2012 ANNUAL FINANCIAL REPORT

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STATEMENT OF RESPONSIBILITY WITH RESPECT TO THE ANNUAL FINANCIAL REPORT

PERSON RESPONSIBLE FOR THE ANNUAL FINANCIAL REPORT

Marie Meynadier, CEO of EOS IMAGING.

STATEMENT BY THE PERSON RESPONSIBLE

“I certify that, to the best of my knowledge, the financial statements have been prepared in accordance with applicable accounting standards and give a true and fair view of the assets and liabilities, financial position and profit and loss of the company and of the Group, and that the accompanying management report faithfully presents the business performance, results and financial position of the Company and of the Group along with a description of the main risks and uncertainties faced by the Group”.

Marie Meynadier, CEO of EOS Imaging

EOS IMAGING
French Public Limited Company (*Société anonyme*), with a share capital of €174,024.29
Registered Office: 10, rue Mercoeur, 75011 Paris
349 694 893 RCS PARIS

MANAGEMENT REPORT BY THE BOARD OF DIRECTORS ON THE SEPERATE AND CONSOLIDATED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2012

Dear Shareholders,

Please find below the management report prepared by the Board of Directors in accordance with the provisions of Article L. 232-1 of the French Commercial Code.

The Board of Directors has called a General Meeting to report to you on the performance of our Company during the financial year ended 31 December 2012, to present you with the financial statements and results and to ask you to approve them.

The reports of the Statutory Auditors, the report of the Board of Directors, the listing of assets and the financial statements for the period and, more generally, all the documentation and information detailed in Articles L. 225-115 and R. 225682 of the French Commercial Code were made available to you by the statutory deadlines.

At its meeting on 18 April 2013, the Board of Directors reviewed the consolidated financial statements for the financial year ended 31 December 2012 and approved said financial statements. These consolidated financial statements have been prepared in accordance with IFRS.

1. POSITION OF THE GROUP DURING THE FINANCIAL YEAR UNDER REVIEW

1.1. Review of business activities and material events during FY 2012

The company develops and markets an innovative medical imaging system dedicated to osteo-articular conditions. The company's solution consists of EOS ultra low-dose 2D/3D imaging equipment combined with the sterEOS imaging workstations. The company markets this solution through the direct operations of the company and of its subsidiaries in the US, Canada and Germany (the Group), as well as through distribution agreements.

The company raised €37.9 million when it listed on the NYSE Euronext Paris regulated market in February 2012.

Using the delegation granted by the extraordinary general meeting of 16 January 2012, on 15 February 2012, the Board of Directors decided:

- to increase the share capital of the Company by €55K through the issue of 5,520,000 ordinary shares at the stock exchange listing price of €6.87 per share, amounting to €37.9 million;

- to record the capital increase by an amount of €2K linked to the conversion of 957,933 convertible bonds issued on 2 December 2011 into 278,870 ordinary company shares at the stock exchange listing price, for an amount of €1,916K.

Thus, via the two operations described above, the Company issued 5,798,870 new shares subscribed for by institutional investors, funds under private management, natural persons as well as by historical shareholders, by way of conversion into shares of a 2011 bond issue.

This operation has increased the consolidated shareholders' equity substantially, which stood at €31.5 million on 31 December 2012, compared with €1.7 million on 31 December 2011.

The funds raised are primarily intended to increase the Group's marketing and sales effort in order to accelerate its international presence in existing markets and in new regions; to fund the increase in working capital requirements related to the Group's growth; and to enrich the Group's offering of innovative services and applications to meet specific clinical needs, and continue the development of technological innovations based on the EOS® platform.

Accordingly, the Group developed its business structure significantly during 2012, by recruiting a VP Sales Europe and two new Regional Sales Managers in the United States, as well as signing major distribution agreements, notably in Asia. The Group continued its sales momentum internationally, with a significant expansion of its sales on the North American continent, and the first sales in Asia and Scandinavia. Thus, in late 2012, EOS equipped five of the ten best orthopaedic centres in the U.S., as ranked by the U.S. News & World Report magazine.

Clinical studies published in 2012 have continued to highlight the contribution of the EOS® imaging system in major musculoskeletal conditions: monitoring and prediction of the development of scoliosis, diagnosis and planning of orthopaedic hip and knee surgery, assessment of hindfoot alignment

In terms of governance, EOS imaging appointed two new directors in 2012: Michael J Dormer, formerly President of the Medical Devices and Diagnostics division of Johnson & Johnson, and currently a director of Neoss and Endosense, was appointed Chairman of the Board of Directors of EOS imaging. Eric Beard, formerly President of Baxter EMEA and Sorin, and currently President of Cellnovo, was appointed Chairman of the Audit Committee.

1.1.1. Research and Development – Clinical trials

EOS imaging has assembled a team of 23 research and development engineers, associated with a three-person team dedicated to clinical trials, based in France and the USA.

In 2012, the Company has continued its development programs undertaken in 2011, focusing on the development of new software and hardware functions associated with EOS and aimed at specific applications in musculoskeletal pathologies.

As part of the European Eurostars program, in collaboration with two German partners, the Company has launched the development of a software simulation of surgery with orthopaedic implants.

The company has also begun a project devoted to the prediction of fracture risk with EOS in ageing adults by micro- and macro-architectural analysis. This program, funded by the FUI, brings together academic, clinical and industrial partners.

Finally, the company maintains its investment in the reduction of the radiation risk associated with X-ray examinations.

Clinically, three major studies were published in 2012:

In September 2012, a new clinical study highlighted the interest of a 3D evaluation of the spine by the EOS® imaging system to monitor and predict the evolution of scoliosis. This study focused on a sample of 134 patients with Adolescent Idiopathic Scoliosis (AIS). Its findings showed that three-dimensional morphological parameters of the spine obtained by EOS can be used to distinguish progressive and non-progressive scoliosis as of the first medical examination. It will be continued by a multi-centric international study currently in development.

In November 2012, two new studies highlighting the clinical benefits of the EOS imaging 2D/3D imaging system in the diagnosis and planning of orthopaedic surgery of the lower limbs and hind foot were published in the American Journal of Roentgenology and Skeletal Radiology.
The first study showed that the measurement of femoral and tibial torsion produced by the EOS system were comparable to those obtained by a CT scan, while offering a radiation dose considerably lower than a CT-scan.
The second study concluded that 3D measurements of the hindfoot produced by the EOS system were appreciably more accurate than those made in conventional radiography.

1.1.2. Sales and Marketing

The sales and marketing teams were reinforced significantly during the year. As of the end of the year, with 20 employees based in France and the United States, they were organised into four business teams: product management, clinical affairs, communication, and pre- / post-sales support.
The sales teams were reinforced in 2012 by major recruitment programs, as well as by signing agreements with strategic agents and distributors. In the United States, the recruitment of two new Regional Sales Managers and the signature of two new agent network agreements now gives EOS imaging a presence throughout North America. The sales were also started in Asia, with the signature of exclusive distribution agreements and the sale of a first system in Singapore. In Europe, the recruitment of a VP Sales has reinforced the sales organisation and the expansion of the business, which included the sale of systems in new countries, such as Germany and Denmark.

1.1.3. Human resources

To support its growth, the Group has continued its recruitment during FY 2012.
Three important additions were made to the sales team (two recruitments in the United States and one recruitment in France). The R&D team has been reinforced with three people, as has the regulatory team, which has also recruited a member.

The average consolidated workforce thus rose from 54 in 2011 to 58 in 2012. The total workforce stood at 63 on 31 December 2012, compared with 57 at 31 December 2011.

1.1.4. Financing and capital structure

As mentioned in section 1.1, the company was floated on the NYSE Euronext regulated market in Paris on 15 February 2012. At the time, all the preference shares and convertible bonds issued by the Company were converted into ordinary shares.

At the time of the IPO, the Company issued 5,520,000 new shares at a par value of €6.87.

This operation has increased the consolidated shareholders’ equity substantially, which stood at €31.5 million on 31 December 2012, compared with €1.7 million on 31 December 2011.

1.1.5 Progress made/difficulties encountered

The clinical results published in 2012 and the adoption of EOS by leading hospitals have contributed to the recognition of the EOS technology in osteo-articular imaging.
The difficulties faced by the Group are mainly related to the scarcity of credit facilities in Western countries, and more generally, policies for controlling public health expenditure, which can lead to a deceleration of the investment decision process or to investments being delayed. The Group has established partnerships in the USA and France to offer financing solutions through rental, credit leasing or "shared revenue" solutions when capital expenditure budgets are unavailable.

1.1.6 Miscellaneous

The General Meeting of 29 June 2012 appointed Michael J Dormer and Eric Beard as directors of the Company for a term of three years, ending at the closing of the ordinary general meeting of the shareholders called to approve the financial statements as of 31 December 2014.

Michael J Dormer was appointed Chairman of the Board of EOS Imaging at the meeting of the Board of Directors of 9 November 2012, replacing Stéphane Sallmard, who resigned, it being noted that Stéphane Sallmard retains his position as director.

