



HALF-YEAR FINANCIAL REPORT
1st HALF 2016
Activity Report
Financial Statements at 30 June 2016
Note to the Financial Statements
Statutory Auditor's Report

Quantum Genomics
Limited Company (Société Anonyme)
With capital of €3,354,665.46
Registered office: Tour Maine Montparnasse –
33, avenue du Maine – 75015 Paris
Paris Trade & Companies Register 487 996 647

1. BUSINESS ACTIVITY AND HIGHLIGHTS OF THE FIRST HALF 2016

In the first half of 2016, Quantum Genomics (the "**Company**") passed major milestones in its business development and its financial structure, notably carrying out a further capital increase via private placement in the United States and a public offering in France on the Euronext Alternext Market in Paris, completing Phase IIa clinical trials in arterial hypertension, and starting the Phase IIa trial in heart failure.

1.1 Economic and scientific progress

In March 2016, the Company carried out a capital increase of €8.58 million including €5.54 million as a private placement with institutional investors in the United States and €3.04 million as a public offering in Europe with a priority period for all its shareholders. The amount raised could reach €14.1 million if all the attached warrants are exercised.

In its international development, and with a view to the next multicentric clinical trials that will be carried out in the United States, the Company set up an American Clinical Ethics Committee and also opened an office in New York where the first meeting of that committee was held on 3 March 2016.

The Phase IIa trial in arterial hypertension (QGC001) which had started in March 2015 was completed in April 2016.

In January and in May, three patents were granted in the United States, protecting until October 2031 and 2033 the industrial manufacturing process for the drug candidate QGC001, the crystalline form of the trihydrate of QGC001 (product currently in development) and a new form associated with L-Lysine. These patents were also granted in several other major countries.

The Company started its Phase IIa clinical trial in chronic heart failure in humans, which it calls QUID HF. It is a double-blind randomised trial in 75 patients who suffer from heart failure. In late June, three hospital centres were opened: Lyon, Nantes and Stavanger, Norway.

On 28 June 2016, Quantum Genomics is extending its collaboration agreement with its

partner in animal health, for the treatment of heart failure in dogs.

1.2 Legal Transactions

The Company's management bodies have taken a number of decisions since 1st January 2016, to support the Transaction.

Specifically:

- on 2 March 2016, the Company's Compensation Committee announced (i) the Chief Executive Officer's compensation, (ii) the total amount of directors' attendance fees, and (iii) the allocation of free shares to the Company's employees and/or executives;
- on 2 March 2016, the Board of Directors announced:
 - the Chief Executive Officer's compensation,
 - the total amount of attendance fees to be allocated to directors,
 - an update on Company activities
 - a review of the 2016 Budget and the 2016-2017 Business Plan,
 - a review of financing alternatives, and
 - the allocation of free shares to the Company's employees and/or executives, the use of the delegation of authority granted by the Combined Ordinary and Extraordinary General Meeting of 22 December 2015;
- on 14 March 2016, the Board of Directors decided to use the authorisation granted by the Shareholders' General Meeting of 22 December 2015, in particular Resolutions 2 and 4 of that General Meeting, to increase capital on two separate occasions relating to the Transaction, on the following terms:
 - regarding the "private placement" portion of the Transaction:
 - the envisaged capital increase would include the waiver of preferential subscription rights and would not be offered to the public, in accordance with Article L. 411-2 II of the French Monetary and Financial Code, and would therefore be reserved for qualified investors in the sense of Article D.411-1 of

the that Code, and/or for a restricted circle of investors in the sense of Article D.411-4 of that Code, and would be in the form of an issue, to their benefit, of 923,644 ABSARs (shares with redeemable equity warrants) with no nominal value;

- each of the 923,644 ABSARs would have a subscription price of €6.00, issue premium included, making a total subscription price of €5,541,864. This issue price of the issued ABSARs would be equal to the weighted average share price of Quantum Genomics over the twenty (20) trading days immediately preceding the date on which the issue price was set, reduced by a discount of approximately 15%;
- the 461,822 shares to which the 923,644 redeemable share subscription warrants attached to the ABSARs give entitlement, would be subscribed at €7.75 per share (issue premium included), making a total subscription price of €3,579,120.50;
- regarding the "public offering" portion of the Transaction:
 - the envisaged capital increase would include a waiver of preferential subscription rights and would be in the form of a public offering on the Euronext Alternext Market in Paris (the "**Offer**") of 490,686 ABSARs, to which would be attached 490,686 redeemable share subscription warrants, which would increase to 506,329 ABSARs if the increase option is exercised in full, as explained below;
 - each shareholder registered on 15 March 2016, would be entitled to subscribe, irreducibly in proportion to his/her percentage shareholding, to 1 ABSAR for every 16 existing shares, as a priority over other investors, during a period of three trading days from the opening date of the Offer, it being understood that the Company's treasury shares would not benefit from this priority period. Any new shares not absorbed by subscribers on an irreducible basis will be distributed and allocated to the shareholders who subscribed on a reducible basis. If not all the ABSARs are subscribed irreducibly or reducibly during the priority period, the unsubscribed shares would be allocated to the persons who had placed subscription orders as part of the Offer. The priority subscription period for the ABSARs would only benefit persons who are listed in the Company's shareholder register on the opening date of the Offer. The exercise of this priority period would be conditional on the locking-in until the close of the priority subscription period, i.e., for a period of three trading days counting from the opening date of the Offer, of the corresponding shares of the shareholder concerned, at the Company for fully registered shares and at the financial

intermediary account for administered registered shares and bearer shares;

