



MEDIAN

**HALF-YEARLY
FINANCIAL
REPORT 2014**

.....

**FINANCIAL
STATEMENTS
FOR SIX
MONTHS
ENDED 30 JUNE
2014**



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1 Half-yearly financial report

The Company's revenue in the first half of 2014, although 27.1% higher than the first half of 2013, does not yet reflect the take-off in clinical trials activity with pharmaceutical groups. Revenue growth from clinical trials activity, the new target market of MEDIAN Technologies, was 52.9%.

Overall, operating loss for the first half of 2014 was €2,220k, a slight improvement on the same period in 2013, for which the operating loss was €2,428k. Loss for the first half of 2014 was €2,219k compared with €2,134k for the same period in 2013. This was due to a reduction in net financial income owing to the provision of the US subsidiary's current account which was higher in the first half of 2014 compared with the same period of the previous year. This was a result of recruitment carried out during the first half of 2013, which therefore had only a partial effect on the H1 2013 accounts, but fully impacted the subsidiary's costs in 2014.

Finally, during the first half of 2014, there was a net cash outflow of €1,011k, which included a €500k contribution to the current account by a founding company shareholder. At the end of the six month period the Company's cash and cash equivalents was €1,061k.

2 Events occurring after the end of the reporting period

In accordance with announcements made when the 2013 annual financial statements were published, MEDIAN Technologies completed a new funding round with the commitment from thirteen affiliated and non-affiliated institutional investors to purchase €19,999,998 of its common stock in a capital increase without preferential subscription right to institutional investors led by New Enterprise Associates (NEA) in accordance with the provisions of Article L. 225-138 of the French Commercial Code. The Company has sold 2,222,222 units at a price of €9.00. Each unit is composed of one share of common stock and one warrant. The new shares are fungible with MEDIAN's outstanding shares and, upon closing, represent 36.83% of the share capital of MEDIAN Technologies and correspond to a dilution of 26.91% for existing shareholders.

Two warrants shall give the right to subscribe to one share of common stock from the issuance date until the seventh anniversary of their issuance date. The warrants shall be exercisable at €9.00 per share of common stock. The warrants will not be listed on the Alternext Market. If all warrants are exercised, the company would receive an additional €10.0 million of proceeds.

Pursuant to the aforementioned Subscription Agreements, MEDIAN Technologies notably undertakes to authorise and carry out, within a maximum of two years from the completion of this transaction, all the operations in relation with the possible listing of the MEDIAN Technologies' shares on the NYSE or NASDAQ regulated market or, failing that, the transfer of the listing of the shares to Euronext Paris.

3 Assets

ASSETS (€k)	30 Jun 2014	31 Dec 2013	30 Jun 2013
Non-current assets			
<i>Intangible assets</i>	12	23	38
<i>Property, plant and equipment</i>	101	122	148
<i>Financial assets</i>	275	273	260
Total non-current assets	387	418	446
Current assets			
<i>Inventories</i>	12	18	20
<i>Prepayments</i>	0	0	
<i>Trade receivables</i>	269	483	276
<i>Other receivables</i>	546	1,031	581
<i>Cash and cash equivalents</i>	1,061	2,072	3,019
Total current assets	1,887	3,604	3,896
Other assets	154	144	146
TOTAL ASSETS	2,429	4,166	4,488

4 Liabilities

LIABILITIES (€k)	30 Jun 2014	31 Dec 2013	30 Jun 2013
Equity			
<i>Share capital and share premium account</i>	29,715	29,715	28,266
<i>Retained loss</i>	(30,798)	(26,450)	(26,450)
<i>Loss for the period</i>	(2,219)	(4,348)	(2,134)
Total equity	(3,302)	(1,083)	(318)
Other equity	1,781	1,987	2,203
Provisions	140	140	153
Financial liabilities			
<i>Bond issues</i>	0	0	
<i>SOFIRED</i>	168	203	237
<i>PACA Region loan</i>	34	45	56
<i>COFACE</i>	626	684	684
<i>Shareholders current account</i>	1,030	500	
<i>Other financial liabilities</i>			
Total financial liabilities	1,858	1,432	977
Other liabilities			
<i>Trade payables</i>	322	289	186
<i>Tax and social security liabilities</i>	934	900	892
<i>Other liabilities</i>	9	1	
Total other liabilities	1,264	1,190	1,078
Deferred income	687	500	395
TOTAL LIABILITIES	2,429	4,166	4,488

