Giving Sight, Giving Life

INTERIM FINANCIAL REPORT 2016

This interim financial report covers the semester ended June 30, 2016. It was established in accordance with Articles L.451-1-2 III of the Monetary and Financial Code and 222-4 and following of the General Regulation of the Autorité des Marchés Financiers (AMF).

It was broadcast in accordance with Article 221-3 of the AMF General Regulations and is also available on the website of our Company www.pixium-vision.com

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Disclaimer

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I – PRESENTATION OF THE COMPANY

The company

Pixium Vision is a company specialized in sensorial neuromodulation, created in December 2011 by Professor José-Alain Sahel, Bernard Gilly and several renowned scientists from prestigious scientific institutions such as the Vision Institute (Institut de la Vision) (comprising the Vision and Hearing Foundation, the “Quinze-Vingts” National Ophthalmology Hospital Centre (CHNO), Pierre and Marie Curie University (UPMC), the National Scientific Research Centre (CNRS), and the National Institute of Health and Medical Research (INSERM), the Atomic Energy Commission (CEA) and the School of Electric and Electronic Industries (ESIEE). This project involved several technologies with the objective of developing effective and innovative vision restoration systems (VRS). These technologies were provided by: (i) the above-mentioned institutions for new algorithms, software and image sensors, (ii) a Swiss company, Intelligent Medical Implant AG (IMI), whose assets (patents and know-how) related to the implant technology known as intelligent retinal implant system (IRIS®) were acquired by Pixium and (iii) Stanford University for the sub-retinal implant technology called PRIMA, (for Photovoltaic Retinal Implant).

The goal of the Company is to market its IRIS® and PRIMA VRS, which are active implantable medical devices intended to treat blindness resulting from the degeneration of retinal photoreceptor cells. The devices developed by Pixium Vision are intended for blind patients whose optic nerve remains functional.

The IRIS® and PRIMA systems are built around three components: (i) an implantable part (the retinal implant) that contains electrodes, (ii) a portable visual interface (goggles with a camera and a data transmission system) and (iii) a pocket processor.

A large number of diseases of the retina (whether of genetic origin such as pigmentary degeneration of the retina or related to ageing such as age-related macular degeneration (AMD), result from the acute or progressive degeneration of the photoreceptor cells. The disappearance of these cells prevents the conversion of visual stimuli into electrical signals that are then transmitted to and analyzed by the brain. The goal of Pixium Vision implant technology is to replace these signal processing functions of the retina by electrically stimulating retinal cells that then transmit this stimulation to the brain via the optic nerve. The objective of these innovative systems, currently under development by Pixium Vision is to partially restore the vision of patients suffering from RP and therefore considerably enhance their autonomy, mobility and quality of life. The second step planned by the Company is to extend the use of these technologies to the treatment of AMD. The Company is developing IRIS® in RP, and will develop PRIMA in AMD

Recent progress in microelectronics/nanoelectronics, optronics and software has enabled Pixium Vision to envisage a therapeutic solution that will ultimately provide patients with vision as close to normal as possible.

Thanks to the contracts and agreements signed with the various institutions composing the Institut de la Vision, Pixium Vision have access to top tier research groups, high quality facilities for preclinical tests of its devices and easier access to patients to conduct clinical trials.
The Company has signed an exclusive license contract with the UPMC, giving it access to the variety of technologies required for its development.

Major developments

During the first half of 2016, major developments includes:

- On **7 January 2016,** Pixium Vision announced the publication of positive preclinical safety and feasability data for PRIMA, its second bionic vision system.
- On **29 January 2016**, Pixium Vision announced its 2015 financial results.
- On **16 February 2016,** Pixium Vision announced it received approval from German regulatory authority to implant 150 electrode IRIS®II in clinical trial.
- On **24 February 2016,** Pixium Vision announced that it had implanted IRIS®II, its first epiretinal implant with 150 electrodes.
- On **27 April 2016,** Pixium Vision announced its first quarter 2016 financial update.
- On **4 May 2016, Pixium Vision** announced that its research partner reported significant progress on PRIMA, a tiny wireless sub-retinal implant.
- On **31 May 2016**, Pixium Vision received clinical trial approval from UK regulatory authority for 150 electrodes IRIS®II Bionic Vision system

II – RISK FACTORS

The risk factors affecting the Company have been presented in Chapter 4 of the 2015 Annual Report filed on April 28th 2016 by the French Financial Markets Authority (AMF) under number R.16-033.
To the best of the Company's knowledge, the assessment of risks has not changed since the publication of its 2015 annual report.

