



Public limited company with capital of €460,684.56
Registered office: 259/261 Avenue Jean Jaurès – Immeuble le Sunway – 69007 LYON
510 970 817 Lyon Company Register

HALF-YEARLY FINANCIAL REPORT

AT 30 JUNE 2017

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1. CERTIFICATION BY THE PERSON RESPONSIBLE FOR THE HALF-YEARLY FINANCIAL REPORT

1.1. Person responsible for the half-yearly financial report

1. Mr Thomas Kuhn, Chief Executive Officer of POXEL.

1.2 Certification of the person responsible

(Art. 222-3 - 4) of the AMF [French Financial Markets Authority] General Rules

"I certify to my knowledge, that the condensed financial statements for the previous half-year were prepared according to applicable accounting standards, and are a faithful reflection of the assets, financial situation and results of the Company, and the appended half-yearly report on activity presents a faithful representation of significant events occurring during the first six months of the financial year, of their impact on the half-yearly financial statement, the main transactions between related parties and a description of the main risks and uncertainties for the remaining six months of the financial year".

Lyon, 21 September 2017

Mr Thomas Kuhn, Chief Executive Officer of POXEL.

2. REPORT ON ACTIVITY AT 30 JUNE 2017

2.1. Significant events in the 1st half of 2017

During the first half-year, the Company advanced development programs for its two drug candidates, Imeglimin and PXL770. In May 2017, the Company announced positive top-line results for the, Imeglimin Phase 2b study in Japan for the treatment of type 2 diabetes.

In addition, the Company continued to expand the depth of its organizational structure, and announced:

- in March 2017, appointment of Christophe Arbet-Engels MD, PhD, MBA, to the post of Chief Medical Officer, Executive Vice President Late Development and Medical Affairs, responsible for the Phase 3 Clinical Development of Imeglimin and Medical Affairs, based in Boston;
- in April 2017, the appointment of Anne Renevot as Chief Financial Officer

After closing the General Meeting on 11 July 2017, the Company announced the appointment of Kumi Sato as a director (see paragraph 2.4).

2.2. Activity and results of the Company

Research and development

From a clinical standpoint, in May 2017 the Company announced positive top-line results for the Phase 2b study of Imeglimin performed on 299 Japanese participants. During the End of Phase 2 meeting, in the summer 2017, the Company met with the Japanese health authorities (the PMDA) to discuss the Phase 3 program. The conclusions of the meeting indicated that the study could commence during the fourth quarter of 2017.

The Company also achieved significant progress in 2016 and 2017 for the clinical development of PXL770, its second drug candidate. PXL770 is a first-in-class direct adenosine monophosphate-activated protein kinase (AMPK) activator. PXL770 activates AMP Kinase, an enzyme which acts as an energy sensor and regulator, maintaining cell homeostasis with a high therapeutic potential for treating diabetes. In 2016, the Company initiated a Phase 1a study, for which it published the preliminary results. Following the first results from the Phase 1a study, the Company observed a different metabolic profile in humans receiving the candidate drug compared with animal models, and conducted and completed additional preclinical studies to assess the metabolites profile observed, and initiate the second part of Phase 1.

Human Resources

The Company has strengthened its management team as follows:

- in March 2017, appointment of Christophe Arbet-Engels MD, PhD, MBA, to the post of Chief Medical Officer, Executive Vice President Late Development and Medical Affairs, responsible for the Phase 3 Clinical Development of Imeglimin and Medical Affairs, based in Boston;
- in April 2017, the appointment of Anne Renevot as Chief Financial Officer.

During the half-year, the Company also expanded its clinical and administrative teams in support of its growth.

Results

The operating result of the Company was -€9,508 K, compared with €12,190 K on 30 June 2016.

The Company did not generate any turnover in 2017.

The reduction of 22% in Research and Development expenses is essentially due to the reduction of expenses committed to the Imeglimin Phase 2b study in Japan.

The research tax credit evaluated for the first half of 2017 totalled €1,620 K, compared with €1,669 K on 30 June 2016. Its relative stability, despite the fall in Research and Development expenditure, reflects the limited expansion of R&D expenditure committed in Europe during the first half of 2017 compared with the first half of 2016.

General overhead was €3,249 K in the first half of 2017, compared with €3,720 K on 30 June 2016. The downturn is essentially due to the reduction of fees that were particularly high in 2016, given the costs incurred in the framework of financing activities.

The financial result was -€181 K compared with -€196 K on 30 June 2016. It is mainly composed of the fair value of forward forex contracts (charge of €90 K) and the balance of interest on the Kreos loan (€46 K, loan repaid in full in April 2017), partially set-off by financial income from cash investments (€33 K).

The net result was -€9,688 K, compared with -€23,386 K on 30 June 2016.

Cash flow

The cash flow on 30 June 2017 was €34,878 K compared with €45,569 K on 31 December 2016. The increase in cash flow is attributable to:

- operating cash flow of €10,288 K ;
- investment cash flow of +€218 K;
- finance flows of -€620 K mainly linked to repayment of financial debts (balance of the Kreos loan for €904 K and repayable advances of €59 K) offset by capital increases representing €238 K.

2.3. Trends and prospects

The financial resources available to the Company on 30 June 2017 allow it to continue development for Imeglimin and PXL770.

During the second half of the year, the Company anticipates:

- initiating the Phase 3 clinical development program for Imeglimin in Japan,
- beginning the second stage of phase 1 clinical development for PXL770.

2.4. Events occurring after the end of the half-year

On 30 June 2017, Ms Kumi Sato was appointed by the Shareholders' Meeting as a new director for a term of 3 years, which is until conclusion of the Shareholders' Meeting held in 2020 approving the financial statements for the financial year ended 31 December 2019. Ms Sato was also appointed as a member of the Business Development Committee.

Ms Sato chaired and managed COSMO Public Relations Corporation, a strategic and public relations communication firm, acknowledged for the quality of its services, based in Tokyo and specialising in the health industry, through its COSMO Healthcare division, for more than 30 years.

2.5. Risk factors and transactions between related parties

2.5.1 Risk factors

The risks for the Company are detailed in chapter 4 "Risk Factors" in the 2016 Reference Document for the Company.

2.5.2 Related party transactions

Transactions between related parties are of the same nature as described in chapter 19 "Related Party Transactions" in the 2016 Reference Document. During the first six months of 2017, no significant transactions were concluded with a director or a member of the board of directors.