5 Profit and loss account

		% revenue growth	27.1
		% Pharma revenue growth	52.9
Profit and loss account (€k)	30 Jun 2014 (6 months)	31 Dec 2013 (12 months)	30 Jun 2013 (6 months)
Operating revenue			
<i>Revenue</i>	697	1,203	548
<i>Other revenue</i>	32	247	98
Total operating revenue	728	1,450	646
Operating expenses			
<i>Purchases</i>	5	61	62
<i>Other purchases & external expenses</i>	754	1,564	789
<i>Taxes and duties</i>	38	101	56
<i>Salaries and staff expenses</i>	2,069	4,090	2,074
<i>Operating allowances</i>	58	145	62
<i>Other expenses</i>	24	78	31
Total operating expenses	2,948	6,039	3,074
OPERATING LOSS	(2,220)	(4,589)	(2,428)
Net financial expense	(486)	(726)	(217)
LOSS BEFORE EXTRAORDINARY ITEMS	(2,706)	(5,315)	(2,645)
Net exceptional income (expense)	7	(10)	(1)
Corporate income tax	480	977	512
LOSS FOR THE PERIOD	(2,219)	(4,348)	(2,134)
Revenue – pharma clinical trials	466	912	305
Revenue – X-ray and companion tests	230	291	243

6 Cash flow statement

Cash flow (€k)	30 Jun 2014 (6 months)	31 Dec 2013 (12 months)	30 Jun 2013 (6 months)
Loss for the period*	(2,219)	(4,348)	(2,134)
Depreciation and amortisation	56	118	60
Change in operating WCR	780	(193)	350
Other	177	8	(87)
Net cash outflow from operating activities	(1,205)	(4,415)	(1,811)
Acquisitions	(26)	(48)	(18)
Variation in non-operating WCR	0	0	0
Other	0	0	0
Net cash flows used in investing activities	(26)	(48)	(18)
Issue of loans	0	0	0
Loan repayments	(46)	(89)	(44)
Repayable OSEO advances	(206)	(388)	(172)
COFACE	(58)	(52)	(52)
Shareholders current account	530	500	0
Capital increase	0	1,465	0
Costs linked to capital increase	0	(16)	0
Dividends	0	0	0
Other	0	0	0
Net cash from (used in) financing activities	220	1,420	(268)
Net decrease in cash and cash equivalents	(1,011)	(3,043)	(2,097)
Opening cash and cash equivalents	2,072	5,115	5,115
Closing cash and cash equivalents	1,061	2,072	3,018

*of which research tax credit:

480

977

512

7 Significant events

7.1 Significant events of the period

7.1.1 Background

- In March 2006, the Company was awarded a regional planning grant (PAT R&D) of up to €340,000. This ended during the course of the 2011 financial year. The total amount paid to the Company under this grant was €236,000 and this was calculated on the basis of the number of jobs effectively created by the Company between October 2005 and September 2010 (recognised as investment subsidies). We note that the jobs created must be maintained for a minimum of five years from their creation date.
- In May 2008, OSEO (Regional Committee for Attribution of Innovation Aid) decided to support the Company with an innovation aid in the form of a repayable advance of €1,500,000, of which €600,000 was received by the Company in July 2008, €600,000 in March 2009 and €300,000 in June 2009.
- At the end of 2009, OSEO Innovation and the Department of Alpes-Maritimes decided to support the Company with a new innovation aid in the form of a repayable advance of €1,375,000, of which €1,100,000 was received by the Company over the course of 2010 and €275,000 during 2011.
- In September 2008, the Company and the PACA Region signed an agreement under the terms of which the latter would lend the Company the sum of €300,000, interest free and repayable quarterly over seven years. Under this agreement, the Company took receipt of €150,000 in October 2008. Due to certain conditions not being met, the balance will not be paid by the Region.
- In March 2009, the Company took out a marketing insurance policy with Coface under which the Company took receipt of a €280,000 advance indemnity payment in May 2009. This is repayable at 14% of export revenue that will be generated in the area covered by the policy (North America and the major Western European countries until January 2011, and later all export countries following an endorsement concluded at the same date). During the first quarter of 2010, the Company took receipt of the indemnity balance in respect of the first year of cover, as well as an advance on the indemnity in respect of the second year of cover, amounting to €384,971 in total. In March 2011 the Company took receipt of the indemnity balance in respect of the second year of cover in the amount of €162,183. Following an endorsement dated 2 March 2011, the Coface policy entered a paying off period of 72 months from 01/10/2010.
- In May 2011, the Company undertook a capital increase paid in cash and through current-account conversion, by issuing 1,239,356 shares at the price of €8.05 per share, with a nominal value of €0.05 and share premium of €8.00. Following this capital increase, the Company's shares were listed on the Alternext Market in Paris, in accordance with direct listing principles, with a reference price of €8.05 per share.

