tax credit is recognised as a deduction from research expenses in the year to which the eligible research expenses relate.

It is presented under subsidies in the category “Research and Development expenses”.

In the absence of taxable income, the CIR receivable from the State is paid in the year following the year for which it is granted:

- Estimated CIR for the period ended 30 June 2014: €1,335,083
- CIR 2013: €1,897,458. This amount has been collected during the first half of 2014

(2) Competitiveness tax credit (CICE)

The competitiveness tax credit (*Crédit d'Impôt Compétitivité Emploi* or "CICE") introduced by the Tax Amendment Act 2012-1510 of 29 December 2012 Article 66 effective 1 January 2013 is posted on the credit side of a dedicated personnel expense ledger, with a counterpart in a dedicated other receivables ledger.
The Company currently receives a CICE credit.

(3) VAT receivables relate mainly to deductible VAT and the reimbursement of VAT paid.

(4) Prepaid expenses relate to current expenses and correspond mainly to expenses incurred for trials and insurance.

PREPAID EXPENSES (Amounts in euros)	**30/06/2014**	**31/12/2013**
Studies and services	0	347 972
Insurance	136 994	60 363
Commissions	15 571	15 570
Property rental	11 069	10 344
Maintenance	7 988	8 249
Other	27 971	12 715
Total prepaid expenses	**199 593**	**455 213**

(5) Subsidies receivable mainly relate to subsidies under the Magenta program (see Note 12.1).

Note 8: Trading securities and cash

Cash and cash equivalents can be broken down as follows:

CASH AND CASH EQUIVALENTS (Amounts in euros)	**30/06/2014**	**31/12/2013**
Bank accounts	2 919 744	2 330 566
Short-term deposits	1 000 637	1 508 481
Money-market SICAVs	33 002 990	0
Total cash and cash equivalents	**36 923 371**	**3 839 047**

Time deposits have maturities of less than three months.
Money-market SICAVs meet the Company's investment policy, which requires that the assets in which the funds are invested must be highly liquid and easily convertible into cash at any time.

Note 9: Financial assets and liabilities and impact on profit or loss

The Company's assets and liabilities were measured as follows as at 31 December 2013 and 30 June 2014:

	30/06/2014		Value - Statement of financial position per IAS 39			
Balance sheet heading	**Value - Statement of financial position**	**Fair Value**	**Fair value through profit & loss**	**Loans and receivables**	**Debt at amortised cost**	**Non-financial instruments**
Non-current financial assets	57 491	57 491		57 491		
Trade receivables and related accounts	0	0		0		
Other receivables	2 158 923	2 158 923		2 158 923		
Current financial assets	0	0		0		
Cash and cash equivalents	36 923 371	36 923 371	34 003 627	2 919 744		
Total assets	**39 139 785**	**39 139 785**	**34 003 627**	**5 136 158**	**0**	**0**
Current financial liabilities	1 616 031	1 616 031			1 616 031	
Non-current financial liabilities	1 270 767	1 270 767			1 270 767	
Trade payables and related accounts	978 427	978 427			978 427	
Other creditors and miscellanneous	21 092	21 092			21 092	
Total liabilities	**3 886 317**	**3 886 317**	**34 003 627**	**5 136 158**	**3 886 317**	**0**

(Amounts in euros)	31/12/2013		Value - Statement of financial position per IAS 39			
Balance sheet heading	**Value - Statement of financial position**	**Fair Value**	**Fair value through profit & loss**	**Loans and receivables**	**Debt at amortised cost**	**Non-financial instruments**
Non-current financial assets	9 169	9 169		9 169		
Trade receivables and related accounts	0	0		0		
Other receivables	2 551 655	2 551 655		2 551 655		
Current financial assets	0	0		0		
Cash and cash equivalents	3 839 047	3 839 047	1 508 481	2 330 566		
Total assets	**6 399 871**	**6 399 871**	**1 508 481**	**4 891 390**	**0**	**0**
Current financial liabilities	283 293	283 293			283 293	
Non-current financial liabilities	1 430 768	1 430 768			1 430 768	
Trade debts and related accounts	1 922 035	1 922 035			1 922 035	
Other creditors and miscellanneous	19 172	19 172			19 172	
Total liabilities	**3 655 268**	**3 655 268**	**0**	**0**	**3 655 268**	**0**