3. CONDENSED HALF-YEARLY FINANCIAL STATEMENTS PREPARED ACCORDING TO IFRS STANDARDS ON 30 JUNE 2017

3.1. Statement the financial position

POXEL Statement of financial position	Notes	30/06/2017 €	31/12/2016 €
ASSETS			
Intangible fixed assets	3	308	459
Tangible fixed assets	4	137 544	145 415
Other non-current financial assets	5	308 799	556 757
Deferred taxes	19	-	-
Total non-current assets		446 650	702 631
Accounts receivable		24 318	35 898
Other receivables	6	2 660 994	3 996 705
Tax credit due	19	-	-
Cash and cash equivalents	7	34 878 505	45 568 552
Total current assets		37 563 817	49 601 155
Total Assets		38 010 467	50 303 785
LIABILITIES			
Shareholders' equity			
Capital	9	460 685	459 005
Issue and contribution premiums		106 644 727	106 384 657
Reserves		(66 737 451)	(42 975 240)
Profit/Loss		(9 688 336)	(24 482 934)
Total shareholders' equity		30 679 624	39 385 488
Non-current liabilities			
Commitments to staff	12	170 641	131 206
Non-current financial debts	11	641 245	708 590
Non-current liabilities		811 886	839 796
Current liabilities			
Current financial debts	11	175 008	1 017 420
Provisions	13	-	-
Trade and other receivables	14.1	5 705 528	8 546 725
Social security and tax debts	14.2	458 114	459 693
Other creditors and sundry debts	14.3	180 307	54 664
Current liabilities		6 518 958	10 078 502
Total liabilities		38 010 467	50 303 785

3.2. Income statement

POXEL		Notes	30/06/2017	30/06/2016
Consolidated statement of (other) comprehensive income			€	€
Turnover	15		-	-
Sales costs			-	-
Gross margin			-	-
Research and development costs				
Research and development costs	16.1		(7 879 110)	(10 139 660)
Subsidy	16.1		1 620 486	1 669 196
General and administrative overheads	16.2		(3 249 111)	(3 719 627)
Operating profit/loss			(9 507 736)	(12 190 093)
Financial charges	18		(63 358)	(312 776)
Financial income	18		33 126	166 579
Forex losses/gains	18		(150 369)	(50 105)
Pre-tax profit/loss			(9 688 337)	(12 386 394)
Taxes	19		-	-
Net profit/loss			(9 688 337)	(12 386 394)
Loss per share		Notes	30/06/2017	30/06/2016
Weighted average number of shares in circulation			23 018 006	19 523 270
Loss per share (€/share)	20		(0,42)	(0,63)
Loss diluted per share (€/share)	20		(0,42)	(0,63)

3.3. Consolidated Income Statement

POXEL - IFRS		Notes	30/06/2017	30/06/2016
Consolidated statement of (other) comprehensive income			€	€
Loss for financial year			(9 688 337)	(12 386 394)
Actuarial differences (non-recyclable)	12		(25 085)	10 504
Influence of related taxes				
Other components of the consolidated profit/loss (net of tax)			(25 085)	10 504
Consolidated profit/loss			(9 713 423)	(12 375 891)

3.4. Variation in equity capital

POXEL Variation of shareholders' equity	Capital Number of shares	Capital	Capital premiums	Reserves and profit/loss	Conversion differences	Actuarial differences	Shareholders' equity
		€	€	€	€	€	€
At 31 December 2015	19 482 394	389 648	81 923 707	(44 263 088)	-	(22 450)	38 027 817
Net profit/loss 30 June 2016				(12 386 394)			(12 386 394)
Other components of the consolidated profit/loss						10 504	10 504
Consolidated profit/loss		-	-	(12 386 394)	-	10 504	(12 375 891)
Dividends							-
Share issues (1)	67 834	1 357	241 179				242 536
Subscription to share subscription warrants			205 275				205 275
Share-based payments				799 778			799 778
Capital Reduction							-
Treasury shares				(57 610)			(57 610)
Capital increase costs (2)			(564 933)				(564 933)
At 30 June 2016	19 550 228	391 005	81 805 229	(55 907 314)	-	(11 946)	26 276 972
At 31 December 2016	22 950 228	459 005	106 384 658	(67 462 957)	-	4 782	39 385 488
Net profit/loss 30 June 2017				(9 688 337)			(9 688 337)
Other components of the consolidated profit/loss						(25 085)	(25 085)
Consolidated profit/loss		-	-	(9 688 337)	-	(25 085)	(9 713 423)
Dividends							-
Share issues (1)	84 000	1 680	236 320				238 000
Subscription to share subscription warrants			23 750				23 750
Share-based payments				800 665			800 665
Capital reduction							-
Treasury shares				(54 856)			(54 856)
Capital increase costs			-				-
At 30 June 2017	23 034 228	460 685	106 644 728	(76 405 485)	-	(20 303)	30 679 624

- (1) In 2017, the capital increase corresponds to the exercise of 4, 200 share subscription warrants in newly formed companies (BSPCE in the French acronym) (giving entitlement to 84, 000 shares) by employees, see note 1.2
- In 2016, the capital increase corresponds to the exercise by Kreos Capital IV (UK) of 45, 834 BSA and the exercise of 1, 100 BSPCE (giving entitlement to 22, 000 shares) by employees.
- (2) In 2016, the Company incurred costs of €564, 933 for preparing a capital increase implemented in July 2016. These costs were fully recorded in the financial statement, less the issue premium on 30 June 2016.

3.5. Cash flow table

POXEL - IFRS Table of cash flow		Notes	30/06/2017 €	30/06/2016 €
Cash flow generated by operations				
Net profit/loss - ongoing operations			(9 688 337)	(12 386 394)
Net profit/loss - abandoned operations				
Net profit/loss			(9 688 337)	(12 386 394)
(-) Elimination of amortization of intangible fixed assets		3	(131)	(504)
(-) Elimination of depreciation of tangible fixed assets		4	(15 576)	(15 576)
(-) Allocations provisions		12	(14 350)	(14 240)
(-) Recoveries provisions				
(-) Charge linked to share-based payments		10	(800 665)	(799 778)
(+) Interest charges			(13 092)	(153 769)
(-) Interest income			32 983	165 963
(-) Accretion Kreos debt		11.4	(33 417)	(144 303)
(-) Subsidy transferred to profit/loss		11.2	(16 033)	(14 704)
Capacity of self-finance before cost of net financial debt and taxes			(8 828 055)	(11 409 483)
(-) Variation in working capital requirement			1 459 898	(2 546 366)
Operating generated cash flow			(10 287 953)	(8 863 117)
Investment generated cash flow				
Acquisition of intangible fixed assets		3	-	(202)
Acquisition of tangible fixed assets		4	(9 899)	(4 832)
(+) Interest received			35 198	165 963
Other investment flow		5	193 100	(93 610)
Investment related cash flow			218 399	67 319
Finance related cash flow				
Capital increase + issue premium net of costs (1)		9	238 000	(322 397)
Subscription to share subscription warrants		9	23 750	205 275
Subscription to liquidity contract			-	-
(-) Interest paid			(8 798)	(170 105)
Receipt of repayable advance		11.2		
Repayments of conditional advances and loans		11.2/11.4	(963 502)	(1 261 488)
Difference - liabilities		14.3	90 057	
Finance related cash flow			(620 493)	(1 548 715)
Influence of variations in forex rates				
Increase (Reduction in cash)			(10 690 047)	(10 344 513)
Cash and cash equivalents on opening (including current bank facilities)			45 568 552	42 413 402
Cash and cash equivalents on closing (including current bank facilities)			34 878 505	32 068 889
Increase (Reduction in cash)			(10 690 047)	(10 344 513)

⁽⁴⁾ In 2016, the "Increase in capital and issue premium net of expenses" (–€322,397) corresponds to exercise by Kreos Capital IV (UK) of 45 834 BSA (+€183, 336 and exercise of 1,100 BSPCE by employees (+€59,200) after deduction of costs incurred for preparing the capital increase occurring in July 2016 (€564, 933).