- In May 2011, the Company signed a liquidity contract with an accredited facilitator for €150k over an initial term of two years. The Company arranged a further €50k in December 2011, and the same amount again in April 2012.
- In July 2011, Canon Inc. took a 15% stake (after dilution) in the Company through the subscription of 223,464 new shares and the purchase of 738,361 shares from founding shareholders, at the price of €8.95 per share. Accompanying this acquisition was the signing of a strategic agreement aiming to co-develop and market new products and services.
- In August 2011, the Company arranged an equity loan of €350,000 from SOFIRED, repayable quarterly over five years, with a fixed interest rate of 5%, calculated annually on the remaining capital owed.
- In September 2011, the Company issued a preference share at the price of €8.95, the nominal value of which was €0.05 with a share premium of €8.90. Each preference share granted its subscriber the right to be represented on the Company's Board of Directors, in particular if he held at least 10% of the share capital of the Company on a non-diluted basis.
- In February 2012, the Company signed a strategic agreement with Quintiles to offer advanced and integrated imaging services to the global biopharmaceutical industry. Quintiles is the leading provider of services to the biopharmaceutical industry worldwide. Quintiles is the only provider of fully integrated biopharmaceutical services to offer clinical, commercial, advisory and equity services throughout the world. Quintiles is present in 60 countries and has over 20,000 employees. In accordance with this agreement, the Shareholders' Meeting on 5 April 2012 granted to Quintiles:
 - 1,145,196 shares with warrants, each warrant granting the right to subscribe to one share of the Company's common stock at the price of €11.875, including share premium. The shares may be subscribed only by consideration of a liquid debt held by Quintiles on the Company.
 - One warrant entitling Quintiles to subscribe a number of shares allowing them to hold 15% of the fully diluted capital of the Company, at the price of €11.875 per share, including the share premium. This warrant may be used only after every one of the 1,145,196 aforementioned warrants has been exercised and that following said exercise, Quintiles does not hold 15% of the fully diluted capital of the Company. Shares may be subscribed only by consideration of a liquid debt held by Quintiles on the Company.
- As at 30/06/2014, none of these warrants had been exercised.
- In June 2012, two Mutual Funds for Innovation managed by OTC Asset Management subscribed 80,000 new shares at the price of €10 per share, with a nominal value of €0.05 and share premium of €9.95.
- Over the course of the 2012 financial year, the Company issued 3,500 shares following the exercise of BSPCEs (entrepreneur share warrants) by some of its

employees.

These shares were issued at the price of €6.50 per share, with a nominal value of €0.05 and share premium of €6.45.