COFA Invest, represented by Marie-Hélène Plais, resigned its directorship with effect from 31 December 2012.

Using the authorisation granted by the Extraordinary General Meeting of 16 January 2012, the Board of Directors on the same day granted 360,000 free shares to a member of management.

Using the authorisation granted by the Extraordinary General Meeting of 16 January 2012, the Board of Directors granted 376,916 stock options to Group employees on 21 September 2012.

1.2 Operating results

1.2.1. Revenue

2012 revenue totalled €9,424K, up 36% from €6,944K in 2011.
It represented €8,534K in revenue from the sale of 21 systems, and €890K in revenue from maintenance contracts.
The company made its first sales in Singapore, Germany and Denmark in 2012.
The Group's business remains highly seasonal, with revenue in the second half year at €7,097K representing 75% of annual revenue.

1.2.2. Other income

Other income comprised government funding received as part of ongoing research programmes (Research Tax Credit and subsidies).
It amounted to €969K, compared with €648K in 2011.
It consists mainly of Research Tax Credit, up in 2012 due to higher research expenses incurred during the period, as well as to a lower level of cash subsidies, which had automatically reduced the RTC for the previous year.

The level of subsidies was reduced in 2012, due to the end of substantial programs in 2011 and during 2012. The company was granted support in new European and national programs, which began at the end of the year and will be reflected in the 2013 financial statements.
The amount of subsidies and Research Tax Credit included in the income statement over the period are reclassified by deducting the share of spending on research funding activated for the financial year. The gross amount of public funding posted over the year stands at €1,050K.

1.2.3. Direct costs of sales

The margin on direct costs of sales increased strongly during the financial year and stood at 40% in 2012 against 28% in 2011.
This performance has commercial, industrial and logistical origins.
The favourable trend in the average system selling price has helped to improve the margin by two percentage points.
On the industrial side, the 2012 production volume, i.e. 21 systems produced, has still not made it possible to optimise the manufacturing process or achieve significant economies of scale. However, the signing in 2011 of a system integration partnership agreement has reduced system production costs by 10%. Equally, the average cost of production observed in 2012 is 7% lower than that observed in 2011, a year in which only year-end production benefited from this agreement. In addition, the reliability of some components has significantly reduced the maintenance cost of the installed bases. These two factors combined led to an improvement in the margin of eight percentage points.
Finally, the increasing use of less expensive methods of shipping our equipment, especially a growing use of maritime transport, has meant a further one percentage point improvement to the margin.
These three components have produced a total improvement of gross margin on direct production costs of 12 percentage points, which in 2012 amounted to 40% of sales.

1.2.4. Indirect cost of production and services

The indirect costs of production comprise salaries and the cost of subcontracting functions not directly involved in the production or maintenance process (purchasing management, planning management and quality control), as well as travel expenses and external purchases.
Indirect production and service costs were stable over the year and amounted to €1,588K, compared with €1,629K in 2011.
This improved absorption of fixed costs has improved the margin on total production and service costs by 6 percentage points, which in 2012 amounted to 22% of sales.

1.2.5. Research and development expenses

The Research and Development team focused on the continued development of EOS functionalities for orthopaedic surgery, as reported in paragraph 1.1.1.
Research and development expenses totalled €2,164K, against €1,915K in 2011. These expenses include the amortisation of capitalised development costs, the net amount of which was posted in assets at €728K as of 31 December 2012.

1.2.6. Sales and marketing expenses

The sales team has grown significantly during the year, through the recruitment of two regional sales managers and a VP Sales Europe.
Sales and marketing expenses were €4,224K in 2012 compared with €3,243K in 2011. This increase is mainly due to recruitments during the year, as well as the Group’s increased participation in medical congresses.

1.2.7. Regulatory costs

Regulatory costs totalled €670K, compared with €260K in 2011. This increase is mainly attributable to the sharp increase in regulatory costs incurred during the year as part of a new approach of obtaining regulatory approvals, particularly in the Asia region.

1.2.8. Administrative expenses

Administrative expenses totalled €2,381K, compared with €2,117K in 2011.
This increase of 12% in FY 2012 is primarily due to higher payroll and listing fees, posted for the first time in 2012.

1.2.9 Share-based payments

During the year, the Board of Directors allocated free shares and stock options, as presented in paragraph 1.1.6.
The charge resulting from these awards is determined by applying the Black-Scholes model, in accordance with the assumptions developed in Note 16 to the consolidated financial statements. It was €1,404K in 2012, compared with €58K in 2011.

1.2.10 Financial profit (loss)

Net financial income amounted to a €474K profit, compared with a €38K loss in 2011.
Financial income corresponds to income from investments in funds raised through the company's IPO, in the form of term deposits.

1.2.11. Profit (loss) for the period

The Group posted an overall loss for FY 2012 of €7,062K, as against a loss of €6,554K in 2011.

1.3 Description of the main risks and uncertainties facing the Group

The risks facing the Group were described in the International Offering Memorandum which dates from December 2011. The types of risk and their nature have not changed at the time of writing this report, with the exception of liquidity risk, which is spread over the medium term in view of the funds raised by the Group during its introduction to the regulated market of NYSE Euronext in Paris on 16 February 2012.

1.4 Legal disputes

The Group is not involved in any new legal disputes. The only trade receivable flagged as potentially non-recoverable has been fully written down in the financial statements.

1.5 Development and outlook

The Group is continuing to develop EOS product functionalities, particularly in the areas of surgical planning and control. The related clinical trials, the initial results of which were reported in 2012, will contribute to the acceleration of the sales of the Group's products in its current markets and new target markets.
EOS imaging has expanded its presence in 2012 in leading hospitals in both the United States and Asia-Pacific, and expanded its coverage in Europe, with facilities in countries not previously equipped. The adoption of EOS by five of the top ten US hospitals in orthopaedics should improve the company's growth in North America, already started in 2012.
Finally, investments made in 2012 to organise and develop the EOS imaging sales network are expected to result in an acceleration of the growth of the business in 2013.

1.6 Subsidiaries and equity interests

The Group consists of EOS Imaging SA, which wholly owns its three subsidiaries:

EOS imaging Inc.:
Based in the United States, EOS imaging Inc. is a US company with a share capital of US$1, with its registered office at Suite #410, 185 Alewife Brook Parkway, Cambridge, MA 02138, USA.
This entity is responsible for selling the Group’s products in the USA.
As of 31 December 2012, it generated revenue of US$4,833K (i.e. €3,761K) and a net loss of US$3,017K (i.e. €2,348K).

EOS Imaging GmbH:
Based in Germany, EOS Imaging GmbH is a company under German law, with share capital of €25,000 and headquartered at Theodor-Stern-Kai 1, 60596 Frankfurt am Main.
This entity is responsible for selling the Group’s products in Germany.
As of 31 December 2012, it generated revenue of €348K and a net loss of €64K.

EOS Image Inc.:
Based in Canada, EOS Image Inc. is a company incorporated in view of Part IA of the Quebec Companies Act, and the registered office of which is located at 3630 Montée St. Hubert, Montreal, Quebec, Canada.
This entity is responsible for marketing the Group’s products in Canada.
As of 31 December 2012, it generated revenue of CA$768K (i.e. €598K) and a loss of CA$184K (i.e. €143K).

In 2012, EOS imaging SA billed its subsidiaries:
- for equipment sales, in the amount €3,546K;
- for equipment rentals, in the amount of €42K;
- for management fees, in the amount of €938K;
- for interest on current accounts, in the amount of €35K.

1.7 Material events after the reporting date (to the date of drafting of this report)

UFG Siparex resigned its directorship on 4 February 2013.

A tax audit for 2010 and 2011 was notified to EOS Imaging SA in February 2013.

2. POSITION OF THE COMPANY DURING THE FINANCIAL YEAR UNDER REVIEW

2.1. Review of business activities and material events during FY 2012

The highlights for the Group parent company are shown in Section 1.1. above.

2.2. Change in membership of the Board of Directors

As stated in Section 1.1.6, the General Meeting of 29 June 2012 appointed Michael J Dormer and Eric Beard as directors of the Company for a term of three years, ending at the close of the ordinary general meeting of the shareholders called to approve the financial statements as at 31 December 2014.

Michael J Dormer was appointed Chairman of the Board of EOS Imaging at the meeting of the Board of Directors on 9 December 2012, replacing Stéphane Sallmard, who resigned, it being noted that Stéphane Sallmard retains his position as director.

COFA Invest, represented by Marie-Hélène Plais, resigned its directorship with effect from 31 December 2012.

2.3. Human resources

As presented in Section 1.1.3, the company continued to recruit staff in 2012, notably with the recruitment of a VP Sales Europe, three R&D engineers and a regulatory project manager.

The average workforce of the company rose from 47 in 2011 to 48 in 2012. The total workforce stood at 53 on 31 December 2012, compared with 48 on 31 December 2011.

2.4. Objective and exhaustive analysis of business performance, results and financial position, in particular the Company's debt position having regard to the volume and complexity of the business

The company's business activities are comparable to the Group's, since the role of the subsidiaries is limited to the sale of our systems in their markets.
See Section 1.1., above, for further details.