In 2017, this same heading corresponds to the exercise of BSPCE, resulting in the creation of 84,000 shares, of which 44, 000 shares at the strike price of €2.5 per share and 40, 000 shares at a price of €3.2 per share (that is €238, 000 in total).

3.6. Detailed analysis of the working capital requirement (WCR)

Detail of variation in the working capital requirement	30/06/2017	30/06/2016
Accounts receivable (net of impairment of client receivables)	(11 580)	-
Other receivables	(1 335 711)	813 947
Trade and other receivables	2 841 197	(3 128 379)
Social security and tax debts	1 579	(198 184)
Other creditors and sundry debts	(35 586)	(33 750)
Total variations	1 459 898	(2 546 366)

3.7. Notes to the half-yearly financial statements

Notes to the half-yearly financial statements

Note 1: Presentation of activity and major events

The condensed financial statement of POXEL prepared according to IFRS standards for the period from 1 January to 30 June 2017 were prepared by the Board of Directors on 21 September 2017 and authorised for publication.

1.1 Information concerning the Company and its activity

Created in March 2009 following a spin-off from Merck Serono, POXEL (a public limited company incorporated under French law) developed innovative molecules, the leaders in their class, for treating type 2 diabetes.

Excluding in the year of its creation, the Company has recorded operating losses every year. The losses are the result of internal and external research and development costs, associated notably with the conduct of many preclinical and clinical trials, mainly in the framework of developing Imeglimin.

The future development of the Company depends on the combination of several factors, which include (i) the success of research and development operations, (ii) obtaining regulatory authorizations and market acceptance of future products offered by the Company, (iii) obtaining the necessary funding and (iv) absence of development of competing products by other companies. In consequence, the Company could, in the short-/medium-term, be funded by partnerships for the development and sale of its drug candidates and by the issue of new equity instruments.

Address of registered office:

259 Avenue Jean Jaures, 69007 Lyon

Registration No. 510 970 817 in the Lyon Company Register

POXEL is referred to hereinafter as the "Company".

The Company did not have any subsidiaries or equity interests on 30 June 2017.

1.2 Significant events in the 1st half of 2017

Capital increases

Over the period, several employees exercised all or some of the BSPCE available to them:

- On 9 January 2017, an employee exercised 2,200 BSPCE equivalent to 44,000 ordinary shares, at the strike price of €2.5, representing a capital increase of €880 backed by an issue premium of €109,120.
- On 22 May 2017, an employee exercised 2,000 BSPCE equivalent to 40,000 ordinary shares, at the strike price of €3.2, representing a capital increase of €800 backed by an issue premium of €127,200

In consequence, the share capital rose to €460,684.56 on 30 June 2017, divided into 23, 034 228 shares, each of nominal value €0.02.

1.3 Events following closing

None

Note 2: Accounting principles, rules and methods

The financial statements are presented in Euro, unless otherwise indicated.

2.1 Principle for preparing financial statements

Declaration of compliance

POXEL prepared its financial statements, closed by the Board of Directors on 21 September 2017, according to the standards and interpretations published by International Accounting Standards Boards (IASB) and adopted by the European Union on the date of preparation of the financial statements, for all periods presented.

The reference documentation, available on the website of the European Commission (http://ec.europa.eu/internal_market/accounting/ias_fr.htm), includes the International Accounting Standards (IAS and IFRS), and the interpretations of the Standing Interpretations Committee – (SIC) and of the International Financial Interpretations Committee – (IFRIC).

The accounting principles and methods and options adopted by the Company are described below. In some cases, IFRS standards allow a choice between applying a benchmark process or another authorised process.

Principle for preparation of financial statements

The half-yearly financial statements, presented in condensed form, were prepared according to the international financial information standard IAS 34 ("Interim Financial Reporting").

The half-yearly financial statements do not include all the information and appendices as presented in annual financial statements. Therefore, they should be read in parallel with the financial statements of the Company prepared according to IFRS standards on 31 December 2016, subject to specific aspects for the preparation of interim financial statements as described below.

The Company's financial statements were prepared according to the principle of historic cost, except for certain categories of assets and liabilities, according to the provisions of the IFRS standards. The categories concerned are referred to in the following notes.

Continued operation

The hypothesis of continued operation was adopted given the financial capacity of the Company (available cash flow) with regard to its funding requirements for the 12 months following the date of closing the statement.

Accounting methods

The accounting principles used are identical to those used for the IFRS annual financial statements for the financial year ending 31 December 2016.

Standards, amendments of standards and interpretations applicable from the financial year commencing 1 January 2017

The Company did not make advance application of the new standards, amendments of standards and interpretations of which application becomes mandatory only in 2017.

Standards and interpretations published but not yet effective for the 2017 half-yearly financial statements

Standards, amendments of standards and interpretations adopted by the European Union not yet mandatory for the 2017 half-yearly financial statements:

- IFRS 9 - Financial Instruments
- IFRS 15 - Revenue from Contracts with Customers

Standards and interpretations published by IASB and not yet adopted by the European Union as of 30 June 2017:

- IFRS 14 - Regulatory Deferral Accounts
- IFRS 16 - Leases
- IFRS 17 - Insurance contracts
- Amendments to IFRS 10 and IAS 28 – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture
- Amendments to IAS 12 – Accounting for deferred tax assets relating to latent losses
- Amendments to IAS 7 – Information to be provided: Transfers of financial assets
- Amendments to IFRS 2 – Classification and Measurement of Share-based Payment Transactions
- Amendments to IFRS 4 - Applying IFRS 9 with IFRS 4
- Amendments to IAS 40 – Transfers of Investment Property
- Clarification of IFRS 15
- IFRIC 22 - Foreign Currency Transactions and Advance Consideration
- IFRIC 23 - Uncertainty over Income Tax Treatments
- Improvement of IFRS (2014-2016 cycle)

The Company is currently assessing the impacts of the first application of these new texts. It does not anticipate any significant impact on its financial statements.

2.2 Use of judgements and estimates

To prepare the financial statements pursuant to IFRS, estimates, judgements and hypotheses were made by the Company's Management; these may have influenced the amounts posted under assets and liabilities, the potential liabilities on the date of preparation of the financial statements and the amounts posted as income and expenditure for the financial year.

The estimates are based on the hypotheses of continued operation and were prepared according to information available when they are prepared. They are the subject of ongoing evaluation on the basis of previous experience and various other factors considered reasonable which constitute the basis for assessing the book value of said assets and liabilities. The estimates may be revised if the circumstances on which they are based change, or in the event of new information. The actual results may vary significantly from the estimates, according to the hypotheses or different conditions.

For preparing the half-yearly financial statement, the main judgements made by the top management and the main hypotheses adopted are the same as those applied when preparing the financial statements closed on 31 December 2016.

2.3 Change of accounting method

POXEL has not made any change of accounting methods during the 1st half of 2017.

