



A limited company with a board of directors (*société anonyme à conseil d'administration*)
with a share capital of Swiss francs 732,905.90
Registered office: 18 chemin des Aulx – 1228 Plan-Les-Ouates – Geneva – Switzerland
CHE-112.754.833 Commercial register (*Registre du commerce*) of Geneva

HALF-YEAR FINANCIAL REPORT

AT JUNE 30, 2016

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GENERAL REMARKS

Definitions

In this Half-year Financial report, and unless otherwise indicated:

- The « Company », or « GeNeuro », refers to the company GeNeuro SA whose registered office is at 18, chemin des Aulx - CH-1228 Plan-les-Ouates - Geneva – Switzerland, registered at the Commercial register (*Registre du commerce*) of Geneva under number CHE-112,754,833.
- The « Group » refers to GeNeuro SA and its subsidiary GeNeuro Innovation SAS ;
- « Financial report » refers to this half-year financial report at June 30, 2016;
- « Prospectus » refers to the prospectus registered at the French Financial Markets Authority (*Autorité des marchés financiers*) on March 30, 2016 under number 16-106.

About GENEURO

GeNeuro's mission is to develop safe and effective treatments against neurological disorders and autoimmune diseases such as multiple sclerosis by neutralizing causal factors encoded by human endogenous retroviruses (HERV), which represent 8% of the human DNA; a new frontier pioneered by GeNeuro since 2006 based on 15 years of R&D at Institut Mérieux and INSERM.

GeNeuro's first product, GNBAC1, is a monoclonal antibody that could represent a paradigm shift in the options for treating multiple sclerosis. GNBAC1 is being developed under a collaboration agreement with Servier that could generate, excluding royalties, over €360 million in revenue for GeNeuro, €37.5 million of which is to be allocated to financing the ongoing Phase 2b clinical trial in this disease.

GeNeuro is based in Geneva, Switzerland and has R&D facilities in Archamps, Haute-Savoie and Lyon. GeNeuro has 25 employees and rights to 16 patent families protecting its technology.

1. CERTIFICATION OF THE PERSON RESPONSIBLE FOR THE HALF-YEAR FINANCIAL REPORT

1.1 Person responsible for the half-year financial report

Jesús MARTIN-GARCIA, Chief Executive Officer

1.2 Certification of the person responsible

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

“I certify that, to the best of my knowledge, the condensed consolidated financial statements for the half-year have been prepared in accordance with applicable accounting standards and give a fair view of assets, financial position and result of the Company and all companies included in the scope of consolidation, and the half-year business report provides an accurate picture of the significant events during the first six months of the financial year, of their impact on the half-year financial statements, of the major transactions with related parties as well as a description of the main risks and uncertainties for the remaining six months of the financial year”.

Plan-les-Ouates, September 29, 2016

Jesús MARTIN-GARCIA, Chief Executive Officer

2. BUSINESS REPORT AT JUNE 30, 2016

2.1 Significant events in the first half of 2016

GeNeuro completed its initial public offering on April 15, 2016 on Euronext's regulated market in Paris (compartment B) by way of an initial public offering in France and a global placement.

The number of shares offered as part of this initial public offering amounted to 2,538,500 new shares and the gross proceed amounted to € 33 million. The costs related to this transaction amounted to K€ 3,811, out of which K€ 2,047 were deducted from additional paid-in capital.

GeNeuro signed a liquidity contract with the Gilbert Dupont brokerage house and entrusted a cash amount of €750,000. This contract is effective from May 5, 2016 for a period of one year, renewable.

Lastly, GeNeuro announced on May 31, 2016 that the first patients with relapsing-remitting multiple sclerosis have been treated with its product GNbAC1 in its Phase 2b study. The double-blind, placebo-controlled study, CHANGE-MS (Clinical trial assessing the HERV-W Env Antagonist GNbAC1 for Efficacy in Multiple Sclerosis) plans to enroll 260 patients in 69 clinical centers in 13 European countries. The primary endpoint will examine the cumulative number of active brain lesions determined by MRI after 6 months, followed by additional MRI and clinical measures at 12 months. Preliminary results are expected by the fourth quarter of 2017.

2.2 Activities and result of the Company

Research and development

During the first semester, the Company started its phase 2b clinical trial with the treatment of the first patients with relapsing-remitting multiple sclerosis with its GNbAC1 product. GNbAC1 is the first clinical stage therapeutic candidate that directly targets a potential cause of MS. It is a humanized monoclonal antibody that neutralizes MSRV-Env, a protein linked to both the inflammatory and the neurodegenerative components of the disease.

Results

2.2.1 Income

The Company recognized K€ 3,434 of income during the first semester 2016 compared with K€ 526 during the same period in the previous year. This amount corresponds to revenue recognized by the Company with respect to milestone payments received from Servier as part of its ongoing clinical trial program for GNbAC1. The increase in income during the first half of 2016 is due to the launch of the phase 2b clinical trial at the end of 2015 (for more explanations, please refer to note 8 of the notes to the Company's consolidated half-yearly accounts).