(Amounts in euros)	Impacts - Income statement at 30 June 2014		Impacts - Income statement at 31 December 2013	
	Interest	Change in fair value	Interest	Change in fair value
Assets				
Fair value of assets through profit and loss				
Loans and receivables				
Cash and cash equivalents		3 547		8 481
Liabilities				
Liabilities measured at amortised cost: "debt" component of convertible bonds			223 532	
Liabilities measured at amortised cost: advanc	28 796		69 313	

Note 10: Capital

The following table shows the capital increases carried out in the first half of 2014:

	Capital: Number of shares	Capital	Premiums linked to capital
At 31 December 2013	***9 694 339***	**969 434**	**11 219 831**
January 2014 - Exercise of BSA investors	*1 046 876*	104 688	3 140 628
April 2014 - Capital increase as result of IPO	*4 367 088*	436 708	34 063 286
May 2014 - Overallotment option	*21 604*	2 160	168 511
May 2014 - Bond conversion	*155 164*	15 516	1 210 279
BSA subscriptions			13 000
Capital increase transaction expenses			(2 944 403)
At 30 June 2014	***15 285 071***	**1 528 507**	**46 871 132**

Issued capital

As a result of the Company's IPO and the conversion of some of the convertible bonds into shares, its share capital was €1,528,507.10. It consists of 15,285,071 fully subscribed and paid-up ordinary shares each with a nominal value of €0.10.

This number of shares excludes share subscription warrants (BSA) and founders' warrants (BCE) granted to certain investors and to certain physical persons, whether or not employees of the Company, which have not yet been exercised.

As a result of the admission of the Company's shares to trading on a regulated market, the P1, P2 and P3 preference shares lost their privileges and were therefore automatically converted into ordinary shares.

Dividends

The Company paid no dividend in the first half of 2014.

Capital management

The Group's policy is to maintain a sound capital base, to preserve the confidence of investors and creditors, and to support the future growth of the business.

For this purpose, a liquidity contract was signed on 18 April 2014 with Banque Oddo et Cie. As at 30 June 2014, under this contract, 26,364 ordinary shares were removed from shareholders' equity and €30,922 in cash was entered as long-term financial assets.

Note 11: Warrants and founders' warrants

Warrants issued to the benefit of financial investors

The Company issued 133 334 warrants to investors in July 2008 (exercisable over 10 years).

In addition, the Shareholders' General Meeting of 22 April 2013 allocated to investors 2,240,375 BSA 2013 Closing 1 warrants and 375,000 BSA 2013 Closing 2 warrants.

The BSA Closing 1 were waived by investors over the course of the eligibility period.
The BSA Closing 2 warrants expired on 31 December 2013.

The BSA warrants issued to the benefit of financial investors are treated as equity instruments.

Change in investor BSAs	**31/12/2013**	**Voided**	**Exercised**	**30/06/2014**
BSA Closing 2	375 000	375 000		0
BSA Closing 1	2 240 375	1 193 499	1 046 876	0
BSA other investors	133 334			133 334
				0
Total	2 748 709	1 568 499	1 046 876	133 334

Warrants (BSA) issued to the benefit of Supervisory Board members and Executive Board members.

The following table summarises the data relating to the option plans issued and the assumption adopted for IFRS 2 valuation:

						Assumptions adopted - fair value calc per IFRS 2				
Date	**Type**	**Number of warrants issued**	**Number of options voided**	**Number of options in circulation**	**Maximum number of shares to be issued**	**Subscription price per share in €**	**Exercise period**	**Volatility**	**Risk-free rate**	**Total valuation per IFRS 2 (Black&Scholes)**
Allocation of 24 October 2008	BSA	30 800		30 800	30 800	3,00 €	10 yrs	64,23%	7,03%	60 225 €
Allocation of 22 February 2010	BSA	155 200		155 200	155 200	3,00 €	10 yrs	55,14%	3,58%	257 630 €
At 31 December 2010		**186 000**	**0**	**186 000**	**186 000**					
At 31 December 2011		**186 000**	**0**	**186 000**	**186 000**					
At 31 December 2012		**186 000**	**0**	**186 000**	**186 000**					
At 30 June 2013		**186 000**	**0**	**186 000**	**186 000**					
Allocation of 20 December 2013	BSA	116 000		116 000	116 000	4,00 €	10 yrs	54,27%	2,09%	220 552 €
At 31 December 2013		**302 000**	**0**	**302 000**	**302 000**					
At 30 June 2014		**302 000**	**0**	**302 000**	**302 000**					

The BSA (warrants) can be exercised by their holder from the date that they are allocated by the Executive Board, but only up to 1/3 of the holder's allocated warrants per year.

Founders' warrants (BSPCE) issued to the benefit of employees and members of the Executive Board.

