

Annual Financial Report 2013



DEINOVE
The deinococcus way

DEINOVE SA with a registered capital of €2,082,732.40

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1 | COMPANY PRESENTATION

1 | 1 DEINOVE'S Activity

A French cleantech company

DEINOVE is a French cleantech company dedicated to the creation, development and commercial exploitation of a cutting-edge generation of industrial processes based on bacteria, with as yet untapped potential, whose history reaches back several billion years: *Deinococci*.

These high-performance, cost-effective, ecological processes pave the way to the production of compounds that are either rare or are inaccessible to current-day chemical and biological processes:

- 2nd generation biofuels (DEINOL collaborative project)
- high added value biochemical compounds (DEINOCHEM collaborative project)
- innovational antibiotics (dedicated DEINOBIOTICS subsidiary)
- enzymes for plastic remediation (THANAPLAST™ collaborative project)

DEINOVE thereby seeks to help ensure that France remains at the cutting edge of challenges that determine the future of our planet: energy transition, the arrival of greener, high-performance chemical products, the enhancement of the lifecycle of plastics and the fight against (re)emerging diseases.

Listed on the Alternext market since April 2010, DEINOVE has over 40 members of staff working in its new laboratories located in Montpellier in the Biopôle Euromédecine (Euromedicine cluster).

An unprecedented industrial approach: deinotechnology

DEINOVE was founded in 2006 by Dr. Philippe POULETTY (CEO of the venture capital fund TRUFFLE CAPITAL) and by Pr. Miroslav RADMAN (Professor at PARIS DESCARTES University, member of the French Academy of Sciences and winner of the INSERM Grand Prix in 2003).

By discovering the genetic mechanisms behind *Deinococci's* extraordinary biodiversity and its incomparable resistance, Pr. RADMAN initiated an unprecedented industrial approach: deinotechnology.

A proprietary approach

DEINOVE is the only company in the world that exploits the untapped genetic and metabolic potential of *Deinococcus* for industrial purposes. This bacteria, which was discovered by chance in 1956, has exceptional properties that have, as yet, never been commercially developed.

DEINOVE selects bacteria, from its 6,000-strain proprietary bank, that are endowed with industrial-potential properties and combines them using metabolic engineering to optimize their natural capacities. By doing this, DEINOVE develops a one-of-a-kind intellectual property portfolio and cutting-edge industrial bioprocesses.

DEINOVE currently owns a portfolio, comprising 15 patent families (i.e. over 80 international patents), that covers a comprehensive collection of *Deinococci*, selection methods, strain engineering and culture, as well as a highly-diverse range of industrial applications.

A synthetic biology platform that centralizes world-class metabolic engineering

DEINOVE has developed a proprietary synthetic biology platform that covers all phases of the process from strain profiling to strain optimization: rapid genetic engineering, metabolomics, genomics, proteomics, metabolic, genetic and fermentation engineering as well as industrial process engineering.

Deinococci natural genetic properties mean that DEINOVE can insert, replace and/or increase the gene activity in any targeted metabolic pathway without scarring (there is no vector, no antibiotic marker and no molecular fingerprint of the intervention).

This strategy, which is applied on an authentic industrial chassis, has already led to a world first: the development of bi-functional bacteria that is able to digest the cellulosic and hemicellulosic components of biomass and produce ethanol.

Several ongoing research programmes, targeting prospective key applications

DEINOVE intends to develop cutting-edge processes that may be used in applications in a range of key industrial sectors. To address these different markets as effectively as possible, DEINOVE has structured its activity around several projects:

DEINOL collaborative project for producing 2nd generation biofuels

The DEINOL collaborative project intends to initiate the production of cellulosic ethanol (second generation ethanol) from *Deinococcus* in already-existing industrial facilities by making better use of the input. This project, assessed at an overall amount of €21.4M, has received €8.9M funding from OSEO – ISI (Industrial Strategic Innovation) project.

DEINOCHEM project

Using screening technology, the DEINOCHEM project aims to identify the *Deinococcus* strains that are the most capable of producing chemical compounds of industrial interest, and which offer enhanced ecological and economic performance, for example in the isoprenoid pathway (isoprene, carotenoids, linalool, geraniol, etc.). These compounds, which today stem mainly from petrochemicals, are used in a wide range of sectors such as speciality chemicals, animal feed, cosmetics, pharmaceuticals, etc. The ultimate aim is to develop bio-refinery processes that will produce these compounds using biomass under highly-effective economic conditions. DEINOCHEM was selected by the ADEME (French Environment and Energy Management Agency) and the French National General Commission for Investment (CGI) for Investissements d'Avenir (Investments for the Future) funding. It is due to receive substantial funding from the State (around 6 million euros), which wishes to support this strategic sector.

DEINOBIOTICS project

The 2011-initiated DEINOBIOTICS project pursues and extends the work undertaken during the DEINOPHARM project (2009-2011) for researching innovative antibiotics from *Deinococcus*. This project, comprising an overall investment of €1.4M, is funded by OSEO, the Languedoc-Roussillon Region and the ERDF (European Regional Development Fund). This research project is now steered by DEINOBIOTICS SAS, in which DEINOVE has a 49% share stake.

THANAPLAST™ collaborative project led by CARBIOS

DEINOVE plays an active role in the THANAPLAST™ collaborative project, led by CARBIOS. THANAPLAST™ is a pioneering European project in the field of plastics engineering. In addition to CARBIOS and DEINOVE, it involves the CNRS (French National Centre for Scientific Research), the INRA (French National Agronomic Research Institute), the University of Poitiers and two key industrial players: the BARBIER Group and the LIMAGRAIN Group (through its ULICE subsidiary). Over a five-year period, project partners will share their expertise and knowledge to develop innovational solutions for promoting plastics recovery. With an overall investment of €22M, THANAPLAST™ has received €9.6M funding from OSEO as part of the ISI (Industrial Strategic Innovation) project.

ANNUAL FINANCIAL REPORT 2013

1 | 2 Selected Financial Information

| (in thousands of euros) | 2013 | 2012 |
|--|---------------|---------------|
| Total operating revenues | 51 | 668 |
| Total operating costs | 5,574 | 4,518 |
| of which R&D costs | 3,945 | 3,345 |
| of which administrative and general costs | 1,629 | 1,172 |
| Operating profit/loss | -5,523 | -3,850 |
| Financial result | 123 | 424 |
| Current pre-tax profit/loss | -5,400 | -3,426 |
| Profit/loss from non-recurring items | 21 | 543 |
| Income tax (R & D tax credit) | -1,960 | -903 |
| NET PROFIT/LOSS | -3,420 | -1,979 |
| Net financial position | 3,088 | 6,506 |
| of which financial investments ¹ | 1,276 | 5,106 |
| of which marketable securities (mat. < 1 year) | 0 | 524 |
| of which cash instruments (mat. < 3 months) | 0 | 406 |
| of which cash on hand | 1,872 | 594 |
| (of which financial debt) | -60 | -125 |
| Total assets | 6,961 | 9,323 |
| TOTAL SHAREHOLDERS' EQUITY | 5,658 | 8,217 |
| of which equity capital | 2,601 | 5,337 |
| of which repayable advances | 3,057 | 2,880 |

¹ Excluding Liquidity Agreement items (cash resources and own shares) and guarantees and deposits.

2 | MESSAGE FROM THE CHAIRMAN OF THE BOARD

In 2013, DEINOVE continued to advance on both technological and strategic levels. Today, DEINOVE ranks as a front-line player in the plant chemistry sector, in the fields of biofuels and chemical compounds. Thanks to its highly-efficient, world-class metabolic engineering platform that can transform a wide variety of currently under-used materials into products of industrial interest, DEINOVE proves it can offer cost-effective, renewable and responsible solutions that will be key in energy transition both nationally and internationally via the development of a real circular economy.

DEINOVE has, above all, demonstrated that some of its *Deinococcus* strains are capable of producing a 9% v/v alcohol content, a world first for bacteria. Moreover, in its laboratories, DEINOVE has repeatedly shown that its optimized bacteria can, not only degrade non-food biomass (such as agricultural residue or the organic fraction of household and urban waste) into fermentable sugars, but also assimilate these sugars and transform them into ethanol. In short: the several steps applied in other production processes have been reduced to one thanks to *Deinococcus*. These results offer great opportunities for the second-generation biofuel industry in general, and for DEINOVE in particular as regards its partnership strategy. Larger-scale testing has been launched and will confirm the industrial potential of *Deinococcus*.

These results were made possible by reinforcing a technology platform which is henceforth self-sufficient, proprietary and robotized, meaning that our development is faster and that we can draw on the biodiversity of our 6,000 bacterial strains. All the investments made in 2013 focused on this prospect of acceleration, so that expected research results could be attained. Today, DEINOVE totals 43 researchers, engineers/technicians and managers who are all highly-proficient in their fields.

As such, it is within this context that DEINOVE has already begun to diversify its activities, where non-food biomass is used to provide biosourced chemical compounds for the DEINOCHEM project. It intends to explore and exploit the isoprenoid pathway, which includes a great number of compounds of interest, from commodities (isoprene, etc.) to key specialities (carotenoids, etc.). Through this project, DEINOVE is targeting new markets such as the animal feed and human food sectors, cosmetics and perfumery. We have received confirmation from the French Prime Minister that, following ADEME approval for Investissements d'Avenir (Investments for the Future) funding, the company has been granted a 6-million euro aid, which will help us move ahead with our DEINOCHEM project. These advances obviously mean increased expenditure; expenditure that structures and that is required to trigger this acceleration, which will produce results in the coming years. 2014 looks set to be a highly-promising year for DEINOVE, where the focus is on several partnerships and new, conclusive technological results.

Dr Philippe POULETTY
Chairman of the Board of Directors

3 | ANNUAL REPORT FROM THE BOARD OF DIRECTORS TO THE COMBINED ANNUAL GENERAL MEETING OF 6 MAY 2014

3 | 1 Activity and Key Events during the Period

During financial year 2013, DEINOVE pursued the efforts undertaken the previous years in the following fields:

- development of the proprietary metabolic and fermentation engineering platform for optimizing *Deinococcus*;
- progression of biofuel (DEINOL) and plant-based chemical compound (DEINOCHEM) research projects;
- protection of its technological breakthroughs, including final validation of its patent for using *Deinococcus*-genre bacteria for producing biofuel (ethanol, butanol, etc.) and intermediate metabolites (organic acids) from plant biomass.

At the same time, the Company invested on both human and material levels to prepare the next phases of its development.

DEINOL project

In 2013, the DEINOL project was boosted by substantial investment for developing its strains, which was used for equipment (cloning robot, cell disruptor and dedicated software) and for human resources (developing strains and fermentation engineering). This acceleration led to the progressive improvement of yields (up to 0.43 g ethanol / g sugar) and productivity (up to 2 g/L/h ethanol) for the strains selected to produce a 9% v/v alcohol content from a glucose source using a 20-litre instrumented fermentation tank. This level of performance had never been achieved before by any other bacterial process.

The next phase entails working in higher-capacity fermentation tanks (300 L) using substrate, including xylose, to confirm the strict co-assimilation of sugars from lignocellulosic material. And, last but not least, the teams will validate cellulose and hemicellulose degradation once pretreatment has been carried out. These operations were subjected to a wide range of trials that were highly successful on the laboratory scale. The challenge is, now, to prove that they can be reproduced on a pre-industrial fermentation tank scale, before moving on to an industrial pilot level.

DEINOVE has concurrently initiated testing on various types of pretreated lignocellulosic material from several continents and from several potential partners. The aim here is to test the hydrolytic and fermenting capacities of the strains on a variety of raw materials on a laboratory scale. These tests should be extended over the coming years, as and when industrial stakeholders decide to validate the capacity of *Deinococcus* strains to adapt to new raw materials and to transform them into ethanol in a cost-effective way.

DEINOCHEM project

In 2013, the Company stepped up its research efforts on the DEINOCHEM project. Based on results obtained over the previous years, several strains were selected for producing chemical molecules of interest in the isoprenoid pathway. The project primarily targets carotenoids (human and animal nutrition applications), aromatic compounds such as linalool, geraniol and myrcene (hygiene, perfumery), and isoprene (rubber and derivatives).

In September, the DEINOCHEM project was selected by the ADEME (French Environment and Energy Management Agency) and the French National General Commission for Investment (CGI) for Investissements d'Avenir (Investments for the Future) funding. It is due to receive substantial funding from the State (around 6 million euros), which wishes to support this strategic sector. The funding covers a 3 and a half year project and instalments will be paid only if certain specified targets are reached. The ultimate target is to prove the effectiveness of *Deinococcus* in at least two of the compounds in question.

Buoyed with this support, the Company began recruiting and invested in equipment that would be dedicated to the DEINOCHEM project. This ramping-up will continue in 2014.

The Company also initiated discussions with several industrial groups which are likely to become customers for these biosourced chemical compounds. These discussions led to numerous expressions of interest and to testing that is currently underway in DEINOVE's laboratories. The Company is confident in its ability to conclude partnership agreements, over the coming months, that will focus on several potential fields where DEINOCHEM processes can be applied.

DEINOBIOTICS project

In 2012, DEINOVE transferred the assets from its DEINOBIOTICS project to DEINOBIOTICS SAS, which was created for this purpose. This company also opened its capital to the Chimie Verte Holding via a capital increase. DEINOVE now holds 49% of DEINOBIOTICS SAS.

During 2013, DEINOBIOTICS became operational and implemented a minimum structure comprising, in particular, a highly-experienced antibiotic therapy team. Its key aim was to develop a technological platform for discovering new antibacterial and antifungal antibiotics by applying a pharmaceutical approach that focused on increasingly urgent public health needs at national, European and world levels. This multipotent platform, developed at the University of Lille by the ProbioGEM team (Lille Polytech), would allow the planned programme comprising fermentation, chemistry and microbiology on pathogens, purifications and structural analysis to be carried out. DEINOVE upheld its commitment to select and provide DEINOBIOTICS with original bacterial strains.

THANAPLAST™ project

At end 2012, DEINOVE announced its participation in the THANAPLAST™ collaborative project, led by CARBIOS. DEINOVE also took a 2.81% financial stake in CARBIOS. CARBIOS went on to grant DEINOVE share warrants (BSA), which will become exercisable as soon as pre-industrial development is initiated for the first *Deinococcus* strain selected as part of the THANAPLAST™ project. The terms and conditions of the partnership agreement between DEINOVE and CARBIOS also ensure that DEINOVE will receive royalties from products that may be generated from the THANAPLAST™ project.

In September 2013, CARBIOS announced that it had successfully completed key milestone 1 of its development project, which triggered a Bpifrance funding release of 1.7 million euros. The purpose of this milestone was to develop a toolkit comprising biological catalysts that could degrade the 10 key polymers that the plastics industry focuses on and from which CARBIOS aims to develop industrial bioprocesses.

This result was in particular obtained from *Deinococcus* bacteria strains that were selected by DEINOVE teams and that had proved their capacity to digest several different plastics. The project is ahead of the initial schedule and DEINOVE teams are working with CARBIOS teams on filing the relevant patents.

In December 2013, CARBIOS was introduced on the Alternext market through a 13.1 million euro capital increase. Consequently, DEINOVE's stake in CARBIOS was reduced to 2.02%.

Intellectual property

In 2013, DEINOVE's intellectual property was reinforced as one of its flagship patents was granted: EP2209900 was published on 05 June 2013 in the European Patent Bulletin and registered under number 13/23. This patent refers to the use of *Deinococcus*-genre bacteria for producing biofuels (ethanol, butanol, etc.) and intermediate metabolites (organic acids) from plant biomass. It is the keystone of the Company's industrial property protection. It is co-held with the CNRS of the University of Montpellier 1, which granted an exclusive, world-wide operating licence to DEINOVE.

Management and governance

In January 2013, Emmanuel PETIOT was appointed as DEINOVE's new CEO, succeeding Jacques BITON. Emmanuel PETIOT was formerly Director of Sales at Novozymes Inc. for North America. With a solid industrial and commercial background in the fields of chemicals, biofuels, enzymes and micro-organisms that he acquired in several international groups, Emmanuel PETIOT will work on achieving the Company's international ambition and on confirming its position as a

technological leader, in particular by selecting and negotiating new partnerships with industrial players involved in the various markets targeted by DEINOVE.

Mr Philippe DUVAL resigned from his term of office as director on 20 February.

In July, Nagib Ward was appointed as Vice-President of Business Development. He previously held various sales and marketing positions in the biofuel, biomass, food industry and detergent fields in Novozymes, world leader in the enzyme and micro-organism sector. Nagib Ward has the task of developing new partnerships with industrial parties that work on the different markets that DEINOVE targets, in particular the United States and Canada.

In November, Jacqueline Lecourtier was appointed Chairperson of the Scientific Committee. Jacqueline Lecourtier, who graduated as an engineer from the École Nationale Supérieure des Industries Chimiques (French School of Chemical Engineering) and as a Doctor of Physical Sciences (PhD) from Pierre and Marie Curie University, dedicated 25 years of her professional life to the IFP (Institut Français du Pétrole (French Institute of Petroleum, today known as IFP Energies nouvelles, IFPEN), where she was the Scientific Director from 2006 to 2011. She also managed the Agence Nationale de la Recherche (ANR) (French National Research Agency) from 2006 to 2012, where she worked on strengthening French scientific research and on boosting its industrial potential.

Organization and location

To support its growth, the Company moved in October 2013 to new premises, Cap Sigma, which are located in the Biopôle Euromédecine (Euromedicine cluster), managed by the Montpellier Agglomération (Urban Community). The Montpellier Agglomération actively supports biotechnology development. These new premises are close to university campuses, to leading research institutes such as the CNRS, the INRA and the CIRAD as well as to their laboratories.

DEINOVE is now established in premises totalling 1,000 m² that have been completely fitted out by the Montpellier Agglomération Community to address specific requirements: a clean room, which comprises cutting-edge robotic equipment, an IT platform for automating gene structuring and for developing strains, a fermentation laboratory that includes equipment that ranges from the small-scale multi-parallel fermentation tank to the 20-litre instrumented fermentation tank, state-of-the-art analytical equipment for characterizing and quantifying the molecules produced as well as a great number of metabolites, and the equipment required for characterizing compounds from plant biomass.

At the same time, the Company increased its workforce significantly, which now stands at 42 members of staff against 30 a year ago. These new members of staff are primarily scientific staff dedicated to the DEINOCHEM project. 85% of DEINOVE staff work specifically on R&D.

3 | 2 Financial Results

Operating revenues

Without the payment of operating grants, operating revenue for financial year 2013, which totalled €51K, was mainly the result of DEINBIOTICS SAS' €30K instalment (for the supply of strains of interest as part of a partnership agreement). Furthermore, the Company invoiced DEINBIOTICS SAS for miscellaneous expenses, totalling €8K, and was granted €11K aid for recruitment and for reimbursing training sessions.