- the Offer would be managed by Invest Securities, as the entity in charge of placement and centralisation. No guarantee of placement success or completion would be given in this capital increase, the Board of Directors reserving the right to rescind and/or exercise any other option provided in Article L. 25-134 of the French Commercial Code;
 - the capital increase, in the nominal amount of €2,944,116, would be carried by issuing 490,686 ABSARs to which would be attached 490,686 redeemable share subscription warrants, with preferential subscription rights waived, and by a public offering on the Euronext Alternext Market in Paris, that may increase to 506,329 ABSARs if the increase option is exercised in full, as explained below;
 - each of the 490,686 ABSARs would have a subscription price of €6.00 (issue premium included), making a total subscription price of €2,944,116 which may increase to €3,037,974 if the increase option is exercised in full, as explained below, the ABSAR issue price being the weighted average share price of Quantum Genomics over the twenty (20) trading days immediately preceding the date on which the issue price was set, reduced by a discount of approximately 15%;
 - the 245,343 shares to which the 490,686 redeemable share subscription warrants attached to the ABSARs give entitlement, would be subscribed at €7.75 per share (issue premium included), making a total subscription price of €1,901,408.25, which would increase to €1,962,021 if the increase option referred to below is exercised in full, thus giving the right to 253,164 shares for 506,329 share subscription warrants exercised;
 - under the increase option authorised by Resolutions 2 and 7 or the Combined Ordinary and Extraordinary Meeting of the Company's shareholders held on 22 December 2015, in accordance with Article L. 225-135-1 of the French Commercial Code, the number of new shares may, at the discretion of Invest Securities, be increased by 3.19%, i.e., by a maximum 15,643 ABSARs, making the Offer a maximum 506,329 ABSARs while remaining below the €5,000,000 ceiling;
- in accordance with the powers granted to him by the Board of Directors at its meeting of 14 January 2016, the Company's Chairman & Chief Executive Officer announced, on 16 March 2016, the final completion of the capital increase with preferential subscription rights waived and without a public offering, in accordance with Article L. 411-2 II of the French Monetary and Financial Code, reserved for qualified investors in

the sense of Article D.411-1 of that Code, and/or for a restricted circle of investors in the sense of Article L.411-2.II and Article D.411-4 of that Code, in the amount of €5,541,864 (issue premium included), by the issue of a maximum number of 923,644 ABSARs at a price of €6.00 each (issue premium included);

- in accordance with the powers granted to him by the Board of Directors at its meeting of 14 January 2016, the Company's Chairman & Chief Executive Officer decided on 24 March 2016 that (i) based on the requests received by the Company, the ABSAR offer was fully subscribed, and (ii) consequently to proceed with a capital increase in the nominal amount of €202,438.49 by issuing 506,329 ABSARs with 506,329 redeemable share subscription warrants attached, at a price of €6.00 per ABSAR (issue premium included), representing a total subscription amount of €3,037,974 (issue premium included), to be paid in cash in full at time of subscription, (iii) to proceed with creating 506,329 ABSARs and 506,329 redeemable share subscription warrants attached to them, through competent entities, and (iv) to give all powers to the company Invest Securities to accomplish the envisaged issuance and organise the issue of 506,329 ABSARs and the 506,329 redeemable share subscription warrants attached to them, with the new Company shares to be created either through this issue or through the exercise of the redeemable share subscription warrants attached to them being immediately assimilated with the Company's existing shares and listed on the Euronext Alternext Market in Paris from 30 March 2016;
- in accordance with the powers granted to him by the Board of Directors at its meeting of 14 January 2016, the Company's Chairman & Chief Executive Officer announced, on 29 March 2016, the final completion of the capital increase with preferential subscription rights waived and via a public offering on the Euronext Alternext Market in Paris in the amount of €3,037,974 (issue premium included) by issuing 506,329 ABSARs at a price of €6.00 each (issue premium included) with the use of the increase option clause referred to above.

As a result of the Transaction, the Company's share capital was set at €3,341,385.90 divided into 8,357,307 shares.

The following events transpired:

- on 13 April 2016 the Board of Directors approved the financial statements for the fiscal year ending 31 December 2015 and made the necessary decisions for the preparation and convocation of the Annual Ordinary General Meeting held to approve the financial statements for that year. It also decided to submit to that General Meeting new delegations of authority to the Board of Directors;

- on 19 May 2016, the Board of Directors announced the exercise of 132,054 BSA₂₀₀₉ issued by decision of the Board on 13 May 2009, the Company's share capital thereby being increased by €13,199.20 by the creation and issue of 33,013 new shares ;
- the Meetings of the holders of the six categories of share subscription warrants issued by the Company (i.e., BSA₂₀₀₉, BSA₀₆₋₂₀₁₀, BSA₀₆₋₂₀₁₂, BSA₁₁₋₂₀₁₃, BSA₁₁₋₂₀₁₃₋₀₂ and BSAR₂₀₁₆), held on 15 June 2016, each approved, in principle, all the delegations of authority that the Shareholders' General Meeting held that same day wanted to grant to the Board of Directors;
- the Combined Extraordinary and Annual Ordinary General Meeting of shareholders held on 15 Jun 2016:
 - reviewed and approved the financial statements for the year ended 31 December 2015,
 - discharged the Directors,
 - allocated the results of the fiscal year,
 - approved the agreements referred to in Articles L 225-38 et seq of the French Commercial Code,
 - the total amount of attendance fees to be allocated to Directors,
 - announced the reconstitution of shareholders' equity,
 - authorised the Board of Directors to trade in Company shares in accordance with Article L. 225-209 of the French Commercial Code,
 - authorised the Board of Directors to proceed with the capital increase, with preferential subscription rights waived, and offer securities to the public,
 - authorised the Board of Directors to decide to increase share capital by issuing, with preferential subscription rights maintained, shares and/or transferable securities giving access to the Company's capital and/or by issuing transferable securities giving the right to the allocation of debt securities,