2.2.2 Research and development expenses

Research and development expenses of the Company increased significantly compared to the first half of 2015, from K€ 1,802 to K€ 7,298. This rise is due to the launch of the phase 2b clinical trial at the end of 2015, which triggered studies and research costs of K€ 4,870 during the first semester 2016, compared with only K€ 648 during the same period of the previous year. Furthermore, R&D personnel expenses grew from K€ 778 to K€ 1,245 due to the strengthening of Geneuro's clinical and regulatory teams. Licensing costs rose from K€ 24 in 1H2015 to K€ 907 in 1H2016 as a result of a milestone payment of CHF 1 million (K€ 907) to bioMérieux.

2.2.3 General and administrative expenses

General and administrative expenses increased markedly to K€ 3,217 in 1H2016 from K€ 546 during the same period of 2015. Of this amount, K€ 1,764 corresponds to charges related to the Company's IPO on Euronext Paris. Administrative personnel expenses increased from K€ 267 to K€ 779 as a result of the expansion of the Company's management team required by its development. A charge of K€273 was also recorded during 1H 2016 for share-based payments; no similar charge had been recorded during the first half of 2015.

2.2.4 Cash and liquid investments

Cash and liquid investments amounted to K€ 42,408 at June 30, 2016 compared with K€ 19,560 at December 31, 2015. The growth of the cash position is mainly due to:

- The negative cash flows from operating activities of K€ 7,749 ;
- An investment of K€ 750 in the liquidity contract;
- The share capital increase for an amount of K€ 31,376, net of IPO costs.

2.3 Progress and outlook

The financial resources now at the disposal of GeNeuro allow it to continue the developpement of studies and clinical trials on its GNbAC1 product. During the second semester, the Company intends in particular to undertake the following actions:

- to start clinical trials of GNbAC1 in MS in the United States, where GeNeuro retains all the rights ;
- and to initiate new studies on other autoimmune diseases, including Type 1 diabetes.

2.4 Significant events since the end of the half-year

The Company announced on September 14, 2016, that it has enrolled, ahead of schedule, more than half of the patients planned in its Phase 2b clinical trial.

2.5 Risk factors and transactions with related parties

2.5.1 Risk factors

The risk factors are similar to those set out in chapter 4 "Risk factors" of the Prospectus of the Company registered on March 30, 2016 and have not changed significantly.

2.5.2 Transactions with related parties

The transactions with related parties are similar to those set out in Chapter 19 « Transactions with related parties » of the Prospectus of the Company registered on March 30, 2016.

3. CONDENSED CONSOLIDATED FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH IFRS STANDARDS FOR THE SIX MONTHS PERIOD ENDED JUNE 30, 2016

Consolidated Statement of Financial Position

GENEURO		06/30/2016	12/31/2015
Consolidated Statement of Financial Position (in thousands of EUR)			
	Notes		
ASSETS			
Intangible assets		143.4	145.4
Property, plant and equipment		66.9	67.2
Other non-current financial assets	3	305.9	-
Deferred tax assets		10.3	5.5
Total non-current assets		526.5	218.1
Other receivables	4	1,442.2	985.3
Current financial assets (term deposits)	3	1,009.0	1,002.9
Cash and cash equivalents		41,398.9	18,557.3
Total current assets		43,850.1	20,545.5
Total Assets		44,376.6	20,763.6
LIABILITIES AND EQUITY			
Equity			
Capital	5	614.7	497.7
Additional paid-in capital		53,692.0	22,855.1
Cumulative translation adjustments	2.3	202.2	202.2
Other comprehensive income (loss)		(627.4)	(593.4)
Accumulated deficit attributable to owners of the parent		(21,412.2)	(16,780.0)
Net income (loss) attributable to owners of the parent		(6,814.8)	(4,487.2)
Equity attributable to owners of the parent		25,654.5	1,694.4
Total equity		25,654.5	1,694.4
Non-current liabilities			
Employee benefit obligations		947.7	977.5
Non-current financial liabilities		172.5	176.2
Other non-current liabilities		18.5	-
Non-current deferred income	7.3	8,240.8	9,560.9
Non-current liabilities		9,379.5	10,714.6
Current liabilities			
Current financial liabilities		7.2	-
Trade payables	7.1	4,654.6	1,884.5
Other current liabilities	7.2	613.4	264.6
Current deferred income	7.3	4,067.4	6,205.5
Current liabilities		9,342.6	8,354.6
Total Liabilities and Equity		44,376.6	20,763.6