The liabilities posted as at 31.12.2012, together with the comparable figures for 2011, are as follows (€):

Liabilities	**2012**	**2011**
Various debts and borrowings	25,652	1,949,129
Trade accounts payable	2,200,695	2,331,936
Taxes payable, dividends payable, liabilities to personnel and other accrued social liabilities	1,412,486	1,136,122
Other debts	772,256	200,291
Accruals	204,727	56,949
TOTAL	**4,615,815**	**5,674,427**

2.5. Description of the main risks and uncertainties and risk management

The company's business activities are comparable with the Group's. See Section 1.3., above, for further details.

2.6. Legal disputes

The company was unaware of any legal dispute on 31 December 2012.

2.7. Research and Development activities

See section 1.1.1, above, for further details.

2.8. Separate results

The company's separate financial statements are summarised in the table below:

The results for FY 2012, together with comparable figures for FY 2011, are as follows:

	2012	**2011**
Revenue amounted to:	€8,311,867	€6,431,557
Total operating income amounted to:	€9,544,550	€6,729,340
Total operating expenses amounted to:	€14,916,927	€12,931,778
Giving rise to an operating loss of:	€(5,372,377)	€(6,202,439)
Total financial income was:	€868,173	€981,681
Total financial expenses were:	€(4,643,431)	€(2,483,022)
Giving rise to a financial loss of:	€(3,775,257)	€(1,501,341)
Pre-tax loss from ordinary activities of:	€(9,147,634)	€(7,703,779)
Total extraordinary income was:	€62,862	€0
Total exceptional expenses were:	€173,491	€4,463
Giving rise to an exceptional loss of:	€(110,629)	€(4,463)
Corporation tax:	€(955,491)	€(480,430)
Net accounting loss:	€(8,302,772)	€(7,227,813)

As of 31 December 2012, equity stood at €27,218,684.

2.9. Progress made and difficulties encountered

See Section 1.1.5, above, for further details.

2.10. Information on supplier payment terms

Pursuant to Article D. 441-4 of the French Commercial Code, the company hereby presents the breakdown as of 31 December 2012 of outstanding trade payables by due date:

In euros	Total	Under 30 days	Between 31 and 60 days	Over 60 days
On 31/12/2012	1,140,483	845, 940	225, 477	69,066
On 31/12/2011	1,844,339	1,007,212	555,422	281,704

2.11. Workforce data

As of 31 December 2012, the company had 53 employees, compared with 48 employees on 31 December 2011. The headcount of 53 comprised 48 employees on permanent contracts and 5 employees on fixed-term contracts. No employee resigned, stopped work or went on parental leave as of 31 December 2012.

2.12. Appropriation of earnings

We propose appropriating the loss for the financial year ended 31 December 2012, namely €8,302,772, to deficits carried forward, thus raising them from €23,185,714 to €31,488,486.

2.13. Company results over the past five financial years

The notes contain a summary of the company’s results over the past five financial years.

2.14. Amount of dividends and tax credit over the past three financial years

Pursuant to legal provisions (Article 243 a of the French General Tax Code), it should be noted that no dividend has been paid out over the past three financial years.

2.15. Lavish expenses and non-deductible expenses (French General Tax Code Articles 39-4 and 223 c)

Pursuant to the provisions of Articles 39-4 and 223 c of the French General Tax Code, we hereby note that the financial statements for the financial year under review include €11,884 in non-tax-deductible expenses.

2.16. Discharge for directors

The Board of Directors and its Chairman ask the general meeting to discharge them for their management activities during the financial year.

2.17. Subsidiaries and equity interests

2.17.1. Taking of substantial controlling interests or takeovers

We hereby inform you that the Company has not taken any controlling interest or taken over any company during the financial year under review.

2.17.2 Share disposals carried out to unwind cross-shareholdings

We hereby inform you that the Company did not dispose of any shares with a view to unwinding cross-shareholdings prohibited by Articles L. 233-29 and L. 233-30 of the French Commercial Code.

2.17.3. Disposals of controlling interests

We hereby inform you that the Company did not dispose of any controlling interest during the financial year under review.

2.17.4. Business activities of subsidiaries and controlled companies

As indicated in Section 1.6, please note that the Group consists of the holding company, EOS imaging SA, which is the 100% owner of the three subsidiaries:

Eos Imaging Inc.:
Based in the United States, EOS imaging Inc. is a US company with a share capital of US$1, with its registered office at Suite #410, 185 Alewife Brook Parkway, Cambridge, MA 02138, USA.
This entity is responsible for selling the Group's products in the USA.
As of 31 December 2012, it generated revenue of US$4,833K (i.e. €3,761K) and a net loss of US$3,017K (i.e. €2,348K).

EOS Imaging GmbH:
Based in Germany, EOS Imaging GmbH is a company under German law, with share capital of €25,000 and headquartered at Theodor-Stern-Kai 1, 60596 Frankfurt am Main.
This entity is responsible for selling the Group's products in Germany.
As of 31 December 2012, it generated revenue of €348K and a net loss of €64K.

EOS Image Inc.:
Based in Canada, EOS Image Inc. is a company incorporated in view of of Part IA of the Quebec Companies Act, and the registered office of which is located at 3630 Montée St. Hubert, Montreal, Quebec, Canada.
This entity is responsible for marketing the Group's products in Canada.
As of 31 December 2012, it generated revenue of CA$768K (i.e. €598K) and a loss of CA$184K (i.e. €143K).

For FY 2012, EOS Imaging SA billed its subsidiaries management fees of €938K and interest on current accounts of €35K.

2.17.5. Manner in which foreign subsidiaries take account of the impact of their business activities on regional development and the local population:

The employees of foreign subsidiaries have all been hired from local labour markets.

3. INFORMATION ON THE COMPANY'S CAPITAL

On 31 December 2012, the share capital was €174,024.29, split into 17,402,429 shares, each with a par value of €0.01.

4. EMPLOYEE SHAREHOLDING AT THE REPORTING DATE

Pursuant to the provisions of Article L. 225-102, we hereby inform you that no employee savings plan has been established for company employees.

However, company employees have been granted stock options, which as of the reporting date stood as follows:

	2009 Plan	2010 Plan	2010 Plan	2012 Plan
Plan issue date	12/02/2009 AGM	09/04/2010 AGM	09/04/2010 AGM	16/01/2012 AGM
Date awarded	Board of Directors 07/07/2009	Board of Directors 06/07/2010	Board of Directors 20/05/2011	Board of Directors 21/09/2012
Current as at 31/12/2012	495,389	323,500	49,625	376,916

It must also be noted that, using the authorisation granted by the Extraordinary General Meeting of 16 January 2012, the Board of Directors on the same day granted 360,000 free shares to a member of management.

5. INFORMATION ON CORPORATE OFFICERS

5.1. List of offices held by corporate officers

We hereby present you with the following list of all the offices held by each corporate officer during the financial year.
The table below presents the information on the membership of the Company's Board of Directors.

Name	Office	Main position within the Company	Start and expiry date of office
Michael J Dormer 10 rue Mercoeur 75011 Paris	Director	Chairman of the Board of Directors	Appointed director by the General Meeting of 29 June 2012 for a period of three years ending with the close of the General Meeting called to approve the financial statements for the financial year ended 31 December 2014. Appointed Chairman of the Board of Directors by the Board of Directors of 9 November 2012 for the remaining duration of his directorship.
Stéphane Sallmard 10 rue Mercœur 75011 Paris	Director	None	Reappointed director by the General Meeting of 2 December 2011 for a period of three years ending with the close of the General Meeting called to approve the financial statements for the financial year ended 31 December 2013. Reappointed by the Board of Directors of 2 December 2011 as Chairman of the Board of Directors for the duration of his directorship. Resigned as Chairman of the Board of Directors at the Board meeting of 9 November 2012, but agreed to remain as a director for the remainder of his term of office.
Marie Meynadier 10 rue Mercœur 75011 Paris	Director	CEO	Reappointed director by the General Meeting of 9 April 2010 for a period of three years ending with the close of the General Meeting called to approve the financial statements for the financial year ended 31 December 2012.
NBGI Private Equity represented by Aris Constantinides Old Change House 128 Queen Victoria Street, EC4V 4BJ, London (UK)	Director	None	Reappointed by the General Meeting of 30 June 2011 for a period of three years ending with the close of the General Meeting called to approve the financial statements for the financial year ended 31 December 2013.
CDC Entreprises represented by Marie-Laure Garrigues 137 rue de l'Université 75007 Paris	Director	None	Appointed director by the Board of Directors on 2 December 2011 for a term ending with the close of the General Meeting called to approve the financial statements for the financial year ended 31 December 2013.