- authorised the Board of Directors to decide to increase share capital by issuing, with preferential subscription rights waived, shares and/or transferable securities giving access to the Company's capital and/or by issuing transferable securities giving the right to the allocation of debt securities via an offer in accordance with Article L. 411-2 of the French Monetary and Financial Code, to qualified investors or a restricted circle of investors,
- authorised the Board to Directors to decide to increase capital by incorporating premiums, reserves, profits or other sources
- authorised the Board of Directors to increase, in the event of a capital increase, the number of securities to be issued with preferential subscription rights waived or maintained.
- authorised the Board of Directors to decide to increase share capital by issuing shares or transferable securities giving access to capital, reserved for members of a savings plan with preferential subscription rights waived to the benefit of such members,
- authorised the Board of Directors to grant share subscription or purchase options,
- authorised the Board of Directors to grant existing or future shares free to all of some corporate officers and paid employees of the Group,
- authorised the Board of Directors to reduce capital by cancelling repurchased shares.

1.3

1.4 Litigation

The Company is not party to any existing or potential litigation as at the date of this report.

2. ECONOMIC RESULTS AND FINANCIAL POSITION OF THE FIRST HALF OF 2016

2.1 Operating result

The Company does not yet have sales.

Total operating income amounted to €4,584 versus €141,484 in first half 2015, and operating expenses amounted to €3,080,417 versus €2,081,456 in first half 2015, resulting in an operating loss of €3,075,733.

Wages and salaries were €757,372 and the corresponding social security charges amounted to €299,680 for a paid workforce of 11 people at 30 June 2016.

2.2 Results from financing activities and from ordinary operations

Financial expenses were €41,355 versus €68,518 in the first half of 2015.

Financial income was €21,420 versus €15,614 in the first half of 2015.

The result from ordinary operations was a loss of €3,095,667.

2.3 Non-recurring result

Non-recurring operations in the first half of 2016 resulted in a loss of €72,850.

2.4 Profit or loss for the period

The interim financial statements at 30 June 2016 show a net loss of €2,751,547, after taking into account the research tax credit of €416,971.

2.5 Change in share capital and shareholders' equity

Share capital was €13,029 at 30 June 2016, up €5,007 from the end of 2015.

Taking into account the Bpifrance conditional advances of €787k, shareholders' equity amounted to €13,816.

2.6 Change in debt and cash

The Company had no borrowings at 30 June 2016.

Cash amounted to €13,225, versus €8,652 at 31 December 2015.

2.7 Change in working capital requirement (WCR)

The working capital requirement was up €520k relative to the end of 2015, mainly due to the Research Tax Credit for the first half of 2016.

3. EVENTS AFTER 30 JUNE 2016

Since 30 June 2016, the following notable events have occurred:

Regarding our principal research, on 29 September 2016 the Company announced positive results for the Phase IIa clinical trial of its drug candidate QGC001 in arterial hypertension. Quantum Genomics will therefore be able to conduct a Phase II trial in the United States on a target population. A first meeting was held with the FDA (Food & Drug Administration) to approve the continuation of development on QGC001.

For our new development, in August Bpifrance gave the company an €800k "innovation advance". This advance will be used to support the Phase IIa clinical development of QUID HF against heart failure. The first installment of €480k was received at the end of September.

The 2015 research tax credit of €714k was repaid in full on 27 September.

On the legal front, it should be noted that:

- the Chairman & Chief Executive Officer, under the terms of the decisions of 5 July 2016, announced the exercise of 402 BSARs₂₀₁₆ issued by decision of the Board of Directors on 14 March 2016, the Company's share capital thereby being increased by €80,36 by the creation and issue of 201 new shares;
- on 8 July 2016, the Board of Directors announced a new allocation of free shares to the Company's employees and/or executives, and the use of the delegation of authority granted by the Combined Ordinary and Extraordinary General Meeting of 15 June 2016;

As a result of the transactions referred to in sections 1,2 and 3 of this report, the Company's share capital was set at €3,354,665.46 divided into 8.390.521 shares.

4. OUTLOOK

The good scientific results obtained to date and its cash position are allowing the Company to continue all its development programmes until the end of the first quarter of 2018.

FINANCIAL STATEMENTS AND NOTES
STATUTORY AUDITOR'S REPORT



Balance sheet

SA Quantum Genomics

Registered Number : 48799664700029

At: 30/06/2016

Assets		Period			Previous period	
		Gross Amount	Depr. or Allow.	Net amount	at: 31/12/2015	
Uncalled subscribed capital						
Fixed assets	Intangible fixed assets	Start up costs				
		Research and development costs	133 932	30 043	103 889	108 172
		Franchises, patents and similar assets				
		Goodwill				
		Other intangible fixed assets				
	Tangible fixed assets	Intangible assets in progress				
		Advance payments on intangible fixed assets				
		TOTAL	133 932	30 043	103 889	108 172
		Land				
		Buildings				
Financial fixed assets	Industrial fixtures and equipment	15 665	10 060	5 605	8 202	
	Other tangible fixed assets	88 630	47 835	40 795	45 341	
	Tangible fixed assets in progress					
	Advance payments on tangible fixed assets					
	TOTAL	104 296	57 895	46 401	53 544	
Current assets	Investments	Investments measured using the equity method				
		Other investments				
		Loans to group and related companies				
		Investments held in portfolio for the long term				
		Other investments	361 909	41 355	320 554	334 700
		Loans	23 530		23 530	23 530
Other	Other financial assets					
	TOTAL	385 439	41 355	344 084	358 230	
Total fixed assets		623 668	129 293	494 375	519 947	
Current assets	Inventories	Raw material and supplies	124 915		124 915	13 817
		Work in progress (goods)				
		Work in progress (services)				
		Finished goods and by-production				
	Merchandise					
	TOTAL	124 915		124 915	13 817	
	Receivables	Advances to suppliers				
Trade accounts receivable		1 572 531		1 572 531	1 071 341	
Other	Other receivables					
	Unpaid called capital					
TOTAL	1 572 531		1 572 531	1 071 341		
Other	Marketable securities (of which own shares :)	9 000 000		9 000 000	4 100 000	
	Cash instruments					
	Available funds	4 224 784		4 224 784	4 552 081	
TOTAL	13 224 784		13 224 784	8 652 081		
Prepaid expenses		428 594			283 067	
Total current assets		15 350 825		15 350 825	10 020 307	
Deferred charges						
Premiums on redemption of borrowings						
Exchange rate differences assets						
Total assets		15 974 494	129 293	15 845 200	10 540 254	