The 2015 registration document is available on the company's website:
http://www.pixium-vision.com/fr/rapports-financiers-et-documents-de-reference

III – FIRST HALF 2016 CONDENSED FINANCIAL STATEMENTS

ASSETS
(Amounts in EUR)

	Note	30/06/2016	31/12/2015
Non-current assets			
Intangible assets	**3**	8,493,809	8,822,379
Property, plant & equipment	**4**	1,952,647	2,071,510
Non-current financial assets	**5**	191,937	193,067
Total non-current assets		**10,638,394**	**11,086,955**
Current assets			
Trade receivable		672	5,109
Other current assets	**6**	4,777,222	3,323,252
Cash and cash equivalents	**7**	16,230,159	24,353,828
Total current assets		**21,008,053**	**27,682,189**
TOTAL ASSETS		**31,646,447**	**38,769,144**

LIABILITIES
(Amounts in EUR)

	Note	30/06/2016	31/12/2015
Shareholders' equity			
Share capital	**8**	766,188	764,388
Share premium	**8**	69,742,546	69,742,546
Reserves		(34,612,119)	(19,906,480)
Net profit (loss) for the period		(6,912,481)	(15,644,427)
Total shareholders' equity		**28,984,133**	**34,956,027**
Non-current liabilities			
Conditional advances	**9.1**	165,441	164,266
Non-current provisions	**9.2**	171,546	150,776
Total non-current liabilities		**336,987**	**315,042**
Current liabilities			
Trade accounts payable	**10.1**	1,343,830	2,159,125
Other current liabilities	**10.2**	981,497	1,338,950
Total current liabilities		**2,325,327**	**3,498,075**
TOTAL EQUITY AND LIABILITIES		**31,646,447**	**38,769,144**

INCOME STATEMENT
(Amounts in EUR)

	Note	As at June 30 2016	As at June 30 2015
Revenues			
Other revenues	**11**	1,366,005	1,737,691
Total revenues		**1,366,005**	**1,737,691**
Operating expenses			
Research and Development	**12**	(5,800,891)	(7,999,105)
General and administrative expenses	**12**	(2,597,548)	(1,766,526)
Total expenses		**(8,398,440)**	**(9,765,631)**
Operating profit (loss)		**(7 032 434)**	**(8,027,940)**
Financial income	**14**	127,603	120,074
Financial expenses	**14**	(7,650)	(45,915)
Net financial profit (loss)		**119,953**	**74,159**
Profit (loss) from recurring operations before tax		**(6,912,481)**	**(7,953,780)**
Income taxes		-	-
Net profit (loss) for the period		**(6,912,481)**	**(7,953,780)**
Other non-reclassifiable comprehensive income items			
Actuarial gains (/losses) on pensions plans		(2,480)	-
Net result		**(6,914,961)**	**(7,953,780)**
Weighted average number of shares		12,746,480	12,703,835
Net earnings per share		**(0.54)**	**(0.63)**
Diluted earnings per share		**(0.54)**	**(0.63)**

CASH FLOW STATEMENT
(Amount in EUR)

	Note	As at 30 June 2016	2015
Cash flows from operating activities			
Profit (/loss) for the financial year		(6,912,481)	(7,953,780)
Reconciliation of net profit to cash flows used		-	-
in operating activities:		-	-
Depreciation, amortisation and impairment		544,819	587,886
Non-cash charge for share-based compensation	13	881,239	21,213
Retirement benefit obligations		18,290	19,391
Cash flows from operating activities before financial income/expense and tax		**(5,468,133)**	**(7,325,291)**
(Increase) / decrease in trade receivable		4,437	-
Other current assets		(1,453,970)	(1,796,099)
Increase / (Decrease) in trade payables		(815,295)	900,286
Other current liabilities		(357,453)	(1,283,071)
Net cash provided (used) by operating activities		**(8,090,415)**	**(9,504,175)**
Acquisitions of property, plant and equipment		(97,387)	(1,267,357)
Acquisitions of intangible assets		-	(111,187)
Acquisitions of financial investissements		1,129	(193,067)
Net cash provided (used) by investing activities		**(96,257)**	**(1,571,610)**
Increase / (decrease) of conditional advances		1,175	835
Treasury stock		60,028	10,796
Warrant emission (BSA)		-	13,600
Capital increases		1,800	-
Net cash provided (used) by financing activities:		**63,004**	**25,231**
Opening cash and cash equivalents		24,353,828	42,131,728
Closing cash and cash equivalents		16,230,159	31,081,173
(Decrease) / Increase in cash position		**(8,123,669)**	**(11,050,555)**

STATEMENT OF CHANGES IN SHAREHOLDER'S EQUITY

(Amount in euros)

	Share capital					
	Number of shares	**Amount**	**Share premiums**	**Reserves**	**Net profit (loss)**	**Total shareholders' equity**
As at January 1, 2015	12,729,795	763,788	69,720,230	(8,369,557)	(11,611,283)	50,503,176
Appropriation of profit (loss)				(11,611,283)	11,611,283	-
Share Capital increase	10,000	600				600
Expenses recognised as a deduction of share premiums			(1,950)			(1,950)
Reverse share split						-
Elimination of treasury shares				32,793		32,793
Issue of BSA			24,267	-		24,267
Profit (loss) for the year					(15,644,427)	(15,644,427)
Actuarials gains (losses)				(34,216)		(34,216)
Share-based payments				75,784		75,784
As at December 31, 2015	**12,739,795**	**764,388**	**69,742,546**	**(19,906,480)**	**(15,644,427)**	**34,956,027**
Appropriation of profit (loss)				(15,644,427)	15,644,427	-
Share Capital increase	30,000	1,800				1,800
Elimination of treasury shares				60,028		60,028
Issue of BSA						-
Profit (loss) for the year					(6,912,481)	(6,912,481)
Actuarials gains (losses)				(2,480)		(2,480)
Share-based payments				881,239		881,239
As at June 30, 2016	**12,769,795**	**766,188**	**69,742,546**	**(34,612,119)**	**(6,912,481)**	**28,984,133**

