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GENFIT: ANNUAL RESULTS FOR 2010

- **INTENSE INVESTMENTS FOR THE LEADING DRUG CANDIDATE GFT505 TO EXTEND ITS POTENTIAL THERAPEUTIC INDICATIONS**
- **ENCOURAGING PERSPECTIVES WITH INDUSTRIAL PARTNERS**

Lille, France, and Cambridge, Mass., April 21st, 2011 – GENFIT (Alternext: ALGFT; ISIN: FR0004163111), a biopharmaceutical company at the forefront of drug discovery and development, focused on the early diagnosis and preventive treatment of cardiometabolic and associated disorders, today announced its consolidated financial statement for the year ending December 31st, 2010.

Jean-François Mouney, Chairman of GENFIT's Management Board, stated: *"As in 2009, the 2010 financial year was marked by strong investments for our leading drug candidate GFT505, with the aim of extending its potential therapeutic indications and thus maximizing its value. For this, we have launched further clinical trials that correspond to the needs of the pharmaceutical industry in these additional indications, the results of which are due in the summer and fall of 2011. At the same time, the interest of major pharmaceutical groups in our expertise in the prevention and treatment of cardiometabolic diseases continues with the signing and encouraging perspectives of extremely structuring R&D alliances. The new risk-sharing aspect of these collaborations offers extremely promising medium-term financial perspectives, even if it has a transient negative impact on our accounts."*

Consolidated financial statement (IFRS standards) *(million EUR)*	**31/12/2010**	**31/12/2009**
Total income	7.63	10.83
Current operating result	(7.43)	(5.93)
Financial result	(0.19)	(0.18)
Net result	(9.38)	(7.37)
End-of-year cash situation	13.92	17.43

CONSOLIDATED FINANCIAL RESULTS FOR 2010

From a financial point of view, the year ending December 31st, 2010 was marked by the following elements:

- Total revenues amounted to € 7.63 million, compared to € 10.83 million in 2009. Of this total, industrial revenues accounted for € 3.76 million (€ 5.81 million in 2009), and public research funding made up of operational grants and Research Tax Credit accounted for € 3.87 million. The decline in industrial revenues is in part linked to an overall political change in industrial alliances, that now privilege risk-sharing partnerships. Upfront payments are thus reduced in favor of more substantial milestone payments according to progress in clinical development.

- Thanks to the concentration of investment efforts on the most advanced therapeutic programs and on biomarker programs, operating charges for 2010 decreased by 10% to € 15.07 million (€ 16.76 million in 2009).

- Personnel costs decreased slightly (-1.7%) to € 6.69 million versus € 6.8 million in 2009. The average number of employees over the 2010 financial year was 104, compared to an average of 120 during 2009.

- The operating result shows a loss of € 7.43 million for the 2010 financial year versus € 5.93 million for 2009.

The consolidated net result for 2010 shows a loss of € 9.38 million (- € 7.37 million in 2009).

- On December 31st, 2010, the cash and cash equivalents of the Company amounted to € 13.92 million, compared to € 17.43 million on December 31st, 2009.

MAJOR ACHIEVEMENTS FOR 2010

GFT505: extension of its therapeutic potential

Phase IIa clinical trial GFT505-2094*:* performed on 47 prediabetic patients, the GFT505-2094 trial demonstrated the efficacy of GFT505 on glucose homeostasis, with a significant reduction in fasting plasma glucose levels in treated subjects and an improvement in their HOMA insulin-resistance index. These results confirmed and extended the finding of a beneficial effect of GFT505 on plasma lipids that was observed in a study performed in 2009 on 97 patients with atherogenic dyslipidemia and abdominal obesity.

Clinical trial GFT505-109: results announced in January 2010 demonstrated that the co-administration of GFT505 and a statin showed no pharmokinetic drug-drug interaction, and thus should not be associated with the undesirable side-effects observed with certain fibrate/statin co-prescriptions.