Balance sheet

SA Quantum Genomics

At: 30/06/2016

Shareholders equity and liabilities		Period	Previous period	
Shareholder's funds	Share capital (of which paid up: 3 354 585)	3 354 585	2 769 659	
	Share premiums (mergers, contributions)	24 200 736	17 125 446	
	Revaluation variance			
	Equity reserve			
	Reserves			
	Legal reserve			
	Statutory reserves			
	Tax regulated reserves	97 894		
	Other reserves			
	Profit and loss account brought forward	-11 873 108	-8 108 839	
	Previous results not yet allotted			
Result for the financial year (profit or loss)	-2 751 547	-3 764 269		
Net worth before allocation	13 028 559	8 021 997		
Investment grants				
Special provision for tax purposes				
	Total	13 028 559	8 021 997	
Other funds	Subordinated equity			
	Advances subject to covenants	787 500	727 500	
	Total	787 500	727 500	
Provisions	Provisions for risks			
	Provisions for future costs			
	Total			
Liabilities	Financial liabilities			
	Convertible debenture loans			
	Other debenture loans			
	Borrowing from credit institution	824	647	
	Other borrowings			
		Total	824	647
	Advances received on orders			
	Trade accounts payable and related liabilities	1 570 530	1 400 044	
	Taxes and social debts	432 766	312 031	
	Liabilities related to fixed assets			
Other debts	25 019	78 033		
Cash instruments				
	Total	2 028 316	1 790 109	
Income recorded in advance				
	Total liabilities and income recorded in advance	2 029 141	1 790 757	
Exchange rate differences liabilities				
	TOTAL LIABILITIES	15 845 200	10 540 254	
Leasing for buildings				
Leasing for other equipment				
Non expired discounted notes receivable				

Profit and loss account

SA Quantum Genomics

Periods 01/01/2015 31/12/2015 Length 12 months
01/01/2016 30/06/2016 6 months

	France	Export	Total	Previous period
Operating income	Sales of purchased goods			
	Sales of manufactured goods			6 000
	Sales of services			6 000
	Net sales			
	Changes in stock of manufactured goods and work in progress			
	Production of fixed assets capitalised			
	Partial profits on long term contracts			138 137
	Trading incentive grants			22 804
	Write back of depreciation, provisions and transferred charges			452
	Other income			3 736
			947	
Total			4 684	167 394
Operating expenses	Goods	Purchases		
		Change in Inventory		
	Raw materials and other supplies	Purchases	91 917	169 949
		Change in Inventory	-111 098	-13 817
	Other purchases and expenses		1 988 701	2 610 049
	Taxes		16 026	23 703
	Wages and salaries		757 372	1 142 826
	Social security charges		299 680	457 371
	Depreciation and Provisions	• on fixed assets	13 736	24 210
		• on current assets: provisions		
		• for risks and future costs: provisions		
	Other expenses		24 080	63 152
	Total			3 080 417
Operating result A			-3 075 733	-4 310 052
Net financial result	Profit attributed or loss transferred B			
	Loss attributed or profit transferred C			
Financial income	From shares in group companies			
	From other investments			
	Interests and similar incomes		21 420	29 351
	Write back of provisions and transferred charges			
	Exchange gain			
Net profit on disposals of current financial investments				
Total			21 420	29 351
Financial expenses	Increase of provisions against financial assets		41 355	
	Interests payable and similar charges			222 210
	Exchange loss			8
	Net losses on disposals of current financial investments			
Total			41 355	222 219
Net financial result D			-19 934	-192 868
RESULT OF ORDINARY OPERATIONS BEFORE CORPORATE TAX ON PROFIT (±A+B-C±D) E			-3 095 667	-4 502 920
Exceptional income	On operating items			3 900
	On capital items			90 095
	Write back of provisions and transferred charges			
Total				93 995
Exceptional expenses	On operating items		60	15 750
	On capital items		72 790	51 307
	Depreciation and provisions			2 131
Total			72 850	69 189
Net exceptional result F			-72 850	24 806
Employees' profit sharing plan G				
Corporate tax on profit H			-416 971	-713 844
PROFIT AND LOSS (± E ± F - G - H)			-2 751 547	-3 764 269

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Comptabilisé tenu en euros

Cash flow statement

Cash flow statement in K€	S1 2016	2015
Net result of the period	-2 752	-3 764
Non-cash adjustment to net result	55	236
Adjusted net result	-2 697	-3 528
Change in inventories	-111	-14
Change in Account Receivables	0	7
Change in Account Payables	171	832
Change in Tax and employee-related payables	122	39
Change in Other Liabilities and Deferred Income	-53	72
Change in Other Receivables and Prepaid Expenses	-648	-550
Change in Working Capital Requirement	-520	386
CASH FLOW FROM OPERATING ACTIVITES	-3 216	-3 142
Capital Expenditures (intangible assets)	0	-50
Capital Expenditures (tangible assets)	-2	-22
Change in financial assets	-27	-296
CASH FLOW FROM INVESTING ACTIVITES	-30	-368
Share Capital Increase (net of transaction costs)	7 758	12 150
Loan / Financial debts		0
Loan and current account repayment		-3 306
Others - Subsidies / Grants (BPI France)	60	0
CASH FLOW FROM FINANCING ACTIVITES	7 818	8 844
Cash position at the beginning of the period	8 652	3 318
Cash position at the end of the period	13 225	8 652
CHANGE IN CASH	4 573	5 334