Note 3: Intangible fixed assets

GROSS VALUES OF INTANGIBLE FIXED ASSETS (Amounts in Euro)	Software	Other	Total
Statement of financial position at 31 December 2015	10 283	0	10 283
Capitalised R&D costs	0	0	0
Acquisition	202	0	202
Sale/scrapping	0	0	0
Transfer	0	0	0
Statement of financial position at 30 June 2016	10 485	0	10 485
Statement of financial position at 31 December 2016	1 959	0	1 959
Capitalised R&D costs	0	0	0
Sale/scrapping	0	0	0
Sale	0	0	0
Transfer	0	0	0
Statement of financial position at 30 June 2017	1 959	0	1 959
AMORTISATION			
Statement of financial position at 31 December 2015	9 743	0	9 743
Increase	131	0	131
Decrease	0	0	0
Statement of financial position at 30 June 2016	9 874	0	9 874
Statement of financial position at 31 December 2016	1 500	0	1 500
Increase	151	0	151
Decrease	0	0	0
Statement of financial position at 30 June 2017	1 651	0	1 651
NET BOOK VALUES			
At 31 December 2016	459	0	459
At 30 June 2017	308	0	308

Given the risks and uncertainties associated with the research and development process, the six criteria on fixed assets were not deemed satisfied for any development project in progress. In consequence, all costs incurred by the Company are recorded as charges.

Note 4: Tangible fixed assets

GROSS VALUES OF TANGIBLE FIXED ASSETS (Amounts in Euro)				
	Fixtures & fittings	IT equipment	Furniture	Total
Statement of financial position at 31 December 2015	109 157	50 739	40 458	200 354
Acquisition		9 657		9 657
Sale/scraping		-1 722		-1 722
Transfer				0
Statement of financial position at 30 June 2016	109 157	58 674	40 458	208 289
Statement of financial position at 31 December 2016	111 047	62 133	46 334	219 514
Acquisition		9 899		9 899
Sale/scraping		-2 406		-2 406
Transfer				0
Statement of financial position at 30 June 2017	111 047	69 626	46 334	227 007
AMORTISATION				
Statement of financial position at 31 December 2015	2 081	25 799	19 726	47 606
Increase	6 064	7 254	2 258	15 576
Decrease		-1 722		-1 722
Statement of financial position at 30 June 2016	8 145	31 331	21 984	61 460
Statement of financial position at 31 December 2016	14 225	35 334	24 540	74 099
Increase	6 182	8 742	2 846	17 770
Decrease		-2 406		-2 406
Statement of financial position at 30 June 2017	20 407	41 670	27 386	89 463
NET BOOK VALUES				
At 31 December 2016	96 822	26 799	21 794	145 415
At 30 June 2017	90 640	27 956	18 948	137 544

The Company does not hold any lease financing agreements.

No loss of value pursuant to standard IAS 36 was recorded.

Note 5: Other non-current financial assets

The non-current financial assets are constituted of the following items:

OTHER NON-CURRENT FINANCIAL ASSETS (Amounts in Euro)	30/06/2017	31/12/2016
Advance paid on the Kreos loan	41 544	278 325
Cash part of liquidity contract	71 246	126 103
Deposits on ordinary leasing	37 383	32 053
Other deposits	158 626	120 276
Total	308 799	556 757

Note 6: Other Receivables

OTHER RECEIVABLES (Amounts in Euro)	30/06/2017	31/12/2016
Research tax credit	1 620 486	3 224 053
VAT	750 712	583 823
Credit note receivable	2 455	34 151
Pre-paid expenses	278 775	150 989
Supplier receivables	1 845	617
Other	6 721	3 072
Total other receivables	2 660 994	3 996 705

All other current assets are due in under one year.

On 30 June 2017, the receivables are estimated on the basis of the research expenditure committed on said date and eligible for research tax credit.

The prepaid charges refer to current expenditure.

Note 7: Cash and cash equivalents

The cash and cash equivalents heading is analysed as follows:

CASH AND CASH EQUIVALENTS (Amounts in Euro)	30/06/2017	31/12/2016
Bank accounts	4 936 218	2 197 635
Term deposits	26 717 392	43 370 702
Money market funds	3 224 895	215
Total cash and cash equivalents	34 878 505	45 568 552

Note 8: Financial assets and liabilities and influence on profit/loss

The Company's assets and liabilities were evaluated as follows on 31 December 2016 and 30 June 2017:

(Amounts in Euro)	30/06/2017		Value - statement of financial position according to IAS 39			Non-financial instruments
Balance sheet headings	Value Statement of financial position	Fair Value (3)	Fair Value - income statement	Loans and receivables (2)	Debts at amortised costs (1)	
Non-current financial assets	308 799	308 799		308 799		
Accounts receivable	24 318	24 318		24 318		
Other receivables	2 660 994	2 660 994		2 660 994		
Cash and cash equivalents	34 878 505	34 878 505	3 224 895	31 653 610		
Total assets	37 872 616	37 872 616	3 224 895	34 647 721	0	0
Current financial debts	175 008	175 008			175 008	
Non-current financial debts	641 245	641 245			641 245	
Trade and other receivables	5 705 528	5 705 528			5 705 528	
Other creditors and sundry debts	180 307	180 307	90 057		90 250	
Total liabilities	6 702 088	6 702 088	90 057	0	6 612 031	0

(Amounts in Euro)	31/12/2016		Value - statement of financial position according to IAS 39			Non-financial instruments
Balance sheet headings	Value Statement of financial position	Fair Value (3)	Fair Value - income statement	Loans and receivables (2)	Debts at amortised costs (1)	
Non-current financial assets	556 757	556 757		556 757		
Accounts receivable	35 898	35 898		35 898		
Other receivables	3 996 705	3 996 705		3 996 705		
Cash and cash equivalents	45 568 552	45 568 552	215	45 568 337		
Total assets	50 157 911	50 157 911	215	50 157 696	0	0
Current financial debts	1 017 420	1 017 420			1 017 420	
Non-current financial debts	708 590	708 590			708 590	
Trade and other receivables	8 546 725	8 546 725			8 546 725	
Other creditors and sundry debts	54 664	54 664			54 664	
Total liabilities	10 327 399	10 327 399	0	0	10 327 399	0

(1) The net book value of debts at amortised cost was considered as a reasonable estimate of fair value.

(2) The fair value of loans and receivables is equivalent to the value stated in the balance sheet (value on the date of the transaction, subject to an impairment test on each closing of the financial statement).

(3) The fair value of financial assets recorded at fair value in the income statement (for example, Sicav) is calculated on the basis of the level 1 evaluation of fair value and is equivalent to the market value.

Note 9: Capital

Capital issued

The capital is €460,684.56 divided into 23, 034,228 ordinary shares each of nominal value €0.02 fully paid, after considering the two transactions on capital during the first half of 2017 (see paragraph 1.2).

Distribution of dividends

The Company did not distribute any dividends in the first half of 2017.