Operating costs

| (in thousands of euros) | 2013 | 2012 |
|---|--------------|--------------|
| Provision of raw materials and other supplies | -6 | 0 |
| Other expenses and external expenses | | |
| External studies, subcontracting, scientific consulting | 609 | 662 |
| Supplies | 620 | 358 |
| Rent, maintenance, servicing costs | 325 | 214 |
| Miscellaneous costs | 201 | 100 |
| Documentation, technological monitoring and seminars | 59 | 63 |
| Fees | 779 | 774 |
| Travelling expenses and assignments | 172 | 120 |
| Total other expenses and external expenses | 2,765 | 2,291 |
| Taxes and similar levies | 52 | 30 |
| Salaries and wages | 1,649 | 1,342 |
| Social contributions | 682 | 455 |
| Depreciation charges on fixed assets | 367 | 339 |
| Other expenses | 64 | 61 |
| TOTAL OPERATING COSTS | 5,574 | 4,518 |

During financial year 2013, DEINOVE spent €5,574K on operational activities, including 71% on R&D. This amount, which shows an increase of +23% as compared with financial year 2012, integrated however some notable variations. First of all, the downward trend for the “External studies, subcontracting, scientific consulting” item, can be mainly explained by the absence of VTT Technical Research Centre of Finland invoicing, as the Partnership Agreement with this latter terminated in 2012. Secondly, and setting aside the “Fees” and “Documentation, technological monitoring and seminars” items, which remained stable, the rise in all other costs was mainly due to the development of the Montpellier laboratory (Cap Alpha, followed by Cap Sigma in October), where the team was strengthened with the arrival of a dozen new members during the financial year (salaries and costs rose by +30%), and where operating costs rose proportionally. It should be mentioned that the rise in the “Supplies” item was a direct result of the Company’s decision to undertake certain R&D tasks in-house, which were previously outsourced, as the organization of its technological platforms now makes this possible. The rise in “Miscellaneous costs” and in “Travelling expenses and assignments” can be explained mainly as a result of stepped-up efforts in external communication and in business development. Finally, the increase in depreciation was essentially due to investment made in 2013 (€585K). And, to a lesser extent, to allocations to depreciation charges relating to acquisitions made during financial year 2012, now being taken into account on a full year basis.

Financial results

| (in thousands of euros) | 2013 | 2012 |
|--------------------------|------------|------------|
| Financial revenue | 137 | 425 |
| Financial costs | 15 | 1 |
| FINANCIAL RESULTS | 123 | 424 |

Financial results for the financial year, totalling a net amount of + €123K, comprised:

- Interest of €107K that DEINOVE received on cash investments;
- The results of the transactions undertaken on DEINOVE’s own shares as part of the Liquidity Agreement, which resulted in a net profit of €16K;

Net result

| (in thousands of euros) | 2013 | 2012 |
|--------------------------------------|---------------|---------------|
| Operating profit/loss before tax | -5,400 | -3,426 |
| Profit/loss from non-recurring items | 21 | 543 |
| Income tax (tax credit) | -1 960 | -903 |
| PROFIT OR LOSS | -3,420 | -1,979 |

The exceptional result of +€21K net in 2013 can be explained as follows:

- A total of €41K exceptional depreciation, mainly from write-offs recorded on certain fixed assets following the changes in premises that took place during the year, i.e. the merger of the Paris (rue Léon Jouhaux) and Clapiers (Cap Alpha) sites with the Grabels site (Cap Sigma);
- The recording of €68K of extraordinary revenue, which corresponds to the gross value estimated for a set of second-hand equipment (including a Theonyx robot equipped with a Zymark articulated arm) transferred to the Company, free-of-charge, by an industrial group;
- The recording of €7K of extraordinary cost, related to the transfer of Bpifrance aid to DEINOBIOTICS SAS.

In terms of taxation, DEINOVE considers it has acquired a R&D Tax Credit (CIR) for €1,313K for financial year 2013. The tax credit for financial year 2012 was estimated at €951K. A letter received from the French tax authorities at the end of June, relating to certain technical points, led DEINOVE to adjust the amount of this receivable, which decreased by €18K in the Company's intermediate accounts at 30 June 2013. As such, €932K was paid to DEINOVE at the beginning of July 2013. Furthermore, also in July 2013, DEINOVE made a corrective request to the French tax authorities, concerning the R&D tax credit (CIR) receivables for financial years 2010 and 2011, for an amount of €658K. This amount, which was totally provisioned as proceeds receivable in the accounts closed on 30/06/2013, was repeated in the accounts closed on 31/12/2013. Finally, the Company recorded a €6K receivable relating to the Business Prospection Tax Credit (CIPC). In terms of taxation, this led to a positive net balance of €1,960K at end 2013.

3 | 3 Financial Position

The Company's financial requirements mainly focused on operational expenditure, which totalled €5,206K (excluding provisions for depreciation amounts), as well as on investment in equipment, which totalled €536K. To cover this, DEINOVE used in particular €932K of the 2012 CIR, paid in July 2013, and the €177K of aid received in September 2013 for the THANAPLAST™ project. In addition, the Company received €621K (net of fees) following the 1st Paceo® draw in December 2013, and a total of €63K from the subscription or exercise of options (BSA (share warrants) and BSPCE (stock option plans)) during the year. In the end, DEINOVE's net financial position (its year-to-date cash flow and financial investments, and net of its liabilities) was reduced by €3,417K.

At 31st December 2013, the financial resources available for financing activities could be broken down as follows:

- €1,250K of term accounts opened with the Société Générale (recorded in "Other financial investments" in the table here below);
- €1,872K in cash in hand, broken down to €764K from the Société Générale, €1,089K from Merrill Lynch (matured bonds) and €19K from the Interaudi Bank (a new bank account opened by the Company in the United States at end 2013).

Furthermore, at 31st October 2013, the Company initiated a Paceo® (equity line) with the Société Générale. As regards this line of equity funding and, upon DEINOVE's request, the Société Générale has agreed to underwrite capital increases via successive instalments over the next 36 months, up to an overall limit of 450,000 shares, i.e. 9% of capital. The Company made a 1st Paceo® draw in December 2013, which led to the issue of 50,000 new shares, which provided it with the opportunity to raise a total net amount of €621K. At 31/12/2013, 400,000 BEA (share issue warrants) were exercisable and would, as such, result in the creation of new shares.

STATEMENT OF FINANCIAL POSITION

| ASSETS (in thousands of euros) | | LIABILITIES (in thousands of euros) | |
|---|--------------|--|---------------|
| FIXED ASSETS | | EQUITY | |
| Intangible assets | 85 | Capital | 2,023 |
| Concessions, patents, licences, software, rights and the like | 85 | Share, merger and contribution premiums | 11,506 |
| Tangible assets | 608 | Statutory reserves | 0 |
| Technical facilities, industrial equipment and tooling | 511 | Carry-forward | -7,507 |
| Other tangible assets | 97 | Profit or loss for the period | -3,420 |
| Financial assets | 2,140 | TOTAL | 2,601 |
| Equity investments | 631 | OTHER EQUITY | |
| Other financial investments | 1,508 | Conditional advances | 3,057 |
| TOTAL | 2,833 | TOTAL | 5,658 |
| CURRENT ASSETS | | LIABILITIES | |
| Receivables | 2,188 | Loans and financial liabilities – Others | 60 |
| Cash instruments | 0 | Trade payables and related | 692 |
| Cash in hand | 1,872 | Outstanding taxes and social contributions | 546 |
| Prepayments | 68 | Other liabilities, conversion rate adjustments | 7 |
| TOTAL | 4,129 | TOTAL | 1,304 |
| TOTAL ASSETS | 6,961 | TOTAL LIABILITIES | 6,961 |

Trade payables:

At 31st December 2013, our trade payables, recorded as liabilities totalled €692K (against €514K at 31st December 2012) and comprise:

- €293K for accrued invoices (€184K at 31st December 2012);
- €399K for invoices received pending settlement (€330K at 31st December 2012).

TRADE PAYABLES AT 31/12/2013

| (in thousands of euros) | Total | Outstanding | Due 01/14 | Due 02/14 | Due 03/14 |
|--------------------------|-------|-------------|-----------|-----------|-----------|
| Trade and other payables | 399 | 162 | 233 | 5 | - |

TRADE PAYABLES AT 31/12/12

| (in thousands of euros) | Total | Outstanding | Due 01/13 | Due 02/13 | Due 03/13 |
|--------------------------|-------|-------------|-----------|-----------|-----------|
| Trade and other payables | 330 | 63 | 227 | 40 | - |

3 | 4 Post Year-End Events

- **DEINOL project: 9% ethanol production**

On 16 January 2014, DEINOVE announced that it had succeeded in producing ethanol with a 9% v/v alcohol content, using its DEINOL process. To the best of the Company's knowledge, its bacterial fermentation process is a world first. These results were obtained in a 20L capacity pre-industrial fermentation tank, using a glucose substrate in an

exclusively mineral, relatively nutrient-poor culture medium. The results were obtained within a reduced period of time (high productivity and yield), thus confirming the compatibility of the process in an industrial environment and, as such, marking a step forwards in developing the DEINOL project.

The Company announced that it had launched new tests on its 300-litre bioreactors (x15 compared to current production volumes) to confirm the results obtained under quasi-industrial conditions. The results of these tests are expected during the 1st semester 2014.

o **Capital increases through the PACEO® (equity line) agreement**

By decisions dated 23 January 2014, 11 February 2014 and 03 March 2014, the Chief Executive Officer, acting by delegation on behalf of the Board of Directors on 14 October 2013 and in accordance with the delegation of authority granted by the Combined General Meeting of 03 May 2012, acknowledged:

- A 20,000 euros capital increase, through the issue of 50,000 shares, at a unit price of 15.76 euros, i.e. with a share issue premium of 15.36 euros per share, resulting from the exercise of 50,000 share issue warrants (BEA) issued through the PACEO® agreement;
 - A 20,000 euros capital increase, through the issue of 50,000 shares, at a unit price of 14.42 euros, i.e. with a share issue premium of 14.02 euros per share, resulting from the exercise of 50,000 share issue warrants (BEA) issued through the PACEO® agreement;
 - A 20,000 euros capital increase, through the issue of 50,000 shares, at a unit price of 15.41 euros, i.e. with a share issue premium of 15.01 euros per share, resulting from the exercise of 50,000 share issue warrants (BEA) issued through the PACEO® agreement.
- At 11 March 2014, share capital stood at 2,082,732.40 euros, divided into 5,206,831 shares with a unit nominal value of 0.40 euros.

3 | 5 Prospects for the Future

In 2014, DEINOVE envisages new investments in its metabolic engineering platform, which will primarily comprise:

- New genetic engineering tools, which will accelerate and enhance *Deinococcus* optimization initiatives even more.
- A *Deinococcus*-genre adapted high-throughput cloning platform for increasing the development rate of modified strains tenfold (from 30 per month at the present time, to more than 300 per month).
- New fermentation and instrumentation equipment for managing fermenting processes more optimally.

DEINOVE also intends to continue to develop its two key research projects:

- The DEINOL project has moved on to a new phase with the launch of new tests on its 300-litre bioreactors. These tests will include non-food biomass hydrolysis phases and bacterial fermentation phases. It aims to come as close as possible to real industrial production conditions so that tests covering scales of several m³ can then be undertaken. Taking into account the time required for implementing these tests, DEINOVE considers it is now in a position to generate revenue by commercializing production licences by 2015-2016.
- The DEINOCHEM project continues to move forward and aims to be able to select an initial series of chassis strains for the applications envisaged. The various lines of research that DEINOVE is currently working on have different timescales. The Company considers that:
 - o Certain projects involving specific molecules may reach the market within 2 to 3 years.
 - o Initial projects that focus on pinene derivatives may reach the market within 3 to 5 years.

- Projects that focus on isoprene or certain complex intermediate products are not expected to generate revenue before 6 or 7 years.

The strategic challenge for DEINOVE is, as such, in its ability to generate revenue progressively, which will enable the Company to finance research on longer-term developments.

Finally, DEINOVE is actively engaged in discussions with several industrial groups with a view to establishing partnerships for various fields of application for its processes.

As regards financing for its future operations, the Company considers that its requirements are covered until around mid 2015. This estimation takes into account the issue of new actions through the Pacey® agreement and the 1st payment from the ADEME (French Environment and Energy Management Agency), totalling €1.5M, which should be made between now and the end of the 1st quarter 2014.

3 | 6 Information on the Risks and Uncertainties the Company Faces

On the occasion of its IPO on Alternext in April 2010, DEINOVE presented the risk factors that could potentially have an impact on us in the basic document that was registered with the French Financial Markets Authority (AMF) on 25 March 2010, under number I.10-014 and which is available on its website. In this section, we reiterate the greatest risks and threats that the Company faces, and those that are most relevant given the recent changes in its environment and activities.

Operational-related risks

As DEINOVE has not yet begun to commercialize the technologies that it has developed, its revenue stream mainly consisted of official development aid operating grants. These grants do not, however, cover all of the Company's operating expenses and this has led to net losses, after tax, totalling an aggregate €10.9M from the date of inception of the Company until 31st December 2012.

Thanks to the funds raised during its IPO, namely total net issuing fees of €11.3M, which, to date, have only been partially used; and thanks to the official development aid grants that it has used (including repayable advances and the R&D tax credit (CIR) payments), DEINOVE's net financial position at 31st December 2013 was €3.1M. In addition to this, the Company has received commitments from public bodies for aid and grants for 2013 to 2017, subject to the lifting of suspensive conditions, amounting to €7.3M (including €5.9M aid from the ADEME (French Environment and Energy Management Agency) for its DEINOCHEM project).

In view of its projected operational expenses of around €8M for 2014, the Company, which takes into account the financial flexibility provided by the Pacey® agreement initiated end 2013, is confident that it has sufficient resources to finance its activities until around mid 2015 in the current configuration of its projects.

However, if its technological platform optimization programme leads the Company to identify new promising areas of development of interest, it will need further resources to initiate new projects. In this case, the Company would need to raise additional funds via the market or from private investors, as under current conditions it is highly unlikely that it would qualify for a bank loan or that it would be able to obtain public aid that would cover all of its financial needs.

This situation could also arise if the Company's current and future projects, in particular those involving partners, required more time than initially planned, for example when finalizing the scale-up of a production process using DEINOVE-developed technology. Delays could mean that an operation to refinance the Company would need to be initiated, most probably through a capital increase.

If the necessary funds were unavailable, the Company would need to take the following steps:

- Scale back or even cancel R&D programmes or reduce its staff numbers;
- Obtain funding through agreements or partnerships that may require it to relinquish its rights to certain technologies or processes, which it would not have done if the situation was different;
- Grant licences or conclude new collaborative agreements whose terms and conditions may be less favourable than those it would have obtained if the situation was different;

- Consider the possibility of transferring company assets or even merging with another company.

Moreover, shareholders may be diluted should the Company decide to raise capital by issuing new shares or other financial instruments that could provide investors with access to its capital in the long term.

Risk of dependency on key staff

The Company's activity and the success of its projects largely depend on the work and expertise of its directors and key scientific staff. This includes, in particular, the founder and Chairman of the Board of Directors Dr Philippe POULETTY, the Chief Executive Officer Mr Emmanuel PETIOT, the Director of Research and Development Pr Jean-Paul LEONETTI, the Director of Business Development Mr Nagib WARD, and the Director of Finance and Administration Mr Julien COSTE.

The Company's possible inability to retain these key individuals could prevent it from achieving its objectives and would thus have a significantly deleterious impact on its activity, its prospects, its financial situation, its results and its development.

To reduce this risk, DEINOVE has implemented company profit sharing systems via stock option plans (BSPCE) and share warrant plans (BSA) that provide their beneficiaries with an incentive to contribute to the Company's success. These plans are described in the attached Accounts Appendix.

Risks related to strain and process development delays or failure

DEINOVE is currently the only company in the world to project systematic use of *Deinococcus* bacteria, a genre that has been rarely studied, has not yet been exploited and whose genetic and metabolic characteristics and performance have been shown to be unique.

As an initial area of development, DEINOVE chose to elaborate biofuel production processes that represent a total break with the existing technologies in this field.

The second area of development focuses on processes that exploit the properties of *Deinococcus* for producing non-petrosourced chemical intermediaries (green chemistry field).

The challenge in both projects is to elaborate an industrial production process using a genetically modified or non-genetically modified micro-organism that has the ability to hydrolyze complex cellulose and hemicellulose-based substrates, obtained from biomass, and to ferment the simple sugars that result from biomass digestion.

This implies studying the bacteria to identify its gene pool and metabolic pathways, developing a toolkit to optimize its performances and then elaborating conditions for implementing the micro-organism under economically competitive industrial conditions.

The third area of development focuses on identifying antibiotic structures that are naturally produced by the DEINOVE strain bank bacteria and that could serve as a basis for developing new antibiotics for fighting infections that are resistant to currently-available compounds.

Each of these areas of development entails risk and the Company may encounter technological issues. Moreover, although the Company masters its technologies in the laboratory, the process industrialization phase has yet to begin and there is no guarantee that the Company will manage to develop production techniques that are economically-competitive when compared with existing alternatives or alternatives that are currently under development.

The issues encountered during the various stages of the projects could result in delays that would cause us to lose our competitive edge or that could prompt us to call into question the relevance of the project itself.

Any delay in carrying out these projects would result in its current R & D studies being placed on the back burner, and this in turn would delay the validation and implementation of the relevant pre-industrial pilots. Failure at an intermediary stage could strip the process of its competitive edge, and in turn its large-scale commercialization opportunities. In such a case, the process could only be commercialized on an appreciably smaller niche market, or its exploitation may be literally abandoned.

If abandoning a major scientific project was to conclusively call into question the viability of our business model, it would then be necessary to consider the most optimal way of taking advantage of the assets that the Company would have accrued at the date this is observed and to consider measures, such as transferring some or all of these assets to minimize the impact of such a situation on shareholders. In such a case, the Company's viability may be called into question.

Risks arising from uncertain patent protection and protection of other intellectual property rights

For its innovative biotechnology activity to be successful, the Company's future licensors, licensees and the Company itself will need to be able to obtain, maintain, and enforce their patents and intellectual property rights in Europe, the USA and other countries.

To date, the Company currently holds two patents entitled "Process for Chromosomal Engineering Using a Novel DNA Repair System" and "Use of *Deinococcus* for the production of Bioenergy", which were granted by the European Patent Office and has, moreover, filed 14 other applications.

We cannot exclude the fact that:

- the patents that are pending, including some that are of major significance in a number of jurisdictions, might not be granted;
- the protection conferred by a patent may not be sufficient to protect the patented invention against competitors;
- third parties could claim rights to patents or to other intellectual property rights that are held by our Company.