NOTES TO THE CONDENSED FINANCIAL STATEMENTS

Note 1: The Company

The company is presented in chapter 1 of this document. (Page 3)
Major developments that occurred during the first half of 2016 and those that occurred after June 30, 2016 are presented in Note 16 of chapter. (Page 23)

Note 2: Guiding principles and compliance

Preliminary remarks:

The company’s accounts are established and presented in euros, unless otherwise stated.
Condensed Half year accounts close on 30 June 2016.
Condensed Half year accounts have been approved on 19 July 2016 by the Board of Directors.

General principles and statement of compliance

In compliance with EC regulation n°1606 / 2002 adopted on 19 July 2002 by the European Parliament and European Counsel the 2016 interim financial statements were prepared in compliance with the IFRS standards as adopted by the European Union for all the reporting periods presented.

IFRS as adopted by the EC differs in certain aspects to the one published by IASB. Nevertheless, the Company has made sure that the financial information presented in its statements would not have been materially different if presented according to IASB’s IFRS framework.

International standards include IFRS norms (*International Financial Reporting Standards*), IAS norms (*International Accounting Standards*) as well as SIC (*Standing Interpretations Committee*) and IFRIC (*International Financial Reporting Interpretations Committee*) interpretations.

These accounts are a set of additional accounts compared to the financial statements of the Company prepared under French accounting principles.

The accounts have been prepared in accordance with IFRS as adopted by the European Union applicable on 30 June 2016 and this for all periods presented.

The texts adopted by the European Commission are available on its website: http://ec.europa.eu/internal_market/accounting/ias_fr.htm

These financial statements also comply with the standards and interpretations adopted by the IASB on the same date.

Note 3: Intangible assets

Intangible assets break down as follows:

INTANGIBLE ASSETS
(Amounts in EUR)

	30/06/2016	31/12/2015
Patents, licenses, trademarks	10,499,989	10,499,989
Software	217,004	217,004
Total historical cost	**10,716,993**	**10 716 993**
Depreciation of patents, licenses, trademarks	2,032,916	1 770 416
Depreciation of software	190,268	124 199
Depreciation	**2,223,184**	**1 894 615**
Net total	**8,493,809**	**8 822 379**

Intangible assets are mainly composed of the patents acquired by the Company in 2012 for its IRIS® research and development activities

In accordance with IAS 36, no impairments of losses were recognized in the interim financial report presented.

Note 4: Property, plant & equipment

PROPERTY, PLANT AND EQUIPMENT

(Amounts in euros)

	01/01/2015	Increase	Decrease	31/12/2015
Industrial and laboratory equipment	796,307	739,658		1,535,964
Building fixtures and fittings	218,359	911,448	(216,056)	913,751
IT equipment	132,444	21,896		154,340
Office furniture	98,463	296,660	(39,632)	355,491
Other property, plant and equipment	9,000		(9,000)	-
Gross total	**1,254,572**	**1,969,662**	**(264,688)**	**2,959,546**
Accumulated depreciation of industrial and laboratory equipment	501,596	178,072	-	679,668
Accumulated depreciation of building fixtures and fittings	46,618	215,667	(216,056)	46,229
Accumulated depreciation of IT equipment	50,461	45,438		95,899
Accumulated depreciation of office furniture	28,591	58,541	(20,892)	66,241
Accumulated depreciation of other property, plant and equipment	-			-
Total accumulated depreciation	**627,266**	**497,719**	**(236,948)**	**888,037**
Net total	**627,307**			**2,071,510**

PROPERTY, PLANT AND EQUIPMENT

(Amounts in euros)

	01/01/2016	Increase	Decrease	30/06/2016
Industrial and laboratory equipment	1,535,964	40,103	-	1,576,067
Building fixtures and fittings	913,751	36,309	-	950,060
IT equipment	154,340	9,241	(2,140)	161,441
Office furniture	355,491	11,734	-	367,224
Other property, plant and equipment	-	-	-	-
Gross total	**2,959,546**	**97,387**	**(2,140)**	**3,054,793**
Accumulated depreciation of industrial and laboratory equipment	679,668	44,227	-	723,895
Accumulated depreciation of building fixtures and fittings	46,229	114,674	-	160,903
Accumulated depreciation of IT equipment	95,899	20,442	(983)	115,357
Accumulated depreciation of office furniture	66,241	35,749	-	101,990
Accumulated depreciation of other property, plant and equipment	-	-	-	-
Total accumulated depreciation	**888,037**	**215,092**	**(983)**	**1,102,146**
Net total	**2,071,510**	**(117,705)**	**(1,157)**	**1,952,647**

During the first half of 2016, acquisitions of tangible fixed assets amounted to € 97,387 against € 1,969,662 in 2015. During 2015, tangible assets were mainly composed of building fixtures and fittings related to the Company’s new premises as well as industrial and laboratory equipment and facilities.