Note 10: Share subscription warrants, stock options and business creator shares

Share subscription warrants ("BSA" in the French acronym)

The table below summarises the data for option plans issued and the hypothesis adopted for the evaluation according to IFRS 2:

							Hypotheses adopted - calculation of fair value according to IFRS 2							
Date of allocation	Type	Number of warrants issued	Number of lapsed options	Number of exercised options	Number of options in circulation	Maximum number of shares to	Fair value of underlying asset*	Fair value of warranty*	Maturity	Strike price in €*	Duration of exercise	Volatility	Risk free rate	Total valuation IFRS 2 (Black-Scholes)
Turnover on 5 July 2010	Directors' share subscription	4 500	0	0	4 500	90 000								
At 31 December 2010		4 500	0		4 500	90 000	3,33 €	1,50 €	5 years	3,33 €	10 years	45%	3,5%	135 125 €
At 31 December 2011		4 500	0		4 500	90 000								
At 31 December 2012		4 500	0		4 500	90 000								
Turnover on 20 February 2013	Share subscription warrants	2 500	0	0	2 500	50 000	4,23 €	2,04 €	5 years	4,00 €	10 years	52%	2,2%	71 843 €
At 31 December 2013		7 000	0	0	7 000	140 000								
Turnover on 12 March 2014	Share subscription warrants	2 500	0		2 500	50 000	8,00 €	5,16 €	4.5 years	4,00 €	10 years	55%	1,8%	227 848 €
At 31 December 2014		9 500	0	0	9 500	190 000								
Turnover on 08 January 2015	Share subscription warrants	42 500	0	0	42 500	42 500	8,20 €	5,16 €	6 years	4,00 €	10 years	57%	0,0%	219 468 €
Turnover on 29 April 2015	Share subscription warrants	42 500	0	0	42 500	42 500	13,57 €	6,77 €	6 years	9,37 €	10 years	57%	0,0%	287 591 €
Turnover on 07 May 2015	Share subscription warrants	240 000	0		240 000	240 000	13,57 €	6,46 €	6 years	9,62 €	10 years	57%	0,1%	1 550 959 €
At 31 December 2015		334 500	0	0	334 500	515 000								
Turnover on 29 January 2016	Share subscription warrants	42 500	0	0	42 500	42 500	9,07 €	2,84 €	6 years	9,05 €	10 years	53%	0,2%	120 779 €
Turnover on 29 January 2016	Share subscription warrants	42 500	0	0	42 500	42 500	9,07 €	2,84 €	6 years	9,05 €	10 years	53%	0,2%	120 779 €
Turnover on 31 March 2016	Share subscription warrants	42 500	0	0	42 500	42 500	12,23 €	5,19 €	6 years	9,26 €	10 years	53%	0,0%	220 461 €
At 30 June 2016		462 000	0	0	462 000	642 500								
At 31 December 2016		462 000	0	0	462 000	642 500								
Turnover on 27 January 2017	Share subscription warrants	62 500	0	0	62 500	62 500	6,76 €	2,66 €	5.5 years	7,17 €	10 years	53%	0,0%	166 369 €
Turnover on 30 June 2017	Share subscription warrants	25 000	0	0	25 000	25 000	6,61 €	3,00 €	5.5 years	6,90 €	10 years	53%	0,0%	66 064 €
At 30 June 2017		549 500	0	0	549 500	730 000								

* After division of nominal by 20

The warrants issued before division of the nominal value by twenty, effective in March 2014, are convertible to twenty ordinary shares. In consequence, the fair value of the underlying investment, the fair value of the warrant and the strike price were adjusted to consider the above.

The strike price for awards made after the initial public offering is based on the average share price during twenty stock exchange days prior to the allocation.

The exercise rights for the “Directors’ BSA” are acquired annually, by thirds on each anniversary of the allocation.

The exercise rights for the “BSA 31/10/2012” are acquired immediately on the date of allocation by the Shareholders’ Meeting. They were subscribed by the beneficiaries at a price of €12 per BSA, that is, a total of £30 K including the issue premium by the Company in 2013.

Exercise of warrants is not subject to any performance conditions. On the other hand, it is subject to a presence condition.

The exercise rights for the “BSA 25/07/2014” are acquired annually by thirds on each anniversary of allocation.

The exercise rights for the BSA issued in 2016 are acquired one year after the date of allocation. The exercise rights for the BSA issued in January 2017 are acquired annually, by thirds on each anniversary of the allocation. The exercise rights for the BSA issued in June 2017 are fully acquired on the first anniversary of allocation. Considering the allocation was made on 30 June 2017, no charge has been recorded in this regard for the half-year.

These plans are classified as “equity settled”. The Company has no commitments to repurchase the instruments from employees in the event of departure or the occurrence of a specific event.

Stock options

The table below summarises the data for option plans issued and the hypotheses adopted for the evaluation according to IFRS 2:

							Hypotheses adopted - calculation of fair value according to IFRS 2							
Date of allocation	Type	Number of warrants issued	Number of lapsed options	Number of exercised options	Number of options in circulation	Maximum number of shares to be issued	Fair value of underlying asset	Fair value of warrant	Maturity	Strike price in €	Duration of exercise	Volatility	Risk free rate	Total valuation IFRS 2 (Black-Scholes)
Turnover on 31 March 2016	Stock Options	80 000	0	0	80 000	80 000	12,55 €	5,88 €	5.5 years	12,55 €	10 years	53%	0,0%	470 616 €
Turnover on 23 November 2016	Stock Options	150 000	0	0	150 000	150 000	6,47 €	3,15 €	6 years	6,47 €	10 years	53%	0,0%	472 485 €
At 31 December 2016		230 000	0	0	230 000	230 000								
Turnover on 27 January 2017	Stock Options	12 500	0	0	12 500	12 500	6,76 €	3,15 €	5.5 years	6,76 €	10 years	53%	0,0%	39 353 €
Turnover on 27 January 2017	Stock Options	185 000	0	0	185 000	185 000	6,76 €	3,27 €	6 years	6,76 €	10 years	53%	0,0%	604 960 €
Turnover on 30 June 2017	Stock Options	97 500	0	0	97 500	97 500	6,61 €	3,20 €	6 years	6,61 €	10 years	53%	0,0%	311 756 €
At 30 June 2017		525 000	0	0	525 000	525 000								

The exercise rights for stock options issued during the first half of 2017 are acquired:

- one year after the allocation date for the 12, 500 stock options allocated by the Board of Directors on 27 January;
- annually by thirds for the 185, 000 stock options allocated by the Board of Directors on 27 January;
- annually by thirds for the 97, 500 stock options allocated by the Board of Directors on 30 June (considering the allocation date, no charge was recorded in this regard for the half-year).

These plans are classified as “equity settled”. The Company has no commitments to repurchase the instruments from employees in the event of departure or the occurrence of a specific event.