Granting a patent does not guarantee its validity or its applicability, both of which third parties could potentially cast doubt on. In the field of biotechnology, whether or not a patent will be granted and whether or not it will be applicable are both major imponderables that raise complex legal and scientific issues. No uniform worldwide policy has so far emerged in terms of the contents of biotechnology patents that are granted and/or the permitted scope of their claims. It may be necessary to take legal action to enforce the Company's intellectual property rights, protect its trade secrets, and/ or determine the validity and scope of its intellectual property rights. Any litigation would be financially burdensome, would cut into Company profits, and may not result in the Company obtaining the desired level of intellectual property rights protection. Competitors may successfully contest one or more patents that were granted via a legal decision or any other procedure, and this in turn could reduce the scope of the Company's patents. Moreover, they could be successfully counterfeited or circumvented through innovations.

Consequently, the Company cannot be sure that:

- currently pending patents result in actual patents being issued;
- patents that are issued or licensed to the Company or to its partners are not contested by third parties or declared invalid by a competent court;
- the scope of the protection conferred by the patents is sufficient to protect the Company from competitors, even if it deems this to be a minor risk due to the broad scope of claims contained in the patent applications;
- its products are not counterfeits or alleged to be counterfeits of patents held by third parties, even if no prior rights were identified during the prior art investigations carried out by the Company and its advisors;
- third parties do not take legal action or claim an intellectual property right on the patents or other intellectual property rights held by the Company.

If any of the aforementioned occurred in relation to any of the patents or intellectual property rights, it could have a significantly deleterious impact on the Company's activity, prospects, financial situation, results and development.

Given the critical importance of patents in its activity sector, the Company has established a Patent Committee that meets periodically to define the Company's intellectual property rights strategy, and benefits from the advice of an expert in industrial property matters and the advice of a patent law firm. Moreover, the Committee pursues a policy of filing for patents at an early stage to optimize their priority rights.

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Insurance and risk coverage

To cover the various risks that the Company is faced with, DEINOVE held the following insurance policies at 31st December 2013:

| TYPE OF RISK COVERED | INSURER | COVERAGE AMOUNT |
|--|---------------|---|
| Civil liability for the activities that DEINOVE undertakes on its premises and on rented/loaned premises | AXA | All damage: €9,000,000 |
| Computer equipment | AXA | Computer equipment: €80,000 |
| Comprehensive business Montpellier laboratory premises | AXA | Premises: unlimited |
| | | Contents: €50,000 |
| | | Franchise: €276 |
| | | Loss of revenue: €2,000,000 |
| Civil liability for company executives and corporate officers | CNA Assurance | Coverage cap: €1,500,000 |
| Machinery breakdown for all laboratory equipment and material | AXA | Capital insured: €991,008 Franchise: 10% of property damage |
| Assistance for covering travel abroad | AXA | Mission covered for any travel that lasts less than 90 consecutive days |
| Assignment agreement | AXA | Staff covered when using their own vehicle for business travel, if requested by the Company to do so. |

3 | 7 Legal Information

Significant legal events during 2013

1. Financial year 2013 began with the arrival of a new Chief Executive Officer, Emmanuel PETIOT.
2. During financial year 2013, the Combined Annual General Meeting of 13 May 2013 delegated its powers to the Board of Directors for the purpose of deciding, within a maximum nominal amount of 1,500,000 euros, on the issue of shares and/or securities that would give immediate or future access to the capital, with cancellation of shareholders' preferential subscription right in favour of categories of beneficiaries.
3. The Board of Directors acknowledged increases in capital for an overall amount of 26,726.40 euros through the issue of 66,816 shares, made possible by the exercise of 61,630 BSPCE, 1,290 BCE-2010-1 and 3,896 BCE-2010-2.
4. By decisions dated 30 December 2013, the Chief Executive Officer, acting by delegation on behalf of the Board of Directors on 14 October 2013 and in accordance with the delegation of authority granted by the Combined General Meeting of 03 May 2012, acknowledged: a 20,000 euros capital increase, through the issue of 50,000 shares, at a unit price of 12.70 euros, i.e. with a share issue premium of 12.30 euros per share, resulting from the exercise of 50,000 share issue warrants (BEA) issued through the PACEO® agreement.
5. The Board of Directors acknowledged the resignation of Mr Philippe DUVAL from his term of office as director on 20 February 2013.
6. The Board of Directors established an Audit Committee comprising two members, Mr Bruno Weymuller and Mr Paul-Joël Derian, and reviewed the composition of the Scientific Committee, which now totalled thirteen members.
7. DEINOVE transferred (i) its headquarters in Paris (75010) from 22 rue Léon Jouhaux to 32, Boulevard de Strasbourg CS 30108, (75468 Paris Cedex 10) and (ii) its secondary establishment in Clapiers (34830), Cap Alpha, avenue de l'Europe à Grabels (34790), Cap Sigma, ZAC Euromédecine II, 1682 rue de Valsière.
8. Once DEINOVE had been granted around 6 million euros aid from the French Environment and Energy Management Agency (ADEME) and the French National General Commission for Investment (CGI) for developing its Deinochem project, aid that is paid directly to DEINOVE in the form of a repayable advance, the latter dissolved the DEINOCHEM legal entity, which no longer served any purpose, early and without liquidation. This early dissolution led to the transfer of all of DEINOCHEM's assets and liabilities to DEINOVE.

Company Governance

(including the list of offices and functions undertaken by the corporate officers
- pursuant to Article L225-102-1 par. 4))

Chairman of the Board of Directors:

Dr. Philippe Pouletty

Directors:

- University Paris V, represented by Pr. Frédéric Dardel
- Paul-Joël Derian
- Truffle Capital, represented by Christian Pierret
- Rodney Rothstein
- SAKKAB LLC, represented by Nabil Sakkab
- Philippe Duval, until 20 February 2013
- Bruno Weymuller

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Management during financial year 2013:

- Chief Executive Officer: Emmanuel Petiot
- Director of Finance & Administration: Julien Coste
- Research and Development Director: Jean-Paul Leonetti
- Business Development Director: Michael Krel / Nagib Ward
- Communications Director: Elisabetta Castelli / Coralie Martin

Management in 2014:

- Chief Executive Officer: Emmanuel Petiot
- Director of Finance & Administration: Julien Coste
- Research and Development Director: Jean-Paul Leonetti
- Business Development Director: Nagib Ward
- Communication & Investor Relations Director: Coralie Martin

MEMBER'S NAME OR COMPANY NAME:

Dr. Philippe POULETTY

DATE APPOINTED: 27/01/10

OFFICE EXPIRY DATE: GM 2016 on 2015 accounts

POSITION HELD IN COMPANY: Chairman of the Board

OTHER OFFICES OR FUNCTIONS HELD IN ANY COMPANY OR ENTITY BY OFFICERS:

- INNATE PHARMA SA: Member of the Supervisory Board
- TRUFFLE CAPITAL SAS: Chief Executive Officer - Director
- ABIVAX SA: Chairman of the Board
- SPLICOS SAS: Chairman - Director - Representative of Truffle Capital
- BIODIVERSITY SAS: Director - Representative of Truffle Capital
- CARBIOS SA: Director - Representative of Truffle Capital
- NAKOSTECH SARL: Manager
- THERADIAG SA: Director - Representative of Truffle Capital
- CARMAT SA: Director - Representative of Truffle Capital
- THERACLION SA: Director - Representative of Truffle Capital
- NEOVACS SA: Director - Representative of Truffle Capital
- VEXIM SA: Co-founder - Director - Representative of Truffle Capital
- MYOPOWERS SA (Switzerland): Director - Representative of Truffle Capital
- PHARNEXT SAS: Co-founder - Director - Representative of Truffle Capital
- PLASMAPRIME SAS: Co-founder - Director - Representative of Truffle Capital
- WITTYCELL SAS: Co-founder - Director - Representative of Truffle Capital
- IMMUNE TARGETING SYSTEMS LTD (United Kingdom): Director - Representative of Truffle Capital
- SYMETIS (Switzerland): Director - Representative of Truffle Capital
- Centre Chirurgical Marie Lannelongue (Association): Director
- France Biotech (non-profit organization under July 1st 1901 Act): Honorary Chairman - Director

| |
|---|
| MEMBER'S NAME OR COMPANY NAME: TRUFFLE CAPITAL represented by Mr Christian PIERRET |
| DATE APPOINTED: 27/01/10 |
| OFFICE EXPIRY DATE: SM 2016 on 2015 accounts |
| POSITION HELD IN COMPANY: Director |
| OTHER OFFICES OR FUNCTIONS HELD IN ANY COMPANY OR ENTITY BY OFFICERS: <ul style="list-style-type: none"> • HOLDING INCUBATRICE SERIE I MEDICAL DEVICES SA: Director • GrDF: Director • PHARNEXT: Director • S.E.V. - Ste d'Équipement Vosgienne (SEM): Chairman of the Board |
| MEMBER'S NAME OR COMPANY NAME: SAKKAB LLC represented by Mr Nabil SAKKAB |
| DATE APPOINTED: 27/01/10 |
| OFFICE EXPIRY DATE: SM 2016 on 2015 accounts |
| POSITION HELD IN COMPANY: Director |
| OTHER OFFICES OR FUNCTIONS HELD IN ANY COMPANY OR ENTITY BY OFFICERS: <ul style="list-style-type: none"> • ALTRIA: Director • GIVAUDAN: Director • CREATA VENTURES: Director • BIOWISH TECHNOLOGIES: Director • CELLTEX: Director • PHARNEXT: Director |
| MEMBER'S NAME OR COMPANY NAME: Mr Rodney ROTHSTEIN |
| DATE APPOINTED: 27/01/10 |
| OFFICE EXPIRY DATE: SM 2016 on 2015 accounts |
| POSITION HELD IN COMPANY: Director |
| OTHER OFFICES OR FUNCTIONS HELD IN ANY COMPANY OR ENTITY BY OFFICERS: <ul style="list-style-type: none"> • CELLECTIS SA: Chairman of the Scientific Committee |
| MEMBER'S NAME OR COMPANY NAME: Mr Bruno WEYMULLER |
| DATE APPOINTED: 24/09/2010 |
| OFFICE EXPIRY DATE: SM 2016 on 2015 accounts |
| POSITION HELD IN COMPANY: Director |
| OTHER OFFICES OR FUNCTIONS HELD IN ANY COMPANY OR ENTITY BY OFFICERS: <ul style="list-style-type: none"> • "COE-REXECODE: Director • C.F.E (French Energy Council): Director |

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| |
|---|
| MEMBER'S NAME OR COMPANY NAME: Mr Emmanuel PETIOT |
| DATE APPOINTED: 06/12/2012 |
| OFFICE EXPIRY DATE: 07/01/2017 |
| POSITION HELD IN COMPANY: Chief Executive Officer |
| OTHER OFFICES OR FUNCTIONS HELD IN ANY COMPANY OR ENTITY BY OFFICERS: None |
| MEMBER'S NAME OR COMPANY NAME: Mr Paul-Joël DERIAN |
| DATE APPOINTED: 27/01/10 |
| OFFICE EXPIRY DATE: SM 2016 on 2015 accounts |
| POSITION HELD IN COMPANY: Director |
| OTHER OFFICES OR FUNCTIONS HELD IN ANY COMPANY OR ENTITY BY OFFICERS: None |
| MEMBER'S NAME OR COMPANY NAME: PARIS V UNIVERSITY represented by Mr Frédéric DARDEL |
| DATE APPOINTED: 27/01/10 |
| OFFICE EXPIRY DATE: SM 2016 on 2015 accounts |
| POSITION HELD IN COMPANY: Director |
| OTHER OFFICES OR FUNCTIONS HELD IN ANY COMPANY OR ENTITY BY OFFICERS: <ul style="list-style-type: none"> • Paris Descartes University: Chairman • SOCIETE FRANCAISE DE BIOCHIMIE & DE BIOLOGIE MOLECULAIRE: Chairman (Chairman at 1st Jan 2011) • SORBONNE PARIS CITE (public sector scientific cooperation institution): Director of the Higher Education Teaching and Research Pole • INRA: Chairman of the Scientific Committee |
| MEMBER'S NAME OR COMPANY NAME: Mr Philippe DUVAL |
| DATE APPOINTED: 24/09/2010 |
| OFFICE EXPIRY DATE: until 20 February 2013 |
| POSITION HELD IN COMPANY: Director |
| OTHER OFFICES OR FUNCTIONS HELD IN ANY COMPANY OR ENTITY BY OFFICERS: <ul style="list-style-type: none"> • TEREOS PARTICIPATIONS: Chairman – Legal Representative of Tereos • COMPANHIA DE SENA: Director • CUKROVARY A LIHOVARY TTD: Chairman of the Supervisory Board • FINANCIERE DES HAUTS DE France: Chairman • LOIRET & HAENTJENS: Director • SENA HOLDING LTD: Director • SENA LINES: Director • SOCIETE MARROMEU LTD: Director • SUCRERIE DE BOIS ROUGE: Director • SUCRIERE DES MASCAREIGNES: Director • SUKARI DES MASCAREIGNES: Director • TEREOS ALCCOLS: Member of the Executive Management Committee |

Information on the share capital

At 31st December 2013, Company capital consisted of 5,056,831 ordinary shares with a nominal value of €0.40 each, 3,540 of which (0.07% of the capital) were owned by the Company within the framework of the Liquidity Agreement entrusted to DSF Markets (formerly BIL Finance). The Articles of Association grant the right to cast two votes for each fully subscribed share that has been registered for at least two years in the name of the same shareholder. The table below indicates the percentage of capital and of voting rights held by the main shareholders, in both diluted and non-diluted versions:

At 31st December 2013

non-diluted basis

| Shareholders | Number of shares | Percentage held | Voting rights | Percentage |
|-------------------------------|------------------|-----------------|------------------|----------------|
| Truffle Capital-managed funds | 2,953,023 | 58.40% | 5,830,448 | 72.76% |
| Tereos EU | 120,048 | 2.37% | 120,048 | 1.50% |
| Scientific founders | 20,000 | 0.40% | 40,000 | 0.50% |
| Management and directors | 63,516 | 1.26% | 73,516 | 0.92% |
| Floating | 1,900,244 | 37.58% | 1,948,727 | 24.32% |
| TOTAL | 5,056,831 | 100.00% | 8,012,739 | 100.00% |

At 31st December 2013

diluted base

| Shareholders | Number of shares | Percentage held | Voting rights | Percentage |
|-------------------------------|------------------|-----------------|------------------|----------------|
| Truffle Capital-managed funds | 3,014,643 | 47.19% | 5,892,068 | 63.06% |
| Tereos EU | 120,048 | 1.88% | 120,048 | 1.28% |
| Scientific founders | 350,000 | 5.48% | 370,000 | 3.96% |
| Management and directors | 372,796 | 5.84% | 382,796 | 4.10% |
| Floating | 2,530,264 | 39.61% | 2,578,747 | 27.60% |
| TOTAL | 6,387,751 | 100.00% | 9,343,659 | 100.00% |

At this same date, share warrants (BSA) and stock option plans (BSPCE) issued were held as follows:

| Shareholders | BSA subscribed | BCE subscribed | BEA subscribed | Potential dilution |
|-------------------------------|-------------------|-------------------|-------------------|-----------------------|
| Truffle Capital-managed funds | 61,620 | - | - | 61,620 |
| Tereos EU | - | - | - | 0 |
| Scientific founders | 330,000 | - | - | 330,000 |
| Management and directors | 105,030 | 204,250 | - | 309,280 |
| Floating | 104,120 | 125,900 | 400,000 | 630,020 |
| TOTAL | 600,770 | 330,150 | 400,000 | 1,330,920 |

The characteristics of these dilutive financial instruments (in particular the exercise price) are described in note 8.3 of the 2012 Annual Accounts Appendix.

Authorization to trade in the Company's shares within the framework of a Liquidity Agreement

On authorization granted by the Combined General Meeting of 3 May 2012 and by the Combined General Meeting of 13 May 2013, on 5 June 2012 the Company entrusted BIL Finance with the implementation of a Liquidity Agreement for ordinary shares, for a 12-month, tacitly-renewable period. Following the acquisition of BIL Finance's "Corporate Finance" activities by the investment firm DSF Markets, this agreement was transferred to DSF Markets.

At 31st December 2013, the position of the Liquidity Agreement held by DSF was as follows:

- 3,540 shares held for a gross value of 47,569 euros and 130,830 euros in the liquidity account.

Pursuant to the provisions of Article L225-211 of the French Commercial Code, the table below contains the information required for the transactions fulfilled within this framework over the course of the 2013 financial year:

| BIL Finance and Deinove Agreement | Quantity | Price |
|---|----------|---------|
| Shares registered at 01/01/2013 | 4,119 | €10.770 |
| Shares purchased (mean price) | 39,753 | €11.158 |
| Shares sold (mean price) | 39,642 | €11.331 |
| Shares registered at 15/10/2013 | 4,230 | €11.731 |
| Shares registered at 31/12/2013 | 0 | - |
| DSF Markets/Parel and Deinove Agreement | Quantity | Price |
| Shares registered at 16/10/2013 | 4,230 | €11.731 |
| Shares purchased (mean price) | 13,475 | €13.030 |
| Shares sold (mean price) | 14,165 | €12.892 |
| Shares registered at 31/12/2013 | 3,540 | €13.438 |

Information on dividends

The Company will not be paying dividends for the 2013 financial year and it does not expect to pay any during its R&D start-up phase. No dividend has been paid since the Company was created.

Agreements with affiliated parties and special report from the statutory auditor

Previously concluded agreements performed over the course of the financial year:

A Partnership Agreement for the development of enzymatic processes for producing controlled-lifecycle biodegradable plastics was concluded on 28 September 2012 between the Company and CARBIOS, and for which the investment funds managed by Truffle Capital are associated with 41.36% of the capital. This Agreement falls within the THANAPLAST™ collaborative project framework, for which CARBIOS is leader. OSEO-ISI is granting €9.6M to this project, which totals €22M. The Agreement formalizes the cooperation commitment between DEINOVE and CARBIOS, pursuant to a jointly-validated schedule, for screening DEINOVE's strain bank and for identifying the strains and/or enzymes capable, in particular, of degrading bio-sourced and/or non-bio-sourced polymers efficiently for producing biodegradable and/or bio-compostable plastics. The Agreement mentions that CARBIOS will pay DEINOVE one-time payments and royalties proportional to any revenue generated if the strains of interest from DEINOVE's strain bank are industrially and commercially exploited.

This agreement did not generate any remuneration during financial year 2013.

New Agreements Concluded in 2013:

DEINOVE did not conclude any new regulated agreements.