Note 5: Non-current financial assets

Non-current financial assets solely comprise the deposit paid for the lease of the Company's premises. These amounts are not discounted in accordance with IAS 17.

Note 6: Other current assets

Other current assets break down as follows:

OTHER CURRENT ASSETS
(Amounts in EUR)

	30/06/2016	**31/12/2015**
Advances and prepayments	60,888	143,674
State, Research Tax Credit, CICE	3,588,787	2,352,202
State, VAT	351,679	528,347
Liquidity contract	247,857	118,417
Other	44,979	43,265
Prepaid expenses	483,033	137,347
Net total	**4,777,222**	**3,323,252**

On 30 June 2016, "State, Research Tax Credit, CICE" is mainly composed of Research Tax Credit receivable for €3,460,649. This amount is composed of a 2015 receivable of €2,2m and a half year 2016 receivable of €1,2m. The company expects to receive the payment of this 2015 receivable during the second half of 2016.

On 30 June 2016, prepaid expenses correspond mainly to rent expenses of the Company premises.

Research tax credit

The Company benefits from the provisions of Articles 244 c B and 49f F of the General Tax Code relating to research tax credit. In accordance with the principles described in Note 3.14 of the notes to IFRS financial statements established on 31 December 2015, the research tax credit is recognized in "Other revenues" in the year to which the qualifying research expenses relate.

The change in this research tax credit during the last two financial years is shown as follows:

CHANGE IN RESEARCH TAX CREDIT RECEIVABLE
(Amounts in EUR)

	Amount
Receivable on 01/01/2015	**2,004,974**
Other revenues	2,261,854
Payment received	(2,048,225)
Receivable on 31/12/2015	**2,218,603**

	Amount
Receivable on 01/01/16	**2,218,603**
Other revenues	1,242,046
Payment received	-
Receivable on 30/06/2016	**3,460,649**

Note 7: Cash and cash equivalents

The item cash and cash equivalents breaks down as follows:

CASH AND CASH EQUIVALENTS
(Amounts in EUR)

	30/06/2016	31/12/2015
Cash	219,414	2,326,581
Term deposits	16,010,745	22,027,247
Marketable securities	-	-
Net total	**16,230,159**	**24,353,828**

Note 8: Share capital

8.1 Issued share capital

Share capital at 30 June 2016 amounted to €766,187.70 (seven hundred sixty-six thousand one hundred eighty-seven euros and seventy cents), divided into 12,769,795 shares fully subscribed and paid-up with a nominal value of €0.06.

This number excludes BSA (share subscription warrants), BCE (founders' share warrants) granted to certain investors and individuals who may or may not be employed by the Company and AGA (Free shares).

All the shares give their holders the right to a proportional share in the income and net assets of the Company.

The table below shows the history of share capital for the two periods presented:

Date	Nature of transactions	Share capital	Issue premium	Number of Shares	Nominal value
	Balance at 01/01/2015	**763,788**	**69,720,230**	**12,729,795**	0,06
23/06/2015	Issuance of share warrants		24,267		
20/10/2015	Share capital increase from ordinary share issue	600		10,000	0,06
	Subtotal at 31 December 2015	**764,388**	**69,744,496**	**12,739,795**	0,06
	Costs recognized as a diminution of the premium		(1,950)		
	Balance at 31 December 2015	**763,788**	**69,742,546**	**12,739,795**	0,06
07/04/2016	Increase in capital through ordinary share issue	600		10,000	0.06
13/06/2016	Increase of capital through ordinary share issue	1,200		20,000	0.06
	Subtotal at 30 June 2016	**766,188**	**69,742,546**	**12,769,795**	0.06
	Costs recognized as a diminution of the premium				
	Balance at June 30, 2016	**766,188**	**69,742,546**	**12,769,795**	0.06

8.2 Share subscription warrants, share warrants for founders of companies

The Company has issued BSA (share subscription warrants), BCE (share warrants for founders of companies) and AGA (Free shares) as follows:

Type	Date	Subscription price per share	Number of warrants issued	Number of warrants exercised	1-for-6 stock consolidation	Number of outstanding warrants	Number of potential shares
BSA IMI n°2	27/04/2012	0.79	11,392,405	(11,392,405)	-	-	-
BSA Tranche $2_{NEW\ INV}$	13/11/2013	0.79	12,002,713	(12,002,713)	-	-	-
BCE 2013-03	18/03/2013	0.01	2,000,517	(60,000)	(1,617,092)	323,425	323,425
BSA 2013-03	18/03/2013	0.01	1,978,020	(180,000)	(1,498,352)	299,668	299,668
BCE 2013-03	02/10/2013	0.01	824,589	-	(687,158)	137,432	137,432
BCE 2013-03	05/02/2014	0.01	2,809,933	-	(2,341,614)	468,319	468,319
BSA 2013-03	05/02/2014	0.01	820,000	-	(683,333)	136,667	136,667
AGA 2014	17/12/2014	-	215,646	-	-	215,646	215,646
BSA 2014	17/12/2014	0.06	40,000	-	-	40,000	40,000
BSA 2015	23/06/2015	0.32	33,333	-	-	33,333	33,333
AGA 2016	28/01/2016	-	773,200	-	-	773,200	773,200
	Total at 30/06/2016		**32,890,356**	**(23,635,118)**	**(6,827,549)**	**2,427,689**	**2,427,689**

With the authorization of the Shareholder's General Meeting of the 15th of December 2015, the Company's Board of Directors of January 28th 2016 granted 773,200 AGA (Free shares) to its employees.