UFG - Siparex represented by Marlène Rey 173-175 boulevard Haussmann 75008 Paris	Director	None	Reappointed by the General Meeting of 16 January 2012 for a term ending with the close of the General Meeting called to approve the financial statements for the financial year ended 31 December 2013.
Edmond de Rothschild Investment Partners represented by Raphaël Wisniewski 47 rue du Faubourg Saint Honoré 75008 Paris	Director	None	Reappointed by the General Meeting of 16 January 2012 for a term ending with the close of the General Meeting called to approve the financial statements for the financial year ended 31 December 2013.
Philip Whitehead Dairy Cottage Upton Grey RG25 2RE Hants (UK)	Director	None	Appointed by the General Meeting of 6 December 2010 for a period of three years ending with the close of the General Meeting called to approve the financial statements for the financial year ended 31 December 2012.
Eric Beard Drève du Caporal 9 1180 Brussels	Director	Chairman of the Audit Committee	Appointed director by the General Meeting of 29 June 2012 for a period of three years ending with the close of the General Meeting called to approve the financial statements for the financial year ended 31 December 2014. Appointed Chairman of the Audit Committee by the Board of Directors of 30 August 2012 for the remaining term of his office.

5.2. Other current offices

	Other current offices	
Name	Office	Company
Michael J Dormer	Chairman of the Board of Directors and CEO Director Director Director	Neoss Ltd Endosense SA Jenavalve GmbH Lancaster University Management School
Stéphane Sallmard	Chairman of the Board of Directors Chairman of the Board of Directors Director	DySIS Medical Ltd Imagine Eyes SARL i-Optics B.V.
Marie Meynadier	Senior Manager Senior Manager Senior Manager	EOS Imaging Inc. EOS Imaging GmbH EOS Image Inc.
Hervé Legrand	None	None

NBGI Private Equity represented by Aris Constantinides	Chairman of the Board of Directors Director Director Director Director Director Director	Advanced Cardiac Therapeutics Inc 2010 Perfect Vision AG Dysis Medical Ltd Endoscopic Technologies Inc SuperSonic Imagine SA Marshalsea Road Management Company
CDC Entreprises represented by Marie-Laure Garrigues	Non-voting director Non-voting director	Cytheris Tx Cell
UFG - Siparex represented by Olivier Denigot	Member of the Management Board Director Director Director Director Director Non-voting director Non-voting director	UFG-Siparex Biospace lab Easyvoyage Mastrad Roctool SecurActive ASK Ipanema
Edmond de Rothschild Investment Partners represented by Raphaël Wisniewski	Director Director Director Director Director Director Director Member of the Management Board	Poxel Genticel Implanet MdxHealth Cellnovo Regado Biosciences Edmond de Rothschild Investment Partners
Philip Whitehead	Manager Manager Manager Manager Vice-President Vice-President Director Manager Manager Manager Manager	Time Spent Property Developments Ltd Linx Printing Technologies Ltd Danaher UK Industries Ltd Hoddington Inns Ltd Tektronix UK Holdings Ltd Tektronix UK Ltd Hampshire Hospitals Foundation Trust DH Denmark Holding ApS Lauchchange Holding Company Lauchchange Operations Limited Vision Systems Pty Ltd
Eric Beard	Executive Chairman	Cellnovo Ltd

5.3. Compensation and benefits in kind received by each corporate officer

The compensation paid to each corporate officer by the Company or by companies controlled by the Company as per Article L. 233-16 of the French Commercial Code is summarised in the table below:

Marie Meynadier	Fixed compensation paid	153 844 €	161 535 €
	Benefits in kind	12 987 €	13 680 €
	Variable compensation paid	56 689 €	91 291 €
	Total compensation paid	**223 520 €**	**266 506 €**
	No. of stock options granted	- €	360 000
	Fair value of stock options granted	**- €**	**1 854 000 €**
Hervé Legrand	Fixed compensation paid	152 917 €	172 550 €
	Benefits in kind		
	Variable compensation paid	26 901 €	14 360 €
	Total compensation paid	**179 818 €**	**186 910 €**
	No. of stock options granted	- €	37 648
	Fair value of stock options granted	**- €**	**60 613 €**

6. MATERIAL EVENTS AFTER THE REPORTING DATE (TO THE DATE OF DRAFTING OF THIS REPORT)

See Section 1.7., above.

7. DISCHARGE – RESOLUTIONS

We would ask you to approve the special report of the Statutory Auditors on the agreements falling within the scope of Article L. 225-38 of the French Commercial Code.

Furthermore, we would draw attention to the fact that the list and purpose of ordinary agreements entered into in the normal course of business that, by virtue of their purpose or financial implications, are material for the parties, and have been disclosed to the directors and to the Statutory Auditors.

Should you require any further details or explanations, please do not hesitate to contact us. We would ask that you vote in favour of the resolutions submitted to you and which cover the various aspects of our report.

Appendix 1: SUMMARY OF THE COMPANY'S RESULTS OVER THE PAST FIVE FINANCIAL YEARS

TYPE OF INFORMATION	2008	2009	2010	2011	2012
1. CAPITAL AT YEAR-END					
a. Share capital	2 759 403	74 969	116 036	116 036	174 024
b. Number of common shares in existence	4 245 235	7 496 890	11 603 559	11 603 559	17 402 429
c. Number of preferred dividend shares (without voting rights) in existence					
2. TRANSACTIONS AND PROFIT/(LOSS) FOR THE PERIOD					
a. Pre-tax sales	921 304	2 774 291	4 627 209	6 431 557	8 311 867
b. Earnings before taxes, equity holdings, amortisation and provisions	(5 458 450)	(3 003 416)	(3 634 690)	(5 949 227)	4 796 397
c. Corporation tax	(700 540)	(483 771)	(871 093)	(480 430)	(955 491)
d. Employee profit-sharing due for the period					
e. Earnings after taxes, equity holdings, amortisation and provisions	(7 720 002)	(3 361 902)	(5 241 286)	(7 227 813)	(8 302 772)
f. Appropriated earnings					
3. EARNINGS PER SHARE					
provisions	(1.12)	(0.22)	(0.20)	(0.37)	(0.20)
b. Earnings after taxes, equity holdings, amortisation and provisions	(1.82)	(0.45)	(0.45)	(0.62)	(0.48)
c. Dividend per share					
4. PERSONNEL					
a. Average workforce during the period	37	36	39	47	48
b. Payroll for the period	2 232 520	2 128 115	2 656 390	3 126 926	3 477 745
c. Total sums paid in benefits for the period	1 170 496	1 262 058	1 170 496	1 541 615	2 221 843
(Social security, social agencies, etc.)					

2012 SOCIAL AND ENVIRONMENTAL

RESPONSIBILITY REPORT

EOS imaging has begun reviewing the economic, social and environmental impact of its business. The Group's objective is to ensure its development, in view of its current needs, without compromising the ability of future generations to satisfy their own needs.

Its development has two components: social and environmental.

Some environmental issues are not applicable or are not considered relevant to the Group’s business. They are therefore not discussed in this report.

1. WORKFORCE DATA

1. Employment

As of 31 December 2012, the Group had 63 employees.

As part of its development strategy, the Group recruits large numbers of staff. It hired 12 new members of staff in 2012.
The Company did not dismiss any employees in 2012. Use of temporary contracts is extremely limited: most new hires were offered permanent contracts.

EOS imaging adheres to wage and salary standards set by law and collective-bargaining agreements. It compensation policy is based on principles of fairness and transparency, and takes into account the recipient’s role, experience and performance appraisal, without distinction based on gender.

EOS imaging is committed to gender equality in its workforce, at all levels of the company. As such, women accounted for 50% of the management team and 34% of executive staff as of 31 December 2012.

At the end of the periods under review, the Group’s workforce was as follows:

Average Group workforce	31 Dec. 2012	31 Dec. 2011	31 Dec. 2010
Number of employees	58	53	45

The workforce breaks down as follows:

By location:

Average Group workforce	31 Dec. 2012	31 Dec. 2011	31 Dec. 2010
Europe	49	47	40
% of total workforce	*84%*	*89%*	*89%*
Outside Europe	9	6	5
% of total workforce	*16%*	*11%*	*11%*

By nationality:

Average Group workforce	31 Dec. 2012	31 Dec. 2011	31 Dec. 2010
France	49	46	39
United Kingdom	1	1	1
United States	7	6	5
Canada	1	0	0

By gender:

Average Group workforce	31 Dec. 2012	31 Dec. 2011	31 Dec. 2010
Total	58	53	45
Men	35	30	ND
Women	*23*	23	ND

By type of contract:

Average Group workforce	31 Dec. 2012	31 Dec. 2011	31 Dec. 2010
Temporary	2	2	0
Permanent	*56*	51	45
Total	58	53	45

Changes – entries by type of contract:

Number of entries	31 Dec. 2012	31 Dec. 2011	31 Dec. 2010
Permanent hires	8	16	12
Temporary hires	4	3	2
Total	12	19	14

Changes – reasons for departure:

Number of departures	31 Dec. 2012	31 Dec. 2011	31 Dec. 2010
Retirement/early retirement	1	0	0
Resignation	3	4	5
Dismissal	0	1	1
Negotiated termination	1	2	1
Other	3	5	2
Total	8	12	9

The compensation of all Group employees is subject to annual review. Increases made in 2012 are reflected in personnel expenses, described in Note 15 to the consolidated financial statements.