Quantum Genomics

Notes to the half-year financial statements as at 30 June 2016

Amounts expressed in EUR

Table of Contents

1	Highlights	3
1.1	Key events in the period	3
1.2	Post-balance sheet events	3
1.3	Accounting principles, rules and methods	3
1.4	Going concern	3
2	Information regarding the balance sheet	4
2.1	Assets	4
2.1.1	Fixed Assets	4
2.1.2	Depreciation, amortisation and provisions	5
2.1.3	Tangible fixed assets	5
2.1.4	Intangible fixed assets	6
2.1.5	Financial assets	7
2.1.6	Receivables	7
2.1.7	Inventories	8
2.1.8	Accruals	9
2.1.9	Cash and other	10
2.2	Liabilities	11
2.2.1	Statement of changes in share capital	11
2.2.2	Capital	12
2.2.3	Conditional advances	14
2.2.4	Provision for risks and expenses	16
2.2.5	Debts	16
2.2.6	Accruals	18
3	Other information relating to the profit and loss statement	19
3.1	Operating subsidies	19
3.2	Income tax	19
3.2.1	Research Tax Credit	19
3.2.2	Tax credit for competitiveness & employment (CICE)	20
3.3	Relief on future tax debt	20
3.4	Lease commitments	20
3.5	Attendance fees	20
4	Other information	21
4.1	Commitments received	21
4.2	Commitments given	21
4.3	Transactions with related parties	21
4.4	Workforce at 30 June 2016	21
4.5	Retirement packages	21
4.6	Statutory Auditors' fees	22

1 Highlights

1.1 Key events in the period

In March 2016, the Company carried out a capital increase of €8.58 million including €5.54 million as a private placement with institutional investors in the United States and €3.04 million as a public offering in Europe with a priority period for all its shareholders. The amount raised could reach €14.1 million if all the attached share subscription warrants (BSAs) are exercised.

BSAs amounting to €13,199 were exercised during the period, with the issuance of 33,013 new shares.

1.2 Post-balance sheet events

In August, Bpifrance granted the company an €800k "innovation advance". This advance will be used to support the Phase IIa clinical development of QUID HF against heart failure. The first installment of €480k was received at the end of September.

1.3 Accounting principles, rules and methods

The annual financial statements have been prepared in accordance with the French Commercial Code and ANC (French accounting Board) Regulation 2014-03.

General accounting conventions have been adopted on a prudential basis and in accordance with the following basic assumptions:

- the Company is a going-concern,
- permanence of methods from one fiscal year to the next,
- independence of financial periods, in accordance with the general rules on the preparation and presentation of financial statements.

The accounting reference period is the six months from 1 January to 30 June 2016.

1.4 Going concern

Taking its activities into account, the Company must be able to finance its research work until the molecules are marketed or the rights to its work are sold.

Its cash position of €13.2 million at the end of 2016 is sufficient to allow the Company to continue its operations until the end of the first quarter of 2018.

2 Information regarding the balance sheet

2.1 Assets

2.1.1 Fixed Assets

FIXED ASSETS	Gross value at 31/12/2015	Acquisitions	Inter-item transfers	Redemptions	Gross value at 31/12/2016
Start-up and development costs	-				-
Other intangible fixed assets	133,932				133,932
Intangible fixed assets	133,932	-	-	-	133,932
Land					
Buildings					-
General facilities, fixtures, fittings	15,665	-	-	-	15,665
Other tangible fixed assets	86,320	2,310	-	-	88,630
Tangible fixed assets in progress					-
Advance payments on tangible fixed assets					-
Tangible fixed assets	101,985	2,310	-	-	104,295
Equity investments					-
Other investments	-			-	-
Long-term investments	334,700	27,209			361,909
Loans and other financial assets	23,530				23,530
Financial assets	358,230	27,209	-	-	385,439
Fixed assets	594,147	29,519	-	-	623,666

2.1.2 Depreciation, amortisation and provisions

Depreciation, amortisation and provisions	Total at 31/12/2015	Increase	Reversals	Total at 31/12/2016
Start-up and development costs	-	-		-
Other intangible fixed assets	25,760	4,283		30,043
Intangible fixed assets	25,760	4,283	-	30,043
Land				-
Buildings				-
General facilities, fixtures, fittings	7,462	2,598		10,060
Other tangible fixed assets	40,978	6,857	-	47,835
Tangible fixed assets in progress				-
Advance payments on tangible fixed assets				-
Tangible fixed assets	48,440	9,455	-	57,895
Equity investments	-	-	-	-
Other investments				-
Long-term portfolio investments				-
Loans and other financial assets				-
Financial assets	-	-	-	-
Fixed assets	74,200	13,738	-	87,938

2.1.3 Tangible fixed assets

Property, plant and equipment are valued at their acquisition cost after deducting rebates and discounts, or at their production cost.

An impairment is recognised when the actual value of an asset is less than the book value.

2.1.3.1 Depreciation and amortisation

Type of asset	Method	Write-off Period
Machinery and equipment	Straight-line	3 yrs
General facilities	Straight-line	10 yrs
Office equipment	Straight-line	3 to 5 yrs
Office furniture	Straight-line	10 yrs

2.1.4 Intangible fixed assets

Intangible fixed assets are valued at their acquisition cost after deducting rebates and discounts, or at their production cost.