- Over the course of the 2012 financial year, the Company signed two important contracts with SANOFI relating to clinical trials in oncology.
- In 2013, the Company repaid to OSEO €388,000 of the two innovation advances received in 2008 and 2009. Furthermore, the Company requested and obtained a one-year deferral of the due date of 30/06/2013, for its €1,500k repayment settlement of the OSEO contract, Lesio phase 1 (ref 2.2.3.1).
- In June 2013, the Company took receipt of €1,013,851 representing the research tax credit that it had declared and for which it had requested the refund in respect of the 2012 financial year. It should be noted that the tax authorities reserve the right to monitor the research tax credit scheme. We note however that the Company received a notification of acceptance from the DRRT (Regional Delegation for Research and Technology) in September 2013 with regard to the research tax credit declaration for 2012.
- It was decided at the Shareholders' Meeting of 6 June 2013 to issue 80,000 warrants for 2013 at the unit price of €0.80. These warrants were allocated and subscribed for the sum of €64,000 in the third quarter of 2013. The exercise price of these 2013 warrants is €8.04 per share.
- In August 2013, six Mutual Funds for Innovation subscribed a total of 132,132 new shares at the price of €10.60 per share, representing a total of €1,400,599.20, of which €6,606.60 was share capital and €1,393,992.60 was share premium.
- In September 2013, the Company underwent a URSSAF inspection in respect of the period 01/01/2010 to 31/12/2012. This resulted in an €8k adjustment.
- In December 2013, the Company entered into a current account agreement for an advance of €500k with an interest rate of 6%. This current account advance, transferred in December 2013, was accompanied by the issue of 58,754 warrants to the lender.
- In December 2013, the Board of Directors took the decision to issue 117,508 securities providing access to the share capital and having the characteristics of the 2013 warrants, free of charge. The majority of these warrants were allocated to the lenders of the two current account advances of €500k from the end of 2013 and the beginning of 2014. Each 2013 warrant granted the right of subscription to a new Company share with a nominal value of 0.05 centimes each, through the payment of an exercise price of €8.51 for each new share.
- The financial year ending 31 December 2013 includes the sum of €976,534 for research tax credit in respect of the 2013 financial year. In accordance with its certification as community SME, the Company will proceed with a CIR refund request. We note that the tax authorities reserve the right to monitor the research tax credit scheme.

7.1.2 Significant events occurring during the reporting period

- In January 2014, the Company entered into a current account agreement for an advance of €500k, repayable at an interest rate of 6%. This advance, transferred in January 2014, was accompanied by the issue of 58,754 warrants to the lender.
- In May 2014, the Company took receipt of €976,372 representing the research tax credit that it declared and for which it requested the refund in respect of the 2013 financial year. It should be noted that the tax authorities reserve the right to monitor the research tax credit scheme.
- On 30 June 2014, the Company repaid to OSEO €206k of the €1,375k innovation aid of 2009.
- Furthermore, the Company obtained a deferral from OSEO of the settlement date of €100k relating to the €1,500k contract, initially agreed for 30/06/2014 and later extended to the 15/10/2014.

7.1.3 Events occurring after the end of the reporting period

- On 19 August 2014, the Board of Directors approved in principle a new funding round of up to 20 million euros. An Extraordinary General Meeting will be held on 29 September 2014 to decide this capital increase. This will result in the issue of 2,222,222 shares with warrants (ABSA) at an issue price of €9, consideration of one million euros of which will be through debt and 19 million euros through cash.

7.2 Accounting principles, rules and methods

The half-yearly financial statements for the six months ended 30 June 2014 have been prepared in accordance with the provisions of the French Commercial Code, the Decree of 29 November 1983 and French accounting standards.

General accounting policies were applied in compliance with the principle of prudence, and in accordance with the following basic assumptions: going concern, consistency of accounting methods from one financial year to the next, and independence of the financial year, in accordance with the general rules on the preparation and presentation of annual financial statements.

The principle of going concern is closely linked to the successful fundraising mentioned in point 7.1.3 and to the development of commercial activity.

8 Balance sheet information

8.1 Assets

8.1.1 Intangible assets

Intangible assets are valued at acquisition cost, net of any discounts, cash discounts and rebates, or at production cost.

Depreciation is recognised when the present value of an asset is lower than its net carrying amount.

8.1.1.1 Development costs

Based on management decision, these software development costs are not recognised on the asset-side of the balance sheet.

8.1.1.2 Amortisation

Type of asset	Method	Term
Software and software packages	Straight-line	1 to 5 years

8.1.2 Property, plant and equipment

Property, plant and equipment is measured at acquisition cost, net of any discounts, cash discounts and rebates, or production cost.

Impairment is recognised when the present value of an asset is lower than its net carrying amount.