General conditions of the financial year:

BCE 2013-03 and BSA 2013-03

Given the consolidation of shares by 6 adopted by the Annual General Meeting and Extraordinary of 24 April 2014, six BSA 2013-03 or six BCE 2013-03 ("the warrants") entitle the holder to subscribe one ordinary share of par value of 0.06 euro a subscription price of 0.06 euro.

The warrants may be exercised for up to ten years starting from the allocation date. These have become totally exercisable following the IPO of the company on Euronext Paris. (accelerated vesting provided for in the issuance agreement).

BSA 2014

Each BSA (share subscription warrants) entitles the holder to subscribe one ordinary share to a subscription price of 6.80 euros.

The warrants may be exercised within seven years starting from the allocation date and 1/36 are exercisable at the end of each month from the allocation date.

The warrants have been allocated to individuals with the following characteristics:

- senior executives who are Company employees and subject to tax treatment of salaried employees;
- members of the research committee or non-voting board members or independent directors within the Company;
- individuals who make a significant contribution to the scientific or economic development of the Company at the time of the allocation;
- consultants, senior executives or partners of companies which provide services to the Company.

BSA 2015

On the 23rd of June 2015, the Board of Directors decided the issuance of 33,333 BSA 2015 to be given to its new independent administrator, James Reinstein.

AGA (Free shares) 2014

Each free share in 2014 becomes definitive after a vesting period of 2 years. Once definitive, the beneficiary must retain the shares for two years. These shares are not subject to any performance conditions.

AGA (Free shares) 2016

On January the 28th, the Board of Directors of the Company has granted free shares distributed in two distinct plan.
The table below draw the breakdown of its 2016 Plans.

Free shares attribution		
Free shares attribution	**AGA Plan 2016**	**AGA ALL Plan 2016**
General Meeting date	15/12/2015	15/12/2015
Boards of Directors' meeting date	28/01/2016	28/01/2016
Total number of shares allocated free of charge including:	99,800	673,400
Corporate officers	*0*	*300,000(*)*
Bernard Gilly		*90,000*
Khalid Ishaque		*210,000*
Date of share acquisition	28/01/2018	28/01/2018
Date of end of retention period	28/01/2019	28/01/2019
Number of shares allotted to the date of the Registration Document	0	0
Cumulative number of shares canceled or expired	0	0
Free shares granted remaining at year end	99,800	673,400

(*) The final allocation of free shares is subject to the following performance conditions: CE marking of IRIS®II and positive feasibility study of PRIMA (primary endpoints: safety and performance).
Proxies must retain 40% of these free shares until the termination of their functions.

The impact on the net income of share-based payments is shown in Note 13.

Note 9 : Non-current liabilities

9.1 Conditional advances

Bpifrance Financement granted Pixium Vision a conditional advance within the framework of the company's contribution to the SIGHT AGAIN R&D project.

This advance of a maximum amount of 5,225,680 euros breaks down as follow:

- First payment at contract signature: 179.000 euros (paid in December 2014),
- Milestone n°1: 1.900.000 euros
- Milestone n°2: 879.000 euros
- Milestone n°3: 764.680 euros
- Milestone n°4: 1.483.000 euros

The repayment by Pixium Vision of this conditional advance uses an annual discount rate 1.44% and will take place as follows:

- Year 1 at the latest on 30 June 2022: 500.000 euros
- Year 2 at the latest on 30 June 2023: 750.000 euros
- Year 3 at the latest on 30 June 2024: 1.000.000 euros
- Year 4 at the latest on 30 June 2025: 1.500.000 euros
- Year 5 at the latest on 30 June 2026: 2.100.000 euros

Or a total consideration of 5.850.000 euros.

Following the total repayment of the conditional advance Pixium Vision may make additional payments over a period of two years up to 2.49 million euros depending on reaching cumulative sales of 100.000.000 euros.

Conditional advances to be reimbursed in more than a year are recorded as non-current liabilities, while the rest is recorded as current liabilities.

Moreover, all the keys steps of the Milestone #1 have been delivered. As such, the company anticipates the payment of €1.9m the second half of 2016.

9.2 Non current provisions

Non-current provisions break down as follows:

NON-CURRENT PROVISIONS

(Amounts in EUR)

	30/06/2016	**31/12/2015**
Pension obligation	171,546	150,776
Various	-	-
Net total	**171,546**	**150,776**

Note 10: Trade accounts payables and other current liabilities

10.1. Trade accounts payables and related accounts

In accounts payable, no discount is applied as no payment deadlines exceeds 1 year.