Clinical trial GFT505-109-6: results announced in September 2010 demonstrated that 14 days of treatment with 100 mg/day of GFT505 in healthy normoglycemic volunteers potentialized insulin action on the adipose tissue during a meal test, thus confirming the anti-diabetic potential of GFT505.

Clinical trial GFT505-210-5: launched in September 2010, this study will evaluate the efficacy and safety of 12 weeks of treatment with 80 mg/day of GFT505 in about a hundred treatment-naïve diabetic patients. Efficacy will be assessed by changes in plasma HbA1c levels as the primary endpoint, but also by the evaluation of criteria such as glucose homeostasis, plasma lipids, and certain inflammatory markers. The results of this study are expected in July 2011.

Clinical trial GFT505-210-6: launched in parallel, this study aims to demonstrate the effects of GFT505 at 80 mg/day on liver glucose production and insulin sensitivity in twenty glucose-intolerant patients. The results of this mechanism-of-action study are expected in August 2011.

In summary, with the new clinical findings obtained in 2010, that should be confirmed and extended by the ongoing clinical trials, the therapeutic potential and indications of GFT505 may be widened to include the following domains:

- The prevention and treatment of Type 2 diabetes,
- The prevention and treatment of diabetes-associated Non-Alcoholic Fatty Liver Disease (NAFLD) and Non-Alcoholic Steato-Hepatitis (NASH),
- The prevention of atherosclerosis and cardiovascular events in prediabetic patients with abdominal obesity.

TGFTX1 / TGFTX3 and circadian rhythm

The research programs **TGFTX1** and **TGFTX3** target two recently deorphanized nuclear receptors that are at the interface between cardiometabolic and inflammatory diseases. In 2010, these programs progressed rapidly in the hit-to-lead phase.

These two receptors play key roles in the regulation of the internal clock system that enables certain biological functions to be organized in a temporal fashion (circadian rhythm). Numerous epidemiological studies suggest a strong relationship between alterations in the circadian rhythm and the development of chronic pathologies such as Type 2 diabetes, obesity, and dyslipidemia. The continuation of the TGFTX1 and TGFTX3 circadian

rhythm programs is specifically designed with the goal of selecting drug candidates for preclinical and clinical development by 2015.

Biomarker programs

Through the use of two proprietary technologies (MPrint™ and HTMP) for the capture and characterization of microparticles as circulating biomarkers of a pathological state, the **BMGFT01** (atherosclerosis) and **BMGFT02** (diabetes) programs have advanced rapidly towards the development of new decision-making tools to speed up the R&D process.

Consortia

Olnorme: following on from the positive results obtained during the Olnorme I consortium, for which GENFIT was the leader, a further €1.2 M of European financing was obtained at the end of 2010 for a period of 3 years within the Olnorme II consortium. The therapeutic focus of this program mainly concerns metabolic diseases with a strong inflammatory component such as atherosclerosis or Type 2 diabetes. The development up to Phase II clinical trials of products resulting from the consortium will be managed by GENFIT, who will own all property rights.

IT-Diab: initiated in July 2008 and based on results obtained by GENFIT through its proprietary programs GFT505 and BMGFT02, the IT-Diab program showed significant progress in 2010 with the launch of two important clinical trials:

- The **DECODIAB** study began recruitment in June 2010, and will prospectively monitor 500 hyperglycemic patients over a period of 5 years. The study will enable the identification and validation of new biomarkers of β-cell dysfunction in this population at high risk of developing Type 2 diabetes.
- The **REVERSY** study began recruitment in July 2010, and involves the longitudinal follow-up of a large cohort of 900 bariatric surgery patients suffering from morbid obesity. This cohort will enable GENFIT to access precious phenotypic data and biological samples for its therapeutic target and biomarker identification programs in prediabetes and early Type 2 diabetes.