The following table summarises the option plans issued and the assumptions adopted for IFRS 2 valuation:

						Assumptions adopted - fair value calc per IFRS 2				
Allocation date	**Type**	**Number of warrants issued**	**Number of options voided**	**Number of options in circulation**	**Maximum number of shares to be issued**	**Exercise price in €**	**Exercise period**	**Volatility**	**Risk-free rate**	**Total valuation per IFRS 2 (Black&Scholes)**
BSPCE November 2005	BSPCE	24 200		24 200	24 200	3,00 €	10 yrs	72,00%	3,49%	47 916 €
BSPCE February 2007	BSPCE	28 000		28 000	28 000	3,00 €	10 yrs	48,70%	4,27%	44 800 €
BSPCE April 2009	BSPCE	88 460		88 460	88 460	3,00 €	10 yrs	58,70%	5,22%	159 279 €
BSPCE December 2010	BSPCE	217 400	19 900	197 500	197 500	3,00 €	10 yrs	55,10%	3,73%	342 701 €
At 31 December 2010		**358 060**	**19 900**	**338 160**	**338 160**					
BSPCE September 2011	BSPCE	13 500		13 500	13 500	3,00 €	10 yrs	56,80%	3,83%	23 013 €
At 31 December 2011		**371 560**	**19 900**	**351 660**	**351 660**					
BSPCE June 2012	BSPCE	13 000		13 000	13 000	3,00 €	10 yrs	59,30%	2,34%	22 161 €
BSPCE December 2012	BSPCE	11 750		11 750	11 750	3,00 €	10 yrs	59,30%	1,42%	18 943 €
At 31 December 2012		**396 310**	**19 900**	**376 410**	**376 410**					
BSPCE February 2013	BSPCE	19 320		19 320	19 320	3,00 €	10 yrs	54,30%	1,68%	31 148 €
At 30 June 2013		**415 630**	**19 900**	**395 730**	**395 730**					
BSPCE December 2013	BSPCE	121 314		121 314	121 314	4,00 €	10 yrs	54,30%	2,09%	188 635 €
At 31 December 2013		**536 944**	**19 900**	**517 044**	**517 044**					
BSPCE May 2014	BSPCE	481 491		481 491	481 491	6,77 €	10 yrs	54,92%	0,81%	1 544 540 €
At 30 June 2014		**1 018 435**	**19 900**	**998 535**	**998 535**					

The BSPCE can be exercised by their holder from the date that they are allocated by the Executive Board, but only up to 1/3 of the holder's allocated warrants per year, with the exception of the 14 May 2014 option plans known as "BSPCE $_{\text{May 2014}}$". For the latter, the BSPCEs can be exercised by their holders as follows:

- Up to 1/3 of the warrants granted to the beneficiary, at the end of the 12th month after the date that they were granted by the Executive Board;

- Up to 2/3 of the warrants granted to the beneficiary, at the end of the 24th month after the date that they were granted by the Executive Board.

BSA and BSPCE valuation methods

The fair value of the options was measured using the Black & Scholes valuation method. The following methods were used to estimate the fair value of the options:

- The option price used is equal to the investor subscription price or by reference to internal valuations;
- The risk-free rate is based on the average lifetime of the instruments;
- Volatility is calculated with reference to a sample of listed companies in the biotechnology sector, as at the date the instruments are subscribed and over a period equal to the lifetime of the option.

Breakdown of charges recognised in accordance with IFRS 2 as at 30 June 2013 and 30 June 2014