Appointment/reappointment of auditors

The terms of office of the Company's statutory auditor, PricewaterhouseCoopers Audit, was renewed by the Combined General Meeting held on 13 May 2013, for six financial years and will terminate at the end of the General Meeting, which will be called upon to deliberate the financial statements for 2018.

A new alternate statutory auditor, Mrs Anik Chaumartin, was appointed by the Combined General Meeting held on 13 May 2013, for six financial years and will terminate at the end of the General Meeting, which will be called upon to deliberate the financial statements for 2018.

Subsidiaries and equity interest in other companies

During financial year 2013, DEINOVE did not make any new investments and did not create any new subsidiaries.

o *About the subsidiaries:*

- **DEINOCHEM**, a simplified joint-stock company (société par actions simplifiée), with a registered capital of 1,500 euros, headquartered at 22 rue Léon Jouhaux, 75010 Paris, incorporated with the Paris Trade and Companies Register under number 752 062 471 RCS Paris.

By decision dated 18 November 2013, DEINOVE decided to dissolve DEINOCHEM early and without liquidation, this led to the transfer of all of DEINOCHEM's assets and liabilities to DEINOVE.

- **DEINOBIOTICS**, a simplified joint-stock company (société par actions simplifiée), with a registered capital of 941,500 euros, headquartered at 22 rue Léon Jouhaux, 75010 Paris, incorporated with the Paris Trade and Companies Register under number 752 226 746 RCS Paris.

The purpose of DEINOBIOTICS is to implement research, development, production and commercialization activities in France and abroad of products, technology and services in the field of infectious diseases.

DEINOVE has a 49% share capital stake in DEINOBIOTICS.

At 31st December 2013, DEINOBIOTICS' annual accounts for 2013, for its second financial year showed:

- A loss of €575K;
- Equity of €231K;
- A balance-sheet total of €762K.

o *About the stake in Carbios:*

Since 2012, the Company has held a stake in the share capital of Carbios, a simplified joint-stock company (société par actions simplifiée), with a registered capital of 2,686,667 euros, headquartered at the Puy-de-Dôme CCI Business Incubator, Parc d'activités du Biopôle Clermont-Limagne, 63360 Saint-Beauzire, incorporated with the Clermont-Ferrand Trade and Companies Register under number 531 530 228 RCS.

The purpose of CARBIOS is, in particular, to implement research, development, production and commercialization activities in France and abroad on biotechnologies and in particular on biomass transformation and bioremediation technologies, processes and products.

At 31st December 2013, following its initial listing on the Alternext stock market, DEINOVE's share capital investment in this company fell from 2.81% to 2.02%.

A summary table for the subsidiaries and for equity interest is included under note 22 in the Appendices.

Employee share scheme

Pursuant to the provisions of Article L. 225-102 of the French Commercial Code, we declare that no company savings plan for the benefit of company employees has been implemented.

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At 31st December 2013, employees held 0.04 % of the Company share capital.

Proposal for allocating profit/loss

We propose to allocate the €3,420,041 loss for the year to the carry-forward account.

Dividends for the past three financial years

Pursuant to the provisions of Article L. 243 bis of the French General Tax Code, no dividends have been paid for the last three financial years.

Non-tax deductible expenses

Pursuant to the provisions of Articles 223-quinquies and 39-5 quater of the French General Tax Code, we declare that the financial statements for the financial year ended on 31st December 2013 record no expenses or charges that are referred to under Article 39-4 of the French General Tax Code.

Information on company share-related transactions undertaken by executives or their relatives

Pursuant to the provisions under Articles 223-22 A and 223-26 of the General Regulations of the Financial Markets Authority (AMF), we declare that the following company share-related transactions were performed by executives or their relatives during the financial year:

| Parties concerned | Type of transaction | Transaction date | Number of shares | Transaction total |
|-------------------|---------------------|------------------|------------------|-------------------|
| TRUFFLE CAPITAL * | Transfer | 02/01/13 | 6,400 | €70,140.16 |
| TRUFFLE CAPITAL * | Transfer | 03/01/13 | 2,500 | €27,510.00 |
| TRUFFLE CAPITAL * | Transfer | 07/01/13 | 2,310 | €25,064.89 |
| TRUFFLE CAPITAL * | Transfer | 08/01/13 | 8,300 | €91,640.30 |
| TRUFFLE CAPITAL * | Transfer | 09/01/13 | 9,274 | €104,824.02 |
| TRUFFLE CAPITAL * | Transfer | 10/01/13 | 5,151 | €56,784.62 |
| TRUFFLE CAPITAL * | Transfer | 11/01/13 | 5,182 | €57,325.36 |
| TRUFFLE CAPITAL * | Transfer | 14/01/13 | 1,212 | €13,496.71 |
| TRUFFLE CAPITAL * | Transfer | 15/01/13 | 2,952 | €32,829.19 |
| TRUFFLE CAPITAL * | Transfer | 16/01/13 | 2,600 | €29,155.10 |
| TRUFFLE CAPITAL * | Transfer | 17/01/13 | 4,700 | €53,252.88 |
| TRUFFLE CAPITAL * | Transfer | 18/01/13 | 1,600 | €17,870.72 |
| TRUFFLE CAPITAL * | Transfer | 21/01/13 | 2,000 | €22,358.20 |
| TRUFFLE CAPITAL * | Transfer | 22/01/13 | 2,650 | €29,612.43 |
| TRUFFLE CAPITAL * | Transfer | 23/01/13 | 4,340 | €48,250.38 |
| TRUFFLE CAPITAL * | Transfer | 24/01/13 | 690 | €7,633.54 |
| TRUFFLE CAPITAL * | Transfer | 25/01/13 | 877 | €9,670.68 |
| TRUFFLE CAPITAL * | Transfer | 28/01/13 | 22,700 | €256,802.83 |
| TRUFFLE CAPITAL * | Transfer | 29/01/13 | 4,810 | €54,027.36 |
| TRUFFLE CAPITAL * | Transfer | 30/01/13 | 2,444 | €27,046.77 |
| TRUFFLE CAPITAL * | Transfer | 31/01/13 | 1,570 | €17,140.48 |
| TRUFFLE CAPITAL * | Transfer | 01/02/13 | 777 | €8,529.28 |
| TRUFFLE CAPITAL * | Transfer | 04/02/13 | 2,550 | €27,919.95 |
| TRUFFLE CAPITAL * | Transfer | 05/02/13 | 798 | €8,670.75 |

| | | | | |
|-------------------|----------|----------|--------|-------------|
| TRUFFLE CAPITAL * | Transfer | 06/02/13 | 438 | €4,759.13 |
| TRUFFLE CAPITAL * | Transfer | 07/02/13 | 5,312 | €57,749.94 |
| TRUFFLE CAPITAL * | Transfer | 08/02/13 | 1,379 | €14,970.42 |
| TRUFFLE CAPITAL * | Transfer | 11/02/13 | 37,067 | €431,237.48 |
| TRUFFLE CAPITAL * | Transfer | 12/02/13 | 30,889 | €378,380.98 |
| TRUFFLE CAPITAL * | Transfer | 13/02/13 | 6,128 | €71,856.93 |
| TRUFFLE CAPITAL * | Transfer | 14/02/13 | 5,485 | €63,769.71 |
| TRUFFLE CAPITAL * | Transfer | 15/02/13 | 2,000 | €23,535.80 |
| TRUFFLE CAPITAL * | Transfer | 18/02/13 | 3,032 | €34,476.27 |
| TRUFFLE CAPITAL * | Transfer | 20/02/13 | 1,840 | €22,196.66 |
| MR Jacques BITON | Transfer | 21/03/13 | 400 | €5,110.00 |
| MR Jacques BITON | Transfer | 22/03/13 | 900 | €11,376.00 |
| MR Jacques BITON | Transfer | 26/03/13 | 2,177 | €26,369.95 |
| MR Jacques BITON | Transfer | 28/03/13 | 500 | €6,040.00 |
| MR Jacques BITON | Transfer | 02/04/13 | 1,587 | €17,900.05 |
| MR Jacques BITON | Transfer | 03/04/13 | 31 | €353.40 |
| MR Jacques BITON | Transfer | 10/04/13 | 1,300 | €14,395.00 |
| MR Jacques BITON | Transfer | 11/04/13 | 162 | €1,822.50 |
| MR Jacques BITON | Transfer | 12/04/13 | 200 | €2,250.00 |
| MR Jacques BITON | Transfer | 17/04/13 | 307 | €3,294.60 |
| MR Jacques BITON | Transfer | 17/05/13 | 550 | €5,970.00 |
| TRUFFLE CAPITAL * | Transfer | 13/11/13 | 20,600 | €267,000.72 |
| TRUFFLE CAPITAL * | Transfer | 14/11/13 | 4,500 | €56,560.50 |
| TRUFFLE CAPITAL * | Transfer | 18/11/13 | 5,500 | €69,779.05 |
| TRUFFLE CAPITAL * | Transfer | 09/12/13 | 10,500 | €146,843.55 |
| TRUFFLE CAPITAL * | Transfer | 10/12/13 | 10,409 | €149,363.95 |
| TRUFFLE CAPITAL * | Transfer | 11/12/13 | 3,500 | €50,447.95 |
| TRUFFLE CAPITAL * | Transfer | 12/12/13 | 2,400 | €34,131.60 |
| TRUFFLE CAPITAL * | Transfer | 13/12/13 | 1,237 | €17,452.34 |
| TRUFFLE CAPITAL * | Transfer | 18/12/13 | 2,538 | €35,087.85 |
| TRUFFLE CAPITAL * | Transfer | 18/12/13 | 647 | €8,932.48 |
| TRUFFLE CAPITAL * | Transfer | 20/12/13 | 313 | €4,288.57 |
| TRUFFLE CAPITAL * | Transfer | 23/12/13 | 63 | €864.49 |
| TRUFFLE CAPITAL * | Transfer | 30/12/13 | 268 | €3,671.60 |
| TRUFFLE CAPITAL * | Transfer | 31/12/13 | 500 | €6,873.15 |

(*) Member of the Board of Directors

NB: the transfer dated 31st December 2013 was technically "settled" on 3 January 2014.

Information on preventing money laundering

Pursuant to Alternext Regulations in effect, it should be mentioned that DEINOVE, its management and its directors comply with the EC 2005/60 Directive issued by the European Parliament and Council on the prevention of using the financial system for the purpose of money laundering and terrorist financing and the aforementioned also comply with any other related national regulation and/or legislation. Moreover, DEINOVE, its management and its directors are not included in the list of sanctioned individuals and entities of the European Union or the list established by the OFAC.

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Table of delegation of powers

Pursuant to the provisions of Article L.225-100 of the French Commercial Code, the delegation of authority or powers currently granted by the General Meeting to the Board of Directors relevant to capital increase pursuant to the provisions of Articles L.225-129-1 and L.225-129-2 of the aforementioned Commercial Code are stipulated hereinafter.

| Delegation of authority or powers | Delegation date | Delegation duration | Authorized threshold (nominal value) | Execution of the delegation of authority or powers during the financial year |
|--|-------------------|---------------------|--|---|
| Delegation of power granted to the Board of Directors to acknowledge the number of shares issued by exercising the BCE-2008 share warrants | 30 January 2008 | / | / | BoD of 19 March 2013: acknowledgement of the issuance of 61,630 shares by exercising 61,630 BCE-2008 warrants |
| Delegation of power granted to the Board of Directors to acknowledge the number of shares issued by exercising the BCE-2010-1 share warrants | 27 January 2010 | / | / | BoD of 19 March 2013: acknowledgement of the issuance of 1,290 shares by exercising 1,290 BCE-2010 warrants |
| Delegation of power granted to the Board of Directors to acknowledge the number of shares issued by exercising the BCE-2010-2 share warrants | 24 September 2010 | / | / | BoD of 5 December 2013: acknowledgement of the issuance of 3,896 shares by exercising 3,896 BCE2010-1 warrants |
| Delegation of authority granted to the Board of Directors for purposes of deciding to issue shares and/or securities, with preferential subscription right maintained | 3 May 2012 | 26 months | Nominal amount of capital increase: €1,500,000* Nominal amount of securities and other debt instruments giving access to capital: €20,000,000** | / |
| Delegation of authority granted to the Board of Directors for purposes of deciding whether or not to incorporate profits, reserves or premiums into the share capital | 3 May 2012 | 26 months | Nominal amount of capital increase: €1,500,000* | / |
| Delegation of authority granted to the Board of Directors for purposes of deciding to issue shares and/or securities, with elimination of the preferential subscription right in favour of a category of beneficiaries | 3 May 2012 | until 13 May 2013 | Nominal amount of capital increase: €1,500,000* Nominal amount of securities and other debt instruments giving access to capital: €20,000,000** | BoD of 7 January 2013: Issue and allocation of 152,780 BCE-2013-1 stock options in favour of the CEO, granting the right to subscribe to 152,780 shares at a unit price of 10,9635537 euros |
| Delegation of authority granted to the Board of Directors for purposes of deciding to issue shares and/or securities, with elimination of the preferential subscription right and public offer | 3 May 2012 | 26 months | Nominal amount of capital increase: €1,500,000* Nominal amount of securities and other debt instruments giving access to capital: €20,000,000** | / |

| | | | | |
|--|-------------|-----------|---|---|
| Delegation of authority granted to the Board of Directors for purposes of deciding to issue shares and/or securities, by private placement, limited to a maximum of 20% of the share capital per year | 3 May 2012 | 26 months | Nominal amount of capital increase will be limited to (i) 20% of the capital (as it exists at the transaction date) per year and (ii) €1,500,000* | BoD of 14 October 2013: Principle for issuing BEA with elimination of the preferential subscription right in favour of the Société Générale and sub-delegation granted to the CEO for purposes of deciding this issuance and of acknowledging that shares, from these BEA, are issued. CEO decision of 30 October 2013: Issue and allocation in favour of the Société Générale of 450,000 BEA, granting the right to subscribe to 450,000 shares, during 36 months, at a price that represents A 6% maximum discount in relation to the volume-weighted average price of the last three trading sessions. |
| | | | Nominal amount of securities and other debt instruments giving access to capital: €20,000,000** | CEO decision of 30 December 2013: acknowledgment of the issuance of 50,000 shares by exercising 50,000 BEA |
| Delegation of authority granted to the Board of Directors for purposes of deciding to issue shares and/or securities, with elimination of the preferential subscription right in favour of a category of beneficiaries | 13 May 2013 | 18 months | Nominal amount of capital increase: €1,500,000* | BoD of 4 July 2013: Issue and allocation in favour of a director, of 10,100 BSA-2013-1, at a unit price of 0,98889 euros, granting the right to subscribe to 10,100 shares at a unit price of 9,8889 euros |
| | | | Nominal amount of securities and other debt instruments giving access to capital: €20,000,000** | BoD of 11 July 2013: Issue and allocation of 60,000 BCE-2013-2 stock options in favour of the CEO, granting the right to subscribe to 60,000 shares at a unit price of 9.875397 euros |

* the ceiling authorized for the nominal amount of capital increases will be charged against the overall ceiling authorized of €1,500,000 (17th resolution of the Combined General Meeting held on 3 May 2012)

** the ceiling authorized for the nominal amount of securities and other debt instruments will be charged against the overall ceiling authorized of €20,000,000 (17th resolution of the Combined General Meeting held on 3 May 2012)

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3 | 8 Company Results for the Last Five Financial Years

(Articles R225-81, R225-83 and R225-102 of the French Commercial Code)

| Type of information (in thousands of euros) | 2013 | 2012 | 2011 | 2010 | 2009 |
|---|--------------|--------------|--------------|--------------|--------------|
| End of year capital | | | | | |
| Share capital (in euros) | 2,022,732,40 | 1,976,006.00 | 1,957,240.00 | 1,940,821.60 | 3,400,000.00 |
| Number of ordinary shares | 5,056,831 | 4,940,015 | 4,893,100 | 4,852,054 | 34,000,000 |
| Number of preference dividend shares | | | | | |
| Maximum of shares to be created via: | | | | | |
| Conversion of securities: | | | | | |
| exercise of: | | | | | |
| BSA (i) | 600,770 | 590,670 | 511,935 | 569,590 | 4,840,500 |
| BSPCE (ii) | 330,150 | 210,790 | 220,501 | 202,032 | 1,212,125 |
| BEA (iii) | 400,000 | 0 | 0 | 0 | 0 |
| Operations & profit/loss for the financial year | | | | | |
| Revenues, excluding tax | 32 | 179 | | | |
| Profit/loss before tax, employee profit-sharing, depreciation charges and write-backs on amortizations and provisions | -4,972 | -2,717 | -3,552 | -2,365 | -1,836 |
| Tax on profit | -1,960 | -903 | -682 | -276 | -621 |
| Employee profit-sharing | | | | | |
| Profit/loss for the period | -3,420 | -1,979 | -3,277 | -2,251 | -1,248 |
| Profit/loss distributed* | | | | | |
| Profit/loss per share | | | | | |
| Profit/loss before tax, depreciation charges and write-backs on amortizations and provisions | -0.98 | -0.55 | -0.73 | -0.49 | -0.05 |
| Profit/loss for the period | -0.68 | -0.40 | -0.67 | -0.46 | -0.04 |
| Per-share dividend* | | | | | |
| Staff | | | | | |
| Mean number of employees | 34 | 29 | 24 | 17 | 13 |
| Payroll for the period | 2,331 | 1,797 | 1,623 | 980 | 664 |

Drawn up in Paris, on 18 March 2014

Dr. Philippe Pouletty

Chairman of the Board of Directors

4 | CORPORATE FINANCIAL STATEMENTS AND APPENDICES

4 | 1 Balance Sheet

| ASSETS (in thousands of euros) | Note | 2013 | 2012 |
|---|---------|--------------|--------------|
| FIXED ASSETS | | | |
| Intangible assets | | | |
| Concessions, patents, licences, software, rights and the like | 4 | 85 | 51 |
| Tangible assets | | | |
| Technical facilities, industrial equipment and tooling | | 511 | 419 |
| Tangible assets under construction | | 0 | 123 |
| Other tangible assets | | 97 | 47 |
| Financial assets | | | |
| Equity interests and related receivables | 4 | 631 | 633 |
| Other equity investments | 4 | 0 | 3,584 |
| Other financial assets | 4 | 1,508 | 1,703 |
| TOTAL | | 2,833 | 6,559 |
| CURRENT ASSETS | | | |
| Receivables | 5 | 2,188 | 1,665 |
| Advances and prepayments on orders | | 0 | 6 |
| Cash instruments | 6 | 0 | 406 |
| Cash on hand | | 1,872 | 594 |
| Pre-paid expenses | 7 | 68 | 93 |
| TOTAL | | 4,129 | 2,764 |
| GRAND TOTAL | | 6,961 | 9,323 |
| LIABILITIES (in thousands of euros) | | | |
| | Note | 2013 | 2012 |
| EQUITY | | | |
| | 8 | | |
| Capital | | 2,023 | 1,976 |
| Share, merger and contribution premiums | | 11,506 | 10,868 |
| Statutory reserves | | | |
| Carry-forward | | -7,507 | -5,528 |
| Profit or loss for the period | | -3,420 | -1,979 |
| TOTAL | | 2,601 | 5,337 |
| OTHER EQUITY | | | |
| Conditional advances | 9 | 3,057 | 2,880 |
| TOTAL | | 3,057 | 2,880 |
| PROVISIONS | | | |
| Provisions for liabilities & expenditure | | 0 | 0 |
| TOTAL | | 0 | 0 |
| LIABILITIES | | | |
| Loans and financial liabilities - Others | 10 | 60 | 125 |
| Suppliers and related accounts | 11 & 12 | 692 | 514 |
| Outstanding taxes and social contributions | 11 & 12 | 546 | 463 |
| Other liabilities | 11 | 7 | 4 |
| TOTAL | | 1,304 | 1,107 |
| GRAND TOTAL | | 6,961 | 9,323 |