An impairment is recognised when the actual value of an asset is less than the book value.

2.1.4.1 Software

The Company has software with a purchase value of €5,932. Its value is fully written off.

2.1.4.2 Licence

The licence shown in assets in the amount of €128,000 refers to an exclusive worldwide licence to a patent and know-how granted jointly by several French public entities, including €50,000 for the INSERM licence.

The amortisation period runs until the end of the process protection period.

2.1.4.3 R&D expenses

These expenses may be recognised under assets if they relate to clearly separate projects with a serious chance of technical success and commercial profitability.

All of the following conditions must be met simultaneously:

- technical feasibility of completing the intangible asset so that it will be available for use or sale;
- intention to complete the intangible asset and use or sell it;
- ability to use or sell the intangible asset;
- ability of the intangible asset to generate probable future economic benefits. The entity must demonstrate, among other things, the existence of a market for the production from

- the intangible asset or for the intangible asset itself, or, if it is to be used in-house, its usefulness;
- availability of adequate appropriate technical, financial and other resources to complete the development and to use or sell the intangible asset;
 - ability to measure reliably the expenditure attributable to the intangible asset during its development.

Given the aforementioned conditions, the R&D expenses incurred by Quantum Genomics are not recognised under assets due to uncertainty about technical feasibility and about the prospect of future economic benefits.

Total outsourcing expenses relating to clinical trials in the first half of the year amounted to €1,137k.

2.1.5 Financial assets

2.1.5.1 *List of subsidiaries and equity interests*

The Company does not own a subsidiary or equity interests.

2.1.5.2 *Other equity securities*

A liquidity contract was drawn up with Aurel BGC on 10 April 2014 and then transferred to Invest Securities on 13 April 2015.

Number of securities at 30/06/2016:	17,987.25	shares
Acquisition price:	€343,922.36	
Value of securities at 30/06/2016:	€302,567.70	

As the market value of the securities at period-end was less than their book value, an impairment was recognised in the amount of €41,354.

2.1.6 Receivables

Receivables are measured at their nominal value. An impairment is recognised when the net asset value is less than the book value.

2.1.6.1 Ranking by due date

	STATEMENT OF RECEIVABLES	Gross amount	≤ 1 year	> 1 year	
FIXED ASSETS	Receivables linked to equity interests				
	Loans				
	Other financial assets	23,530		23,530	
CURRENT ASSETS	Bad debts or litigation				
	Other trade receivables				
	Receivables representing securities loaned or provided as collateral				
	Payroll & related accounts				
	Social security & other welfare programs				
	State & other public entities	Income tax	1,141,901	1,141,901	
		Value Added Tax	267,153	267,153	
		Other taxes, levies and similar payments	5,804	5,804	
		Other			
	Group & associates				
Other debtors	157,673	157,673			
Prepaid expenses	428,597	428,597			
TOTAL		2,024,658	2,001,128	23,530	

The line "Corporate income tax" corresponds to Research Tax Credit (CIR) receivables for 2015 and its estimated value at 30/06/2016, as well as definitive CICE receivables for fiscal year 2015 and the CICE provision for the 1st half of 2016.

2.1.7 Inventories

2.1.7.1 Inventory statement

Inventory class	Gross value	Impairment	Net value
Raw materials	€124,915		€124,915
Finished products			
In progress			

2.1.7.2 Inventories of purchased products

Stocks of raw materials are valued using the FIFO method.

The purchase cost is the purchase price plus transport costs.

2.1.8 Accruals

2.1.8.1 Prepaid expenses

Prepaid expenses consist only of expenses on ordinary operations and their impact on profit and loss is carried forward to a later year.

The breakdown for the end of June 2016 is as follows:

Property rental	€29,172
Invoiced studies and products not completed	€364,514
Maintenance	€1,688
Other (fees, subscriptions...)	€10,953
Insurance	€22,268
	<u>€428,595</u>

2.1.8.2 *Receivables*

The breakdown as at 30 June 2016 is as follows:

Item	Amount
ACCRUED INTEREST	
Financial assets	
Group equity interests	
Non-Group equity interests	
Customers	
Associates	
Trading securities	3,805
OTHER INCOME	
Invoices to be issued	
Rebates, discounts, credits receivable	
Personnel	
Social security	
Government	16,890
Other (subsidies receivable)	157,673
TOTAL	178,368

2.1.9 **Cash and other**

2.1.9.1 *Valuation differences on trading securities*

There was no need for a provision for impairment at 30 June 2016 because the Company does not invest cash in term deposits.

2.2 Liabilities

2.2.1 Statement of changes in share capital

Item	31/12/2015	+	-	30/06/2016
Capital	2,769,659	584,925		3,354,584
Premiums linked to capital and BSA	17,125,445	8,107,526	934,341	24,298,630
Carried forward	8,108,839	3,764,269		11,873,108
Result 2015	3,764,269		3,764,269	-
Financial position at 30/06/2016		2,751,547		2,751,547
Total	8,021,996	2,176,635	- 2,829,928	13,028,558

2.2.2 Capital

2.2.2.1 Changes in the period

Capital consisted of 8,390,3320 shares at 30 June 2016.