8.1.2.1 Depreciation

Type of asset	Method	Term
General facilities on non-freehold land	Straight-line	10 years
Transportation equipment	Straight-line	5 years
Office equipment	Straight-line	1 to 5 years
Office furniture	Straight-line	8 to 10 years

8.1.3 Financial assets

8.1.3.1 Securities of subsidiaries and investments

- List of subsidiaries and investments

Company name	Equity at 30/06/2014	% capital held	Net book value of securities held	Revenue excl. tax for the period ended 30/06/2014	Loss for the period ended 30/06/2014	Dividends received during the period
• Médian Inc	(€4,691,195)	100%	€8,340	€19,510	(€415,142)	0

We note that the subsidiary securities for €8,340 are 100% impaired.

8.1.3.2 Other financial assets

Accounting positions relating to the liquidity contract at 30/06/2014:

- 19,837 own shares for a purchase cost of €164k (calculated using the FIFO method), and valued at €163k according to the market price on 30/06/2014, hence a provision of €1k.
- €54k of mobilised and unavailable cash (for initial liquidity contract of €250k).

8.1.4 Inventories

8.1.4.1 Inventories statement

Inventory category	Gross value	Impairment	Net value
Hardware	25,379	13,494	11,885
Total	25,379	13,494	11,885

The impairment charge recognised for the first half of 2014 was €1,643.

Inventories of purchased goods

- Hardware stock is valued at purchase cost excl. tax.
- Purchase cost is made up of purchase price plus shipping costs.

8.1.5 Receivables

8.1.5.1 Related companies

- Balance sheet items relating to subsidiaries and investments

	Amount due from companies	
	related	with which the Company has an investment link
Financial investments		8,340
Equity investments provision		8,340
Other receivables: € current account		3,653,494
Other receivables: \$ current account		968,415
Current account provision		4,621,909

We note that the current account and the equity investments of the subsidiary Médian INC have been 100% impaired.

8.1.5.2 Other receivables

Include:

- Research tax credit receivables for the first half of 2014, estimated at €480k.
-

8.1.5.3 Accrued income

	Amount
Clients, invoices to be issued	62,601
Social security organisations	11,606
Miscellaneous	2,601
Total	76,808

8.1.6 Cash and cash equivalents

These essentially comprise two current accounts totalling €1,061k. The foreign-currency bank account is measured using the Banque de France rate at the end of the reporting period.

8.1.7 Accruals/deferrals

8.1.7.1 Prepaid expenses

The €154k of prepaid expenses relates to operating expenses.

8.2 Liabilities

8.2.1 Statement of changes in equity

In euros	N-1	+	-	N
Share capital	301,723			301,723
Premiums, reserves	29,332,756			29,332,756
2009 warrants	15,996			15,996
2013 warrants	64,000			64,000
Retained loss	(26,450,279)	(4,347,696)		(30,797,975)
Loss for the period	(4,347,697)	(2,218,654)	(4,347,696)	(2,218,654)
Total	(1,083,501)	(6,566,350)	(4,347,696)	(3,302,155)

8.2.2 Share capital

8.2.2.1 Movements during the period

The share capital is made up of 6,034,449 ordinary shares with a nominal value of €0.05 and 1 Series-B preference share with a nominal value of €0.05. No changes occurred during the period.

	Number of shares	Capital value	Share premium
Position at the beginning of the period	6,034,450	301,722.50	29,332,756.04
Movement	Nil		
Position at 30 June 2014	6,034,450	301,722.50	29,332,756.04

8.2.2.2 Issue of a stock warrant (the "A-2009 stock warrant")

NVF Equity Limited subscribed a warrant for the sum of €15,996, paid-up in full by the consideration of debt in 2009.

The warrant is exercisable at any time from its date of issue for a period of 10 years, and expires on 10 March 2019.

The warrant grants the right to acquire 24,609 ordinary shares at an exercise price of €6.50.

8.2.2.3 Issue of 1,145,196 stock warrants (the "2012 stock warrants")

- Quintiles subscribed 1,145,196 warrants.
- The warrants expire on 31 December 2018 and are exercisable only by consideration of a liquid and due debt held by Quintiles on the Company.
- Each warrant grants the right to acquire one share of the Company's ordinary stock at the price of €11.875, including the share premium.