Business creator shares (“BSPCE” or “BCE” in the French acronym)

The table below summarises the data for option plans issued and the hypotheses adopted for the evaluation according to IFRS2:

Date of allocation	Type	Number of warrants issued	Number of lapsed options	Number of exercised options	Number of options in circulation	Maximum number of shares to be issued*	Hypotheses adopted - calculation of fair value according to IFRS 2						
							Fair value of underlying asset*	Fair value of warranty*	Maturity	Strike price in €*	Duration of exercise	Volatility	Risk free rate
Turnover on 20 June 2010	BCE 10-06-2010-1	5 000	2 750		2 250	45 000	3,33 €	1,77 €	5 years	2,50 €	10 years	45%	3,5%
Turnover on 17 December 2010	BCE 10-06-2010-2	3 000	0	3 000	0	0	3,33 €	1,72 €	4.5 years	2,50 €	10 years	45%	3,7%
At 31 December 2010		8 000	2 750		5 250	105 000							
Turnover on 20 September 2011	BCE 10-06-2010-2	1 500	0		1 500	30 000	3,74 €	2,00 €	3.5 years	2,50 €	10 years	50%	4,0%
At 31 December 2011		9 500	2 750		6 750	135 000							
At 31 December 2012		9 500	2 750		6 750	135 000							
At 31 December 2013		9 500	2 750		6 750	135 000							
Turnover on 12 March 2014	BCE 31-10-2012	5 000	0	2 300	2 700	54 000	8,00 €	5,58 €	4.5 years	3,20 €	10 years	55%	1,80%
At 31 December 2014		14 500	2 750		11 750	235 000							
At 31 December 2015		14 500	2 750		11 750	235 000							
At 30 June 2016		14 500	2 750		11 750	235 000							
Turnover on 29 July 2016	BSPCE 29-07-2016	45 000	0		45 000	45 000	7,53 €	3,30 €	5.5 years	8,45 €	10 years	53%	0,00%
At 31 December 2016		59 500	2 750		56 750	258 000							
Turnover on 31 March 2017	BSPCE 31-03-2017	100 000	0	0	100 000	100 000	6,76 €	2,63 €	6 years	5,91 €	10 years	53%	0,00%
Turnover on 30 June 2017	BSPCE 2017-2	177 500	0	0	177 500	177 500	6,61 €	3,04 €	6 years	7,26 €	10 years	53%	0,0%
At 31 December 2016		337 000	2 750	5 300	329 850	451 500							

* After division of nominal by 20

The warrants issued before division of the nominal value by twenty, effective in March 2014, are convertible to twenty ordinary shares. In consequence, the fair value of the underlying investment, the fair value of the warrant and the strike price were adjusted to consider the above.

The strike price for awards made after the initial public offering is based on the average share price during twenty stock exchange days prior to the allocation.

The exercise rights for all BSPCE are acquired annually on the anniversary of each allocation. No charge was posted in the financial statement for the half-year for the BSPCE allocated on 30 June 2017

Exercise of warrants is not subject to any performance conditions. On the other hand, it is subject to a presence condition.

These plans are classified as “equity settled”. The Company has no commitments to repurchase the instruments from employees in the event of departure or the occurrence of a specific event.

Detail of the charges posted in the financial statement according to IFRS 2 on 30 June 2016 and 2017:



Type	Date granted	At 30 June 2016					At 30 June 2017			
		Number of options in circulation	Cost IFRS 2 of plan	Cumulative charge on opening	Charge on 30 June 2016	Cumulative charge on 30/06/2016	Number of options in circulation	Cost IFRS 2 of plan	Charge on 30 June 2017	Cumulative charge on 30/06/2017
Directors' share subscri	Turnover on 5 July 2010	4 500	135 125 €	135 125 €	0 €	135 125 €	4 500	135 125 €	0 €	135 125 €
Share subscription warr	Turnover on 20 February 201	2 500	71 843 €	71 843 €	0 €	71 843 €	2 500	71 843 €	0 €	71 843 €
Share subscription warr	Turnover on 12 March 2014	2 500	227 848 €	227 848 €	0 €	227 848 €	2 500	227 848 €	0 €	227 848 €
BCE 31-10-2012	Turnover on 12 March 2014	42 500	219 468 €	146 955 €	37 684 €	184 639 €	42 500	219 468 €	14 623 €	217 438 €
Share subscription warr	Turnover on 08 January 2015	42 500	287 591 €	95 198 €	83 881 €	179 078 €	42 500	287 591 €	37 946 €	256 968 €
Share subscription warr	Turnover on 29 April 2015	240 000	1 550 959 €	937 038 €	366 199 €	1 303 236 €	240 000	1 550 959 €	118 476 €	1 550 959 €
Share subscription warr	Turnover on 29 January 2016	42 500	120 779 €	0 €	30 939 €	30 939 €	42 500	120 779 €	19 863 €	19 863 €
Share subscription warr	Turnover on 29 January 2016	42 500	120 779 €	0 €	30 939 €	30 939 €	42 500	120 779 €	19 863 €	19 863 €
Share subscription warr	Turnover on 31 March 2016	42 500	220 461 €	0 €	33 958 €	33 958 €	80 000	220 461 €	48 538 €	48 538 €
Share subscription warr	Turnover on 27 January 2017	0	0 €	0 €	0 €	0 €	62 500	166 369 €	69 738 €	69 738 €
Total – Share subscription warrants		462 000	2 954 852 €	1 614 006 €	583 599 €	2 197 605 €	562 000	3 121 222 €	329 048 €	2 618 184 €

Type	Date granted	At 30 June 2016					At 30 June 2017			
		Number of options in circulation	Cost IFRS 2 of plan	Cumulative charge on opening	Charge on 30 June 2016	Cumulative charge on 30/06/2016	Number of options in circulation	Cost IFRS 2 of plan	Charge on 30 June 2017	Cumulative charge on 30/06/2017
BCE 10-06-2010-1	Turnover on 20 June 2010	2 250	176 537 €	176 537 €	0 €	176 537 €	2 250	176 537 €	0 €	176 537 €
BCE 10-06-2010-2	Turnover on 17 December 20	0	102 951 €	102 951 €	0 €	102 951 €	0	102 951 €	0 €	102 951 €
BCE 10-06-2010-2	Turnover on 20 September 2	1 500	59 996 €	59 996 €	0 €	59 996 €	1 500	59 996 €	0 €	59 996 €
BCE 31-10-2012	Turnover on 12 March 2014	5 000	558 351 €	558 351 €	0 €	558 351 €	5 000	558 351 €	0 €	558 351 €
BSPCE 29-07-2016	Turnover on 29 July 2016	0	0 €	0 €	0 €	0 €	45 000	148 460 €	37 233 €	37 233 €
BSPCE 31-03-2017	Turnover on 31 March 2017	0	0 €	0 €	0 €	0 €	100 000	263 098 €	40 526 €	40 526 €
Total - BSPCE		8 750	897 835 €	897 835 €	0 €	897 835 €	153 750	1 309 393 €	77 760 €	975 595 €

Type	Date granted	At 30 June 2016					At 30 June 2017			
		Number of options in circulation	Cost IFRS 2 of plan	Cumulative charge on opening	Charge on 30 June 2016	Cumulative charge on 30/06/2016	Number of options in circulation	Cost IFRS 2 of plan	Charge on 30 June 2017	Cumulative charge on 30/06/2017
Stock Options	Turnover on 31 March 2016	80 000	470 616 €	0 €	216 179 €	216 179 €	42 500	470 616 €	77 900 €	77 900 €
Stock Options	Turnover on 23 November 20	0	0 €	0 €	0 €	0 €	150 000	472 485 €	144 493 €	144 493 €
Stock Options	Turnover on 27 January 2017	0	0 €	0 €	0 €	0 €	12 500	39 353 €	16 496 €	16 496 €
Stock Options	Turnover on 27 January 2017	0	0 €	0 €	0 €	0 €	185 000	604 960 €	154 969 €	154 969 €
Total - Stock Options		80 000	470 616 €	0 €	216 179 €	216 179 €	390 000	1 587 414 €	393 858 €	393 858 €



The total charge for BSA, BSPCE and stock options was €800,665 which is (€221,821 for research and development costs and €588,844 for general administrative overheads) for the half-year ending 30 June 2017.