	Number of shares	Capital increase	Issue premium	BSAs and BSARs	Remaining number of exercisable warrants
Position at start of period	6,927,334	2,769,660	16,776,552	348,894	7,749,685
Board of Directors meeting 02/03/2016 – AGA – Unavailable reserves			-97,895		
Board of Directors meeting 14/03/2016 - Capital increase – ABSAR private placement	923,644	369,288	5,172,576		
Board of Directors meeting 14/03/2016 - Capital increase – ABSAR private placement	506,329	202,438	2,835,536		
BSAR2016 subscription 30/04/2016				93	24
Board of Directors meeting 19/05/2016 - Capital increase via exercise of BSA2009	33,013	13,199			- 132,054
BSAR2016 subscription 31/05/2016				1,426	368
Securities issuance expenses			-836,446		
change over the period	1,462,986	584,925	7,073,771	1,519	-131,662
Position at end of period before grouping	8,390,320	3,354,585	23,850,323	350,413	7,618,023

2.2.2.2 Share subscription warrants (BSAs)

Share subscription warrants	Number BSAs subscribed	Number of BSAs exercised since subscription	Number of BSAs still to be exercised	Number of new shares attached to BSAs still to be exercised	Period of validity
Allocation BSA2009	2,022,870	1,543,299	479,571	119,893	10 yrs
Allocation BSA06-10	5,766,967	-	5,766,967	320,387	10 yrs
Allocation BSA06-12	1,120,000	145,000	975,000	54,167	10 yrs
Allocation BSA11-13	97,551	-	97,551	97,551	10 yrs
Allocation BSA11-13-2	298,542	-	298,542	298,542	10 yrs
Allocation BSAR2016	392	-	392	196	27 months
	9,306,322	1,543,299	7,618,023	890,727	

All BSAs subscribed as at 30 June 2016 give the right to the possible purchase of 890,727 new shares.

- the BSA₂₀₀₉ permit the purchase of 0.25 of a new share at a price of €0.3996 per share
- the BSA₀₆₋₁₀ permit the purchase of 0.055 of a new share at a price of €1.44 per share,
- the BSA₀₆₋₁₂ permit the purchase of 0.055 of a new share at a price of €3.24 per share,
- the BSA₁₁₋₂₀₁₃ permit the purchase of 1 new share at a price of €6.12 per share,
- the BSA₁₁₋₂₀₁₃₋₂ permit the purchase of 1 new share at a price of €6.30 per share,
- the BSAR₂₀₁₆ permit the purchase of 0.5 of a new share at a price of €7.75 per share,

The number of shares after potential dilution was therefore 9,281,047 at 30 June 2016.

2.2.2.3 Allocation of free shares

The General Meeting of shareholders held on 22 December 2015 authorised the Board of Directors, for a period of 38 months, to allocate free shares amounting to up to 10% of the share capital existing on the day of the Board's decision.

On 2 March 2016 the Board of Directors adopted the free share allocation plan ("AGA") to the benefit of the Group's corporate officers and salaried employees.

The vesting period is 12 months, the same as the lock-in period.

The allocated shares will be issued by the Company at the expiry of a 12-month vesting period.

As at 30 June 2016 there were 244,850 allocated free shares (3% of share capital).

Accordingly, on 2 March 2016 the Board of Directors decided to deduct the sum of €97,894.97 from the "issue premium" account and move it to a "reserve account for the vesting of allocated free shares".

2.2.3 Conditional advances

The accounts show:

- A conditional advance granted by OSEO (Bpifrance) in 2008, as follows:
 - Purpose: "Preclinical development of a treatment for arterial hypertension, based on aminopeptidase A inhibition"
 - Total amount of the aid: €740,000

The Company repaid a lump sum of €212,500 on 30 June 2016 and, only if technically successful, it will have to repay the remaining sum of €527,500 in accordance with the following schedule:

Due Date / Échéance	Repayment / Remboursement
31/03/2018	37 500 €
30/06/2018	50 000 €
30/09/2018	50 000 €
31/12/2018	50 000 €
31/03/2019	50 000 €
30/06/2019	72 500 €
30/09/2019	72 500 €
31/12/2019	72 500 €
31/03/2020	72 500 €
Total	527 500 €

Furthermore, the Company has agreed that the maximum annual repayment would correspond to 49.75% of the proceeds generated by the project during the preceding calendar year and that the sums paid in this way would be assigned as a priority to the last payment due to OSEO (Bpifrance) or to the next-to-last.

- Another conditional advance was granted by Bpifrance in 2014, as follows:
 - Purpose: "Aid to innovation for the development and testing of the clinical efficacy of multiple combinations of QGC001 products with hypertensive agents. "
 - Total amount of the aid: €260,000
 - Aid payment methods:
 - After signing the contract; €200,000 (September 2014)
 - At completion of work: €60,000 (paid in April 2016)
 - Repayment schedule:

In the event of success, the €260,000 advance will be repaid in quarterly installments as follows:

Year / Année	Repayment / Remboursement
2017	15 000 €
2018	35 000 €
2019	70 000 €
2020	110 000 €
2021	30 000 €
Total	260 000 €

The Company has also agreed that the maximum annual repayment would correspond to 30% of the proceeds generated by the project during the preceding calendar year and that the sums paid in this way would be assigned as a priority to the last payment due to Bpifrance or to the next-to-last.

Regardless of the outcome of the trial, the €100,000 minimum lump sum repayment will be paid on the same schedule, due on 30 September 2019.