		At 30 June 2013					At 30 June 2014				
Type	**Allocation date**	**Number of options outstanding**	**Cost IFRS 2 of the plan**	**Total expense at opening**	**Expense at 30 June 2013**	**Total expense at 30/06/2013**	**Number of options outstanding**	**Cost IFRS 2 of the plan**	**Total expense at opening**	**Expense at 30 June 2014**	**Total expense at 30/06/2014**
BSPCE	BSPCE November 2005	24 200	47 916 €	47 916 €	0 €	47 916 €	24 200	47 916 €	47 916 €	0 €	47 916 €
BSPCE	BSPCE February 2007	28 000	44 800 €	44 800 €	0 €	44 800 €	28 000	44 800 €	44 800 €	0 €	44 800 €
BSPCE	BSPCE April 2009	88 460	159 279 €	159 279 €	0 €	159 279 €	88 460	159 279 €	159 279 €	0 €	159 279 €
BSPCE	BSPCE December 2010	202 000	362 314 €	326 439 €	22 773 €	349 212 €	197 500	342 701 €	342 701 €	0 €	342 701 €
BSPCE	BSPCE September 2011	13 500	23 013 €	14 722 €	2 805 €	17 526 €	13 500	23 013 €	20 239 €	1 083 €	21 321 €
BSPCE	BSPCE June 2012	13 000	22 161 €	6 975 €	6 660 €	13 635 €	13 000	22 161 €	16 713 €	3 022 €	19 735 €
BSPCE	BSPCE December 2012	11 750	18 943 €	634 €	5 762 €	6 397 €	11 750	18 943 €	11 865 €	2 618 €	14 483 €
BSPCE	BSPCE February 2013	19 320	31 148 €	0 €	6 655 €	6 655 €	19 320	31 148 €	15 726 €	5 114 €	20 840 €
BSPCE	BSPCE December 2013						121 314	188 635 €	3 423 €	56 536 €	59 959 €
BSPCE	BSPCE May 2014						481 491	1 544 540 €	0 €	129 798 €	129 798 €
Total - BSPCE		**400 230**	**709 574 €**	**600 766 €**	**44 655 €**	**645 421 €**	**998 535**	**2 423 137 €**	**662 663 €**	**198 171 €**	**860 834 €**

		At 30 June 2013					At 30 June 2014				
Type	**Allocation date**	**Number of options outstanding**	**Cost IFRS 2 of the plan**	**Total expense at opening**	**Expense at 30 June 2013**	**Total expense at 30/06/2013**	**Number of options outstanding**	**Cost IFRS 2 of the plan**	**Total expense at opening**	**Expense at 30 June 2014**	**Total expense at 30/06/2014**
BSA	Allocation of 24 October 2008	30 800	60 225 €	60 225 €	0 €	60 225 €	30 800	60 225 €	60 225 €	0 €	60 225 €
BSA	Allocation of 22 February 2010	155 200	257 630 €	257 582 €	48 €	257 630 €	155 200	257 630 €	257 630 €	0 €	257 630 €
BSA	Allocation of 20 December 2013						116 000	220 552 €	4 070 €	66 962 €	71 032 €
Total - BSA		**186 000**	**317 854 €**	**317 807 €**	**48 €**	**317 854 €**	**302 000**	**538 407 €**	**321 924 €**	**66 962 €**	**388 886 €**
Total - BSPCE and BSA		**586 230**	**1 027 429 €**	**918 572 €**	**44 703 €**	**963 275 €**	**1 300 535**	**2 961 544 €**	**984 587 €**	**265 134 €**	**1 249 721 €**

Note 12: Borrowings and financial debt

CURRENT AND NON-CURRENT FINANCIAL DEBT (Amounts in euros)	**30/06/2014**	**31/12/2013**
Repayable advance	1 270 668	1 430 768
Non-current financial debt	**1 270 668**	**1 430 768**
Bank overdrafts	99	94
Bonds - debt component	1 243 937	0
Bonds - non-conversion premium	0	0
Repayable advances	372 095	283 199
Current accounts of associates	0	0
Current financial debt	**1 616 131**	**283 293**
Total financial debt	**2 886 799**	**1 714 061**

Breakdown of financial debt by maturity

The following shows financial debt in the period presented:

CURRENT AND NON-CURRENT FINANCIAL DEBT (Amounts in euros)	**30/06/2014**			
	Gross amount	**< 1 year**	**1 ≥ 5 yrs**	**> 5 years**
Bank overdrafts	99	99		
Repayable advances	1 642 763	372 095	1 270 668	
Current accounts of associates	0			
Bonds - debt component	1 243 937	1 243 937		
Bonds - non-conversion premium	0			
Total financial debt	**2 886 799**	**1 616 131**	**1 270 668**	**0**
Current financial debt	*1 616 131*			
Non-current financial debt	*1 270 668*			

CURRENT AND NON-CURRENT FINANCIAL DEBT (Amounts in euros)	**31/12/2013**			
	Gross amount	**< 1 year**	**1 ≥ 5 yrs**	**> 5 years**
Bank overdrafts	94	94		
Repayable advances	1 713 967	283 199	1 326 376	104 393
Current accounts of associates	0			
Bonds - debt component	0			
Bonds - non-conversion premium	0			
Total financial debt	**1 714 061**	**283 293**	**1 326 376**	**104 393**
Current financial debt	*283 293*			
Non-current financial debt	*1 430 768*			

12.1 Repayable advances and subsidies

The following table shows the change in repayable advances:

CHANGE IN REPAYABLE ADVANCES (Amounts in euros)	**Repayable advances**			
	OSEO 2 - HPV	**OSEO 3 - ProCervix**	**OSEO 4 - Magenta**	**Total**
At 31 December 2013	**1 298 569**	**311 005**	**104 393**	**1 713 967**
(+) Encashment				0
(-) Repayment	-100 000			-100 000
Subsidies				0
Financial expenses	24 081	4 334	382	28 796
(+/-) Other movements				0
At 30 June 2014	**1 222 650**	**315 339**	**104 775**	**1 642 763**

Breakdown of repayable advances by maturity date

	Repayable advances			Total
	OSEO 2 - HPV	OSEO 3 - ProCervix	OSEO 4 - Magenta	
At 30 June 2014	**1 222 650**	**315 339**	**104 775**	**1 642 763**
Component < 1 year	293 416	78 679		372 095
Component 1 ≥ 5 years	929 234	236 660	104 775	1 270 668
Component > 5 years				

The Company obtained no additional repayable advances during the first half of 2014, and received no additional payments under existing advances.

OSEO 4 subsidy

Under the global strategic industrial innovation project "Magenta" signed 7 March 2013, the Company can benefit from subsidies of up to 45% of eligible expenses with a total ceiling of €583,223.
In 2013 the Company received a first subsidy payment of €367,207, accounted for in the income statement for the first half of 2013.

The rest of the subsidy will be paid at various key stages of the project.

- A second payment amounting to €128,532 upon proof of the industrial feasibility of the process for the vaccine candidate. For this, a receivable in the amount of €42,221 was recognised in the first half of 2014 to match the expenses committed;
- A third payment amounting to €87,484 upon the preclinical approval and availability of the clinical batch of the vaccine candidate.

The industrial feasibility of the process was proven in the first half of 2014. Consequently, a receivable in the amount of the second payment was recognised at 30 June 2014. The second payment must be made in the second half of 2014.

12.2 Convertible-bond borrowing

CHANGE IN BOND BORROWING (Amounts in euros)	**Bonds convertible into P1 preference shares TRANCHE 1**	**Bonds convertible into P1 preference shares TRANCHE 2**	**Bonds convertible into P1 preference shares TRANCHE 3**	**Bonds convertible into ordinary shares**	**Total**
At 31 December 2012	**531 693**	**2 227 799**	**0**	**0**	**2 759 492**
(+) Encashment	0	0	2 074 878		2 074 878
(+/-) Non-conversion premium	-59 221	-130 709	0		-189 930
(-) Repayment	0	0	0		0
(+) Capitalised interest / unwinding	7 055	31 353	14 128		52 536
(+/-) Conversion	-479 527	-2 128 443	-2 089 006		-4 696 976
At 30 June 2013	**0**	**0**	**0**	**0**	**0**
At 31 December 2013	**0**	**0**	**0**	**0**	**0**
(+) Encashment				2 451 628	2 451 628
(+/-) Repayment					0
(+) Capitalised interest				18 105	18 105
(+/-) Impact amortised cost					0
(+/-) Conversion				-1 225 796	-1 225 796
At 30 June 2014	**0**	**0**	**0**	**1 243 937**	**1 243 937**

Issuance of a bond convertible to shares in 2014

A bond convertible into ordinary shares was issued in the first half of 2014 in the maximum amount of €2,451,628 (EGM authorisation and bond terms & conditions of 7 March 2014).

The key features of these share-convertible bonds were as follows:

- Number of bonds convertible into ordinary shares: 612,907
- Nominal value: €4
- Annual interest rate: 3%, capitalised interest on the basis of 365 days,
- Maturity: 30/09/2014
- Capitalised interest converted into shares if bonds converted to shares (identical methods)
- Early repayment clauses.

The conversion conditions are as follows:

<u>Conversion case 1:</u>

If no IPO or financing round materialises by 30 September 2014, each holder will be entitled to demand the conversion of all their CBs to P3 Shares, at a parity of one P3 Share per CB.

<u>Conversion case 2:</u>

The bonds will automatically be converted to P3 shares if the Company is sold and/or it undergoes a change of control, at a parity of one P3 Share per bond.

Conversion case 3:

In the case of a first listing on a regulated stock exchange, the CBs held by each CB-holder will automatically be converted into ordinary shares in the Company, on the following schedule:
306,564 CBs amounting to €1,225,816 will be converted on the later of the following dates: (i) 30 May 2014 or (ii) the IPO date.
The remaining 306,453 CBs amounting to €1,225,812 will be converted on the later of the following dates: (i) 30 September 2014 or (ii) the IPO date.