Industrial partnerships

SERVIER: initiated in 2004, this partnership is based mainly on the research program SERX1, dedicated to the treatment of multiple factors of insulin resistance and Type 2 diabetes. Significant progress has been made in the development and therapeutic validation of the target of this program, and was rewarded by a milestone payment in 2010.

SANOFI-AVENTIS: initially dedicated to Type 2 diabetes and vascular inflammation, the SAVX1 program was extended in 2009 for two years to the end of 2010, with the addition of a third therapeutic focus on neurodegenerative diseases. During this program, numerous screening and compound profiling tools have been developed by GENFIT and transferred to SANOFI-AVENTIS. Moreover, a screening campaign on one of the program targets has resulted in the identification of active compounds.

POST-CLOSURE EVENTS AND PERSPECTIVES

Post-closure events

Biomarker programs / consortia

The Company has obtained the support of the French public organization OSEO to fund the work of the **micro-Path** consortium that should begin in 2011. This consortium aims to identify and validate novel biomarkers of cardiovascular disease through the use of GENFIT's proprietary MPrint™ technology and the results obtained in its proprietary biomarker program BMGFT01.

The micro-Path program will notably accelerate the development of this technology for the discovery of novel biomarkers of atherosclerosis and of vulnerable plaques.

The global budget of the micro-Path program is € 13.5 million over 4 years, of which € 10.3 million will be invested by GENFIT as the leader of the research consortium. The consortium also includes two other biotechnology companies (genOway, Indicia Biotechnology), an academic research unit, and three clinical research groups. Within the consortium, GENFIT is supported by € 4.9 million of grants and loans from the Strategic Industrial Innovation program of OSEO.

Industrial partnerships

Following on from the positive results obtained in 2009 and 2010, **SANOFI-AVENTIS** and GENFIT decided to extend and reinforce their historical partnership for three more years through two new research programs.

Under the terms of this alliance, GENFIT will receive annual payments to fund research within the 3-year collaboration, in addition to milestone payments according to the progress of preclinical and clinical development, and the subsequent registration and commercialization of resulting products. The total of these milestone payments could reach € 39 million, in addition to royalties from future sales.

The collaboration with **SERVIER** on the SERX1 program has been extended to September 2011, at which time a new extension will be renegotiated.

Perspectives

The scientific results obtained over the past two years strengthen the Company in its major strategic decisions:

- Transfer GFT505 commercialization rights upon completion of the clinical studies currently in progress, or maximize its value by bringing or sharing its clinical development with an industrial partner to the end of Phase II trials at the latest.

- Accelerate the development of a number of other proprietary programs to a stage that allows early risk-sharing strategies to be implemented. In particular, discussions with pharmaceutical companies are ongoing to continue the development of the most advanced theranostic tools (biomarker programs) from the portfolio.

- Progressively reinforce the Company's equity capital to accompany its strategic development plan step-by-step, in the wake of the private investment that increased the Company's capital in February 2010.

About GENFIT:

GENFIT is a biopharmaceutical company focused on the Discovery and Development of drug candidates in therapeutic fields linked to cardiometabolic disorders (prediabetes/diabetes, atherosclerosis, dyslipidemia, inflammatory diseases…). GENFIT uses a multi-pronged approach based on early diagnosis, preventive solutions, and therapeutic treatments and advances therapeutic research programs, either independently or in partnership with leading pharmaceutical companies (SANOFI-AVENTIS, SERVIER, …), to address these major public health concerns and their unmet medical needs.
GENFIT's research programs have resulted in the creation of a rich and diversified pipeline of drug candidates at different stages of development, including GENFIT's lead proprietary compound, GFT505, that is currently in Phase II.
With facilities in Lille, France, and Cambridge, MA (USA), the Company has approximately 100 employees. GENFIT is a public company listed on the Alternext trading market by Euronext™ Paris (Alternext: ALGFT; ISIN: FR0004163111). www.genfit.com

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