Trade accounts payables and related accounts break down as follows:

TRADE ACCOUNTS PAYABLES AND RELATED ACCOUNTS

(Amounts in EUR)

	30/06/2016	**31/12/2015**
Trade payables	1,343,830	2,159,125
Net total	**1,343,830**	**2,159,125**

The decrease of accounts payables on 30 June 2016 is mainly related to the decrease of R&D expenses on IRIS®II whose CE mark application was submitted in December 2015.

10.2. Other current liabilities

Other current liabilities break down as follows:

OTHER CURRENT LIABILITIES

(Amounts in EUR)

	30/06/2016	31/12/2015
Social debt	925,093	1,285,702
Tax debt	41,460	16,283
Conditional advances	13,412	14,629
Deferred revenue	-	-
Other payables	1,532	22,336
Net total	**981,497**	**1,338,950**

Note 11: Other revenues

Other revenues break down as follows:

OTHER REVENUES

(Amounts in EUR)

	30/06/2016	30/06/2015
Research tax credit	1,242,046	1,266,098
Grants	122,159	471,593
Other	1,801	-
Net total	**1,366,005**	**1,737,691**

Note 12: Operating expenses

Research and development expenses break down as follows:

R&D EXPENSES
(Amounts in EUR)

	30/06/2016	30/06/2015
Personnel costs	2,072,972	1,234,017
Subcontractors, collaboration and consultants	1,415,797	2,766,051
Research supplies	1,195,705	2,379,443
Lease of real property	621,308	677,827
Conferences, travel expenses	96,086	159,755
License fees	50,746	162,124
Depreciation, amortization and provisions	259,631	480,757
Other	88,646	139,132
Net total	**5,800,891**	**7,999,105**

Personnel costs presented above include a non-cash expense related to share plans 2016 (AGA 2016 and AGA ALL 2016) for an amount of € 315,150 at the end of June 2016 as well as provisions bonuses, unrecognized in the P&L a year earlier.

The lines "Sub-contractors, collaboration and consultant" & "Research supplies" have decreased because of an overall expenditure control with selective allocation of resources.

Indeed, the company has curbed research expenditures on IRIS®II as its CE mark dossier was filed in December 2015.

General and Administrative expenses break down as follows:

GENERAL AND ADMINISTRATIVE
(Amounts in EUR)

	30/06/2016	30/06/2015
Personnel costs	1,348,468	663,014
Fees	386,421	240,455
Lease of real property	153,098	168,745
Insurance	30,313	9,483
Communication, travel and entertainment expenses	283,427	441,607
Postal and telecommunication costs	38,349	55,577
Administrative supplies and equipment leases	15,011	27,928
Depreciation, amortization and provisions	284,031	104,547
Other	58,431	55,171
Net total	**2,597,548**	**1,766,526**

Personnel costs presented above include a non-cash expense related to share plans 2016 (AGA 2016 and AGA ALL 2016) for an amount of €566,089 at the end of June 2016 as well as provisions for bonuses, unrecognized in the P&L a year earlier.

Personnel expenses

The Company employed 38 people on 30 June 2016, compared with 32 on 30 June 2015.

Personnel expenses break down as follows:

PERSONNEL EXPENSES

(Amounts in EUR)

	30/06/2016	30/06/2015
Salaries and other compensation	1,870,511	1,447,062
Social contributions	597,252	409,856
Pension liability expenses	16,722	18,900
Share-based payments	881,239	21,213
Net total	**3,365,724**	**1,897,031**

Salaries and others compensations have risen from €1,447,062 to €1,870,511 at the end of June 2016. This variation is mainly linked to the increase in the workforce as well as provisions for bonuses recognized in 2016.

Note 13: Share-based payments

Share-based payments relate to all warrants (BSA/BSPCE/AGA) allocated to employees, non-employed members of the Board of Directors and scientific advisors.

The warrants (BSA/BCE) allocated are exercisable at any time by their holders after a vesting period as follows (unless specified):

- 25% a year after allocation,
- The remaining 75% exercisable at a ratio of 1/36 per month as from the first anniversary.

The right to the Warrant shall lapse after a period of 10 years (7 years for the warrants allocated from 2014) from the grant date. The acquisition of the warrants by the beneficiaries is not subject to market conditions. The cost representing the granted benefit is recorded linearly in Personnel costs over the vesting period.