Note 11: Borrowing and financial debts

CURRENT AND NON-CURRENT FINANCIAL DEBTS (amount in Euro)	30/06/2017	31/12/2016
Repayable advance	641 245	708 590
Non-current financial debts	641 245	708 590
Repayable advance	160 508	136 129
Kreos debt (Tranche A)	0	871 085
Interest accrued	0	8 206
Bank charges	14 500	2 000
Current financial debts	175 008	1 017 420
Total financial debts	816 253	1 726 010

Breakdown of financial debts by due date

The due dates for financial debts are analyzed as follows during the periods presented:

CURRENT AND NON-CURRENT FINANCIAL DEBTS (amount in Euro)	30/06/2017			
	Gross amount	Part less than one year	From 1 to 5 years	Greater than 5 years
Repayable advances	801 753	160 508	641 245	0
Bank charges	14 500	14 500	0	0
Total financial debts	816 253	175 008	641 245	0

CURRENT AND NON CURRENT FINANCIAL DEBTS (amount in Euro)	31/12/2016			
	Gross amount	Part less than one year	From 1 to 5 years	Greater than 5 years
Repayable advances	844 719	136 129	708 590	0
Bank charges	2 000	2 000	0	0
Interest accrued	8 206	8 206	0	0
Kreos debt (Tranche A)	871 085	871 085	0	0
Total financial debts	1 726 010	1 017 420	708 590	0

11.1 Debts to credit institutions

During the first half of 2017 the Company did not take out any loans from credit institutions.

The Company has an authorised overdraft of €1.7 M by pledging a time deposit account for the same amount. The overdraft was not used by the Company as of 31 December 2016 and 30 June 2017.

11.2 Repayable advances and subsidies

The following table presents the trend for repayable advances and subsidies:

	PXL770	Imeglimine (New Formulation)	Total
At 31 December 2016	111 461	733 258	844 719
(+) Collection			
(-) Repayment	-35 000	-24 000	-59 000
Subsidies			
Financial charges	2 209	13 824	16 033
(+/-) Other movements			
At 30 June 2017	78 671	723 082	801 753

Breakdown of repayable advances and subsidies by due date

	Repayable advances		Total
	PXL770	Imeglimine (New Formulation)	
At 30 June 2017	78 671	723 082	801 753
Part less than one year	73 747	86 761	160 508
Part from 1 year to 5 years	4 923	636 321	641 245
Part more than 5 years			

	Repayable advances		Total
	PXL770	Imeglimine (New Formulation)	
At 31 December 2016	111 461	733 258	844 719
Part less than one year	69 683	66 446	136 129
Part from 1 year to 5 years	41 778	666 812	708 590
Part more than 5 years			

The Company did not obtain any new repayable advances during the first half of 2017 and did not receive any supplementary payment for existing advances.

11.3 Debt to Kreos

The debt to Kreos was repaid in full during the first half of 2017:

EVOLUTION OF THE KREOS DEBT (Tranche A) (Amount in thousands of Euro)	Kreos debt
At 31 December 2016	871 085
(+) Collection	0
(+) Accretion	33 417
(-) Repayment	(904 502)
(-) Shareholders' equity component	0
At 30 June 2017	0

Note 12: Commitments to staff

Commitments to staff are composed of the provision for pension rights, evaluated on the basis of provisions in the applicable collective agreement, which is the collective agreement for the pharmaceutical industry. The main actuarial hypotheses used to evaluate the pension rights on retirement are as follows:

ACTUARIAL HYPOTHESES	30/06/2017	31/12/2016
Retirement age	Voluntary retirement at 65/67 years	
Collective agreements	Pharmaceutical industry	
Updating rate (IBOXX Corporates AA)	1,76%	1,74%
Table of mortality	INSEE 2015	INSEE 2015
Salary revaluation rates	2%	2%
Turn-over rate	Low	Low
Social security rates	50%	50%

The provision for pensions has evolved as follows:

COMMITMENTS TO STAFF (amounts in Euro)	Pension rights
At 31 December 2016	131 206
Costs of previous services	13 209
Financial costs	1 142
Actuarial differences	25 085
At 30 June 2017	170 641

Note 13: Provisions

The Company may become involved in judicial, administrative or regulatory proceedings in the normal course of its business. A provision is recorded by the Company once there is sufficient probability that such disputes will result in costs being incurred by the Company.

No provision was considered necessary in this regard during the half-year ended 30 June 2017.

Note 14: Suppliers and other current liabilities

14.1. Trade and related receivables

TRADE AND OTHER RECEIVABLES (amounts in Euro)	30/06/2017	31/12/2016
Supplier debts	3 080 124	4 915 662
Invoices no yet received	2 625 404	3 631 063
Total trade and other receivables	5 705 528	8 546 725

No updating was made for trade and related receivables insofar as the amounts do not represent any due date exceeding one year on 30 June 2017.

14.2 Tax and social security debts

Tax and social security debts are analysed as follows:

TAX AND SOCIAL SECURITY DEBTS (amounts in Euro)	30/06/2017	31/12/2016
Staff and related accounts	233 491	211 397
Social security and other social organisations	196 059	198 865
Other taxes, duty and similar payments	28 564	49 431
Total tax and social security debts	458 114	459 693

14.3. Other creditors and sundry debts

OTHER CURRENT LIABILITIES (amounts in Euro)	30/06/2017	31/12/2016
Derivative instruments	90 057	0
Attendance fees	90 250	54 664
Total other current liabilities	180 307	54 664

The Company has two forward forex contracts (the first for 170 million Yen, the second for £466 K GBP) of which the fair value was €90, 057 on 30 June 2017.

Note 15: Operating incomes

The Company did not generate any turnover on 30 June 2017 or obtain any new subsidy.

Note 16: Details of income and expenditure by function

16.1 Research and Development

RESEARCH AND DEVELOPMENT (amounts in Euro)	30/06/2017	30/06/2016
Staff costs	1 279 743	929 295
Share-based payments	221 821	91 550
Subcontracting, studies and research	5 967 735	8 461 836
Fees intellectual property	115 995	204 607
Temporary staff payments Fees	156 333	345 253
Insurance premiums	9 570	17 196
Fees, licences	43 652	36 025
Leasing	74 713	44 844
Documentation, training	55	591
Other duty and taxes	9 492	8 465
Research and development costs	7 879 110	10 139 660
Research tax credit	1 620 486	1 669 196
Subsidies	1 620 486	1 669 196

The research and development expenses are essentially linked to clinical trials and studies for the Company's two development programs, Imeglimin and PXL770 . The Company performs its studies through a network of Contract Research Organizations (CROs). The expenses committed for these agreements represent the majority of sub-contracting expenditure.