8.2.2.4 Issue of a stock warrant (the "Adjustment stock warrant")

- Quintiles subscribed one stock warrant.
- The warrant may be exercised only after every one of the 1,145,196 warrants mentioned above in 8.2.2.3 has been exercised and that following said exercise, Quintiles does not hold 15% of the fully diluted capital of the Company.
- This stock warrant grants Quintiles the right to subscribe a number of shares allowing it to hold 15% of the fully diluted capital of the Company.
- Shares may be subscribed only by consideration of a liquid and due debt held by Quintiles on the Company.
- This warrant grants the right to acquire new Company ordinary shares at the price of €11.875, including the share premium.

8.2.2.5 Issue of 80,000 stock warrants (the "2013 stock warrants")

-
- At the Shareholders' Meeting of 6 June 2013, it was decided that 80,000 securities would be issued, giving access to the share capital and having the characteristics of the 2013 stock warrants.
-
- Each 2013 stock warrant was subscribed at the price of €0.80. The funds relating to this subscription were released during the second half of 2013.
-
- The unit exercise price of the 2013 stock warrants corresponds to the average stock exchange price over the 40 days that preceded the Shareholders' Meeting of 6 June 2013, i.e. €8.04/share. The warrants expire on 31 December 2020.

8.2.2.6 Issue of 117,508 stock warrants ("2013 stock warrants")

The exercise of all of the 117,508 2013 stock warrants by the Board of Directors in December 2013 (cf 7.1.1) gave rise to an increase in share capital of €5,875.40, corresponding with the issue of 117,508 new Company shares. These warrants are exercisable at any time from their date of issue and expire on 31 December 2016.

8.2.3 Other equity

8.2.3.1 OSEO Innovation conditional advances

They total €1,781k and consist of:

- An OSEO advance relating to the decision of 28/05/2008 (LESIO Phase I)
 The amount shown under liabilities in the balance sheet is €1,100,000. The first repayments were made between April 2012 and June 2013 and amount to €400k. Following an amendment on 11 July 2013, the 11 quarterly repayments of €100k will be staggered from 01/07/2014 to 31/12/2016.
-
- An OSEO advance relating to the decision of 17/09/2009 (LESIO Phase II)
 The amount shown under liabilities in the balance sheet is €681,000. The quarterly repayments are to be made between March 2012 and December 2015. The first repayments were made between April 2012 and June 2014 and amount to €694k. Six quarterly repayments remain with final settlement occurring in December 2015.

8.2.4 Provisions for liabilities and charges

8.2.4.1 Statement of provisions for liabilities and charges

	Amount at the beginning of the period	Additions for the period	Used reversals	Unused reversals	Amount at the end of the period
Provision for liabilities	33,794				33,794
Provision for charges	106,226				106,226
Total	140,020				140,020

8.2.4.2 Provisions for liabilities

The provisions for liabilities as at 30/06/2014 relate to:

- An industrial tribunal for €33,794 with provisions for 100% to be paid to the requestor

8.2.4.3 Provision for charges: Commitments relating to retirement

Retirement commitments	Provisioned	Not provisioned	Total
I. D. R. (severance pay on retirement)	106,226		106,226

This amount represents employees' retirement benefits, taking into account the likelihood of presence in the Company at retirement age (including payroll taxes) at 31/12/2013 (amount not remeasured at 30/06/2014).

8.2.5 Financial liabilities

8.2.5.1 PACA Region interest-free loan

The amount owing is €32k and the quarterly repayments of €5k will continue until November 2015.

8.2.5.2 Equity loan

A €350k equity loan was granted on 9 August 2011 by Sofired. It can be described as follows:

- The loan was agreed over a term of 5 years from 11/08/11;
- The amount was borrowed at an interest rate of 5%, calculated on the amount owing;
- The loan carries with it indexed earnings on the income of the company. This begins only in the 4th year of the loan and continues until the final repayment. It is effective only in the event of distribution of the profits for the financial year.

At 30/06/2014, the amount owing was €168k.