The number N of ordinary shares issued upon conversion of the CBs will be calculated as follows:
N = M/X
Where:
M is the nominal value of the CBs converted on the applicable date for each affected CB-holder, and
X is the share price (issue premium included) adopted for the capital increase as part of the IPO

Conversion case 4:

On the assumption that a third party who is not a Company shareholder could acquire more than 50% of the Company's capital and voting rights prior to 30 September 2014, every CB holder will have the option of requiring that all his/her CBs be converted into P3 shares on a 1-to-1 basis.

As the Company has proceeded with its IPO, conversion case 3 applies here.

Accounting principle adopted for CBs

In accordance with IAS 32, the instruments issued by the Company must be separately identifiable.

As, at the bond issue date, the instruments were redeemable by other than a set number of treasury shares for a set amount of cash (due to the special clauses in the preceding section), the instrument is defined as a debt and is recognised using the amortised cost method.

Note 13: Employee benefit obligations

Commitments to personnel consist of the provision for a retirement package, measured in accordance with the applicable collective bargaining agreement, specifically the collective agreement for the Pharmaceutical Industry.

This commitment concerns only those employees covered by French law. The main actuarial assumptions used to measure retirement packages are as follows:

HYPOTHESES ACTUARIELLES	30/06/2014	31/12/2013	30/06/2013
Age de départ à la retraite	Départ volontaire entre 65 et 67 ans		
Conventions collectives	Industrie Pharmaceutique		
Taux d'actualisation (IBOXX Corporates AA)	2,40%	3,00%	3,02%
Table de mortalité	INSEE 2012	INSEE 2012	INSEE 2012
Taux de revalorisation des salaires	2,50%	2,50%	3,50%
Taux de turn-over	Faible	Faible	Faible
Taux de charges sociales			
Cadres	42%	43%	43%
Employés	45%	42%	42%
Techniciens	45%	44%	45%

The following shows the change in retirement provisions:

ACTUARIAL ASSUMPTIONS	30/06/2014	31/12/2013	30/06/2013
Age at retirement	Voluntary retirement age 65 to 67		
Collective agreements	Pharmaceutical Industry		
Discount rate (IBOXX Corporates AA)	2,40%	3,00%	3,02%
Mortality table	INSEE 2012	INSEE 2012	INSEE 2012
Salary revaluation rate	2,50%	2,50%	3,50%
Staff turnover	Low	Low	Low
Social security expense ratio			
Management	42%	43%	43%
Employees	45%	42%	42%
Technicians	45%	44%	45%

EMPLOYEE BENEFIT OBLIGATIONS (Amounts in euros)	Post-employment benefit obligations
At 31 December 2012	**246 958**
Past service costs	22 963
Financial costs	3 366
Actuarial gains (losses)	-65 369
At 30 June 2013	**207 917**
At 31 December 2013	**251 015**
Past service costs	19 573
Financial costs	3 766
Actuarial gains (losses)	47 227
At 30 June 2014	**321 580**

Note 14: Trade and other current liabilities

14.1. Trade payables and related accounts

Trade debts and related accounts are not discounted to the extent that the amounts do not extend back more than one year at the end of any period.

TRADE PAYABLES AND RELATED ACCOUNTS (Amounts in euros)	30/06/2014	31/12/2013
Trade payables	678 896	1 351 346
Invoices not received	299 531	570 689
Total trade payables and related accounts	**978 427**	**1 922 035**

14.2 Tax and social security liabilities

Tax and social security liabilities can be broken down as follows:

TAX AND SOCIAL SECURITY LIABILITIES (Amounts in euros)	**30/06/2014**	**31/12/2013**
Payroll and related accounts	157 464	295 658
Social security and other social bodies	301 543	269 698
Other tax and related accounts	41 251	26 615
Total tax and social security liabilities	**500 258**	**591 971**

14.3 Other current liabilities

The following table shows the breakdown of other short-term liabilities and debts to third parties:

OTHER CURRENT LIABILITIES (Amounts in euros)	**30/06/2014**	**31/12/2013**
Prepaid income	0	2 300
Attendance fees payable to Supervisory Board members	20 250	16 000
Other	842	872
Total other current liabilities	**21 092**	**19 172**

Note 15: Sales and operating income

The Company made no sales in the two fiscal years presented.