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4 | 2 Profit and Loss Account

| PROFIT AND LOSS ACCOUNT (in thousands of euros) | <i>Note</i> | 2013 | 2012 |
|--|-------------|---------------|---------------|
| Operating revenue | <i>14</i> | 51 | 668 |
| Purchases of raw materials and other supplies | | -6 | 0 |
| Other purchases and external expenses | | 2,765 | 2,291 |
| Taxes, duties and similar levies | | 52 | 30 |
| Salaries and wages | | 1,649 | 1,342 |
| Social contributions | | 682 | 455 |
| Depreciation charges for amortizations, write-backs and provisions | | 367 | 339 |
| Other expenses | | 64 | 61 |
| Total operating expenses | | 5,574 | 4,518 |
| OPERATING PROFIT/LOSS | | -5,523 | -3,850 |
| Financial revenue | | 137 | 425 |
| Financial costs | | 15 | 1 |
| FINANCIAL PROFIT/LOSS | <i>15</i> | 123 | 424 |
| CURRENT PRE-TAX PROFIT/LOSS | | -5,400 | -3,426 |
| Revenue from non-recurring items | | 68 | 544 |
| Expenses from non-recurring items | | 47 | 1 |
| PROFIT/LOSS FROM NON RECURRING ITEMS | <i>2</i> | 21 | 543 |
| Tax on profit (tax credit) | <i>16</i> | -1,960 | -903 |
| PROFIT OR LOSS | | -3,420 | -1,979 |

4 | 3 Cashflow Tables

| CASHFLOW (in thousands of euros) | <i>Note</i> | 2013 | 2012 |
|--|-------------|---------------|---------------|
| Cashflow related to operating activities | | | |
| Profit/loss for the period | | -3,420 | -1,979 |
| Capital gain on transfer of treasury shares | | -16 | -79 |
| Extraordinary profit/loss | | -21 | -543 |
| Amortization | | 367 | 339 |
| Depreciation | | 0 | -173 |
| Changes in accrued interest | | -3 | 49 |
| Changes in working capital | | -236 | -888 |
| Net cash used in activities | | -3,328 | -3,275 |
| Cashflow related to investment activities | | | |
| acquisitions net of divestitures of fixed assets | 4 | -375 | -409 |
| Acquisitions of financial assets (TAA, liquidity agreement, equity interest) | 4 | -813 | -424 |
| Redemption of investments at maturity | 4 | 250 | 1,250 |
| Sales of financial assets | 4 | 4,342 | 2,706 |
| Net cashflow used in activities | | 3,404 | 3,123 |
| Cashflow related to financing activities | | | |
| Net income from share issuance | 8 | 684 | 119 |
| Receipt from new loans | 9 | 177 | 769 |
| Loan repayment | 9 & 10 | -65 | -30 |
| Net cashflow from financing activities | | 796 | 859 |
| Change in cash and cash equivalents | | | |
| Cash and cash equivalents opening balance | 3.14 | 1,000 | 292 |
| CASH AND CASH EQUIVALENTS AT CLOSING | | 1,872 | 1,000 |

4 | 4 Statement of Changes in Equity

| CHANGE IN EQUITY (in thousands of euros) | Share capital | Issue premium & BSA (share warrants) | Reserves & Carry-forward | Profit/loss for the period | Total shareholders' proceeds |
|---|----------------------|---|-------------------------------------|-----------------------------------|-------------------------------------|
| BALANCE AT 01/01/2012 | 1,957 | 10,768 | -2,251 | -3,277 | 7,197 |
| Allocation of 2011 surplus | | | -3,277 | 3,277 | 0 |
| Capital increase and IP | 19 | | | | 19 |
| Exercise of BSA/BCE | | 101 | | | 101 |
| Profit/loss for 2012 | | | | -1,979 | -1,979 |
| 31/12/12 | 1,976 | 10,868 | -5,528 | -1,979 | 5,337 |
| Allocation of 2012 surplus | | | -1,979 | 1,979 | 0 |
| Capital increase and IP | 47 | | | | 47 |
| Exercise of BSA/BCE | | 637 | | | 637 |
| Profit/loss for 2013 | | | | -3,420 | -3,420 |
| 31/12/13 | 2,023 | 11,506 | -7,507 | -3,420 | 2,601 |

4 | 5 Appendix to the Accounts

The information hereinafter constitutes the Appendix to the accounts and is an integral part of the summary financial statements presented for the financial years ended on 31st December 2012 and 2013. Each of these periods covers 12 months from 1st January to 31st December.

The accounts for financial year 2013, which recorded a loss of €3,420K, were finalized by the Board of Directors on 18 March 2014. They are presented in thousands of euros, unless otherwise specified.

A stricter definition of cash (note 3.14) was adopted in 2012, where term accounts with maturity of more than three months are now classified under Other Receivables (maturity of less than one year) or under Other Financial Investments (maturity at more than one year), rather than under Cash Instruments, even though they may be mobilized at any time.

NOTE 1 | THE COMPANY

DEINOVE SA (the “Company”) is a cleantech company dedicated to the development and commercial exploitation of innovative processes for the production of biofuels and other products of industrial or pharmaceutical interest.

The Company was set up in 2006 in the form of a Simplified Joint Stock Company and was transformed into a Public Limited Company on 27 January 2010.

The Company has been listed on the Alternext market since 27 April 2010. Alternext is an organized market in which there is no obligation to apply IFRS standards. The accounting principles applied by the Company are therefore the accounting principles that are generally accepted in France.

NOTE 2 | KEY EVENTS

Financial year ended 31st December 2013:

2.1 – On a legal level

Financial year 2013 began with the arrival of a new Chief Executive Officer, Emmanuel PETIOT.

- During financial year 2013, the Combined Annual General Meeting of 13 May 2013 delegated its powers to the Board of Directors for the purpose of deciding, within a maximum nominal amount of 1,500,000 euros, on the issue of shares and/or securities that would give immediate or future access to the capital, with cancellation of shareholders' preferential subscription right in favour of categories of beneficiaries.
- The Board of Directors acknowledged increases in capital for an overall amount of 26,726.40 euros through the issue of 66,816 shares, made possible by the exercise of 61,630 BSPCE, 1,290 BCE-2010-1 and 3,896 BCE-2010-2.
- The Board of Directors acknowledged the resignation of Mr Philippe DUVAL from his term of office as director on 20 February 2013.
- The Board of Directors established an Audit Committee comprising two members, Mr Bruno Weymuller and Mr Paul-Joël Derian, and reviewed the composition of the Scientific Committee, which now totalled thirteen members.
- DEINOVE transferred (i) its headquarters in Paris (75010) from 22 rue Léon Jouhaux to 32, Boulevard de Strasbourg CS 30108, (75468 Paris Cedex 10) and (ii) its secondary establishment in Clapiers (34830), Cap Alpha, avenue de l'Europe à Grabels (34790), Cap Sigma, ZAC Euromédecine II, 1682 rue de Valsière.
- Once DEINOVE had been granted around 6 million euros aid from the French Environment and Energy Management Agency (ADEME) and the French National General Commission for Investment (CGI) for developing its Deinochem project, aid that is paid directly to DEINOVE in the form of a repayable advance, the latter dissolved the DEINOCHEM legal entity, which no longer served any purpose, early and without liquidation. This early dissolution led to the transfer of all of DEINOCHEM's assets and liabilities to DEINOVE.

- 2.2-** DEINOVE made a corrective request to the French tax authorities at the beginning of July 2013, concerning the R&D tax credit (CIR) receivables for financial years 2010 and 2011, for an amount of €658K. This amount is totally provisioned as proceeds receivable in the accounts closed on 31/12/2013.
- 2.3-** DEINOVE received a €177K repayable advance in aid for the THANAPLAST™ collaborative project, led by CARBIOS, when the first key milestone of the project was validated.
- 2.4-** In 2009, the Company was granted a €100K repayable advance by OSEO-Ile de France Region, for studying the “Feasibility of the DEINOL project: creation of a bacteria strain bank, characterization, selection and optimization”. The Company received half of this advance in 2009 and half in 2010. As this study had led to initiating the DEINOL project, it was considered that the conditions of successful completion related to the project had been satisfied and that the Company could begin repaying the aid pursuant to the agreed schedule. €5K was repaid in 2011, €30K in 2012, and €40K in 2013, the amount remaining will be repaid in instalments in 2014.
- 2.5-** As regards the DEINOPHARM project, in 2009 Oseo Innovation and the Languedoc-Roussillon Region granted €400K repayable advances for the “extension and screening of a bacteria strain bank; identification and characterization of antibiotic molecules”. As provided for in the rider to this financial aid agreement, concluded in November 2010, a 1st repayment of €25K was made in December 2013.
- 2.6-** As regards financial year 2013, the view has been expressed that the Company would benefit from a R&D Tax Credit (CIR 2013) of €1,313K. It benefited from a reimbursement of €932K for the CIR 2011, which was paid in July 2013 (see note 16).

NOTE 3 | ACCOUNTING PRINCIPLES, REGULATIONS AND METHODS

DEINOVE’s accounts were drawn up pursuant to the provisions of the French Commercial Code (Articles L123-12 to L123-28) and to the general regulations for drawing up and presenting annual accounts (French General Accounting Plan (PCG) 99-03 amended by regulations issued subsequently by the French Committee for Accounting Regulations).

The basic method retained for assessing the items recorded in the accounts is the historical cost method.

The French general accounting conventions were applied in accordance with the principle of caution, pursuant to the following assumptions:

- a going concern basis;
- consistency of accounting methods from one financial year to the next;
- independence of financial years.

The going concern assumption was retained by the Board of Directors insofar as the Company’s financial resources allow it to pursue its research and development efforts for at least 12 months following the accounts’ year-end closing date.

For a better understanding of the accounts presented, the main assessment modes and methods retained are specified hereinafter, in particular when:

- a choice is provided by legislation;
- an exception provided for in the texts is used;
- the application of an accounting prescription does not allow a fair presentation;
- an exception is granted to accounting requirements.

3.1 – Intangible Assets

Intangible assets are assessed on their acquisition price and are amortized on a straight-line basis over their period of use by the Company. Intangible assets mainly comprise patents amortized over a 20-year period.

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3.2 – Tangible Assets

Tangible assets are assessed on their acquisition cost or on their production cost per undertaking, given the expenses required to make these assets available, and after deducting trade rebates, discounts and cash discounts granted.

Asset items are subject to amortization plans determined according to the asset's real duration of use. The depreciable amount of an asset can be less any residual value. The latter is only taken into account when it is significant and measurable.

Since 1st January 2009, small laboratory equipment with a low unit value is deemed a fixed asset whenever the importance of the investments for the first equipment, for this type of material, recorded on a financial year, justifies this. Expenditure for subsequent renewals will be recorded directly under expenses.

The amortization periods and modes retained are mainly as follows:

| Assets | Period | Mode |
|---|--------------|---------------|
| Equipment and tooling | 3 to 5 years | Straight-line |
| Small laboratory equipment | 3 years | Straight-line |
| Office equipment and computer hardware, small furniture | 3 years | Straight-line |
| Furniture | 10 years | Straight-line |

3.3 – Financial Assets

Equity interests and related receivables:

The gross value of the securities corresponds to the amounts paid for the equity interests concerned, excluding incidental expenses which are recorded under expenses.

When the inventory value is less than the gross value, a provision for depreciation is created to cover the difference.

Inventory values at each financial year ending are determined independently for each line of securities. Except in exceptional circumstances, they are deemed at least equal to the book equity share that corresponds to the equity held. Whenever this share is less than the gross value, an estimation of the equity interest value is determined by taking the equity potential for development into account, by applying assessment methods which are founded, in particular, on cashflow forecasts using the estimated weighted average cost of equity for the activity in question.

Security holdings:

This item corresponds to the use of a percentage of DEINOVE's cash resources for purchasing listed bonds. These securities are recorded under assets for their acquisition price, net of acquisition fees, which are recorded directly under expenses. At each financial year ending, the acquisition value of each line of securities is compared with its inventory value, which corresponds to the stock-market value whenever the securities are listed. A provision for depreciation is created whenever the inventory value is less than the acquisition value, even if the company intends to hold the securities until they mature.

Other financial assets:

- **Liquidity Agreement:**

Transactions related to the Liquidity Agreement that the Company has concluded with a financial intermediary (see note 2) are recorded pursuant to recommendation 98-D released by the Urgent Issues Task Force of the French National Accounting Board (Comité d'Urgence du Conseil National de la Comptabilité) and to the French National Auditing Body Bulletin No. 137, dated March 2005:

- treasury shares held are recorded in Other Financial Assets – Treasury Shares. A provision for depreciation is recorded by reference to the average listed stock-market price from the month preceding closing if the latter is less than the acquisition price. To determine the profit/loss from the sale, the FIFO method is applied.
- cash paid to the intermediary and not yet used is recorded under Other Financial Assets – Other Long-term Receivables.
- **Financial investments upwards of one year:**

To optimize its cash management, the Company makes financial investments upwards of one year in the form of term accounts that are, as a consequence, recorded under Financial Investments. The accrued interest on these investments is also recorded under this asset item.

3.4 - Receivables

Receivables are assessed at their nominal value. Where applicable, a provision for write-downs is established to take into account any collection difficulties that may occur. Provisions for any likely write-downs are determined by comparing the acquisition value and the probable realizable value.

The other receivables comprise the R&D Tax Credit nominal value which is recorded under the Assets for the financial year of acquisition and which corresponds to the financial year during which eligible expenses that lead to the tax credit are incurred.

They also comprise financial investments with maturity of more than three months but less than one year and which, as a consequence, could not be included under the Cash Instruments item (see note 3.5). Accrued interest on these investments is also recorded under Other Receivables.

3.5 – Cash Instruments:

The Company invests a percentage of its cash in open-ended investment schemes (SICAVs) or in term accounts with maturity of less than three months. These investments do not pose any significant risk of impairment loss and are realizable in the short-term, which justifies the fact that they are recorded as cash equivalents.

3.6 – Foreign Currency Transactions

Foreign currency revenue and expenditure are recorded under their equivalent in national currency at the date of the transaction.

Foreign currency receivables and liabilities that exist at financial year ending are converted at the rate in effect at this date. The conversion difference is recorded in the balance sheet under the “Conversion Rate Adjustments” assets and liabilities items. Conversion rate adjustments – assets are subject to a provision for risks and expenditure for an equivalent amount.

3.7 - Provisions for Risks and Expenditure

These provisions, which are recorded pursuant to the French Accounting Regulatory Committee (CRC) regulation No. 2000-06, are intended to cover the risks and expenditure that are likely to be incurred from events ongoing or which have occurred, and where the amount is quantifiable as regards their purpose, but where the realization, the exchange and/or the amount are uncertain.

3.8 – Retirement Benefits

The amounts of future payments that correspond to benefits granted to employees are assessed based on an actuarial method, where assumptions related to trends in salaries, retirement age and mortality are taken into account, then these assessments are written down to their current value. These commitments are not subject to provisions but are recorded in off-balance-sheet commitments.

3.9 – Loans

Loans are assessed at their nominal value. Loan issue costs are immediately recorded under expenses. Accrued interest is recorded under Liabilities, at the interest rate provided for in the agreement.

3.10 – Repayable Advances Granted by Public Bodies

The share of advances received from public bodies for financing the Company's research activities and which include conditional repayment is recorded under Liabilities under the Other Equity "Conditional Advances" item and their characteristics are detailed under note 9. The share of these same repayable advances, but non-conditional, is recorded under the "Loans and Financial Liabilities – Others" item.

3.11 – Current Profit/Loss – Extraordinary Profit/Loss

Current profit/loss records revenue and expenditure related to the Company's normal business.

Unusual items from ordinary business activities are recorded under current profit/loss. This comprises, in particular, the following items:

- Allocations to and reversals of provisions for depreciation of receivables;
- Operating grants;
- Transfers of operating expenses.

Extraordinary items outside ordinary business activities constitute the extraordinary profit/loss.

3.12 – Grants Received

Grants received are recorded as soon as the corresponding receivable becomes certain, given the conditions set for obtaining the grant.

Operating grants are recorded under current revenue and take into account, where applicable, the cadence of the corresponding expenses, so that the principle of linking expenditure to revenue is adhered to.

Investment grants intended for acquiring fixed assets are initially recorded under equity, then are acknowledged under current revenue in keeping with the amortizations applied to the corresponding fixed assets.

3.13 – External Study and Subcontracting Expenditure

The implementation status of subcontracting agreements to third parties for certain research services, as well as the implementation status of external studies undertaken within the research collaboration framework, are assessed at each financial year ending so that the cost of services already provided to the Company may be recognized as expenses to be paid and the cost of services already recorded but not yet undertaken entirely may be recognized as prepaid expenses.

3.14 – Cash and Cash Equivalents

For the purposes of the cashflow table, cash and cash equivalents are defined as equal to the total of the "Cash Instruments" and "Cash in Hand" Asset items, insofar as the cash instruments are available in the very short term and that they do not pose any significant risk of impairment loss in the event that interest rates change.