8.2.5.3 Loans and other financial liabilities

These relate to:

- Coface allowances of €626k in accordance with a marketing insurance policy taken out in March 2009. Repayments are to be made at the end of each of the six years of amortisation from 01/10/2010, at a rate of 14% of the export turnover generated during each of the six years, in the area covered by the policy (from now on, "all export countries"). This debt features in borrowings due in less than one year due to the fact that Coface has the right to cancel the policy should the equity not be maintained at €1.2m.
- €1,000k in relation to the current-account agreements signed in December 2013 and January 2014, together with the allocation of 117,508 2013 stock warrants (cf. 7.1.1). These current accounts should be capitalised through the consideration of debts as part of the capital increase which will be decided by the Shareholders' Meeting on 29 September 2014.

8.2.6 Other liabilities

8.2.6.1 Accrued expenses

Accrued expenses	Amount in €
Trade payables	186,628
Clients, discounts, refunds, rebates to be granted	9,110
Accrued interest	1,870
Social security liabilities	680,513
Tax liabilities	5,018
Total	883,139

8.2.7 Accruals/deferrals

8.2.7.1 Deferred income

Deferred income totals €687k and relates to:

- €173k for maintenance services on software, accounted for during the period but for which the application periods are subsequent to 30/06/2014,
- €514k for services invoiced to pharmaceutical companies but for which the completion of works will occur at a later date.

9 Profit and loss account information

9.1 Breakdown of revenue by segment of activity

Segment of activity	Amount
Services	573,359
Licence sales	106,657
Sales of goods	16,598
Total	696,614

9.2 Revenue recognition

The revenue from services provided to the pharmaceutical industry is recognised upon execution and progress of the services provided.

9.3 Transfer of operating expenses and reversal of provisions

These correspond to operating expenses transfers of €31k in relation to staff costs (benefits in kind and retrocession of social security payments).

9.4 Research & Development expenses

The Research & Development expenses eligible for research tax credit amount to €1,401k, compared with operating expenses for the period of €2,948k.

9.5 Net financial expense

Net financial cost of €501k includes:

- The additional provision of €464k relating to the current account of the subsidiary,
- Interest charges on the loan from SOFIRED of €4k,
- Interest charges relating to the interest on the current accounts of associates in the amount of €30k,

Financial income of €15k mainly consists of currency exchange gains.

9.6 Exceptional items

Exceptional income of €7k.

9.7 Income tax

1.1.1.1.1 Amount of deferred tax receivables liabilities

The reduction in future tax liabilities is based on the following:

- Losses carried forward to 31/12/2013 (not remeasured at 30/06/2014) €39,259k

Representing a potential tax reduction of €13,086k (at a rate of 33.33%)

9.7.1 Research tax credit

€480k tax gain recognised at 30/06/2014

9.8 Net loss per share

At 30/06/2014, net loss per share was €0.37

The securities granting access to the share capital, issued on 30 June 2014, grant rights to 1,815,510 shares:

- A-2009 stock warrant: 24,609 shares (cf. [8.2.2.2](#))
- 2012 stock warrant: 1,145,196 shares (cf. [8.2.2.3](#))
- Adjustment stock warrant: undetermined (cf. [8.2.2.4](#))
- BSPCE: 340,227 shares (cf. [10.2.3](#))
- Stock options: 107,970 shares (cf. [10.2.3](#))
- 2013 stock warrant: 80,000 shares (cf. [8.2.2.5](#))
- 2013 stock warrant: 117,508 shares (cf. [8.2.2.6](#))

If all of the 1,815,510 shares are issued, to which the securities issued on 30 June 2014 entitle rights to access share capital, the net loss per share would be €0.28.

9.9 Profit and loss account at 30 June 2014 compared to 30 June 2013

We will hereafter compare the profit and loss account to 30 June 2014 (6 month period) with the profit and loss account to 30 June 2013 (6 month period).