Consolidated Income Statement

GENEURO Consolidated Income Statement (in thousands of EUR)		Notes	06/30/2016 6 months	06/30/2015 6 months
Income		8	3,434.4	526.3
Research and development expenses				
Research and development expenses		9.1	(7,298.3)	(1,801.8)
Subsidies		9.1	299.4	257.1
General and administrative expenses		9.2	(3,216.8)	(545.6)
Operating income (loss)			(6,781.3)	(1,564.0)
Financial income			17.1	32.5
Financial expenses			(45.3)	(132.6)
Financial income (expenses), net		10	(28.2)	(100.1)
Pre-tax profit (loss)			(6,809.5)	(1,664.1)
Income tax (expense) / income			(5.3)	(23.3)
Net income (loss) for the period			(6,814.8)	(1,687.4)
<i>Attributable to owners of the parent company</i>			<i>(6,814.8)</i>	<i>(1,687.4)</i>
			06/30/2016	06/30/2015
Basic earnings (losses) per share (EUR/share)		11	(0.52)	(0.14)
Diluted earnings (losses) per share (EUR/share)		11	(0.52)	(0.14)

Consolidated Statement of Comprehensive Income

GENEURO Consolidated Statement of Comprehensive income (in thousands of EUR)		Notes	06/30/2016 6 months	06/30/2015 6 months
Net income (loss) for the period			(6,814.8)	(1,687.4)
Actuarial gains (losses)			(41.2)	(54.9)
Tax effects			7.2	-
Net other comprehensive income (loss) not to be reclassified to profit or loss in subsequent periods			(34.0)	(54.9)
Currency translation differences			-	57.8
Net other comprehensive income (loss) to be reclassified to profit or loss in subsequent periods			-	57.8
Comprehensive income (loss)			(6,848.8)	(1,684.5)
<i>Attributable to owners of the parent company</i>			<i>(6,848.8)</i>	<i>(1,684.5)</i>

Consolidated Changes in Net Equity

GENEURO Consolidated Changes in Net Equity		Notes	Capital Number of shares	Capital Ordinary and preferred shares	Additional paid in capital	Accumulated deficit and net income (loss) attributable to owners of the parent	Cumulative translation adjustments	Other comprehensive income (loss)	Shareholders' equity attributable to owners of the parent	Shareholders' equity
In thousands of EUR										
At December 31, 2014			6,059,809	497.7	22,949.8	(16,967.2)	54.7	(294.8)	6,240.2	6,240.2
Net income (loss) June 30, 2015				-	-	(1,687.4)	-	-	(1,687.4)	(1,687.4)
Other comprehensive income (loss)				-	-	-	57.8	(54.9)	2.9	2.9
Comprehensive income (loss)				-	-	(1,687.4)	57.8	(54.9)	(1,684.5)	(1,684.5)
Treasury shares				-	-	(10.6)	-	-	(10.6)	(10.6)
At June 30, 2015			6,059,809	497.7	22,949.8	(18,665.2)	112.5	(349.7)	4,545.1	4,545.1
At December 31, 2015			6,059,809	497.7	22,855.1	(21,267.2)	202.2	(593.4)	1,694.4	1,694.4
Net income (loss) June 30, 2016				-	-	(6,814.8)	-	-	(6,814.8)	(6,814.8)
Other comprehensive income (loss)				-	-	-	-	(34.0)	(34.0)	(34.0)
Comprehensive income (loss)				-	-	(6,814.8)	-	(34.0)	(6,848.8)	(6,848.8)
Split of the nominal value			5	6,059,809	-	-	-	-	-	-
Shares issued			5	2,538,500	117.0	32,883.5	-	-	33,000.5	33,000.5
Share capital increase costs			5	-	(2,046.6)	-	-	-	(2,046.6)	(2,046.6)
Share-based payments			6	-	-	352.0	-	-	352.0	352.0
Treasury shares			5	-	-	(497.0)	-	-	(497.0)	(497.0)
At June 30, 2016			14,658,118	614.7	53,692.0	(28,227.0)	202.2	(627.4)	25,654.5	25,654.5