2.2.4 Provision for risks and expenses

None

2.2.5 Debts

2.2.5.1 Classification by due date

DEBT STATEMENT	Gross amount	≤ 1 year	1 ≥ 5 years	> 5 years
Convertible bonds				
Other bonds				
Bank borrowings and debt				
- initially ≤ 1 year	824	824		
- initially > 1 year				
Other borrowings and financial debt				
Trade payables and related accounts	1,570,530	1,570,530		
Payroll & related accounts	166,107	166,107		
Social security and other bodies	230,760	230,760		
Income tax				
VAT	10,594	10,594		
Guaranteed bonds				
Tax expense	25,304	25,304		
Debts on assets and related accounts				
Group & associates				
Other liabilities	25,019	25,019		
Prepaid income				
TOTAL	2,029,138	2,029,138		

2.2.5.2 Financial liabilities

None

2.2.5.3 Payables

Item	Amount
PAID LEAVE	
Provisioned leave	63,722
Provisioned social contributions	25,325
Provisioned tax expense	
ACCRUED INTEREST	
Borrowings and similar debt	
Total Group debt	
Total non-Group debt	
Affiliates debt	
Suppliers	
Associates	
Banks	824
Bank overdrafts	
OTHER EXPENSES	
Invoices receivable	643,643
Rebates, discounts, credits issuable	
Employee shareholding	
Personnel	51,830
Social security	
Other tax expenses	18,734
Other	
TOTAL	804,078

2.2.6 Accruals

2.2.6.1 Breakdown of prepaid income

Prepaid income consists of operating subsidies not used during the period (see § 3.1).

As at 30 June 2016, there was no prepaid income. However, the Company has applied for subsidy stage payments to cover subsidised expenses recognised in "Receivables" (see § 2.1.7.2)

3 Other information relating to the profit and loss statement

3.1 Operating subsidies

Subsidies are recognised in the profit and loss statement based on the actual progress of the projects for which they are granted.

The actual progress of the project is assessed partly in terms of the time spent by employees and partly in terms of the outsourcing expenses assigned to the projects covered by the subsidy.

The object of the ANR contract ANR-13-RPIB-005-01 is the Phase IIa clinical trial of the first aminopeptidase A inhibitor (QGC001) as a centrally acting hypertensive and the development of new APA inhibitors, and provides for financing 45% of projected expenses up to a maximum €430,019 of which €129,006 was paid in late December 2013. A second payment in the amount of €143,340 was made in February 2015. The payment applications are being processed at ANR and are expected to be paid out in the second half of 2016 and the first quarter of 2017.

3.2 Income tax

3.2.1 Research Tax Credit

The research tax credit generated in the first half of 2016 amounted to €416,971.

It was calculated taking the following factors into account:

- Remuneration and corresponding social welfare contributions allotted to employees assigned to research based on time actually spent on research activities. For employees with the status of "young doctor", this remuneration was retained in accordance with the text,
- The amortisation relating to the Inserm licence, and to the assets used for research,
- Running costs which are set as 50% of personnel expenses (200% for "young doctors"), plus

75% of the amortisation allowances for assets assigned to research activities,

- Outsourcing expenses invoiced at 30 June 2016 by entities authorised for "Research Tax Credit". For public entities, the amounts have been doubled,
- Invoiced patent expenses as at 30 June 2016,
- The paid subsidies have been retransferred.

3.2.2 Tax credit for competitiveness & employment (CICE)

The provision for CICE (Competitiveness & Employment Tax Credit) recognised in our Company's financial statements at 30 June 2016 amounted to €3,175.

In the profit and loss statement, our entity has opted to recognise CICE as a reduction of personnel costs.

On the balance sheet, it is posted to income tax and social welfare and tax liabilities.

This "income" corresponds to the tax credit that will be requested when filing the final corporate income tax return.

It reflects the Company's acquired CICE entitlement based on eligible remunerations recognised during the fiscal period.

3.3 Relief on future tax debt

After taking into account the results at 30 June 2016, the Company has deferrable tax losses of €21,127,219.

3.4 Lease commitments

There are no active leases.

3.5 Attendance fees

The expense at 30 June 2016 relating to attendance fees was €24,000 including the corresponding social welfare charges.

4 Other information

4.1 Commitments received

None

4.2 Commitments given

None

4.3 Transactions with related parties

No information has been provided regarding transactions between related parties as such transactions were concluded on normal market terms.

4.4 Workforce at 30 June 2016

	Salaried personnel
Management	10
Non-management	1
Total	11

4.5 Retirement packages

In light of the Company's workforce and its age, retirement packages have not been evaluated as they are considered to be insignificant.

4.6 Statutory Auditors' fees

Statutory Auditors' fees invoiced as at 30/06/2016 (including expenses)	Amount
For statutory audit duties	12,550
For consultation and due diligence services directly related to statutory audit duties	
Total	12,550

STATUTORY AUDITOR'S REPORTS

QUANTUM GENOMICS

Société Anonyme

Tour Maine Montparnasse - 33, avenue du Maine
75015 Paris

Limited review auditor's report on the financial statements on June, 30 2016

For the period from January 1, 2016 to June 30, 2016

QUANTUM GENOMICS

Société Anonyme

Tour Maine Montparnasse – 33, avenue du Maine
75015 Paris

Limited review auditor's report on financial statements on June 30, 2016

For the period from January 1, 2016 to June 30, 2016

This is a free translation into English of the Limited review auditors' report issued in French and is provided solely for the convenience of English speaking users. The Limited review auditors' report includes information specifically required by French law in such reports, whether modified or not. This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

To the Board of Directors,

In our capacity as Statutory Auditor of Quantum Genomics and in response to your request, we have conducted a limited review of Quantum Genomics' half-year financial statements for the period from January 1 to June 30, 2016 as attached to this report.

These half-year financial statements have been drawn up under the responsibility of the Board of Directors. It is our responsibility, on the basis of our limited review, to express our conclusion on these financial statements.

We conducted our review in accordance with professional standards applicable in France. A limited review consists primarily of interviewing members of the management in charge of accounting and financial matters and implementing analytical procedures. This work is less extensive than that required for an audit carried out in accordance with professional standards applicable in France. As a result, the assurance that the accounts, taken as a whole, do not contain any material misstatements in a limited review is a moderate assurance that is less than that obtained in the course of an audit.