

MEDIAN Technologies
A French *Société Anonyme* with a capital of Euros 502,397,90
Registered office : Les 2 Arcs, 1800 Route des Crêtes
06560 Valbonne
Registration N° 443 676 309 with Grasse Register
(Hereinafter the « Company »)

SHAREHOLDERS' ANNUAL ORDINARY GENERAL MEETING
DATED 16 JUNE 2016

MANAGEMENT REPORT OF THE BOARD OF DIRECTORS
ON THE CONSOLIDATED ACCOUNTS PRESENTED
ACCORDING TO IFRS STANDARDS

Dear Shareholders,

We have called the Shareholders' General Annual Meeting to inform you on the proposed transactions.

This report completes the Management reports on ordinary and extraordinary resolutions of the fiscal year ended on 31 December 2015.

Indeed, we remind you that, despite the fact there is no legal obligation to do so, pursuant to the terms and conditions of the Subscription Agreements entered into by the Company on 19 August 2014 and 2 July 2015, the Company has also prepared the consolidated accounts according to the IFRS standards.

I. PRESENTATION OF CONSOLIDATED ACCOUNTS OF THE MEDIAN GROUP

1. Presentation of the consolidated accounts

The consolidated accounts for the year closed on 31 December 2015 and submitted to your approval have been prepared in accordance with the presentation rules and the valuation methods provided by the regulations in force for IFRS consolidated accounts and comprised the Company and its US subsidiary, MEDIAN TECHNOLOGIES Inc.

2. Review of the consolidated accounts

The assets side of the balance sheets shows the following accounting items:

ASSETS (in thousands of euros)	12/31/2015	12/31/2014
Intangible assets	213	13
Tangible assets	255	94
Non-current financial assets	114	71
Total non-current assets	583	178
Inventories	7	6
Trade and other receivables	1 454	670
Current financial assets	91	58
Other current assets	1 141	1 125
Cash and cash equivalents	30 273	15 718
Total current assets	32 966	17 577
TOTAL ASSETS	33 549	17 755

The liabilities side of the balance sheets shows the following accounting items:

Liabilities (in thousands of euros)	12/31/2015	12/31/2014
Share capital	501	413
Share premiums	31 379	47 630
Consolidated reserves	(34)	(31 539)
Unrealized foreign exchange differences	(76)	13
Net result	(5 527)	(4 480)
Total shareholders' equity	26 243	12 037
	Of which the group share	12 037
Long and medium-term borrowings	314	1 074
Employee benefits liabilities	367	334
Deferred tax liabilities	440	437
Non-current other liabilities	1 454	572
Total non-current liabilities	2 575	2 417
Short-term financial debts	1 116	1 083
Trade and other payables	3 582	2 185
Current provisions	34	34
Total current liabilities	4 732	3 302
TOTAL LIABILITIES	33 549	17 755

The consolidated financial statement is commented in the notes to the Financial Statements.

3. Review of the financial result of the consolidated accounts

Consolidated income statement (In thousands of euros)	12/31/2015 (12 months)	12/31/2014 (12 months)
Revenue	3 885	1 541
Other income	5	3
Revenue from ordinary activities	3 890	1 544
Purchases consumed	(68)	(52)
External costs	(3 638)	(1 971)
Taxes	(113)	(74)
Staff costs	(5 671)	(3 852)
Allowances net of amortization, depreciation and provisions	(83)	(90)
Other operating expenses	(1)	(1)
Other operating income	1	6
Operating result	(5 684)	(4 492)
Cost of net financial debt	(21)	(61)
Other financial charges	(85)	(111)
Other investment income	261	194
Net financial result	156	22
Income tax (expense)	1	(11)
Net result	(5 527)	(4 480)
Net result, group share	(5 527)	(4 480)
Net result, non-controlling interests' share	-	-
Net result , Group share of basic and diluted earnings per share	(0,55)	(0,54)

The result of consolidated accounts is commented in the notes to the Financial Statements.

4. Major developments since the end of the financial year

In January 2016, the Company received a notification from the fiscal authorities regarding an audit of its accounts for the financial years 2013 and 2014 in respect of corporate tax and for a period extended to 30 September 2015 in respect of tax on turnover.

5. Research and Development

In 2015, the Company continued the development of LMS solutions.

MEDIAN has also initiated in 2015 to develop a prototype of CBIR specifically suited to medical imaging using Big Data methods for automatically extracting high speed and indexing databases of images extracted biomarkers.

6. Future prospects

The Company continued to garner orders for services related to clinical trials and now fully enjoys the strategic agreement signed in early 2012 with Quintiles, the world's top service provider in the biopharmaceutical industry. The agreement is now subject to tacit renewal every 6 months.

The Company also intends to sign new strategic agreements with other service providers.

The Company's order book amounting to almost EUR 21.3 million shows that the Company's turnover should continue to increase very significantly in the coming years, especially in the field of clinical trials for which pharmaceutical companies entrust to us their imaging component.

In addition, the Company will continue to market its solutions to institutions such as hospitals, anti-cancer health centers and clinics of Western European countries where we already have references.

The agreements in 2011 with Canon Inc. and those signed in 2015 with a partner based in the United Arab Emirates should also enable us to market our solutions with institutions or states located in Asia and the Middle East respectively.

The company intends to diversify its offer and build on a range of innovative services called "Screening / Monitoring" to address the launch of national screening programs of Lung Cancer. The discussions in progress shall continue in 2016 and are expected to allow us to sign our first international partnerships on these projects.

II. PRESENTATION OF THE ACTIVITY OF THE US SUBSIDIARY - MEDIAN TECHNOLOGIES INC.

The Company owns the entire share capital and voting right of MEDIAN TECHNOLOGIES Inc., the US subsidiary of the Company (hereinafter "**Subsidiary**").

The US subsidiary of the Company, MEDIAN TECHNOLOGIES Inc., comprised 9 employees as at 31 December 2015.

During the financial year the turnover of the subsidiary amounted to USD 1,597,777 (i.e. EUR 1,452,470). In comparison with the prior year, the increase in the turnover of MEDIAN Technologies Inc. is due to the introduction in 2014 of a contract for "cost-plus" between the parent company and its subsidiary. Thus, the total turnover in 2015 corresponds to the invoicing of costs to the Company.

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If you agree with the proposals submitted to you, we suggest that you confirm this by your vote.

The Board of Directors