Consolidated Cash Flow Statement

GENEURO Consolidated Cash Flow Statement (in thousands of EUR)	Notes	06/30/2016 6 months	06/30/2015 6 months
Cash flow from operating activities			
Net loss for the period		(6,814.8)	(1,687.4)
Deduction of amortization of intangible assets		2.0	0.7
Deduction of depreciation of property, plant and equipment		16.6	11.8
Provision for defined benefit obligation		(83.5)	36.1
Expenses linked to share-based payments		370.5	-
Income tax (expense) / income		5.3	23.3
Financial result		36.3	(27.9)
Change in working capital requirements		(1,278.2)	693.5
<i>Other non-current financial assets</i>	3	(52.9)	-
<i>Other receivables</i>	4	(454.6)	699.8
<i>Trade payables and related accounts</i>	7.1	2,339.8	476.6
<i>Other current liabilities</i>	7.2	347.7	33.8
<i>Deferred income</i>	7.3	(3,458.2)	(516.7)
Taxes paid		(2.9)	(20.4)
Cash flow from operating activities		(7,748.7)	(970.3)
Cash flow from investing activities			
Acquisitions of intangible assets		-	(8.9)
Acquisitions of property, plant and equipment		(16.3)	(1.8)
Redemption of short term deposits (1)	3	-	550.0
Interests received on short term deposits (1)		-	0.8
Investment in a liquidity contract	5	(750.0)	-
Acquisitions of treasury shares as part of the liquidity contract		854.8	-
Sales of treasury shares as part of the liquidity contract		(357.8)	-
Cash flow from investing activities		(269.3)	540.1
Cash flow from financing activities			
Capital increase	5	33,000.5	-
Share capital increase costs paid	5	(1,624.4)	-
Acquisitions of treasury shares as part of the liquidity contract		(854.8)	(10.6)
Sales of treasury shares as part of the liquidity contract		357.8	-
Cash flow from financing activities		30,879.1	(10.6)
Increase (decrease) in cash		22,861.1	(440.8)
Cash & cash equivalents - beginning of period		18,557.3	3,356.6
Impact of exchange rate fluctuations		(19.5)	123.0
Cash & cash equivalents - end of period		41,398.9	3,038.8
Increase (decrease) in cash		22,861.1	(440.8)

(1) Related to cash investments in short term deposits.

Notes to the Condensed Financial Statements

(Unless indicated otherwise, the amounts mentioned in these notes are in thousands of Euros)

Note 1: Activity

The following information constitutes the notes to the condensed half-year financial statements and forms an integral part of the financial statements presented for the six months period ended June 30, 2016 and 2015.

Incorporated on January 31, 2006, GeNeuro SA is a clinical-stage biopharmaceutical Swiss limited company (société anonyme) which develops therapies and companion-diagnostic tools. GeNeuro is focused on novel treatments for Central Nervous System and other human endogenous retrovirus (“HERV”)-mediated diseases, with a first indication in multiple sclerosis (“MS”). GeNeuro’s lead therapeutic candidate, GNbAC1, is a humanized monoclonal antibody that neutralizes a HERV protein called MSR_V-Env that has been identified as a potentially central key factor fueling the inflammatory and neurodegenerative components of MS.

Further to the successful completion of a Phase 2A clinical study in multiple sclerosis with GNbAC1, the Company signed in November 2014 a “Development Collaboration and Option for a License Agreement” with Laboratoires Servier to continue the clinical development of GNbAC1 (see note 9) in MS.

The Company is listed on the NYSE Euronext market in Paris since April 18, 2016.

The Company’s registered office is at 18, chemin des Aulx - CH-1228 Plan-les-Ouates - Geneva – Switzerland and it has incorporated one subsidiary, GeNeuro Innovation SAS, which was established in France in 2009.

Eclosion 2 & Cie SCPC is the main shareholder of the Company as at June 30, 2016 with a stake of 43.44%.

GeNeuro is hereinafter referred to as “GeNeuro”, the “Company” or the “Group”.

Note 2: Accounting principles, rules and methods

2.1 Principles used in preparing the financial statements

Statement of compliance

GeNeuro has prepared its condensed half-year financial statements, approved by the Board of Directors on September 27, 2016, in accordance with International Financial Reporting Standards (IFRS) published by the International Accounting Standards Board (IASB) as at the preparation date of the financial statements, for all the periods presented.

The condensed half-year consolidated financial statements of GeNeuro have been prepared in accordance with the international accounting standard IAS 34 “Interim financial reporting”.

As condensed financial statements, they do not include all information that would be required by the full IFRS standards for the preparation of the annual financial statements. They must be read in conjunction with the consolidated financial statements for the year ended December 31, 2015.

Principle used in preparing the financial statements

The condensed consolidated financial statements have been prepared in accordance with the historical cost principle, except with respect to the financial instruments which are measured at fair value.

Going concern

GeNeuro SA is an early stage Company developing innovative therapeutics. The Company is exposed to all risks inherent in establishing and developing its business, including the substantial uncertainty that current projects will succeed.

The Company's success may also depend on its ability to:

- establish and maintain strong patent position and protection;
- enter into collaborations with partners in the pharmaceutical industry;
- acquire and retain key personnel;
- acquire additional funding to support its operations.

Given the exercise of the license option by Laboratoires Servier in December 2015 (refer to note 8), the initial public offering of the Company in April 2016 and its current cash position, the Company will be able to cover its cash outflows at least until the end of 2017. Hence, the financial statements have been prepared on a going concern basis.

Liquidity risk management is assessed in Note 14.

Accounting methods

The accounting methods applied are consistent with those applied for the preparation of the annual financial statements as at December 31, 2015. There are no new standards, amendments or interpretations mandatory from the beginning of the 2016 financial year and that may have a significant impact on the financial statements of the Group.