NOTE 4 | INTANGIBLE, TANGIBLE AND FINANCIAL ASSETS

Financial year ended 31st December 2013

| GROSS VALUES <i>(in thousands of euros)</i> | Gross value at 01/01/2013 | Acquisitions | Reductions | Gross value at 31/12/2013 | |
|---|--|---|--------------------|--|--------------------------------------|
| Intangible assets | | | | | |
| Concessions, patents, licences, software, rights and the like | 97 | 49 | 1 | 145 | |
| Other intangible assets | | | 0 | | |
| TOTAL | 97 | 49 | 1 | 145 | |
| Tangible assets | | | | | |
| Technical facilities, industrial equipment and tooling | 1,077 | 437 | 49 | 1,465 | |
| General facilities, fixtures and various amenities | 28 | 48 | 35 | 41 | |
| Office equipment and computer hardware, furniture | 69 | 51 | 2 | 118 | |
| Tangible assets under construction | 123 | 0 | 123 | 0 | |
| TOTAL | 1,297 | 536 | 209 | 1,624 | |
| Financial assets | | | | | |
| Equity interests and related receivables | 633 | 0 | 2 | 631 | |
| Other equity investments | 3,584 | 0 | 3,584 | 0 | |
| Other financial assets | 1,703 | 813 | 1,007 | 1,508 | |
| TOTAL | 5,919 | 813 | 4,592 | 2,140 | |
| GRAND TOTAL | 7,313 | 1,398 | 4,802 | 3,909 | |
| DEPRECIATIONS (in thousands of euros) | | | | | |
| | | POSITION AND MOVEMENTS DURING THE PERIOD | | | |
| Depreciable fixed assets | | Value at 01/01/2013 | Allocations | Outflows | Value at 31/12/2013 |
| Intangible assets | | | | | |
| Concessions, patents, licences, software, rights and the like | | 46 | 15 | 1 | 60 |
| Other intangible assets | | | | 0 | |
| Total | | 46 | 15 | 1 | 60 |
| Tangible assets | | | | | |
| Technical facilities, industrial equipment and tooling | | 658 | 345 | 49 | 954 |
| General facilities, fixtures and various amenities | | 5 | 31 | 35 | 1 |
| Office equipment and computer hardware, furniture | | 45 | 18 | 2 | 61 |
| Total | | 708 | 394 | 86 | 1,016 |
| GRAND TOTAL | | 754 | 408 | 86 | 1,076 |

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| IMPAIRMENT (in thousands of euros) | POSITION AND MOVEMENTS DURING THE PERIOD | | | |
|------------------------------------|--|-------------|----------|---------------------|
| | Value at 01/01.13 | Allocations | Outflows | Value at 31/12/2013 |
| Financial assets | | | | |
| Financial assets | | | | |
| Long-term securities (bonds) | 0 | 0 | 0 | 0 |
| Total | 0 | 0 | 0 | 0 |
| Other financial assets | | | | |
| Liquidity agreement | 0 | 0 | 0 | 0 |
| Total | 0 | 0 | 0 | 0 |
| GRAND TOTAL | 0 | 0 | 0 | 0 |

At 31st December 2013, **equity interests and related receivables** comprised the following items:

- DEINOBIOTICS securities: 461,500 euros (49% of the share capital)
- CARBIOS securities: 169,999 euros (2.02% of the share capital).

It should be mentioned that DEINOCHEM SAS, created by the Company in June 2012, with a capital of 1,500 euros, in which the Company held 100% of the capital, was dissolved on 18 November 2013, without liquidation, pursuant to the conditions of Article 1844-5, paragraph 3 of the French Civil Code.

Other security holdings, held by the Company at 31/12/2012, were first-class listed bonds issued by industrial and financial issuers (Standard & Poor's rating at minimum BBB+). These bonds were positioned on 2013 and 2014 maturities based on the Company's future requirements. At 31st December 2012, their net asset value was overall €55K higher than their acquisition cost. Accounting principles, which lead to recording only the capital losses for each bond item meant keeping a non-significant residual provision in the accounts (< €1K), which was totally reversed in 2013.

Furthermore, it appears that the only bond, which was supposed to mature in 2014, was paid back early by the issuer. As such, the Company held no bonds whatsoever at 31st December 2013. The table below details, for information purposes, the precise maturity dates for the bonds that were included in accounts at 31st December 2012.

| Bonds | Acquisition price | Anticipated maturity | Actual maturity |
|----------------|-------------------|----------------------|-----------------|
| Crédit Mutuel | 498,638 | 25/03/13 | 25/03/13 |
| HSBC | 479,418 | 05/04/13 | 05/04/13 |
| Merrill Lynch | 640,547 | 09/08/13 | 09/08/13 |
| ING | 487,893 | 18/09/13 | 18/09/13 |
| Morgan Stanley | 490,938 | 29/11/13 | 29/11/13 |
| Deutsche Bank* | 986,318 | 16/01/14 | 16/10/13 |

* This bond was paid back early (by a quarter) by the issuer.

Other financial assets included under assets at 31st December 2013 comprised:

- €1,500K in term accounts opened with the Société Générale, maturing in August 2015;
- Accrued interest not yet due relating to the aforementioned term accounts, for a total of €26K;
- The available balance of the Liquidity Agreement totalling €140K;
- 3,540 treasury shares, recorded for a gross value of €48K. The market value of these shares, determined on the basis of the average price of the Company share during the month of December, was higher than the acquisition value; no provision for impairment was recorded at 31st December 2013.
- Deposit and sureties of €45K, including €44K relating to the new Cap Sigma (Grabels) premises.

NOTE 5 | RECEIVABLES

Financial year ended 31st December 2013

| RECEIVABLES (in thousands of euros) | Gross amount | Within a year | Over a year |
|--|--------------|---------------|--------------|
| From fixed assets | | | |
| Other financial assets | 1,508 | 1 | 1,507 |
| Total fixed assets | 1,508 | 1 | 1,507 |
| From current assets | | | |
| Customers and related accounts | 15 | 15 | 0 |
| Trade receivables | 0 | 0 | 0 |
| Staff | 5 | 1 | 4 |
| Tax on profit | 1,978 | 1,978 | 0 |
| Value added tax | 152 | 152 | 0 |
| Other taxes, duties and similar levies | | | |
| Other receivables | 39 | 39 | 0 |
| Group and associates | | | |
| Total current assets | 2,188 | 2,184 | 4 |
| TOTAL | 3,697 | 2,186 | 1,511 |

Financial year ended 31st December 2012

| RECEIVABLES (in thousands of euros) | Gross amount | Within a year | Over a year |
|--|--------------|---------------|--------------|
| From fixed assets | | | |
| Other financial assets | 1,703 | 8 | 1,695 |
| Total fixed assets | 1,703 | 8 | 1,695 |
| From current assets | | | |
| Customers and related accounts | 10 | 10 | 0 |
| Trade receivables | 10 | 10 | 0 |
| Tax on profit | 951 | 951 | 0 |
| Value added tax | 135 | 135 | 0 |
| Other taxes, duties and similar levies | | | |
| Other receivables | 560 | 560 | 0 |
| Group and associates | | | |
| Total current assets | 1,665 | 1,665 | 0 |
| TOTAL | 3,368 | 1,673 | 1,695 |

Receivables from tax on profit mainly correspond to the R&D Tax Credit acquired by the Company, and represents €1,971K on the Assets side of the balance sheet. As there is no taxable profit and due to the Company's "Young Innovative Company" status, this receivable is repayable the year following the year it is recognized:

- o R&D Tax Credit (CIR) 2013: €1,313K;

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- R&D Tax Credit (CIR) 2010 & 2011: in July 2013, the Company made a corrective request to the French tax authorities concerning the R&D tax credit (CIR) receivables for financial years 2010 and 2011, for an amount of €658K. This amount is totally provisioned as Proceeds receivable in the accounts closed on 31st December 2013;
- R&D Tax Credit (CIR) 2012: initially estimated at €951K, this tax credit was finally paid up at €932K, amount received in July 2013; the negative variance of €18K, as a result of checks made by the French tax authorities, reduces the positive effect of the R&D Tax Credit estimated for 2012 in the profit and loss account.

Finally, the Company recorded a €6K receivable relating to the Business Prospection Tax Credit (CIPC).

Other receivables at 31st December 2013 are mainly outstanding receivables (from suppliers), totalling €30K. At 31st December 2012, they mainly corresponded to financial investments (term bank deposits) of €524K, with a maturity of less than one year (principal and accrued interest). They also include a shareholder's loan of €30K, granted to DEINOBIOTICS, and paid back in full in 2013.

NOTE 6 | CASH INSTRUMENTS

At 31st December 2012, this item amounted to €406K and included only a "Trésor +" term account opened at the Société Générale, with a maturity date in January 2013 for a value of €406K. As the account was only renewed for a month beyond its term, i.e. end February 2013, at 31st December 2013, the Company no longer held any term account which, given its maturity, falls under the Cash Instruments item.

NOTE 7 | NOTE 7 - REPAYMENTS AND ACCRUED INCOME - ASSETS

| PREPAYMENTS <i>(in thousands of euros)</i> | 31/12/13 | 31/12/12 |
|--|----------|----------|
| Prepayments | 68 | 93 |

The amount of prepayments mainly comprises operating-related costs.

NOTE 8 | EQUITY

8.1 – Share Capital Structure:

| | 31/12/13 | 31/12/12 | 31/12/11 | 31/12/10 | 31/12/09 |
|------------------|---------------|---------------|---------------|---------------|---------------|
| Capital | €2,022,732.40 | €1,976,006.00 | €1,957,240.00 | €1,940,821.60 | €3,400,000.00 |
| Number of shares | 5,056,831 | 4,940,015 | 4,893,100 | 4,852,054 | 34,000,000 |
| Nominal value | €0.40 | €0.40 | €0.40 | €0.40 | €0.10 |

At 31st December 2013, the Company's share capital comprised 5,056,831 shares with a unit nominal value of €0.40.

During financial year 2013, the Board of Directors acknowledged the issue of 116,816 new shares through the exercise of 1,290 BCE-2010-1, 61,630 BCE 2008, 3,896 BCE 2010-2, and 50,000 BEA (following the 1st Paceo® draw), i.e. a capital increase of €46,726.40.

8.2 – Share Capital Breakdown

The Articles of Association grant the right to cast two votes for each fully subscribed share that has been registered for at least two years in the name of the same shareholder. The tables below indicate the percentage of capital and of voting rights held by the main shareholders.

Financial year ended 31st December 2013

non-diluted basis

| Shareholders | Number of shares | Percentage held | Voting rights | Percentage |
|-------------------------------|------------------|-----------------|------------------|----------------|
| Truffle Capital-managed funds | 2,953,023 | 58.40% | 5,830,448 | 72.76% |
| Tereos EU | 120,048 | 2.37% | 120,048 | 1.50% |
| Scientific founders | 20,000 | 0.40% | 40,000 | 0.50% |
| Management and directors | 63,516 | 1.26% | 73,516 | 0.92% |
| Floating | 1,900,244 | 37.58% | 1,948,727 | 24.32% |
| TOTAL | 5,056,831 | 100.00% | 8,012,739 | 100.00% |

Financial year ended 31st December 2012

non-diluted basis

| Shareholders | Number of shares | Percentage held | Voting rights | Percentage |
|-------------------------------|------------------|-----------------|------------------|----------------|
| Truffle Capital-managed funds | 3,209,102 | 64.96% | 6,342,606 | 77.64% |
| Tereos EU | 120,048 | 2.43% | 120,048 | 1.47% |
| Scientific founders | 51,500 | 1.04% | 103,000 | 1.26% |
| Management and directors | 10,000 | 0.20% | 10,000 | 0.12% |
| Floating | 1,549,365 | 31.36% | 1,593,237 | 19.50% |
| TOTAL | 4,940,015 | 100.00% | 8,168,891 | 100.00% |

8.3 - Dilutive Financial Instruments:

- Share warrants (BSA)**

The table below shows the status of BSA outstanding at 31st December 2013, as well as additional information on their status on this date.

| BSA | Issued | Cancelled | Exercised | Balance of exercisable warrants | Of which subscribed | Of which not allocated | Lapse |
|------------------------------|----------------|---------------|---------------|---------------------------------|---------------------|------------------------|----------|
| BSA-B GM of 30/01/08 | 92,430 | - | 40,540 | 51,890 | 51,890 | 0 | 30/01/18 |
| BSA-2008 GM of 27/06/08 | 61,620 | - | 20,540 | 41,080 | 41,080 | 0 | 27/06/18 |
| BSA-2009 GM of 05/05/09 | 330,000 | - | - | 330,000 | 330,000 | 0 | 05/05/19 |
| BSA-2010-1 GM of 27/01/10 | 34,000 | - | - | 34,000 | 34,000 | 0 | 22/03/20 |
| BSA-2010-3 GM of 27/01/10 | 22,500 | - | - | 22,500 | 22,500 | 0 | 22/03/20 |
| BSA-2010-4 GM of 27/01/10 | 8,500 | - | - | 8,500 | 8,500 | 0 | 22/03/20 |
| BSA-2012-1 GM of 24/09/10 | 123,240 | 20,540 | - | 102,700 | 102,700 | 0 | 16/02/22 |
| BSA-2013-1 GM of 13/05/13 | 10,100 | - | - | 10,100 | 10,100 | 0 | 04/07/23 |
| TOTAL BSA | 682,390 | 20,540 | 61,080 | 600,770 | 600,770 | 0 | |

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The tables below summarize the characteristics of BSA plans in effect at 31st December 2013. These plans could lead to the creation of a maximum of 600,770 new shares, if all corresponding rights were exercised.

| | BSA-B | BSA 2008 | BSA-2009 |
|---|---|---|--|
| Date of the General Meeting or Board of Directors that issued the BSA | GM of 30/01/08 and BoD of 30/01/08 and amended by the GM of 27/01/10 and the GM of 15/03/10 | GM of 27/06/08 and amended by the GM of 27/01/10 and the GM of 15/03/10 | GM of 05/05/09 and amended by the GM of 15/03/10 |
| Number of BSA | 92,430 | 61,620 | 330,000 |
| Number of BSA exercised | 40,540 | 20,540 | 0 |
| Total number of shares that can be subscribed | 51,890 | 41,080 | 330,000 |
| Point of departure for exercising warrants | 01/02/08 | 01/07/08 | 05/05/09 |
| Expiry date | 30/01/18 | 27/06/18 | 05/05/19 |
| Warrant subscription or acquisition price | Free of charge | | |
| Procedures for exercising the warrant | By tranche of 1/48 th per month over 4 years from 01/02/08 | By tranche of 1/48 th per month over 4 years from 01/07/08 | 177,000 exercisable on 05/05/09 153,000 exercisable in 3 equal tranches; each tranche is exercisable if the beneficiary discovers a patentable invention or one that is not likely to be exploited by the Company |
| Exercise price per subscribed share | €0.40 | | |

| | BSA-2010-1 | BSA-2010-3 | BSA-2010-4 |
|---|---|---|------------|
| Date of the General Meeting or Board of Directors that issued the BSA | GM of 27/01/2010, amended by the GM of 15/03/2010 and allocated by the Board of Directors on 22/03/2010 | | |
| Number of BSA | 34,000 | 22,500 | 8,500 |
| Number of BSA exercised | 0 | 0 | 0 |
| Total number of shares that can be subscribed | 34,000 | 22,500 | 8,500 |
| Point of departure for exercising warrants | 22/03/10 | | |
| Warrant subscription or acquisition price | Free of charge | 1% of the BSA exercise price, i.e. €0.07497 | |
| Expiry date | 22/03/20 | | |

| | | | |
|---|---|--|--|
| | <u>Exercising condition:</u> conclusion of the agreement protocol between the Company and the CNRS | <u>Exercising condition:</u> Success of the 1 st listing of Company securities on the NYSE Alternext Euronext Paris with fund raising of at least €10,000,000. | <u>Exercising condition:</u> Success of the 1 st listing of Company securities on the NYSE Alternext Euronext Paris with fund raising of at least €10,000,000. |
| Procedures for exercising the warrant | <u>Acquisition:</u> The warrants are exercisable over a 2-year period as of the conclusion of the agreement protocol between the Company and the CNRS. | <u>Acquisition:</u> By tranche of 1/48 th per month over 4 years from the 1 st listing of Company securities on the NYSE Alternext Euronext Paris. | <u>Acquisition:</u> By tranche of 1/24 th per month over 2 years from the 1 st listing of Company securities on the NYSE Alternext Euronext Paris. |
| Exercise price per subscribed share | Share price during the listing of Company securities on the NYSE Alternext Euronext Paris, i.e. €8.33. | 90% of the share price during the listing of Company securities on the NYSE Alternext Euronext Paris, i.e. €7.497. | |
| | BSA-2012-1 | | BSA-2013-1 |
| Date of the General Meeting or Board of Directors that issued the BSA | GM of 24/09/10 and allocated by the BoD of 16/02/12 | GM of 13/05/13 and allocated by the BoD of 04/07/13 | |
| Number of BSA | 102,700 | 10,100 | |
| Number of BSA exercised | 0 | 0 | |
| Total number of shares that can be subscribed | 102,700 | 10,100 | |
| Point of departure for exercising warrants | 16/02/12 | 04/07/13 | |
| Expiry date | 16/02/22 | 04/07/23 | |
| Warrant subscription or acquisition price | 10% of the BSA exercise price, i.e. €0.9802905 | 10% of the BSA exercise price, i.e. €0.98889 | |
| Procedures for exercising the warrant | <ul style="list-style-type: none"> • 50% from 16/02/2014 • 50% by tranche of 1/24th per month over 2 years from 16/02/2014 | 100% if an objective is fulfilled, which is assessed by the Board of Directors in its unfettered discretion | |
| Exercise price per subscribed share | Weighted average of the last 5 stock market sessions prior to the date the BSA-2012-1 were allocated, i.e. €9.802905 | Weighted average of the last 5 stock market sessions prior to the date the BSA-2013-1 were allocated, i.e. €9.8889 | |

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Stock option plans (BSPCE)

The table below shows the status of BSPCE outstanding at 31st December 2013, as well as additional information on their status on this date.

| BSA | Issued | Cancelled | Exercised | Balance of exercisable warrants | Of which subscribed | Of which not allocated | Lapse |
|------------------------------|----------------|---------------|---------------|---------------------------------|---------------------|------------------------|-------------------------------|
| BCE 2008 GM of 30/01/08 | 61,630 | - | 61,630 | 0 | 0 | 0 | 30/01/18 |
| BCE 2009-1 GM of 05/05/09 | 68,000 | 32,832 | 30,068 | 5,100 | 5,100 | 0 | 10 years following allocation |
| BCE 2009-2 GM of 05/05/09 | 25,370 | - | - | 25,370 | 25,370 | 0 | 05/05/19 |
| BCE-2010-1 GM of 27/01/10 | 37,320 | 6,630 | 1,290 | 29,400 | 29,400 | 0 | 22/03/20 |
| BCE-2010-2 GM of 24/09/10 | 43,500 | 26,604 | 3,896 | 13,000 | 13,000 | 0 | 02/12/20 |
| BCE-2011-1 GM of 24/09/10 | 22,400 | 2,900 | - | 19,500 | 19,500 | 0 | 28/06/21 |
| BCE-2012-1 GM of 03/05/12 | 25,000 | - | - | 25,000 | 25,000 | 0 | 03/07/22 |
| BCE-2013-1 GM of 03/05/12 | 152,780 | - | - | 152,780 | 152,780 | 0 | 07/01/23 |
| BCE-2013-2 GM of 13/05/13 | 60,000 | - | - | 60,000 | 60,000 | 0 | 11/07/23 |
| TOTAL BSPCE | 496,000 | 68,966 | 96,884 | 330,150 | 330,150 | 0 | |