Note 16: Breakdown of expenses and income per function

16.1 Research and Development

RESEARCH & DEVELOPMENT (Amounts in euros)	**30/06/2014**	**30/06/2013**
Personnel expense	(1 252 343)	(865 897)
Studies and services	(2 938 824)	(1 811 278)
Raw materials and consumables	(79 878)	(99 698)
Travel, assignments and entertainment	(45 203)	(32 217)
Maintenance and repair	(28 649)	(28 703)
Royalties and patents	(176 454)	(55 832)
Transport	(14 827)	(5 324)
Depreciation and amortization of fixed assets	(1 371)	(1 443)
Other	(11 055)	(548)
Share-based payments	(152 790)	(18 244)
Research & Development Expenses	**(4 701 393)**	**(2 919 182)**
Research tax credit	(1 348 801)	(751 041)
Subsidies	(42 221)	(368 666)
OSEO advances	0	(31 050)
Subsidies	**(1 391 022)**	**(1 150 757)**

R&D expenses relate to the development of therapeutic vaccines.

16.2 General and administrative expenses

ADMINISTRATIVE EXPENSES (Amounts in euros)	**30/06/2014**	**30/06/2013**
Personnel expense	(330 168)	(216 831)
Insurance	(53 094)	(45 227)
Travel, assignments and entertainment	(79 478)	(47 805)
Maintenance and repair	(25 967)	(20 119)
Studies and training	(20 239)	(17 201)
Rental of movable and immovable property	(69 745)	(87 832)
Postal and telecom expenses	(15 328)	(13 814)
Sales and marketing expenses	(27 025)	(2 135)
Professional fees	(303 221)	(151 688)
Levies and taxes	(18 529)	(2 662)
IPO-related expenses	(210 911)	0
Attendance fees	(44 000)	(18 800)
Depreciation and amortization of fixed assets	(15 058)	(30 379)
Other	(1 307)	(66)
Share-based payments	(112 344)	0
Administrative expenses	**(1 326 414)**	**(654 559)**

Note 17: Workforce

Genticel's workforce in the two fiscal periods presented is as follows:

WORKFORCE	**At 30 June 2014**	**At 31 December 2013**
Managers	25	21
Employees	10	9
Average total workforce	**35**	**30**

The Company had 35 employees on 30 June 2014, versus 30 on 31 December 2013.

Note 18: Financial income and expenses, net

FINANCIAL INCOME AND EXPENSES (Amounts in euros)	**30/06/2014**	**30/06/2013**
Other financial expenses	(36 150)	93 057
Financial income (interest on short-term deposits)	26 742	2 051
Translation gains (losses)	(441)	3 312
Total financial income and expenses	**(9 849)**	**98 420**

Other financial expenses consisted mainly of interest on bonds and the effect of unwinding the discounting of repayable advances.
The positive amount shown in “Other financial income” at 31 December 2013 relates to the income from the early conversion of bonds.
Financial income mainly consists of interest from term deposits and money-market SICAVs.

Note 19: Income tax

Applying the same rules as on 31 December 2013, the Group recognized no deferred tax assets at 30 June 2014.

Indefinitely deferrable tax losses available to the Company at 31 December 2013 amounted to €35,465K.

Note 20: Earnings per share

Basic earnings

"Basic earnings per share" is calculated by dividing the net income attributable to Company shareholders by the weighted average number of ordinary shares in circulation in the fiscal year.
Instruments giving deferred rights to share capital (warrants and subscription options) are considered anti-dilutive as their effect is to increase earnings per share. Thus, the diluted earnings per share are identical to basic earnings per share.

BASIC EARNINGS PER SHARE (Amounts in euros)	**30/06/2014**	**30/06/2013**
Weighted average number of outstanding shares	12 837 972	7 768 901

Net income in the period from continuing activities	(4 643 574)	(2 334 751)
Basic earnings per share (€/share)	**(0,36)**	**(0,30)**
Diluted earnings per share (€/share)	**(0,36)**	**(0,30)**

Profit (loss) for the period	(4 643 574)	(2 334 751)
Basic earnings per share (€/share)	**(0,36)**	**(0,30)**
Diluted earnings per share (€/share)	**(0,36)**	**(0,30)**

As at 30 June 2014, the Company had the following dilutive instruments:

- 141,534 share subscription warrants to the benefit of investors (see Note 11).
- 302,000 share subscription warrants to the benefit of members of the Supervisory Board and consultants (see Note 11).
- 998,535 founders' warrants (see Note 11).

Note 21: Related parties

The Company has identified as related parties the members of the Executive Board, the Supervisory Board and the shareholders.

21.1 Compensation paid to executives (excluding allocation of equity instruments)

No post-employment benefits were granted to the members of the Supervisory Board and the members of the Executive Board.