2.2 Consolidation methods

As of the date of the publication of these consolidated financial statements, the Company has one subsidiary, GeNeuro Innovation SAS, held at 100 % of the voting rights and interest throughout the period.

Therefore, GeNeuro SA is presenting consolidated financial statements for the six months ended on June 30, 2016, which includes the financial statements of GeNeuro Innovation SAS.

2.3 Foreign currency translation

Reporting currency

The Company uses the euro (EUR) as reporting currency for the presentation of its consolidated financial statements. Indeed, the management of the Company considers that the biotechnology industry and international investors use the euro as a currency of reference for comparison purposes.

Change in functional currency

In view of the changes in the parent company's financing (Initial Public Offering on Euronext market in Paris) and the implementation of the Collaboration agreement with Laboratoires Servier whose milestones are in euros, the parent company has modified its functional currency since January 1, 2016 to adopt the euro (EUR) instead of the Swiss franc (CHF).

All items have been converted in the new functional currency using the exchange rate at the date of the change (rate as at December 31, 2015: 1.0835 CHF per 1 EURO).

2.4 Use of judgments and estimates

To prepare the condensed consolidated financial statements, the main judgements and estimates made by the Company's management as well as the main assumptions are consistent with those applied to prepare the annual financial statements as at December 31, 2015.

Note 3: Other financial assets

FINANCIAL ASSETS (Amounts in thousands of EUR)	06/30/2016	12/31/2015
Term deposits	1,009.0	1,002.9
Current financial assets	1,009.0	1,002.9
Liquidity contract	253.0	-
Loans granted to employees	52.9	-
Other non-current financial assets	305.9	-

According to IFRS 7, financial assets that come under Level 1 (financial instruments listed on an active market) are recognized at fair value through profit and loss. Short-term deposits generated a financial income of K€ 9 during the first semester 2016 and K€ 31 during the first semester 2015.

Non-current financial assets include the cash reserve related to the liquidity contract implemented following the initial public offering of the Company in April 2016 (refer to Note 5) and a loan granted to an employee with a maturity in 2018.

Note 4: Other receivables

OTHER RECEIVABLES (Amounts in thousands of EUR)	06/30/2016	12/31/2015
Research Tax credit	928.0	634.8
Value Added Tax	138.7	73.9
Prepaid expenses	317.2	174.8
Income tax	3.5	2.0
Advance payments	23.9	60.6
Other	30.9	39.2
Total other receivables	1,442.2	985.3

The reimbursement of the 2015 Research Tax Credit took place during the second semester 2016.

Note 5: Capital

COMPOSITION OF SHARE CAPITAL	06/30/2016	12/31/2015
A - Preferred shares	-	5,959,809
C - Common shares	-	100,000
Common shares	14,658,118	-
Total	14,658,118	6,059,809
Nominal value (in CHF)	0.05 CHF	0.10 CHF
Approximate nominal value (in EUR)	0.04 €	0.09 €

This number of shares excludes stock options granted to certain employees, board members and consultants that have not yet been exercised.

Share capital

At June 30, 2016, the Company's share capital amounted to € 614,721 (CHF 732,905.90) and was divided into 14,658,118 common shares with a nominal value of CHF 0.05.

The general meeting on April 14, 2016 decided to:

- Convert the 5,959,809 preferred shares (Class A) into common shares (Class C) and then to convert all of those shares into bearer shares,
- Split the nominal value of shares, reducing it from CHF 0.10 to CHF 0.05 without change in the share capital;
- Increase the share capital of € 116,988 (CHF 126,925) through the issuance of 2,538,500 new shares with a nominal value of CHF 0.05 as part of the initial public offering of the Company on Euronext Paris.

Authorized capital

Following the general meeting on April 14, 2016, the authorized capital includes 6,059,809 bearer shares with a nominal value of CHF 0.05.

Conditional capital

Following the general meeting on April 14, 2016, the "part I" conditional capital includes 2,198,717 bearer shares with a nominal value of CHF 0.05 to be issued upon exercise of stock-options granted to board members, employees and consultants as part of an incentive plan.

Furthermore, a "part II" conditional capital has been created during this general meeting. It includes 2,198,717 bearer shares with a nominal value of CHF 0.05 to be issued upon exercise of option rights or conversion rights related to loans or similar debt instruments.

Capital management

Following its initial public offering on the Euronext market in Paris, the Company signed a liquidity contract with bank Gilbert Dupont in order to limit the intra day volatility of the share.

For this purpose, the Company entrusted € 750,000 to this institution in order that the latter can purchase or sell the Company's shares. The part of the contract that is invested in the Company's treasury shares by this service provider is recognized as a deduction from the Company's consolidated shareholders' equity as at June 30, 2016. As part of this agreement, 50,212 treasury shares are recognized as a deduction from shareholders' equity as at June 30, 2016. Gains and losses from transactions on these shares are also recognized in shareholders' equity.