The amount of the expense recognized during the period breaks down as follows for each plan:

Type	Grant Date	Number (*)	Likely cost of plan	Accumulated expense at 01/01/2016	Expense June 2016	Accumulated expense at 30/06/2016
BCE 2013	18/03/2013	323,425	8,786	8,446	340	8,786
BSA 2013	18/03/2013	299,668	8,351	8,351	-	8,351
BCE 2013	02/10/2013	137,432	3,659	3,440	219	3,659
BSA 2013	05/02/2014	136,666	3,193	3,193	-	3,193
BCE 2013	05/02/2014	468,319	10,942	10,942	-	10,942
BSA 2014	17/12/2014	40,000	65,744	44,099	10,884	54,983
BSA 2015	23/06/2015	33,333	63,766	30,422	14,622	45,044
AGA 2014	17/12/2014	215,646	1,302,502	1,175,271	-	1,175,271
AGA 2016	28/01/2016	773,200	4,059,300	-	855,174	855,174
Total		**2,427,689**	**5,526,244**	**1,284,164**	**881,239**	**2,165,403**

(*) number of shares

The main assumptions used when calculating the expense resulting from share-based payments in accordance with the Black-Scholes warrant valuation method are as follows:

- Risk-free interest rate: government bond rates with a maturity close to of the expected life of the warrants or options;
- Volatility: 45% on average, corresponding to the historic volatility of a selection of comparable listed companies;
- Turnover: between 0% and 5% per year depending on attribution;
- Maturity: 3.5 to 7 years.

Detailed information on the number of options by category and exercise prices for the financial year is shown in Note 8.2.

Note 14: Financial income and expenses

Financial income and expenses break down as follows:

FINANCIAL INCOME AND EXPENSES

(Amounts in EUR)

	30/06/2016	30/06/2015
Financial income	127,603	120,074
Financial expenses	(7,650)	(45,915)
Net total	**119,953**	**74,159**

At June 30, 2016, financial income corresponds to interest related to the remuneration of time deposits and marketable securities. The Financial expenses are composed primarily of foreign exchange losses on US dollar purchases.

Note 15: Related party transactions

The remuneration presented below, granted to officers and members of the Board of Directors of the Company have been expensed during the periods presented:

RELATED PARTY TRANSACTIONS
(Amounts in EUR)

	30/06/2016	30/06/2015
Salaries and other compensation	375,507	396,540
Attendance fees	23,000	-
Benefits in kind	24,492	23,058
Pension liability expenses	5,628	2,528
Share-based payment	331,806	263
Net total	**760,432**	**422,389**

Moreover, M Bernard Gilly, President of Pixium Vision, is also President of SAS Passage de l'Innovation.
Pixium Vision concluded on January 15, 2015, a lease agreement for the provision of facilities and services with SAS Passage de l'Innovation. The amount of charges relating to this agreement recorded in the income statement is presented below (amounts in euros):

	30/06/2016	30/06/2015
Passage de l'Innovation	762 638	714 388
Net Total	**762 638**	**714 388**

Note 16: Major developments that occurred after the reporting date

No major developments occurred after closing.

IV – ACTIVITY REPORT

Profitability analysis

Income Statement		
In K EUR	**H1 2016**	**H1 2015**
Other revenues	1 366,0	1 737,7
Research and development	(5 800,9)	(7 999,1)
General and administrative	(2 597,5)	(1 766,5)
Operating Result	(7 032,4)	(8 027,9)
Net result	(6 915,0)	(7 953,8)
Earning per shares	€ (0.54)	€ (0.63)

Over both presented periods, the Company only had a research and development (R&D) activity and **did not generated sales**.

For the first half of 2016, the Company has recorded €1,366,005 in **other revenues** compared to €1,737,691 a year earlier.

As no R&D expense is activated, the research tax credit (RTC) is fully accounted for in **other revenues**. For the first half of 2016, the Company recorded a net income related to RTC of €1,242,046 compared to of €1,266,098 in the first half of 2015. This RTC level is due to the continued development of Pixium Vision, only company in the world developing in parallel two Bionic Vision Systems. IRIS® is currently in clinical trial and PRIMA is in pre-clinical stage.

Additionally, in 2016, the Company received a grant of €122,159 in relation to the GRAPHENE project. The Company also received in 2015, the first instalment of €471,593 provided by Bpifrance under the SIGHT AGAIN project.

In the first half of 2016, **research and development** (R&D) expenses amounted to €5,800,891 compared to €7,999,105 a year earlier. In line with its strategy, the company has reduced research expenditures on IRIS®II following its CE mark dossier filling in December 2015. Furthermore, the Company selectively allocated its resources during the first half of 2016. The decrease in spending is partially offset by the recognition of a non-cash expense of €304,266 related to the 2016 AGA (free shares) plan, and provisions for bonuses recognized on the first half of 2016.

Research and Development costs break down as follows:

Research and Development		
In EUR	**30/06/2016**	**30/06/2015**
Personnel costs	2,072,972	1,234,017
Subcontractors, collaboration and consultants	1,415,797	2,766,051
Research supplies	1,195,705	2,379,443
Lease of real property	621,308	677,827
Conferences, travel expenses	96,086	159,755
Licenses fees	50,746	162,124
Depreciation amortization and provisions	259,631	480,757
Other	88,646	139,132
Net total	**5,800,891**	**7,999,105**

General and administration expenses mainly comprise of administrative personnel costs, external expenses such as legal fees, audit or consultancy as well as communication, representation costs and travel expenses. The first half of 2016, general expenses amounted to €2,597,548 against €1,766,526 a year earlier.