10 Other information

10.1 Average number of employees

	Salaried staff
Executives	42
Employees	3
Total	45

10.2 Commitments

10.2.1 DIF (Individual Training Entitlement)

In accordance with Article L 123-13 (al 13) of the French Commercial Code and Article 531-2/9 of the PCG (French generally accepted accounting principles), the Company's DIF commitment to its staff was 3,680 hours to 31/12/2013 (hours not recalculated at 30/06/2014)

10.2.2 Operating software licenses and patents

According to the provisions of licensing contracts with the University of Chicago, the Company owes to this establishment the following amounts, not yet recognised as at 30/06/2014):

- Royalties equal to 1% of the turnover generated by the Company after 30/06/2014 from the CAD-Lung software. It should be noted that the contract states that the Company will in any event pay to the University of Chicago, with regard to this, a minimum of \$15k in royalties for every calendar year from 2014.
- \$45k should the Company obtain the necessary administrative approval for the marketing of the CAD-Colon software either in the USA, Japan or in Europe, and \$30k should the cumulative sales of the CAD-Colon software exceed \$1,000k. It should be noted that the Company took the decision, at the beginning of 2009, to no longer market the CAD-Colon software.
- Royalties equal to 1.5% to 2.0% of the revenue generated by the Company after 30/06/2014 for the CAD-Colon software. It should be noted that the contract states that the Company will in any event pay to the University of Chicago, with regard to this, a minimum of \$15k in royalties for every calendar year from 2014. It should be noted that, as the Company took the decision to no longer market the CAD-Colon software, and with the approval of the University of Chicago, this

commitment
will not be applicable unless the Company starts to market it once again.

10.2.3 Issue of BSPCE, stock options and stock warrants:

Date of Shareholders' Meeting	Number of securities approved	Date of allocation of securities	Number of securities allocated	Exercise expiry date	Number of cancelled / non subscribed securities	Number of securities exercised	Number of valid and non-exercised securities	Number of corresponding shares	Exercise price per share	Potential capital increase (nominal)
BSPCE										
10/03/2009	186,256	20/05/2010	170,000	09/03/2019	25,000	20,000	125,000	25,000	6.50	1,250.00
07/12/2009	1,061,309	07/12/2009	1,061,309	06/12/2019	259,880	0	801,429	160,285	4.20	8,014.24
01/04/2011	100,000	01/04/2011	99,950	31/03/2021	0	0	99,950	19,990	6.50	999.50
18/05/2011	200,000	08/06/2011	149,952	17/05/2016	15,000	0	134,952	134,952	8.05	6,747.60
TOTAL BSPCE	1,547,565		1,481,211		299,880	20,000	1,161,331	340,227		17,011.34
Stock option										
01/04/2011	100,000	01/04/2011	5,000		5,000	0	0	0	0.00	0.00
		15/12/2011	60,000	14/12/2018	0	0	60,000	60,000	9.00	3,000.00
		05/07/2012	34,000	04/07/2019	2,000	0	32,000	32,000	10.00	1,600.00
05/04/2012	200,000	05/07/2012	5,970	04/07/2019	0	0	5,970	5,970	10.00	298.50
		03/10/2013	10,000	02/10/2020			10,000	10,000	10.60	500.00
TOTAL Stock options	300,000		114,970		7,000	0	107,970	107,970		5,398.50
Stock warrant										
10/03/2009	24,609	10/03/2009	24,609	10/03/2019			24,609	24,609	6.50	1,230.45
05/04/2012	1,145,196	05/04/2012	1,145,196	31/12/2018			1,145,196	1,145,196	11.875	57,259.80
05/04/2012	1	05/04/2012	ND	31/12/2018			ND	ND	11.875	ND
06/06/2013	60,000	06/06/2013	60,000	31/12/2020			60,000	60,000	8.04	3,000.00
06/06/2013	20,000	06/06/2013	20,000	31/12/2020			20,000	20,000	8.04	1,000.00
24/12/2013	117,508	24/12/2013	117,508	31/12/2016			117,508	117,508	8.51	5,875.40
TOTAL STOCK WARRANTS	1,367,314		1,367,313		0	0	1,367,313	1,367,313		68,365.65

ND: not determinable

10.2.4 Other

Nil

11 Statement by the person in charge

I confirm that, to my knowledge, the full financial statements for the half year just ended have been prepared in accordance with applicable accounting standards and provide a true and fair view of the assets and liabilities, the financial position and the profit or loss of the Company, and that the half-yearly financial report presents an accurate picture of the significant events that occurred during the first six months of the financial year, their impact on the accounts, and the main transactions between related parties.

Fredrik BRAG
Chairman