Dividends

The Company has paid no dividends during 2015 nor during the first semester 2016.

Note 6: Stock options and common shares granted as part of an incentive plan

Plan granted during the first semester 2016 – “Performance share option unit (PSOU)“

The Company issued “Performance share option units (PSOU)” during the first semester 2016 that allow their beneficiaries to subscribe to shares of the Company. Those PSOUs are vested on a 3-year period from the grant date and are subject to performance conditions (other than market conditions). At the end of the vesting period and subject to the achievement of the performance conditions, the number of share options actually delivered ranges from 0% to 125% of the initial grant. They can be exercised during a period of 5 years after the end of the vesting period.

The Group has no legal or constructive obligation to repurchase or settle the options in cash.

The following table summarizes the assumptions adopted in the IFRS 2 valuation:

Allocation date	Number of options issued / Shares granted with a restriction period	Assumptions adopted - calculation of fair value as per IFRS 2					Fair value at grant date per options / shares as per IFRS 2 (Black&Scholes)
		Exercise price	Exercise period	Volatility	Risk-free rate		
Performance share option unit (PSOU) 06/2016	606,400	13.00 €	5 years	58.8%	-1.09%	2.29	

Changes in the number of outstanding options

Number of options	Stock-options 04/2010	Stock-options 04/2013	PSOU Plan 06/2016	Total
12/31/2015	57,500	1,500	-	59,000
Issued	-	-	606,400	606,400
Exercised	-	-	-	-
Forfeited	-	-	-	-
06/30/2016	57,500	1,500	606,400	665,400
Number of shares to be issued	115,000	3,000	606,400	724,400
	(1)	(1)	(2)	

- (1) Following the split of the nominal value decided by the general meeting on April 14, 2016, a stock-option previously granted to this date gives right to subscribe 2 shares.
- (2) Being specified that PSOU are under vesting period and that an assumption of options definitely vested equal to 100% has been made.

Breakdown of charges recognized during the first semester 2016

Grant date	(Amounts in thousands of EUR)		
	Total expense at opening	Expense 06/30/2016	Total expense at 06/30/2016
C - Shares granted to board members 11/2015	164.2	120.8	284.9
Performance share option unit (PSOU) 06/2016	-	231.2	231.2
Total	164.2	352.0	516.2

Note 7: Other current liabilities and deferred income

7.1 Trade payables

The level of trade payables is consistent with the expenses incurred by the Company as part of the phase 2b (refer to Note 9.1) in view of the progress of this study.

7.2 Other current liabilities

OTHER CURRENT LIABILITIES (Amounts in thousands of EUR)	06/30/2016	12/31/2015
Personnel and related accounts	408.9	95.9
Social security and other social organizations	172.4	143.9
Other	32.1	24.8
Total other current liabilities	613.4	264.6

The change in the personnel liability is linked to the accounting of a bonus allowance as at June 30, 2016.

7.3 Deferred income

DEFERRED INCOME (Amounts in thousands of EUR)	06/30/2016	12/31/2015
Deferred income on Servier contract (1) - non-current	8,240.8	9,560.9
Total non-current deferred income	8,240.8	9,560.9
Deferred income on Psych-aid Subsidy	-	23.7
Deferred income on Servier contract (1) - current	4,067.4	6,181.8
Total current deferred income	4,067.4	6,205.5

(1) Deferred income on Servier Contract

Refer to Note 8.

Note 8: Income

On November 28, 2014, GeNeuro signed a “Development Collaboration and Option for a License Agreement” (for the world excluding the USA and Japan) with Laboratoires Servier, France, for its lead compound in the field of multiple sclerosis.

As part of this agreement, GeNeuro received in December 2014 an up-front payment of K€ 8,000 before withholding taxes of K€ 400. As part of this payment, the Company has recorded K€ 517 of income in view of services rendered during the first semester 2015.

On November 13, 2015, the Company received a notification from Laboratoires Servier that, given the successful achievement of the stage of development as identified in the contract, it would exercise its Option 1 to fund the conduct of the Phase 2b clinical trial of GNBAC1 for an estimated aggregate amount of € 29.5 million. In this context, GeNeuro received a first milestone payment of € 17.5 million, before withholding taxes of K€ 25, on December 28, 2015. In accordance with IAS 18, this payment of € 17.5 million is recorded as income in the income statement, according to services rendered as part of Phase 2b clinical trial, realized under the direction and the responsibility of GeNeuro, and is therefore spread throughout this clinical trial, from 2015 to 2018.

Given the progress of this clinical trial (materialized by the progress of the matching costs), the Company has recorded K€ 3,434 of income during the first semester 2016.