General and administrative expenses break down as follows:

General and Administrative		
In EUR	**30/06/2016**	**30/06/2015**
Personnel costs	1,348,468	663,014
Fees	386,421	240,455
Lease of real property	153,098	168,745
Insurance	30,313	9,483
Communication, travel and entertainment expenses	283,427	441,607
Postal and telecommunication costs	38,349	55,577
Administrative supplies and equipment leases	15,011	27,928
Depreciation amortization and provisions	284,031	104,547
Other	58,431	55,171
Net Total	**2,597,548**	**1,766,526**

The increase in G&A during the period is mainly explained by:

- Increased personnel expenses, linked to the recognition of a non-cash expense of €550,908 following the granting of free shares on January 28th 2016;
- Provisions for bonuses recognized for the first time during the first half of 2016;
- Increased depreciation due to capital expenditure made last year related to the new premises of the Company.

Net **financial profit** for the first half of 2016 amounted to €119,953 compared to €74,159 for the same period in 2015.

Financial income mainly comprises the remuneration of term deposit.

Over the first half of 2016, financial expenses are solely comprised of exchange rate losses on US dollar related purchases.

Given the Company losses in both periods, the Company did not record any **income tax**.

Net loss for the period amounted to €6,914,691 compared with a loss of €7,953,780 on 30 June 2015. **Net earnings per share** (average weighted number of shares in circulation during the period) amounted to (€0.54) and (€0.63) respectively at 30 June 2016 and 30 June 2015.

Balance sheet analysis

Non-current assets comprise tangible, intangible and non-current financial assets. Net non-current assets amounted to €10,638,394 and €11,086,955 respectively at 30 June 2016 and 31 December 2015.

Intangible assets are mainly composed of the patents acquired by the Company in 2012 for IRIS® research and development activities.

Current assets amounted to €21,008,053 and €27,682,189 respectively at 30 June 2016 and 31 December 2015. Over the period, the cash consumption amounted to €8,123,669.

Shareholders' equity amount to €28,984,133 reflecting the loss of the Company during the first half of 2016.

Breakdown of cash flow statement

Simplified cash flow statement		
In K EUR	**H1 2016**	**H1 2015**
Opening cash and cash equivalent	24,353.8	42,131.7
Change in cash and cash equivalent	(8,123.7)	(11,050.6)
o/w net cash provided (used) by operating activities	(8,090.4)	(9,504.2)
o/w net cash provided (used) by investing activities	(96.3)	(1,571.6)
o/w net cash provided (used) by financing activities	63.0	25.2
Closing cash and cash equivalent	16,230.2	31,081.2

Cash consumption related to operating activities to June 30, 2016 and 2015 amounted respectively to €8,090,415 and €9,504,175. Since its IPO, the company funds the parallel development of two Bionic Vision System, IRIS® and PRIMA. In 2016, the company selectively allocated its resources to better control its expenditure.

During the first half of 2016, cash consumption **from investing activities** amounted to €96,257 against €1,571,610 the year before. In 2016, the Company mainly invested into industrial lab equipment. The year-on-year decrease is related to the completion of the building work of the Company's new premises.

During the first half of 2016, inflow from **financing activities** amounted to €63,004 mainly related to the increasing value of the treasury shares.

Therefore, at June 30, 2016, the company had a **positive net cash position** of €16,230,159.

V – AUDITOR’S REPORT ON 2016 INTERIM FINANCIAL REPORT

Auditor’s report on 2016 interim financial report

Shareholders,

In our capacity as statutory auditors and pursuant to Article L. 451-1-2 III of the Monetary and Financial Code, we have perfomed:

The review of the interim financial statements of the company PIXIUM VISION, for the period from 1 January 2016 to 30 June 2016, as attached to this report;

The verification of the information provided in the interim management report.

These condensed interim financial statements are the responsibility of the Board. It is our responsibility, based on our review, to express a conclusion on these accounts.

I - Conclusion on the accounts

We conducted our review in accordance with professional standards applicable in France. A limited review primarily consist on talking with members of management responsible for financial and accounting matters and implementing analytical procedures. Is substantially less in scope than an audit conducted in accordance with professional standards applicable in France. Therefore, the assurance that the financial statements taken as a whole, does not contain any significant anomalies obtained in the context of a limited review is moderate, lower than that obtained in the course of an audit.

Based on our review, we have not identified any significant anomalies likely to call into question the compliance, in all material respects, of the interim financial statements with French accounting rules and principles.

II - Specific verification

We also verified the information given in the interim management report on the interim financial statements subject to our review. We have no comment to make on the fairness and consistency with the condensed interim financial statements.

Villeurbanne, on July the 19th, 2016

The Statutory Auditor

DELOITTE & ASSOCIES

Dominique VALETTE

VI - STATEMENT OF THE PERSON RESPONSIBLE FOR INTERIM FINANCIAL REPORT

I certify that, to my knowledge, the condensed interim financial statements were prepared in accordance with applicable accounting standards and give a fair view of the assets, the financial position, and the results of the Company at 30 June 2016 and that the interim management report includes a fair review of major developments that occurred during the first six months of the year, their impact on the financial statements, the main transactions between related parties and a description of the principal risks and uncertainties for the remaining six months of the year.

Monsieur Khalid Ishaque
Chief Executive Officer
July, the 19th 2016