The tables below summarize the characteristics of BCE plans in effect at 31st December 2013. These plans could lead to the creation of a maximum of 330,150 new shares, if all corresponding rights were exercised.

| | BCE-2008 | BCE-2009-1 | BCE-2009-2 |
|---|---|--|---|
| Date of the General Meeting or Board of Directors that issued the BCE | GM of 30/01/08 and amended by the GM of 15/03/10 | GM of 05/05/09 and amended by the GM of 15/03/10 | GM of 05/05/09 and amended by the GM of 15/03/10 |
| Number of BCE | 61,630 | 37,400 | 25,370 |
| Number of BCE exercised | 61,630 | 30,068 | 0 |
| Number of BCE lapsed | 0 | 2,232 | 0 |
| Total number of shares that can be subscribed | 0 | 5,100 | 25,370 |
| Point of departure for exercising warrants | 01/02/09 | 12 months following the conclusion of the employment agreement or the nomination as director | 05/05/09 |
| Expiry date | 30/01/18 | 05/05/19 | 05/05/19 |
| Warrant subscription or acquisition price | Free of charge | Free of charge | Free of charge |
| Procedures for exercising the warrant | By tranche of 1/48 th per month over 4 years from 01/02/08 | By tranche of 1/48 th per month over 4 years from the 1 st day of the month following the conclusion of the employment agreement by the beneficiary or the nomination of the beneficiary as director | By tranche of 1/48 th per month over 4 years from 05/05/09 |
| Exercise price | €0.40 | €0.40 | €0.40 |

| | BCE-2010 - 1 | BCE-2010 - 2 | BCE-2011 - 1 |
|---|--|--|--|
| Date of the General Meeting or Board of Directors that issued the BCE | GM of 27/10/10 and amended by the Board of Directors of 22/03/10 | GM of 24/09/10 and allocated by the Board of Directors of 02/12/10 | GM of 24/09/10 and allocated by the Board of Directors of 28/06/11 |
| Number of BCE | 37,320 | 43,500 | 22,400 |
| Number of BCE exercised | 1,290 | 3,896 | 0 |
| Number of BCE lapsed | 6,630 | 26,604 | 2,900 |
| Total number of shares that can be subscribed or purchased | 30,690 | 13,000 | 19,500 |
| Point of departure for exercising warrants | 22/03/10 | 02/12/10 | 28/06/11 |
| Expiry date | 22/03/20 | 02/12/20 | 28/06/21 |

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| Warrant subscription or acquisition price | Free of charge | Free of charge | Free of charge |
|---|---|--|--|
| | Exercising condition: Success of the 1 st listing of Company securities on the NYSE Alternext Euronext Paris with fund raising of at least €10,000,000. | | - 25% of the warrants that a beneficiary holds may be exercised annually between 1 st October and 31 st December each year and for the first time on 1 st October 2012; |
| | <u>Acquisition</u> : 50% of the warrants are exercisable immediately following the success of the 1 st listing of Company securities on the NYSE Alternext Euronext Paris with fund raising of at least 10,000,000 euros | - 25% of the warrants that a beneficiary holds may be exercised annually between 1 st October and 31 st December each year and for the first time on 1 st October 2011; | - 75% of the warrants that a beneficiary holds may be exercised annually between 1 st October and 31 st December each year and for the first time on 1 st October 2012, for a maximum of X warrants, calculated according to the following principle, starting from 1 st October 2012: |
| Procedures for exercising the warrant | - 50% exercisable by tranche of 1/48 th per month over 4 years from the 1 st listing of Company securities on the NYSE Alternext Euronext Paris | - 75% of the warrants that a beneficiary holds may be exercised annually between 1 st October and 31 st December each year and for the first time exceptionally on 1 st December 2011, for a maximum of X warrants, calculated according to the following principle, starting from 1 st December 2011: | $X = (\text{total number of warrants allocated to the beneficiary}) \times (\text{number of months since 1}^{\text{st}} \text{ October 2012} / 36)$ |
| | | $X = (\text{total number of warrants allocated to the beneficiary}) \times (\text{number of months since 1}^{\text{st}} \text{ October 2011} / 36)$ | |
| Exercise price per subscribed share | Share price during the listing of Company securities on the NYSE Alternext Euronext Paris, i.e. €8.33 | Weighted average of the last 5 stock market sessions prior to the date the BCE-2010-2 were allocated, i.e. €4.3990 | Weighted average of the last 5 stock market sessions prior to the date the BCE-2011-1 were allocated, i.e. €15.1556 |

| | BCE-2012-1 | BCE-2013-1 | BCE-2013-2 |
|---|---|---|---|
| Date of the General Meeting or Board of Directors that issued the BCE | GM of 03/05/12 and allocated by the BoD of 03/07/12 | GM of 03/05/12 and allocated by the BoD of 07/01/13 | GM of 13/05/13 and allocated by the BoD of 11/07/13 |
| Number of BCE | 25,000 | 152,780 | 60,000 |
| Number of BCE exercised | 0 | 0 | 0 |
| Number of BCE lapsed | 0 | 0 | 0 |
| Total number of shares that can be subscribed or purchased | 25,000 | 152,780 | 60,000 |
| Point of departure for exercising warrants | 03/07/12 | 07/01/13 | 11/07/13 |
| Expiry date | 03/07/12 | 07/01/23 | 11/07/23 |
| Warrant subscription or acquisition price | Free of charge | Free of charge | Free of charge |
| | - 25% of the warrants held by a beneficiary are exercisable annually between for the 1 st time from the 2 nd anniversary of the conclusion of their employment agreement | - 66% of the warrants are exercisable on a monthly basis over 48 months from the moment the beneficiary takes office and for the 1 st time from the 1 st anniversary of taking office | - 50% of the warrants are exercisable on a monthly basis over 48 months from the moment the beneficiary takes office and for the 1 st time from the 1 st anniversary of taking office |
| Procedures for exercising the warrant | - 50 % of the warrants held by a beneficiary are exercisable from the 2 nd anniversary of the conclusion of their employment agreement by tranche of 1/24 th per month over 2 years | - 34% of the warrants are exercisable if an objective is fulfilled, which is assessed by the Board of Directors in its unfettered discretion | - 50 % of the warrants are exercisable if an objective is fulfilled, which is assessed by the Board of Directors in its unfettered discretion |
| | - 25% of the warrants are exercisable if a financial transaction that is structuring for the Company, as defined by the BoD, is undertaken | | |
| Exercise price per subscribed share | Weighted average of the last 5 stock market sessions prior to the date the BCE-2012-1 were allocated, i.e. €8.05876 | Weighted average of the last 5 stock market sessions prior to the date the BCE-2013-1 were allocated, i.e. €10.9635537 | Weighted average of the last 5 stock market sessions prior to the date the BCE-2013-2 were allocated, i.e. €9.875397 |

- **Share Issue Warrants (BEA)**

Within the framework of the Pacea[®], which was initiated on 30 October 2013 for 3 years, the Société Générale took a subscription for 450,000 BEA. Pursuant to the Company's request to draw, 50,000 warrants were exercised by the Société Générale, which led to the issue of 50,000 new ordinary shares. As such, the BEA valid at 31st December 2013 stands at 400,000 warrants which, if exercised, may lead to the creation of a maximum of 400,000 new shares.

NOTE 9 | CONDITIONAL ADVANCES

This item comprises the advances granted by public bodies, and whose repayment is predominantly conditional to the success of the project concerned. The table below details the changes over the financial period, for each of the projects concerned, and then specifies the related characteristics:

| (in thousands of euros) | Balance Movements during the period 2013 | | | Balance |
|--|--|-----------------------|-------------------------|--------------|
| Project -Source of financing | 31/12/12 | New advances received | Repayments or transfers | 31/12/13 |
| DEINOL feasibility - OSEO Ile de France | 65 | | 40 | 25 |
| DEINOPHARM - OSEO Innovation and the Languedoc Roussillon Region | 320 | | 25 | 295 |
| DEINOL - OSEO Innovation ISI Programme | 2,620 | | | 2,620 |
| THANAPLAST™ - OSEO ISI Programme* | 0 | 177 | | 177 |
| Total advances received | 3,005 | 177 | 65 | 3,117 |
| Of which: minimum repayable | 125 | | 65 | 60 |
| CONDITIONAL ADVANCES (NET) | 2,880 | 177 | 0 | 3,057 |

- i. A €100K repayable advance was granted in 2009 by Oseo Île-de-France for the “DEINOL project feasibility study: creation of a bacteria strain bank, characterization, selection and optimization”. DEINOVE received €50K in 2009 and the €50K remaining in 2010.

As the feasibility study was highly successful, €5K was repaid in September 2011. During financial year 2012, €5K was repaid in January, €5K in April, €5K in July, €7.5K in October and €7.5K in December. During financial year 2013, €7.5K was repaid in April, €7.5K in July, €12.5K in September and €12.5K in December. The €25K outstanding will be repaid in full on 30 June 2014 at the latest.

- ii. As regards the DEINOPHARM project, in 2009 Oseo Innovation and the Languedoc-Roussillon Region granted €400K repayable advances for the “extension and screening of a bacteria strain bank; identification and characterization of antibiotic molecules”. The first instalment of 40% was received in 2009, and an additional €160K was paid in 2010. The remaining balance, for an amount that is probably much less than the €80K potentially realizable, will depend on Oseo's assessment of the most recent expenses declaration transmitted in 2011.

If the project is successful, the full advance received will be repaid at the latest on 30 September 2016, pursuant to the following revised schedule (established on the basis of the aid total, i.e. €400K):

- 2013: €25K;
- 2014: €105K;
- 2015: €135K;
- 2016: €135K.

Conversely, in the event of project failure, the Company will repay a one-time payment of €60K, of which €25K in 2013.

In December 2013, the Company, as such, paid a 1st instalment of €25K, as provided for in the financial aid agreement.

Repayable advances related to this aid do not carry interest.

- iii. For its DEINOL project, the Company received an aid from Oseo Innovation – ISI Programme, comprising repayable advances, for a total amount of €4M, and €2M in grants, instalments were spread over 50 months between 2010 and 2014. This aid was suspended when DEINOVE concluded a Consortium Agreement, on 30/03/2010, with its project partners - BENP-Lillebonne, the CNRS and INSA Transfert. The aids are made available progressively as the project is implemented and when DEINOVE transmits reports to BpiFrance (formerly Oseo) concerning the finalization of each key milestone, for which the main characteristics, as provided for under the agreement, are as follows:
- o before 28/02/11 (key milestone 1): development of a wild or modified strain producing ethanol and endowed with hemicellulose or cellulo-lytic characteristics similar to benchmark micro-organisms;
 - o before 28/02/12 (key milestone 2): transmission by the consortium of a report dealing with the development of a strain of recombinant *Deinococcus* that digests wheat biomass effectively and produces 3% ethanol;
 - o before 28/02/13 (key milestone 3): attestation by BENP-Lillebonne (Tereos Group) that it has received a strain of *Deinococcus* of interest for the start-up of the industrial pilot;
 - o before 28/02/14 (key milestone 4): validation of the ethanol production in an industrial facility.

Completing each key milestone and satisfying the related conditions makes the Company eligible for the following aids:

| (in thousands of euros) | 2010 | 2011 | 2012 | 2013 | 2014 | Total |
|-------------------------|--------------|--------------|--------------|------------|------------|--------------|
| Grants | 498 | 632 | 576 | 0 | 301 | 2,007 |
| Repayable advances | 903 | 1,093 | 984 | 426 | 601 | 4,008 |
| TOTAL | 1,401 | 1,725 | 1,560 | 426 | 902 | 6,015 |

In July 2010, the Company received the amounts expected from the 1st payment, i.e. €1,401K. In May 2011, as a result of successfully completing key milestone 1, the Company received €632K in grants and €947K in repayable advances, totalling €1,579K. A figure slightly below that expected (a difference of -€146K), as the expenses required to complete this milestone proved lower than the original budget submitted to Oseo.

In March 2012, DEINOVE submitted a summary statement of expenditure, for the period ended on 28/02/12, to Oseo. In light of the success of key milestone 2, in August 2012, the Company received €1,152K (grant share: €383K; repayable advance share: €769K) of the €1,560K expected, as expenses for this milestone were lower than expected.

In return for this aid, the Company has made a commitment to pay BpiFrance (formerly Oseo Innovation), a percentage of its annual revenue derived from the commercialization of the processes and technologies developed within the framework of this project, from January 2017, for a maximum of 9 years. The repayment total, capped at a certain amount, could exceed the total amount of advances received.

- iv. In September 2010, Oseo Innovation notified the Company that it had been granted €700K aid for the DEINOBIOTICS collaborative project, relating to the “identification and production of new antibiotics and antifungal compounds for hospital-resistant infections”. This aid was made up half of grants and half of repayable advances. The 1st tranche was made in November 2010, for €210K. Within the framework of the transaction of non-monetary contributions of intangible assets that the Company made in favour of DEINOBIOTICS SAS, this OSEO aid was transferred to DEINOBIOTICS on 5 October 2012. DEINOBIOTICS, as such, took over the repayment obligations for this aid, i.e. €105K. As of 31/12/2013, the Company has no liabilities in the form of repayable advances (conditional or unconditional), and is not eligible for future financing (be it repayable advances or grants), relating to this aid.
- v. In July 2012, Oseo Innovation – ISI Programme notified the Company that it had been granted €333K of aid for the THANAPLAST™ collaborative project, led by CARBIOS. This project intends to develop cutting-edge technology and processes, from renewable raw materials, which will enable it to produce industrial high-performance plastics that are competitive and have a controlled-lifecycle.

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This aid is made up of grants and repayable advances. The schedule of payments as provided for by the Aid Agreements is as follows:

| (in thousands of euros) | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | TOTAL |
|-------------------------|------------|------------|----------|----------|----------|-----------|------------|
| Grants | 105 | 0 | 0 | 0 | 0 | 19 | 124 |
| Repayable advances | 0 | 177 | 0 | 0 | 0 | 32 | 209 |
| TOTAL | 105 | 177 | 0 | 0 | 0 | 51 | 333 |

The 1st tranche of payment of the grant share, totalling €105K, was made in December 2012. In September 2013, following Bpifrance's acknowledgement of the fulfilment of the first milestone of the THANAPLAST™ project, the Company received the full amount provided for under the agreement for this instalment, i.e. €177K in the form of a repayable advance.

NOTE 10 | LOANS AND FINANCIAL LIABILITIES

This item comprises the share of non-conditional repayable advances (i.e. even if the project fails). At 31st December 2013, €60K of the liabilities detailed hereinafter mature at less than one year. This concerns, firstly, €25K for the repayment balance within the framework of the Aid Agreement for the DEINOL feasibility study, in light of the successful completion of this study, and of the balance of €35K of the fixed rate (€25K out of the €60K total was repaid in 2013), in the event of technical or commercial failure, of the aid that the DEINOPHARM project received.

| Detail of Other financial liabilities (in thousands of euros) | Balance | Movements during the period 2013 | | Balance |
|--|------------|----------------------------------|-------------------------|-----------|
| | 31/12/12 | New advances received | Repayments or transfers | 31/12/13 |
| DEINOL (Feasibility study) | 65 | | 40 | 25 |
| DEINOPHARM | 60 | | 25 | 35 |
| TOTAL OTHER FINANCIAL LIABILITIES | 125 | 0 | 65 | 60 |

NOTE 11 | MATURITIES OF OPERATING LIABILITIES AT YEAR END:

Financial year ended 31st December 2013

| (in thousands of euros) | Gross amount | Within a year | 1 to 5 years | More than 5 years |
|--|--------------|---------------|--------------|-------------------|
| Suppliers and related accounts | 692 | 692 | | |
| Staff and related accounts | 268 | 268 | | |
| Social security and other social organizations | 244 | 244 | | |
| Other taxes, duties and similar levies | 34 | 34 | | |
| Other liabilities | 7 | 7 | | |
| TOTAL | 1,244 | 1,244 | | |

Financial year ended 31st December 2012

| <i>(in thousands of euros)</i> | Gross amount | Within a year | 1 to 5 years | More than 5 years |
|--|--------------|---------------|--------------|-------------------|
| Suppliers and related accounts | 514 | 514 | | |
| Staff and related accounts | 235 | 235 | | |
| Social security and other social organizations | 179 | 179 | | |
| Other taxes, duties and similar levies | 49 | 49 | | |
| Other liabilities | 4 | 4 | | |
| TOTAL | 982 | 982 | | |

NOTE 12 | ACCRUALS AND DEFERRED INCOME - LIABILITIES

| DETAIL OF EXPENSES TO BE PAID <i>(in thousands of euros)</i> | 31/12/13 | 31/12/12 |
|--|------------|------------|
| Loans and liabilities owed to credit institutions | | |
| Banks – accrued interest | | |
| Total | 0 | 0 |
| Loans and financial liabilities - Others | | |
| Accrued interest | | |
| Total | 0 | 0 |
| Trade payables and related accounts | | |
| Suppliers - Accrued invoices | 293 | 184 |
| Total | 293 | 184 |
| Outstanding taxes and social contributions | | |
| Staff – holiday/time-off liabilities | 109 | 109 |
| Staff – other expenses to be paid | 145 | 120 |
| Social contributions / holiday/time-off | 40 | 33 |
| Other social contributions to be paid | 75 | 47 |
| State – payable charges | 34 | 49 |
| Total | 402 | 358 |
| Other liabilities | | |
| Accrued credit notes | 0 | 0 |
| Total | 0 | 0 |
| GRAND TOTAL | 695 | 542 |

NOTE 13 | CONTINGENT LIABILITIES RELATED TO TRADE AGREEMENTS

Research Partnership Agreements with INSATransfert-SAIC:

On 18 February 2010, DEINOVE concluded a Partnership Agreement with the INSA to execute a collaborative research programme with the Laboratoire d'Ingénierie des Systèmes Biologiques et des Procédés (Biological Systems and Processes Engineering Laboratory) (LISBP - Toulouse) to study the conditions for growth and the fermentation profile of *Deinococcus*, within the framework of the DEINOL project. An Operating Agreement on the findings of this programme was concluded on 3 March 2010 between the INSA and DEINOVE, in which the INSA grants DEINOVE an exclusive worldwide licence for the commercial use of the findings from the collaborative research programme. In return, the INSA will receive royalties based on DEINOVE's future revenue when it commercializes the findings concerned.