2. Organisation of working hours

Executive staff work on an annualized contract (218 days).

EOS imaging has taken initiatives in favour of flexibility and the balance between private and professional life, including:

- flexible arrival and departure times;
- part-time work;
- broad freedom in the choice of holiday dates.

Absenteeism figures are as follows:

Breakdown by cause:

Rate of absenteeism [1]	31 Dec. 2012
Sickness	1.1%
Workplace and commuting accidents	0.1%
Maternity, paternity, adoption leave	2.3%
Paid absence (compassionate leave)	0.1%
Unpaid absences (unpaid leave, parental leave)	
Total	4.2%

[1] *number of days of absence divided by the theoretical number of days worked*

3. Industrial relations

EOS imaging strives to maintain a constructive dialogue in order to maintain harmonious industrial relations within the company.
The company's employees are represented by staff representatives elected on 11 January 2010 (non-executives) and 14 September 2012 (executives).
In 2012, two meetings of staff representatives were held.

4. Health and safety

EOS imaging aims to ensure safety and promote the health of each of its employees. The company has set up a system of provident insurance as well as a proactive approach to minimise accident risk.
The company is not aware of any accidents in 2012.

5. Training

Focused on innovation, EOS imaging works to support the professional development of its employees and implements training initiatives to develop the skills of its employees in their current or future positions.
The table below shows the number of training hours over the last two years.

Breakdown of the number of training hours by category:

Number of hours of training	31 Dec. 2012	31 Dec. 2011
Technicians	21	32
Executives	*49*	571
Total	70	602

6. Equal opportunity

EOS imaging is committed to gender equality in its workforce, at all levels of the company.

Gender equality

Women accounted for 50% of the management team and 34% of executive staff as of 31 December 2012.

31 Dec. 2012	Men	Women	Total	%
Number of permanent staff	35	23	58	92%
Number of temporary staff	5	0	5	8%
Total	40	23	63	100%

Disability
EOS imaging's workforce did not include disabled employees as of 31 December 2012.
However, the Group is committed to promoting the employment of disabled people, and to this end has concluded a contract for administrative supplies with a company employing disabled workers.

2. ENVIRONMENTAL INFORMATION

The Group consists of offices, an R&D laboratory and a small production area deemed non-polluting. The integration of EOS equipment is outsourced to a partner in France. The Group therefore considers that its activities have a limited impact on the environment.

The Group's activities are subject to environmental regulations on the use of certain hazardous substances and waste treatment, including the RoHS Directive (restriction of the use of certain hazardous substances in electrical and electronic equipment) (2002/95/EC). The application of this directive will become mandatory in June 2014, and the Group accordingly initiated a process in 2012 to ensure that its suppliers and subcontractors comply with the Directive.

In addition, to comply with the REACH (Registration, Evaluation, Authorisation and restriction of CHemicals) regulation, the Group closely monitors the so-called SVHC (Substances of Very High Concern) candidate list, updated by the European Chemicals Agency (ECHA), and takes all necessary steps with its suppliers to ensure that products brought to the market do not contain such substances in concentrations above the specified levels.

This regulation has only very limited relevance for the Group's activities. However, the Group has initiated a process to ensure that its suppliers and subcontractors comply with this regulation.

To avoid any risk of pollution, all equipment and product waste is treated by a specialist independent provider.

The company is also subject to regular monitoring of nuclear activities by France's Nuclear Safety Authority (*Autorité de sûreté nucléaire* – ASN).

The Group actively monitors change in the risks related to its social and environmental responsibility, and strives to control its direct environmental and societal impacts.

STATEMENT ON STATUTORY AUDITORS' FEES

Summary table of Statutory Auditors' fees recognised as expenses for the FY.

Pre-tax amount in thousands of euro	Ernst & Young	Lydia Bourgeois
Audit		
- EOS Imaging SA	77	27
- Fully consolidated subsidiaries	20	8
Other due diligence and services	9	
Sub-total	106	35
Other services provided		
Sub-total	0	0
Total	106	35

EOS IMAGING

10 rue Mercoeur – 75011 Paris

Paris Trade and Companies Register no. 349 694 893

Consolidated financial statements prepared under IFRS

Financial year ended on 31 December 2012

STATEMENT OF FINANCIAL POSITION

(thousands of euros)

ASSETS	Note	Financial year ended 31 December	
		2012	2011
Non-current intangible assets	4	880	724
Property, plant and equipment	5	537	546
Financial assets	6	58	154
Total non-current assets		**1 475**	**1 424**
Inventory and work in process	7	1 103	1 291
Accounts receivable	8	5 973	2 819
Other current assets	8	2 109	1 685
Cash and cash equivalents	9	26 975	1 712
Total current assets		**36 160**	**7 507**
TOTAL ASSETS		**37 635**	**8 931**

LIABILITIES	Note		
Share capital	10	174	116
Treasury shares		(336)	
Share-based bonuses		58 513	22 272
Reserves		(19 810)	(14 101)
Translation reserves		161	99
Consolidated income attributable to the parent		(7 223)	(6 653)
Total shareholders' equity		**31 478**	**1 733**
Provisions	11	129	95
Financial liabilities	12	752	721
Total non-current liabilities		**881**	**815**
Financial liabilities	13		1 923
Accounts payable - trade	13	2 330	2 441
Other current liabilities	13	2 945	2 017
Total current liabilities		**5 275**	**6 382**
TOTAL LIABILITIES		**37 635**	**8 931**

STATEMENT OF COMPREHENSIVE INCOME

(thousands of euros)

	Note	Financial year ended 31	
		2012	**2011**
Revenue from ordinary activities			
Sales	*14*	9 424	6 944
Other revenue	*14*	970	648
Total revenue from ordinary activities		**10 394**	**7 592**
Operating expenses			
Direct cost of sales		(5 659)	(4 987)
Indirect cost of production and service	*17*	(1 588)	(1 629)
Research and development	*17*	(2 164)	(1 915)
Sales and marketing	*17*	(4 224)	(3 243)
Regulatory		(670)	(260)
Administration	*17*	(2 381)	(2 117)
Share-based payments	*16*	(1 404)	(58)
Total operating expenses		**(18 090)**	**(14 208)**
OPERATING INCOME		**(7 697)**	**(6 616)**
Financial expenses	*18*	(216)	(79)
Financial revenue	*18*	689	41
INCOME FROM ORDINARY ACTIVITIES BEFORE INCOME TAXES		**(7 223)**	**(6 653)**
Income tax expense	*19*		
NET INCOME FOR THE PERIOD - Attributable to the parent		**(7 223)**	**(6 653)**
Translation adjustment on foreign entities		161	99
COMPREHENSIVE INCOME FOR THE PERIOD		**(7 062)**	**(6 554)**
Basic and diluted net income per share (in €)	*22*	(0,43)	(0.57)

STATEMENT OF CHANGES IN EQUITY

(thousands of euros)

EOS IMAGING shareholders' equity	Capital	Share-based bonuses	Treasury shares	Consolidated reserves	Translation reserves	Consolidated income attributable to the parent	Total
31/12/2010	**116**	**22 272**		**(9 396)**	**82**	**(4 762)**	**8 312**
Appropriation of income from the previous year				(4 762)		4 762	
Change in translation adjustments					17		17
Capital increase							
Capital decrease							
Income for the current period						(6 653)	(6 653)
Share-based payments				58			58
31/12/2011	**116**	**22 272**		**(14 100)**	**99**	**(6 653)**	**1 733**
Appropriation of income from the previous year				(6 653)		6 653	
Change in translation adjustments					62		62
Capital increase	58	36 241					36 299
Income for the current period						(7 223)	(7 223)
Share-based payments				943			943
Treasury shares			(336)				(336)
31/12/2012	**174**	**58 513**	**(336)**	**(19 810)**	**161**	**(7 223)**	**31 478**

STATEMENT OF CASH FLOWS

(thousands of euros)

		Financial year ended 31	
	Note	**2012**	**2011**
CASH FLOWS RELATED TO OPERATING ACTIVITIES			
Consolidated net income		(7 223)	(6 653)
Elimination of amortisation and provisions		503	576
Calculated revenue and expenditure related to share-based payments	16	943	58
Internal financing capacity		**(5 777)**	**(6 020)**
Change in working capital requirements related to operations		**(2 554)**	**2 089**
Inventory and work in process		*186*	*136*
Accounts receivable		*(3 173)*	*(46)*
Other current assets		*(424)*	*1 368*
Accounts payable - Trade		*(108)*	*746*
Other current liabilities		*965*	*(116)*
Net cash flow related to operating activities		**(8 331)**	**(3 931)**
CASH FLOWS RELATED TO INVESTMENT ACTIVITIES			
Acquisitions of property, plant and equipment and non-current intangible assets	4 - 5	(585)	(652)
Disposals of property, plant and equipment and non-current intangible assets			22
Change in financial assets		96	(94)
Net cash flow related to investment activities		**(490)**	**(724)**
CASH FLOWS RELATED TO FINANCING ACTIVITIES			
Capital increase		36 299	
Reimbursable advances and financial interest		32	412
Acquisition of treasury shares		(540)	
Disposal of treasury shares		205	
Bond issue		(1 923)	1 923
Net cash flow related to financing activities		**34 072**	**2 335**
Impact of currency rate fluctuations		12	118
Change in cash		**25 263**	**(2 202)**
Cash and cash equivalents at beginning of period	9	1 712	3 915
Cash and cash equivalents at close of period	9	26 975	1 712
Change in cash		**25 263**	**(2 202)**

NOTES TO THE FINANCIAL STATEMENTS

Note 1 : The company

Established in 1989, EOS Imaging SA develops and markets a new very low radiation dose medical imaging system, in 2D and 3D, of the whole body and in particular the osteo-articular system.