Note 9: Breakdown of expenses and income per function

9.1 Research and Development

RESEARCH AND DEVELOPMENT (Amounts in thousands of EUR)	06/30/2016	06/30/2015
Studies and research	(4,870.0)	(647.5)
Intellectual property	(53.6)	(160.7)
Raw materials and consumables	(9.1)	(33.5)
Rental expenses	(61.9)	(26.0)
Professional fees	(32.7)	(104.0)
Payroll expense	(1,245.4)	(777.5)
License fees	(907.1)	(23.7)
Amortization and depreciation	(12.0)	(8.3)
Share based payment expense	(97.4)	-
Other	(9.1)	(20.6)
Research and Development Expenses	(7,298.3)	(1,801.8)
Research tax credit	299.2	249.6
Other subsidies	0.2	7.5
Subsidies	299.4	257.1

The increase of studies and research expenses is consistent with the start of the phase 2b. Furthermore, according to the license agreement signed with bioMérieux in 2006, the 2nd milestone related to the start of the phase 2b has been reached during the first semester 2016 triggering a payment of 907 K€ (CHF 1,0 million).

9.2 General and administrative expenses

GENERAL AND ADMINISTRATIVE EXPENSES (Amounts in thousands of EUR)	06/30/2016	06/30/2015
Travel and assignments expenses	(168.5)	(78.4)
Office expenses	(15.3)	(20.3)
Rental expenses	(38.8)	(26.3)
Professional fees	(116.9)	(92.8)
IPO costs	(1,764.2)	-
Payroll expense	(779.0)	(266.6)
Tax expense	(7.9)	(13.9)
Insurance expense	(5.1)	(9.3)
Postal and telecom expenses	(22.7)	(17.8)
Communication expenses	(8.1)	(6.0)
Amortization and depreciation	(6.7)	(4.2)
Share based payment expense	(273.0)	-
Other	(10.6)	(10.0)
General and administrative expenses	(3,216.8)	(545.6)

Note 10: Financial income (expenses), net

FINANCIAL INCOME (EXPENSES), NET (Amounts in thousands of EUR)	06/30/2016	06/30/2015
Interests on term deposits	9.0	31.2
Other financial income	8.1	1.3
Financial income	17.1	32.5
Other financial expenses	(3.5)	(3.3)
Foreign exchange losses	(41.8)	(129.3)
Financial expenses	(45.3)	(132.6)
Financial income (expenses), net	(28.2)	(100.1)

On January 15, 2015, the Swiss National Bank discontinued its minimum exchange rate policy of CHF 1.20 per euro, which resulted in a severe drop of the euro versus the Swiss franc, having a negative impact of K€ 129 in the financial income as at June 30, 2015.

Note 11: Earnings per share

BASIC EARNINGS (LOSSES) PER SHARE	06/30/2016⁽¹⁾	06/30/2015⁽¹⁾
Weighted average number of outstanding shares	13,151,575	12,041,618
Number of potentially dilutive shares from exercise of options	118,000	118,000
Net income for the period (in thousands of EUR)	(6,814.8)	(1,687.4)
Basic earnings (losses) per share (EUR/share)	(0.52)	(0.14)
Diluted earnings (losses) per share (EUR/share)	(0.52)	(0.14)

(1) In accordance with IAS 33, earnings per share as at June 30, 2015 has been adjusted retrospectively in order to taking account the share split realized during the general meeting on April 14, 2016.

Note 12: Related parties

Transactions conducted with related parties are done on an arm's length basis.

12.1 Compensation due to members of the Board and Directors

Certain executives from the Company are also members of the Board of Directors.

Aggregate compensation of executives was as follows (in K€):

COMPENSATION DUE TO MEMBERS OF THE BOARD AND DIRECTORS (Amounts in thousands of EUR)	06/30/2016	06/30/2015
Fixed compensation due	633.8	192.6
Variable compensation due	192.7	-
Benefits in kind	13.5	3.7
Employer contribution to pension scheme and other social contributions	170.4	6.7
Share-based payments	352.0	-
Attendance fees	27.5	32.9
Consultancy fees	197.4	24.1
TOTAL	1,587.2	260.0

No post-employment benefits were granted to members of the Board and Directors, with the exception of the mandatory defined benefit scheme applicable for Swiss employees under the 2nd pillar of the Swiss social security system.

All elements have been fully paid, except for the share-based payments compensation being computed according to IFRS2.

The variable components of compensation were defined on the basis of performance criteria.

On May 3, 2016, the Company signed a salary advance agreement for an amount of K€ 52.9 (57.5 KCHF) with one of its officers. This advance is interest-free, reimbursable at any time and at the latest in June 2018.

12.2 Related party transaction with Eclosion2 SA

The Company signed on January 5, 2011, a service agreement with Eclosion2 SA, the General Partner of Eclosion2 & Cie SCPC, which is the main shareholder of Geneuro SA. In reference to such agreement, Eclosion2 SA provides financial advisory and Chief Financial Officer services to lead the finance organization within Geneuro for an aggregate amount of K€ 24 (KCHF 25.5) during the first semester 2015, as reflected in the above table in “Consultancy fees”. This agreement was terminated on December 31, 2015.