Compensation due to members of the Supervisory Board and to the members of the Executive Board can be broken down as follows (in euros):

Compensation of corporate officers	30/06/2014	30/06/2013
Fixed compensation due	212 375	198 562
Variable compensation due	162 781	44 201
Benefits in kind	2 712	2 712
Attendance fees	30 000	10 000
Share-based payments	192 477	32 727
Consultancy fees	30 000	38 000
TOTAL	**630 345**	**326 202**

The variable components of compensation are allocated on the basis of performance criteria.

The methods used to calculate the advantage of share-based payments are explained in Note 11.

21.2 Consultancy contracts

The Company has signed consultancy contracts with two members of the Supervisory Board:

- Consultancy contract with Mr Hercend (Chairman of the Supervisory Board), renewed in 2013, which generated invoicing totalling €30,000 plus VAT for the first half of 2014.
- Consultancy contract with Mr Hoch (Member of the Supervisory Board), renewed in 2013, which generated invoicing totalling €248.92 for travel for the first half of 2014.

Note 22: Off-balance-sheet commitments

The main changes in off-balance-sheet commitments between 31 December 2013 and 30 June 2014 are described below. Other off-balance-sheet commitments at 31 December 2013 have not changed significantly over the period.

22.1 Commercial leases

Property rental

As part of its activity, the Company has signed leases on premises:

- For its registered office and its laboratories, effective 1 September 2013.
- For its clinical development building, effective 22 July 2010.

These buildings are located at, respectively, Prologue-Biotech, 516 Rue Pierre et Marie Curie 31670 Labège-Innopole and at 112-114 rue La Boétie 75008 Paris.

Due to the increase of its clinical development activity, the company decided to relocate its Paris office and rent larger premises. Thus, during the 1st semester 2014:

- The company has entered into a third lease agreement, effective June 1st, for offices located at 5 rue Tronchet 75008, Paris;
- Is actively searching for a successor for the office located rue La Boetie, with the agreement of the landlord.

Duration and early termination compensation

The first real estate lease signed (Toulouse) for a duration of two consecutive years with possibility for the Company of a rent holiday at any time subject to two months' notice.
The second real estate lease signed (Paris) for a duration of nine consecutive full years with the possibility for the Company of a rent holiday every third year only.

Expenses and commitments

The rent payments recognised at 30 June 2014 and the commitments up to the next early leaving period can be broken down as follows:

At 30/06/2014

Finance leasing agreements	Effective start date of lease	End date of lease	Expenses at 30 June 2014	Commitments until the next period-start	
				≤ 1 year	1 ≥ 5 yrs
Labège building	01/09/2013	31/07/2015	34 953	69 906	5 826
Paris building, rue la Boétie	22/07/2010	21/07/2019	23 561	47 122	51 049
Paris building, rue Tronchet	01/06/2014	31/05/2023	725	72 500	150 075

4- STATUTORY AUDITORS' REPORT ON THE SEMI-ANNUAL FINANCIAL INFORMATION FROM THE PERIOD SPANNING 1 JANUARY 2014 TO 30 JUNE 2014

100 Rue de Courcelles
75 017 Paris
Membre de la Compagnie Régionale
des Commissaires aux Comptes de Paris

8 Chemin de la Terrasse
31 500 Toulouse
Membre de la Compagnie Régionale
des Commissaires aux Comptes de Toulouse

GENTICEL

Public limited company with capital of 1,528,507.10 euros

Registered Office:

516 Rue Pierre et Marie Curie

31 670 LABEGE, France

Statutory Auditor's report on the semi-annual financial statements

For the period from January 1 to June 30, 2014

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 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.*

To the Shareholders

In compliance with the assignment entrusted to us by your General Meeting and in accordance with the requirements of article L. 451-1-2 of the French Monetary and Financial Code (*"Code monétaire et financier"*), we hereby report to you on:

- the review of the accompanying condensed half-yearly financial statements of Genticel, for the period from January 1 to June 30, 2014,
- the verification of the information presented in the half-yearly management report.

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

1. Conclusion on 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 condensed 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.

2. Specific verification

We have also verified the information presented in the half-yearly management report on the condensed half-yearly financial statements subject to our review. We have no matters to report as to its fair presentation and consistency with the condensed half-yearly financial statements.

Paris and Toulouse, September 12, 2014

Statutory Auditors

GRANT THORNTON

French member of Grant Thornton International

Laurent Bouby

Partner

SYGNATURES

Laure Mulin

Partner