For the purposes of its international development, the company established three subsidiaries:

- EOS Imaging Inc. in the United States in June 2006;
- EOS Image Inc. in Canada in August 2000;
- EOS Imaging GmbH in Germany in May 2008.

The company was floated on the NYSE Euronext regulated market in Paris on 15 February 2012.

Note 2 : Approval of financial statements

The annual consolidated financial statements as of 31 December 2012 of EOS Imaging were approved by the Board of Directors on 18 April 2013.

Note 3 : Accounting policies and principles

Basis of preparation of financial statements

The financial statements are presented in thousands of euros.

Numbers are rounded for the purposes of calculating certain financial data and other information contained in these financial statements. As a result, the totals specified in certain tables may not be the exact sum of the preceding numbers.

The financial statements are prepared on the historical cost basis, except for financial assets measured at fair value. When preparing financial statements under IFRS, it is necessary to make estimates and assumptions that affect the amounts and the information provided in the financial statements. Actual results may differ substantially from these estimates on the basis of different assumptions or conditions and, where appropriate, a material sensitivity analysis may be carried out. The main line item affected is the one relating to share-based payments (see Note 16).

The going concern principle was applied in view of the following:

- The company's long-term loss-making stems from the innovative nature of the products it develops, which involve research and development over several years. The company has now entered the stage of active marketing of its products;

- Cash available as at 31 December 2012 of €27 million should allow the company to continue its development through to profitability.

Basis of accounting

Pursuant to European regulation no. 1606/2002 of 19 July 2002, the consolidated financial statements of EOS Imaging were prepared pursuant to IFRS standards and interpretations as endorsed by the European Union as of 31 December 2011.

These are available on the website of the European Commission: http://ec.europa.eu/internal_market/accounting/ias/index_fr.htm.

The accounting principles applied to prepare the annual consolidated financial statements for the financial year ended 31 December 2012 are unchanged from those used for the financial year ended 31 December 2011 except for the application of the following new standards, amendments to standards and interpretations endorsed by the European Union, whose application is mandatory as from 1 January 2012, but which have no impact on the Group's financial statements:

- amendment to IFRS 7 "Disclosures", entitled "Transfers of Financial Assets";
- Amendment to IAS 12 "Deferred Tax: Recovery of underlying assets".

In addition, the group elected not to apply early the following new standards, amendments to standards and interpretations that had not yet been endorsed by the European Union or were not yet mandatory as of 31 December 2012.

The standards adopted by the European Union but not yet mandatory as of 31 December 2012 are as follows:

- IFRS 10 "Consolidated Financial Statements", IFRS 11 "Partnerships", IFRS 12 "Disclosure of Interests in Other Entities" and IAS 28 "Investments in Associated Companies and Joint Ventures" standards body for consolidation;
- IFRS 13 "Fair Value Measurement";
- IAS 19 "Employee Benefits";
- amendment to IAS 1 "Presentation of Line Items for Other Total Income";
- amendment to IAS 32 "Offsetting Financial Assets and Financial Liabilities";
- amendment to IFRS 7 "Disclosures on Offsetting Financial Assets and Financial Liabilities";
- IFRIC 20 "Stripping Costs".

Standards not yet adopted by the European Union are:

- IFRS 9 "Financial Instruments";
- The amendments to the transitional provisions of IFRS 10, 11 and 12;
- annual improvements (2009-2011) of IFRS: IAS 1 "Presentation of Financial Statements", IAS 16 "Tangible assets" and IAS 32 "Financial Instruments - Presentation", IAS 34 "Interim Financial Reporting";
- Amendments to IFRS 10, IFRS 12 and IAS 27 - Investment Entities.

Management does not anticipate that the application of these standards will have a material impact on the consolidated financial statements.

Consolidation methods

A subsidiary is any entity over which the company has the power to direct the financial and operating policies, this power generally deriving from ownership of more than half the voting rights. Subsidiaries are fully consolidated from the date on which the company acquires control of them. They are deconsolidated from the date on which control is no longer exercised.

Inter-company transactions and balances are eliminated. The accounting methods of the subsidiaries match those of the company.

As at the date of publication of these financial statements, the Company has three subsidiaries in which it has a 100% holding: EOS Imaging Inc, EOS Image Inc and EOS Imaging Gmbh. Accordingly, the company presents consolidated financial statements for the financial year ended 31 December 2012 that encompass the financial statements of its subsidiaries.

Net investment in a foreign operation

Receivables *vis-à-vis* consolidated foreign subsidiaries where settlement is not foreseeable are deemed to represent a net investment in foreign currencies. To this end and pursuant to IAS 21, foreign currency gains and losses on these receivables in functional currencies translated into euros for consolidation purposes were recognised under other comprehensive income.

Non-current intangible assets

Pursuant to the criteria laid down in IAS 38, acquired intangible assets are recognised as assets at acquisition cost in the statement of financial position.

3.1.1. Research and development expenses

The company develops two types of products for which new versions are regularly released.

Research expenses are systematically expensed.

Pursuant to IAS 38, development expenses are recognised as non-current intangible assets if and only if all the following criteria are satisfied:

(a) technical feasibility necessary to complete the development project;

(b) the company intends to complete the project and put it to use;

(c) ability to use the intangible assets;

(d) demonstration of the likelihood of future economic benefits flowing from the asset;

(e) availability of technical, financial and other resources to complete the project; and

(f) reliable measurement of development expenses.

Pursuant to this standard, up to 1 January 2008 the company expensed all its R&D expenses.

Since 1 January 2008, expenses relating to the development of new functionality for the EOS and STEREOS products are capitalised. On the other hand, the cost of research and of improving existing functionality continues to be expensed as incurred.

Capitalised development costs, which primarily comprise employee benefit expenses, are amortised on a straight-line basis:

- over one to five years, for EOS products, estimated on the basis of the average lifespan of new features;

- over three years for sterEOS products. This is the estimated average lifespan of new functionality offered by each new version released.

3.1.2. Patents

The costs of filing valid patents, incurred by the company until they are granted, are recognised as non-current intangible assets by virtue of the fact that they satisfy the capitalisation criteria set out in IAS 38. They are amortised on a straight-line basis from issuance of the patents over their lifetime, namely 20 years.

3.1.3. Software

Software licence acquisition costs are recognised as assets on the basis of the costs incurred to acquire them and to get the software in question up and running. They are amortised on a straight-line basis over a period of one year.

Property, plant and equipment

Items of Property, plant and equipment are recognised at acquisition cost. Major improvements and refurbishments are capitalised, while repair and maintenance expenses and the cost of other refurbishment work are expensed as incurred.

Items of Property, plant and equipment are depreciated on a straight-line basis over the estimated useful lives of the assets. Leasehold improvements are depreciated over the shorter length of their own useful lives or the length of the lease.

The following depreciation periods are used:

Industrial and laboratory equipment	Four years
Fixtures and fittings	Ten years
Office and computer equipment	Three years
Office furniture	Five years

Financial assets

Financial assets include available-for-sale financial assets, held-to-maturity investments, loans and receivables and cash and cash equivalents.

The measurement and recognition of financial assets and liabilities are defined in IAS 39 “Financial instruments: posting and valuation".

3.1.4. Available-for-sale financial assets

Available-for-sale financial assets primarily consist of capitalised securities that do not satisfy the definition of other categories of financial assets. They are measured at fair value and changes in value are recognised in equity.

The fair value represents the market price of listed securities or an estimate of the value in use for unlisted securities, determined using the most appropriate financial criteria for each individual security. Where there is an objective indication of the impairment of these securities, the cumulative loss that had been recognised in equity is taken to income.

3.1.5. Held-to-maturity investments

These securities are exclusively securities with fixed or determinable payments and with fixed maturities, other than loans and receivables, which the company has the intention and ability to hold to maturity. Subsequent to initial recognition at fair value, they are measured and recognised at amortised cost using the effective interest rate method.

Held-to-maturity investments are monitored for objective indications of impairment. Financial assets are impaired when the book value exceeds the recoverable amount estimated during impairment testing. Any impairment loss is recognised in income.

3.1.6. Loans and receivables

This category includes receivables from equity interests, other loans and receivables and trade receivables.

These instruments are initially recognised at fair value and subsequently at amortised cost calculated using the effective interest rate method. Short-term receivables without declared interest rates are measured at the amount of the original invoice so long as the application of an implied interest rate is not material.