Research Partnership Agreements with the CNRS and Montpellier 1 University:

On 15 February 2010, DEINOVE concluded an Operating Agreement with the CNRS and Montpellier 1 University (UM1) on the findings of the cooperative laboratory established with these research bodies from 1st May 2008 to 30 April 2010, and in particular on the knowledge that was the subject of five patent applications held jointly by the three partners. The CNRS and the UM1 granted an exclusive worldwide licence for the use of these findings, for commercial purposes, in the fields of cooperation, for a fee in the form of a one-time payment and royalties based on DEINOVE's future revenue.

On 15 July 2010, DEINOVE, the CNRS and Montpellier 1 University concluded a Partnership Agreement to undertake joint work as part of the DEINOL project. This Partnership Agreement extended the cooperative laboratory agreement which ended on 30th April 2010 following the grouping of DEINOVE's employees in its Cap Alpha research facility. The operating conditions of the Agreement concluded on 15 February also apply to this partnership.

Research Agreement with Nosopharm:

Finally, it should be mentioned that on 5 November 2010, as part of the Deinobiotics project, DEINOVE concluded an Operating Agreement with Nosopharm, a biotechnology company specializing in the research and development of innovative therapeutic molecules, in particular anti-infectious molecules, from micro-organisms. Within the framework of this agreement, Nosopharm took charge of part of the work in return for payments in full discharge at the beginning and end of the agreement. Nosopharm transferred all of its rights on the use of the profits/losses from this work to DEINOVE.

Within the framework of the transaction of non-monetary contributions of intangible assets that the Company made in favour of DEINOBIOTICS SAS, the operating agreement and any profit/loss from this Agreement were transferred to DEINOBIOTICS on 5 October 2012.

NOTE 14 | OPERATING REVENUE

Total operating revenue decreased sharply between financial years 2012 and 2013. The Company did not receive any operating grant in 2013, whereas it had been awarded a total of €488K in 2012. Contractual revenue also fell: in 2012, the Company invoiced 2 companies, i.e. CARBIOS (for €170K, as part of a Partnership Agreement) and PILOSCIENCES (for €8K, as part of a Data Communication and Licence Agreement) in costs for access to DEINOVE's strain bank. In 2013, only €30K was invoiced to DEINOBIOTICS SAS for transferring strains of interest (as part of a Partnership Agreement).

The details of the various items comprised under operating revenue are shown in the table below:

| (in thousands of euros) | 2013 | 2012 |
|---|-----------|------------|
| Operating grants | 0 | 488 |
| DEINOL - completion of key milestone 2 | - | 383 |
| THANAPLAST™ – initial payment | - | 105 |
| Contractual revenue | 31 | 178 |
| Access to the strain bank - Carbios (Thanaplast™) | - | 170 |
| Access to the strain bank - Piloscience | - | 8 |
| Transfer of strains of interest - Deinobiotics | 30 | |
| Provision of premises - Deinobiotics | 1 | |
| Other revenue | 20 | 2 |
| Total operating revenues | 51 | 668 |

NOTE 15 | FINANCIAL RESULTS

| (in thousands of euros) | 2013 | 2012 |
|--------------------------|------------|------------|
| Financial revenue | 137 | 425 |
| Financial costs | 15 | 1 |
| FINANCIAL RESULTS | 123 | 424 |

Our Financial Results for the period comprise the following:

- o Interest of €107K that the Company received on cash investments;
- o The results of the transactions undertaken on the Company's own shares as part of the Liquidity Agreement, which resulted in a net profit of €16K.

NOTE 16 | TAX ON PROFIT

As the Company is showing a deficit, it does not incur tax charges. The amounts recorded under profit/loss under corporate tax relate mainly to the R&D Tax Credit (CIR) and amounted, respectively, to €1,971K in 2013 and to €951K in 2012. The 2013 amount includes the receivable assessed for the period and outstanding revenue totalling €658K, following the Company's corrective requests to the French tax authorities concerning receivables for financial years 2010 and 2011.

Moreover, in 2012, a negative adjustment of €48K, equal to the difference between the CIR actually paid for 2011 (€634K) and its initial estimation (€682K), was also recorded. The net revenue recorded in the Profit and Loss Account for financial year 2012 was, as such, €903K.

Likewise, in 2013, a negative adjustment of €18K, equal to the difference between the CIR actually paid for 2012 (€932K) and its initial estimation (€951K), was also recorded. Net revenue recorded in the Profit and Loss Account for financial year 2012 was €1,960K, once €6K for the Business Prospection Tax Credit (CIPC) had been taken into account.

Carried-over tax losses and amortizations that the Company had at 31st December 2013 amount to €17,900,518 (as a reminder, €12,447K at 31st December 2012). As regards financial year 2013, tax loss amounts to €5,453,852. These carried-over tax losses are not time-bound. Nevertheless, the French Finance Act of 2012 capped the profit attributable annually against previous carried-over deficits at a lump sum of €1M, increased by 50% of the profit exceeding this lump sum; the fraction not charged can be indefinitely carried over.

NOTE 17 | ASSOCIATED PARTIES

17.1 - Transactions Undertaken with Associated Parties

- **With CARBIOS, which has a 36.66% interest in the capital through investment funds managed by TRUFFLE CAPITAL (at 31st December 2013)**

A Partnership Agreement for the development of enzymatic processes for producing controlled-lifecycle biodegradable plastics was concluded on 28 September 2012 between the Company and CARBIOS.

This Agreement falls within the THANAPLAST™ collaborative project framework, for which CARBIOS is leader. The project, which totals €22M, has been granted €9.6M from BpiFrance (formerly OSEO-ISI). The agreement formalizes the cooperation commitment between DEINOVE and CARBIOS, pursuant to a jointly-validated schedule, for screening DEINOVE's strain bank and for identifying the strains and/or enzymes capable, in particular, of degrading bio-sourced and/or non-bio-sourced polymers efficiently for producing biodegradable and/or bio-compostable plastics. The Agreement mentions that CARBIOS will pay DEINOVE one-time payments and royalties proportional to any revenue generated if the strains of interest from DEINOVE's strain bank are industrially and commercially exploited.

17.2 - Remuneration of Directors (not including the allocation of capital instruments or attendance fees)

| | 2013 | 2012 |
|--|------|------|
| Remuneration of Directors (gross sums) | 227 | 186 |

17.3 – Attendance fees

| | 2013 | 2012 |
|--|------|------|
| Attendance fees (beneficiaries: members of the Board of Directors) | 64 | 61 |

17.4 – Dilutive financial instruments held by the Directors

At 31st December 2013, Directors held 105,030 BSA and 152,780 BSPCE, which could be converted into 257,810 ordinary Company shares (see note 8.3).

NOTE 18 | COMMITMENTS GIVEN:

Retirement Benefits

The actuarial assessment is undertaken to produce an estimation of the value forecast of DEINOVE's commitments as regards retirement benefits provided for in the collective agreements. This assessment is determined according to the method known as the "projected unit credit method". The assessment undertaken by DEINOVE takes into account legislation relating to the social security contributions applicable upon retirement (retirement and early voluntary retirement).

For the financial year ended at 31/12/13, the actuarial calculation was made applying the principal assumptions of a discount rate of 2.36% and a salary growth rate of 2.00%.

In light of this, the estimated retirement benefit commitment amounted to €28,388 at 31st December 2013. At 31st December 2012 it stood at €15,790.

Individual Training Entitlement (DIF)

Under the Individual Training Entitlement (DIF), French legislation allocates twenty hours of individual training per year for staff who have concluded an open-ended employment agreement with DEINOVE. This individual training entitlement may be accumulated over a 6-year period, and costs are recorded as expenditure when incurred.

Accumulated, non-used rights amount to around:

- 1,856 hours at 31st December 2013;
- 1,331 hours at 31st December 2012;
- 827 hours at 31st December 2011;
- 423 hours at 31st December 2010;
- 183 hours at 31st December 2009;

NOTE 19 | STAFF

| AVERAGE STAFF | 31/12/13 | 31/12/12 |
|-----------------------------|-----------|-----------|
| Executives | 21 | 14 |
| Supervisors and technicians | 2 | 5 |
| Employees | 11 | 10 |
| Operatives | | |
| TOTAL | 34 | 29 |

The Company enjoys the status of "Young Innovative Company" (JEI) which provides the following benefits:

- During the first seven years of its activity, a company qualified as a "Young Innovative Company (JEI)" is exempt from employers' social security contributions for its researchers, technicians, R&D project managers, lawyers responsible for industrial protection and technological agreements related to the project, and staff responsible for pre-competitive testing. This exemption is also available for company Directors under the General Social Security Scheme.
- It also benefits from tax relief on corporate tax. The tax relief consists of a total exemption of profits under its 1st profitable financial year, followed by a partial exemption of 50% under the 2nd year.
- The company also benefits from a total exemption of annual flat-rate corporate tax (IFA), which is applicable for the entire period it benefits from the "Young Innovative Company (JEI)" status.
- In addition, after local authority deliberation, a company acknowledged as a "Young Innovative Company" can benefit from a 7-year exemption from corporate tax and land tax on built property. Finally, "Young Innovative Companies" benefit from early repayment of the R&D Tax Credit (CIR).

The qualification of "Young Innovative Company (JEI)" was validated by the tax authorities through a tax exemption formulated in 2008 in favour of the Company.

- As of 1st January 2012, Article 37 of the amending French Financial Act for 2011 dated 28/12/2011 came into effect in addition to Article 175 of the French Financial Act 2011, which amended the terms of application of this scheme by introducing the capping of allocated social security exemptions. As of then the aforementioned terms are as follows:
 - Application of a gross monthly earnings cap per person set at 4.5 times the SMIC (Index Linked Guaranteed Minimum Wage), i.e. €6,436 per month in 2013. The exemption does not apply above this amount.
 - Application of an annual cap on eligible contributions per calendar year and per establishment set at 5 times the social security cap, i.e. €185,160 in 2012 (and €187,740 for 2014).
 - Application of a gradual reduction of the exemption:
 - at the full rate until the last day of the 3rd year following the year the company was created;
 - at the rate of 80% in the 4th year;
 - at the rate of 70% in the 5th year;
 - at the rate of 60% in the 6th year;
 - at the rate of 50% until the last day of the 7rd year following the year the company was created.

In 2013, the Company was in its 7th calendar year of existence. As such, it benefited from the “Young Innovative Company (JEI)” status for the whole year, but will lose the benefit of these exemptions as of 1st January 2014.

NOTE 20 | EVENTS POST-CLOSING

○ **DEINOL project: 9% ethanol production**

On 16 January 2014, DEINOVE announced that it had succeeded in producing ethanol with a 9% v/v alcohol content, using its DEINOL process. To the best of the Company’s knowledge, its bacterial fermentation process is a world first. These results were obtained in a 20L capacity pre-industrial fermentation tank, using a glucose substrate in an exclusively mineral, relatively nutrient-poor culture medium. The results were obtained within a reduced period of time (high productivity and yield), thus confirming the compatibility of the process in an industrial environment and, as such, marking a step forwards in developing the DEINOL project.

The Company announced that it had launched new tests on its 300-litre bioreactors (x15 compared to current production volumes) to confirm the results obtained under quasi-industrial conditions. The results of these tests are expected during the 1st semester 2014.

○ **Capital increases through the PACEO® (equity line) agreement**

By decisions dated 23 January 2014, 11 February 2014 and 03 March 2014, the Chief Executive Officer, acting by delegation on behalf of the Board of Directors on 14 October 2013 and in accordance with the delegation of authority granted by the Combined General Meeting of 03 May 2012, acknowledged:

- A 20,000 euros capital increase, through the issue of 50,000 shares, at a unit price of 15.76 euros, i.e. with a share issue premium of 15.36 euros per share, resulting from the exercise of 50,000 share issue warrants (BEA) issued through the PACEO® agreement;
 - A 20,000 euros capital increase, through the issue of 50,000 shares, at a unit price of 14.42 euros, i.e. with a share issue premium of 14.02 euros per share, resulting from the exercise of 50,000 share issue warrants (BEA) issued through the PACEO® agreement;
 - A 20,000 euros capital increase, through the issue of 50,000 shares, at a unit price of 15.41 euros, i.e. with a share issue premium of 15.01 euros per share, resulting from the exercise of 50,000 share issue warrants (BEA) issued through the PACEO® agreement.
- At 11 March 2014, share capital stood at 2,082,732.40 euros, divided into 5,206,831 shares with a unit nominal value of 0.40 euros.

NOTE 21 | STATUTORY AUDITOR FEES

The fees invoiced by the statutory auditor for 2013 and for 2012 are respectively 16,150 euros and 15,350 euros and pertain exclusively to the auditor’s legal assignment.

NOTE 22 | TABLE OF SUBSIDIARIES AND EQUITY INTERESTS

| (in thousands of euros) | Capital | Equity | Percentage of capital held | Book value of securities held | | Loans and advances granted by the Company | Amount of guarantees and sureties provided by the Company | Turnover exclu. Tax for financial year 2013 | Net profit or loss (-) for financial year 2013 | Dividends collected by DEINOVE during financial year 2013 |
|-------------------------|---------|--------|----------------------------|-------------------------------|-------|---|---|---|--|---|
| | | | | Gross | Net | | | | | |
| Subsidiaries | | | | | | | | | | |
| DEINOCHEM SAS* | - | - | - | - | - | - | - | - | - | - |
| Equity interests | | | | | | | | | | |
| DEINOBIOTICS SAS | 941.5 | 231.4 | 49.0% | 461.5 | 461.5 | - | - | - | -575.1 | - |
| CARBIOS SAS** | 2,616.8 | N/A | 2.0% | 170.0 | 170.0 | - | - | N/A | N/A | - |

* The legal entity Deinochem SAS, a wholly-owned subsidiary of Deinove SA since it was created in June 2012, was dissolved (by means of the universal transfer of its assets (TUP)) in November 2013.

** As Carbios has been listed on the NYSE-Euronext Alternext stock exchange since December 2013, and as its annual accounts for 2013 are to be published on 26 March 2014, its equity, its turnover and its net profit/loss were not available at the date of issue of this financial report.

5 | REPORT FROM THE STATUTORY AUDITOR

5 | 1 Report from the Statutory Auditor on the Annual Accounts

(Financial year ended 31st December 2013)



To All Shareholders

DEINOVE SA

32 Boulevard de Strasbourg

CS 30108

75468 Paris Cedex 10

In accordance with the terms of our appointment by your General Meeting, we hereby present our report for the financial year ended 31st December 2013, on:

- the audit of the annual financial statements of DEINOVE SA, as enclosed with this report;
- the grounds for our assessments;
- the specific verifications and information required by law.

The annual financial statements were approved by the Board of Directors. It is our responsibility to express an opinion on these financial statements based on our audit.

I - Opinion on the annual financial statements

We conducted our audit in accordance with auditing standards applicable in France; these standards require us to ensure that the annual financial statements do not contain any material misstatement. An audit includes examining, on a test basis or through other selection methods, evidence supporting the amounts and disclosures recorded in the annual financial statements. An audit also involves assessing the accounting principles used, any significant estimates made and the overall presentation of the financial statements. We believe that our audit has provided us with sufficient relevant information on which to base our opinion.

We certify that the annual financial statements have been drawn up in accordance with the generally accepted accounting principles in France, are consistent and sincere and give a faithful representation of the asset base, the financial situation, as well as the assets of the company at the end of the given financial year.

II - Grounds for our assessments

Pursuant to the provisions of Article L. 823-9 of the French Commercial Code relating to the grounds for our assessments, we hereby inform you that our assessments cover the appropriateness of the accounting principles applied.

The assessments thus given are based on our audit of the annual accounts, taken as a whole, and thus contributed to shaping our opinion expressed in the first part of this report.

III - Specific verifications and information

In accordance with professional standards applicable in France, we have also undertaken the specific verifications required by law.

We have no comments or reservations to make as to the fair presentation and consistency with the annual financial statements of the information provided in the Board of Directors' Management Report and in the other documents provided to the shareholders on the financial situation and the annual accounts.

In accordance with the law, we have also verified that details of shareholders and holders of voting rights are disclosed in the Board of Directors' Management Report.

Drawn up in Montpellier, on 21 March 2014

The Statutory Auditor
PricewaterhouseCoopers Audit

Céline Darnet



5 | 2 Special Report from the Statutory Auditor on Regulated Agreements

(Annual General Meeting called to approve the financial statements for the year ended at 31st December 2013)



To All Shareholders

DEINOVE SA

32 Boulevard de Strasbourg

CS 30108

75468 Paris Cedex 10

In our capacity as the statutory auditors of your company, please find hereafter our report on regulated agreements and commitments.

We are required to inform you, on the basis of the information provided to us, of the main characteristics and provisions of the agreements of which we have been informed or which we were exposed to during our appointment, without commenting as to their usefulness or appropriateness and without seeking to determine the existence of other agreements. Pursuant to the terms of Article R. 225-31 of the French Commercial Code, it is your responsibility to determine whether the agreements are appropriate and should be approved.

Likewise, it is our responsibility, where appropriate, to submit to you the information provided for under Article R. 225-31 of the French Commercial Code relating to the implementation, during the financial year ended, of agreements that have already been approved by the General Meeting.

We conducted our audit with the procedures we considered necessary in accordance with professional standards issued by the French national auditing body (Compagnie nationale des commissaires aux comptes). These procedures consisted in verifying that the information provided to us was consistent with that contained in the source documents.

Agreements submitted for approval to the General Meeting

Agreements authorized for the financial year ended

We hereby inform you that we were not advised of any agreements authorized during the financial year ended that were to be submitted to the General Meeting pursuant to the provisions provided for under Article L 225-38 of the French Commercial Code.

Agreements already approved by the General Meeting

Pursuant to Article R. 225-30 of the French Commercial Code, we were informed that the following agreements, already been approved by the General Meeting during previous financial years, remained effective during the financial year ended.

A Partnership Agreement for the development of enzymatic processes for producing controlled-lifecycle biodegradable plastics

This agreement was concluded on 28 September 2012 between DEINOVE and CARBIOS, for which the investment funds managed by Truffle Capital are associated with 41.36% of the capital. This agreement falls within the THANAPLAST™ collaborative project framework, for which CARBIOS is leader. OSEO-ISI is granting €9.6M to this project, which totals €22M. The agreement formalizes the cooperation commitment between DEINOVE and CARBIOS, pursuant to a jointly-validated schedule, for screening DEINOVE's strain bank and for identifying the strains and/or enzymes capable, in particular, of degrading bio-sourced and/or non-bio-sourced polymers efficiently for producing biodegradable and/or bio-compostable plastics. The Agreement mentions that CARBIOS will pay DEINOVE one-time payments and royalties proportional to any revenue generated if the strains of interest from DEINOVE's strain bank are industrially and commercially exploited.

This agreement did not generate any remuneration during financial year 2013.

Drawn up in Montpellier, on 21 March 2014

The Statutory Auditor
PricewaterhouseCoopers Audit

Céline Darnet