12.3 Related party transaction with Institut Mérieux and bioMérieux

The Company signed an exclusive licensing contract with bioMérieux in 2006. BioMérieux is a French listed company, majority-owned by Institut Mérieux, which is also a shareholder of GeNeuro SA. Given the start of the Phase 2b clinical trial, the Company paid to bioMérieux a milestone payment of K€ 907 (CHF 1.0 million).

Note 13: Off-balance-sheet commitments

The off-balance-sheet commitments have not changed significantly since December 31, 2015 with the exception of the commitments related to commercial leases.

13.1 Commercial leases

Leases on premises

The Company signed a new operating lease in July 2016 in order to group its operations. This lease includes premises and parking.

Address:	Bluebox – Chemin Pré-Fleuri – 1228 Plan-les-Ouates – Geneva – Switzerland
Duration of lease:	11/01/2016 – 10/31/2021
Rental charge:	CHF 312,600 per year, without charges. A three-month rent holiday shall apply from November 1, 2016, to January 31, 2017.

Following the signing of this new contract, the Company gave notice to transfer its lease for its premises at 18 chemin des Aulx – CH – 1228 Plan-les-Ouates to another tenant with effect on December 1, 2016. Without transfer, the Company may sublease the premises until the next contractual term, i.e. on February 14, 2019. The Company also gave notice for the tenancy-at-will agreement for the temporary premises with effect on October 31, 2016 and whose rent expenses amounted to K€ 35, without taxes, during the first semester 2016.

The tenancy-at-will agreement for the premises located in Archamps has been renewed until August 31, 2017.

Expenses and commitments

The rent payments recognized during the first semester 2016 and the commitments up to the next potential rent breaks were as follows:

Location	Property lease contracts	Lease effective start-date	Lease end-date	06/2016 expenses (in thousands of EUR, without charges)	Commitment until the next start-period or until the next three-year period (French lease)		
					Within one year	Between one and five years	More than five years
Plan-Les-Ouates, Switzerland	Plan-Les-Ouates premises	2/16/2014	2/16/2019	27.5	55.5	90.4	-
Plan-Les-Ouates, Switzerland	Parking	2/16/2014	2/16/2019	7.2	16.5	26.9	-
Plan-Les-Ouates, Switzerland	Plan-Les-Ouates premises - Bluebox	1/11/2016	10/31/2021	-	119.9	1,150.6	95.9
Archamps, France	Forum Archamps Technopole premises	9/1/2013	8/31/2017	10.4	20.8	3.5	-
Lyon, France	Lyon Bioparc premises	12/16/2013	12/15/2022	3.8	3.5	-	-

Note 14: Liquidity risk

Since its incorporation, the Company has primarily funded its growth through issuances of shares to shareholders (including the share increase realized during the initial public offering in April 2016), with additional funds provided by research collaborations and research tax credits (“CIR” in France). The Company never had recourse to bank loans. As a result, the Company is not exposed to liquidity risk through requests for early repayment of loans.

Significant R&D expenses have been incurred from the start of the Company's activities, generating negative cash flows from operating activities.

Cash flows from operating activities amounted to negative K€ 7,749 and negative K€ 970 for the six months ended June 30, 2016 and June 30, 2015, respectively.

As at June 30, 2016, the Company's cash & cash equivalents and short term deposits amounted to K€ 42,408.

As disclosed in Note 2.1, the Board of Directors believes that the Company has sufficient financial resources to cover its operating costs for at least the next 12 months and, as a result, is presenting the condensed consolidated financial statements of the Company on a going-concern basis.

Note 15: Post-balance sheet events

Nil.



Report on the Review of
Interim consolidated financial statements
to the Board of Directors of
GeNeuro SA
Plan-les-Ouates

Introduction

We have reviewed the interim financial statements (balance sheet, income statement, statement of comprehensive income, cash flow statement, statement of changes in equity and notes) (pages 7 to 20) of GeNeuro SA for the period from 1 January 2016 to 30 June 2016. The Board of Directors is responsible for the preparation and presentation of this interim financial statements in accordance with International Accounting Standard 34 “Interim Financial Reporting”. Our responsibility is to express a conclusion on this interim financial statements based on our review.

Scope of Review

We conducted our review in accordance with Swiss Auditing Standard 910 and International Standard on Review Engagements 2410, “Review of interim financial information performed by the independent auditor of the entity”. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Swiss Auditing Standards and International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial statements have not been prepared, in all material respects, in accordance with International Accounting Standard 34 “Interim Financial Reporting”.

PricewaterhouseCoopers SA

Michael Foley

Pierre-Alain Dévaud

Genève, 28 September 2016