For floating-rate loans and receivables, periodic cash flow re-estimations, to reflect changes in market interest rates, change the effective interest rate and accordingly the valuation of the loan or receivable.

Loans and receivables are monitored for objective indications of impairment. Financial assets are impaired when the book value exceeds the recoverable amount estimated during impairment testing. Any impairment loss is recognised in income.

Loans and receivables also include deposits and guarantees, classified as long-term investments in the statement of financial position.

3.1.7. Financial assets at fair value through profit or loss

Assets deemed to be held for trading include assets that the company intends to re-sell in the short-term for capital gains, which are part of a portfolio of financial instruments managed together and for which there is a recent pattern of short-term profit-taking. Trading assets may also include assets voluntarily placed in this category, regardless of the above criteria (designated at “fair value”).

Recoverable amount of non-current assets

Property, plant and equipment and non-current intangible assets with definite useful lives are tested for impairment when it is doubtful that their book value will be recovered. An impairment loss is recognised for the amount by which the book value exceeds the recoverable amount of the asset. The recoverable amount of an asset is the higher of the fair value less costs to sell or the value in use.

Inventory and work in process

Inventories are recognised at the lower of cost or net realisable value. In the latter case, the impairment loss is expensed.
Inventories are measured using the weighted average unit cost method.

Cash, cash equivalents and financial instruments

Cash and cash equivalents are held to meet short-term cash commitments rather than for investment or other purposes. They are readily convertible into a known amount of cash and are subject to an insignificant risk of a change in value. Cash and cash equivalents comprise immediately available liquid assets, readily saleable term investments and short-term investments. They are measured under the IAS 39 categories to which they belong.

Short-term investments are readily convertible into a known amount of cash and are subject to an insignificant risk of a change in value. They are measured at fair value and changes in value are recognised under financial profit (loss).

Capital

Common shares are classified in equity. Costs of capital transactions directly attributable to the issue of new shares or options are recognised in equity as a deduction from the proceeds of the issue.

Share-based payments

Since its founding, the company has established a number of remuneration plans settled in equity instruments in the form of stock options granted to employees of EOS Imaging in France.

The company has applied IFRS 2 to all equity instruments granted to employees since 2007.

Pursuant to IFRS 2, the cost of transactions settled in equity instruments is expensed, offset by an increase in equity over the period in which the rights to receive equity instruments vest.

Since all options issued vest when an employee leaves, there is no vesting period and the fair value of plans is fully recognised as of the reporting date of the financial year in which the plan was granted.

The fair value of stock options granted to employees is determined using the Black-Scholes option pricing model as described in Note 16.

Measurement and recognition of financial liabilities

3.1.8. Financial liabilities at amortised cost

Borrowings and other financial liabilities are initially measured at fair value and subsequently at amortised cost, calculated using the effective interest rate.

Transaction costs directly attributable to the acquisition or issue of a financial liability are deducted from said financial liability. These costs are subsequently amortised on an actuarial basis over the term of the liability, on the basis of the effective interest rate. The effective interest rate is the rate that equates the expected future cash outflows to the net present book value of the financial liability in order to calculate its amortised cost.

3.1.9. Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss are measured at fair value.

Grants and regulated government subsidies

The company has received a certain number of aids, in the form of grants and regulated government subsidies. Details of this aid can be found in Note 12.

The subsidies are recognised where there is reasonable assurance that:

- the company will comply with any conditions attached to these subsidies; and
- the subsidies will be received.

Forgivable loans are treated like government subsidies where there is reasonable assurance that the company will satisfy the conditions for loan forgiveness. Otherwise, they are classified as liabilities.

A government subsidy that becomes receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the company with no future related costs, shall be recognised in income in the period in which it becomes receivable.

Provisions

3.1.10. Provisions for contingencies and losses

Provisions for contingencies and losses represent commitments arising from sundry risks and disputes, the timing and amount of which are uncertain, that the company may face in the course of its business activities.

A provision is recognised where the company has a legal or constructive obligation to a third party arising from a past event that is likely or certain to result in an outflow of resources to this third party, with no equivalent consideration to be expected from it, and where the future cash outflows can be reliably estimated.

The amount of provision funded is the best estimate of the expenditure required to settle the obligation, where necessary discounted at the reporting date.

3.1.11. Warranty provision

Sales are covered by a warranty period of at least one year. The assessment of the cost of the warranty as well as the likelihood that these costs will be incurred are based on an analysis of historical data. The provision represents the cost of maintaining systems under warranty, for a maximum one-year warranty period and for the remaining period at the reporting date for all systems sold.

3.1.12. Pension liabilities

Company employees enjoy the pension benefits provided for by law in France:

- receipt of a retirement lump sum, paid by the company upon their retirement (defined benefit scheme);

- payment of pension benefits by social security schemes, financed out of contributions by employers and employees (state-run defined contribution scheme).

For defined benefit schemes, pension benefit costs are estimated using the projected unit credit method.
Under this method, pension costs are recognised in income in a manner that staggers them evenly over the length of service of employees.
Pension liabilities are measured at the present value of future payments estimated on the basis of the market rate of long-term investment-grade corporate bonds with maturities matching the estimated duration of the scheme.

The company retains actuaries to carry out an annual review of the valuation of these schemes.
The company's payments for defined contribution schemes are expensed in the period to which they relate.

Employees of subsidiaries do not enjoy pension benefits.

Revenue from ordinary activities

3.1.13. Revenue

The company's revenue is generated from the sale of medical imaging equipment and related services.

Revenue represents the fair value of the consideration received or receivable for the goods sold in the normal course of the company's business activities. Revenue is net of value added tax, product returns, rebates and discounts, and less inter-company sales.

The company recognises income once it can be reliably measured, it is likely that the future economic benefits will flow to the company and that the specific criteria have been satisfied for the company's business activities.

In the case of equipment sales, revenue is recognised when the contract specifies that title is transferred, which, depending on the case, may be upon shipping, installation or delivery.

Equipment sales are covered by a warranty. Only income relating to the warranty period exceeding one year is deferred, and recognised in income in the relevant period, warranties of up to one year not being sold separately.

3.1.14. Other income

3.16.2.1 Subsidies

Since its founding, the company has, by virtue of its innovative nature, received a certain number of aids or subsidies from the government or local authorities to defray its running costs or the cost of certain new hires. Subsidies are recognised in income as and when the associated expenses are incurred, independently of when they are actually received.

3.16.2.2 Research tax credit

Research tax credits are granted to companies by the French government to encourage them to carry out technical and scientific research. Companies demonstrating expenditure that satisfies the necessary criteria (research expenditure located in France or, since 1 January 2005, within the European Community or another State that is a part of the European Economic Area that has signed a tax agreement with France containing an administrative support clause) receive a tax credit that can be used to pay income tax due in the financial year within which the expenditure is incurred and the subsequent three financial years or, where applicable, be refunded the excess.

The company has received research tax credits since its founding. During the year it received a refund of the 2011 research tax credit. The research tax credit receivable for the 2012 financial year is €955K. The company has requested a refund under the Community SME regime in accordance with current legislation.

This financing is recognised under “Other income” in the financial year in which the corresponding expenses are posted. The portion of financing relating to capitalised expenses is deducted from the capitalised expenses in the statement of financial position and from the associated amortisation expenses in the income statement.

Leases

The group is not party to any finance lease as per IAS 17.

Leases in which a significant part of the risks and benefits are retained by the lessor are classified as operating leases. The payments made under these operating leases, net of any incentive, are expensed on a straight-line basis over the term of the lease.

Income tax

Deferred tax is recognised in line with the broad interpretation and using the liability method, for any timing differences between the tax and accounting bases of assets and liabilities in the financial statements. The main timing differences are associated with tax losses available for carry-forward. The tax rates enacted as of the reporting date are used to determine the deferred taxes.

Deferred tax assets are only recognised where it is likely that there will be sufficient future earnings to absorb the tax loss carry-forwards. Given its stage of development, which means that it is not possible to produce sufficiently reliable earnings forecasts, the company does not recognise net deferred tax assets.

Segment information

The company primarily operates in France and North America

Research and development costs, production costs, regulatory expenses and the bulk of marketing and administrative costs are incurred in France.

At present, these costs are not accurately broken down by region in which the company’s products are marketed. As a result, the company’s performance is currently assessed on a consolidated basis.

Non-current assets and revenue by geographic region can be found in Notes 5 and 14.2, respectively.

Other comprehensive income

Components of income and expenses for the period posted directly in equity are presented, where applicable, under “Other components of total income”. These constitute euro-USD dollar and euro-CAD dollar translation differences on the portion of inter-company receivables vis-à-vis the US and Canadian subsidiaries classified as a net investment in a foreign operation.

Significant estimates and accounting judgements

Preparation of the financial statements according to the accounting standards described above requires management to make estimates and judgements based on historical information and other factors, particularly anticipated future events deemed reasonable in view of the circumstances. These estimates and judgments are primarily the valuation of stock options.