As of 30 June 2016, this charge was mainly linked to the implementation of the Phase 2b clinical program for Imeglimin in Japan. This Phase 2b program was completed during the first half of 2017.

The evolution of staff costs is linked to reinforcing the clinical research teams.

16.2 General and administrative overheads

GENERAL AND ADMINISTRATIVE OVERHEADS (amounts in Euro)	30/06/2017	30/06/2016
Staff costs	846 923	768 955
Share-based payments	578 844	708 229
Leasing	25 584	25 891
Travel, Assignments and Receptions	463 035	382 622
Maintenance and repairs	16 361	10 680
Postal and telecommunications costs	19 783	20 820
Insurance premiums	33 554	19 001
Advertising, External Relations	97 254	102 194
Temporary staff payments Fees	1 080 707	1 610 252
Banking services and similar	31 842	34 469
Amortisation of fixed assets	18 060	14 636
Other duty and taxes	12 332	20 811
Miscellaneous	24 833	1 066
General and administrative overheads	3 249 111	3 719 627

The evolution of the general and administrative overhead is mainly linked to the reduction in charges and fees, which were particularly high in 2016, given the costs incurred for financing activities.

Note 17: Payroll

The average payroll for POXEL on 30 June 2016 and 2017 is given below:

AVERAGE PAYROLL	30/06/2017	30/06/2016
Management	24	18
Non-Management	1	1
Total average payroll	25	19

Note 18: Net financial income and expenditure

FINANCIAL INCOME AND EXPENDITURE (amounts in Euro)	30/06/2017	30/06/2016
Kreos interest	(46 509)	(298 072)
Other financial charges	(16 849)	(14 704)
Financial income	33 126	166 578
Forex (losses) and gains	(150 369)	(50 105)
Total financial income and (charges)	(180 601)	(196 302)

The financial result as of 30 June 2016 and 2017 is mainly composed of:

- interest on the Kreos agreement (note 11.3), of which the debt was fully repaid during the first half of 2017 ;
- other financial charges, composed essentially of the effect of accretion of repayable advances ;
- income from financial investments ;
- in 2017, the fair value of forward forex contracts (charge of €90, 057).

Note 19: Tax on profits

As of 31 December 2016 and 30 June 2017, the Company did not acknowledge any deferred tax credit for its deficits eligible for carrying forward. Considering the stage of its development, the Company considers it is not in a position to make projections of its future taxable profits against which unused tax losses could be set-off. There was no taxable profit on 30 June 2016 and 2017.

Note 20: Loss per share

Base loss

The base loss per share is calculated by dividing the net loss for shareholders of the Company by the weighted average number of ordinary shares in circulation during the financial year.

Instruments giving deferred rights to equity (BSA, BCE, stock options and convertible bonds) are considered as anti-diluting since they cause an increase of the result per share. Hence the loss diluted per share is identical to the basic loss per share.

BASE LOSS PER SHARE (Amounts in Euro)	30/06/2017	30/06/2016
Weighted average number of shares in circulation	23 018 006	19 523 270
Net profit/loss for financial year	(9 688 337)	(12 386 394)
Base loss per share (€/share)	(0,42)	(0,63)
Diluted loss per share (€/share)	(0,42)	(0,63)

Note 21: Related parties

No benefit subsequent to employment is granted to members of the board of directors.

Remuneration paid to managers can be analysed as follows (in Euro):

Remuneration of corporate officers	30/06/2017	30/06/2016
Fixed remuneration due	73 440	71 732
Variable remuneration due	46 453	33 727
Benefits in kind	2 833	2 834
Employer's charges	48 095	42 422
Attendance fees	172 000	100 582
Share-based payments	378 175	217 401
Consultants' fees	0	12 500
TOTAL	720 995	481 198

The methods for allocation of variable elements are established according to qualitative and quantitative objectives based 85% on compliance with Company objectives common to all employees and 15% on individual objectives.

The methods for evaluating the benefit of share based payments are given in note 10.

Note 22: Sector-specific information

The Company operates in a single segment: development of innovative first in class molecules for the treatment of metabolic diseases, including type 2 diabetes.

The assets and operational loss presented are located in France.

Hence, the Company's performance is currently analysed at Company level.

Note 23: Off-balance sheet commitments

The off-balance sheet commitments on 30 June 2017 have not significantly changed since 31 December 2016.

4. LIMITED REPORT OF THE AUDITORS ON THE CONDENSED HALF-YEARLY FINANCIAL STATEMENT ENDED 30 JUNE 2017 PREPARED ACCORDING TO IFRS STANDARDS, AS ADOPTED IN THE EUROPEAN UNION

Aux actionnaires,

En exécution de la mission qui nous a été confiée par vos Assemblées Générales, et en application de l'article L. 451-1-2 III du Code monétaire et financier, nous avons procédé à :

- l'examen limité des comptes semestriels résumés de la société Poxel SA, relatifs à la période du 1er janvier 2017 au 30 juin 2017, tels qu'ils sont joints au présent rapport ;
- la vérification des informations données dans le rapport semestriel d'activité.

Ces comptes semestriels résumés ont été établis sous la responsabilité du Conseil d'Administration. Il nous appartient, sur la base de notre examen limité, d'exprimer notre conclusion sur ces comptes.

1. Conclusion sur les comptes

Nous avons effectué notre examen limité selon les normes d'exercice professionnel applicables en France. Un examen limité consiste essentiellement à s'entretenir avec les membres de la direction en charge des aspects comptables et financiers et à mettre en œuvre des procédures analytiques. Ces travaux sont moins étendus que ceux requis pour un audit effectué selon les normes d'exercice professionnel applicables en France. En conséquence, l'assurance que les comptes, pris dans leur ensemble, ne comportent pas d'anomalies significatives, obtenue dans le cadre d'un examen limité est une assurance modérée, moins élevée que celle obtenue dans le cadre d'un audit.

Sur la base de notre examen limité, nous n'avons pas relevé d'anomalies significatives de nature à remettre en cause la conformité des comptes semestriels résumés avec la norme IAS 34 - norme du référentiel IFRS tel qu'adopté dans l'Union européenne relative à l'information financière intermédiaire.

2. Vérification spécifique

Nous avons également procédé à la vérification des informations données dans le rapport semestriel d'activité commentant les comptes semestriels résumés sur lesquels a porté notre examen limité. Nous n'avons pas d'observation à formuler sur leur sincérité et leur concordance avec les comptes semestriels résumés.

Fait à Lyon et Courbevoie, le 21 septembre 2017

Les commissaires aux comptes

PricewaterhouseCoopers Audit

Elisabeth L'HERMITE

MAZARS

Frédéric MAUREL