The fair value of stock options granted to employees is measured based on actuarial models. These models require the company to use a number of calculation assumptions, such as the expected volatility of the security.

Note 4 : Non-current intangible assets

Changes in non-current intangible assets may be analysed as follows:

Non-current intangible assets	31 December 2011	Increase	Reclassifications	Decrease	Exchange rate variation	31 December 2012
Development costs	1 026	328				1 353
Software	608	(1)				607
Patents	253	85				339
Gross total - non-current intangible assets	**1 887**	**412**				**2 299**
Development costs	583	230				812
Software	553	21				574
Patents	27	6				33
Total amortisation and depreciation	**1 163**	**256**				**1 419**
Net total - non-current intangible assets	**724**	**156**				**880**

Projects for which development costs have been incurred concern EOS and STEREOS equipment.

No impairment has been recognised according to IAS 36.

In the absence of indicators of impairment as at 31 December 2012 and in accordance with IAS 36, the company did not test intangible assets for impairment. The Group's business plan per project remains in line with the plan specified when the expenses were incurred.

Note 5 : Property, plant and equipment

Changes in Property, plant and equipment may be analysed as follows:

Property, plant and equipment	31 December 2011	Increase	Reclassifications	Decrease	Exchange rate variation	31 December 2012
Fixtures and fittings	593	6			(3)	596
Fittings and technical equipment	564	124				687
Office and computer equipment	393	43			(2)	434
Gross total - Property, plant and equipment	**1 549**	**173**			**(4)**	**1 718**
Fixtures and fittings	303	64			(3)	364
Fittings and technical equipment	391	70				462
Office and computer equipment	308	48			(1)	355
Total amortisation and depreciation	**1 003**	**182**			**(4)**	**1 181**
Net total - Property, plant and equipment	**546**	**(9)**				**537**

Net Non-current intangible assets and Property, plant and equipment by geographical sector are as follows:

Net Non-current intangible assets and Property, plant and equipment (in thousands of euro)	Financial year ended 31 December 2012	2011
France	1 388	1 222
North America	25	44
Rest of world	4	4
Total Non-current intangible assets and Property, plant and equipme	**1 417**	**1 270**

Note 6 : Financial and other assets

Financial assets	31 December 2011	Increase	Reclassifications	Decrease	Exchange rate variation	31 December 2012
Deposit	154	4		(100)		58
Net total - financial assets	**154**	**4**		**(100)**		**58**

The €100K security deposit paid under the factoring agreement with BNP Paribas Factor was repaid in full in 2012.

Note 7 : Inventory and work in process

Inventory and work in process (in thousands of euro)	Financial year ended 31 December 2012	2011
Inventory and finished products in process	1 103	1 291
Depreciation		
Net total of inventory and work in process	**1 103**	**1 291**

The 15% reduction in the level of inventory and work in progress over the financial year despite the growth of the business and the number of bases installed is attributable to progress made in the supply chain.

Note 8 : Trade accounts receivable and other current assets

8.1. Accounts receivable

Accounts receivable	Financial year ended 31 December	
(in thousands of euro)	2012	2011
Accounts receivable	6 100	2 945
Depreciation of accounts receivable	(127)	(127)
Net total accounts receivable	**5 973**	**2 819**

All unimpaired trade accounts receivable mature within one year.

During the financial year ended on 31 December 2012, no customer individually accounted for more than 10% of consolidated sales.

8.2. Other current assets

Other current assets may be analysed as follows:

Other current assets	Financial year ended 31 December	
(in thousands of euro)	2012	2011
Research tax credit	992	512
Advance tu suppliers	305	
Assets to receive	178	
Value added tax	379	221
Prepaid expenses	223	443
Subsidies to be received	(12)	383
Other receivables	44	125
Total other current assets	**2 109**	**1 685**

Prepaid expenses mainly relate to rent, insurance premiums and advertising costs.
The research tax credit posted on 31 December 2012 corresponds to the income posted in 2012 for expenditure incurred during the financial year.

Research tax credit

Changes in the research tax credit are as follows:

Receivables balance sheet closing on 31-12-2011	512
Revenue	955
Payments	(476)
Exchange rate variation	
Receivables balance sheet closing on 31-12-2012	992

Income and expenses recognised in 2012 correspond to collection of the RTC recorded in 2011 and the RTC recorded in 2012 for amounts of €476K and €955K respectively.

Note 9 : Cash and cash equivalents

Cash and cash equivalents	**Financial year ended 31 December**	
(in thousands of euro)	**2012**	**2011**
Short-term bank deposits	26 608	1 644
Money market funds (SICAV)	366	69
Total	**26 975**	**1 712**

Short-term bank deposits consist primarily of term deposits of up to €25 million and accrued interest amounting to €625K. The mutual funds held by the company are money market funds with limited risk (see Note 23).

Note 10 : Capital

Issued capital

The table below shows the history of the company's capital since its formation:

Date	Transaction	Capital	Issue premium	Number of shares constituting the share capital
	Creation	76 225		76 500
29/05/1998	Capital increase (category A)	381 123		382 500
30/03/1999	Capital increase (category A)	374 265	998 155	375 615
11/06/2001	Capital increase by incorporation of the reserves	3 002		
23/11/2005	Capital increase (category C)	1 036 239	3 481 763	1 036 239
23/11/2005	Cost of capital increase		(360 710)	
15/02/2007	Stock warrant conversion (category C)	575 909	2 436 095	575 909
19/03/2007	Par value increased from €1 to €2.23		(6 555 303)	
13/12/2007	Par value reduced from €1 to €0.65	(856 367)		
13/12/2007	Capital increase	477 274	4 772 736	734 267
13/12/2007	Capital increase	160 361	1 339 630	246 709
13/12/2007	Cost of capital increase		(413 669)	
20/12/2007	Capital increase through the issue of bonus shares	54 101	(54 101)	83 232
	Total at 31 December 2007	**2 282 131**	**5 644 596**	**3 510 971**
27/06/2008	Capital increase	477 272	4 772 716	734 264
27/06/2008	Cost of capital increase		(206 383)	
	Total at 31 December 2008	**2 759 403**	**10 210 929**	**4 245 235**
12/02/2009	Capital decrease by reducing the par value	(2 716 950)		
12/02/2009	Regrouping of common shares (A and B)			
12/02/2009	Conversion of C preference shares			
12/02/2009	Capital increase	20 725	4 124 275	2 072 500
03/03/2009	Capital increase	6 588		658 756
03/03/2009	Capital increase	1 107		110 732
03/03/2009	Cost of capital increase		(32 372)	
12/05/2009	Capital increase	4 054		405 392
12/05/2009	Capital increase	43		4 275
	Total at 31 December 2009	**74 969**	**14 302 832**	**7 496 890**
09/04/2010	Capital increase	41 067	8 172 271	4 106 669
09/04/2010	Cost of capital increase		(203 575)	
	Total at 31 December 2010	**116 036**	**22 271 528**	**11 603 559**
	Total at 31 Decembre 2011	**116 036**	**22 271 528**	**11 603 559**
15/02/2012	Total at 31 December 2009	57 989	39 780 248	5 798 870
	Cost of capital increase		(3 539 188)	
	Total at 31 Decembre 2012	**174 025**	**58 512 589**	**17 402 429**

As at 31 December 2012, the share capital amounted to €174,025. It is divided into 17,402,429 ordinary shares fully subscribed and paid up, with a par value each of €0.01.

All preference shares and convertible bonds issued were converted into ordinary shares at the time of the IPO on 15 February 2012.

Treasury shares

Under the liquidity contract signed following the IPO, the Company held 53,856 treasury shares on 31 December 2012. These shares are deducted from shareholders' equity in the amount of €336K.

Stock options

Using the authorisation granted by the Extraordinary General Meeting of 16 January 2012, the Board of Directors on the same day granted 360,000 free shares to a member of management.

Using the authorisation granted by the Extraordinary General Meeting of 16 January 2012, the Board of Directors granted 376,916 stock options to Group employees on 21 September 2012.

The company issued the following stock option plans:

Type	Date granted	Strike price	In progress at 31.12.2012
SO 2009	07/07/2009	1.00 €	495 389
SO 2010	06/07/2010	1.00 €	323 500
SO 2010	20/05/2011	1.00 €	49 625
Free shares	15/02/2012		360 000
SO 2012	21/09/2012	4.07 €	376 916
			1 605 430

The impact on the statement of comprehensive income of share-based payments is presented in Note 16.

Note 11 : Provisions

Retirement payment commitments

	31 December 2011	Appropriations	Reversals	31 December 2012
Retirement payment	95	49	(15)	129
Total	**95**	**49**	**(15)**	**129**

Calculations of retirement payment commitments are based on the following assumptions:

Valuation date	31/12/2012	31/12/2011
Retirement methods	*For all employees*: voluntary departure at 65	*For all employees*: voluntary departure at 65
Payroll tax rate	52%	52%
Discount rate	2.80%	4.30%
Mortality tables	INSEE TH / TF 2007 – 2009	INSEE TH / TF 2007 – 2009
Rate of salary increase (including inflation)	3%	3%
Turnover rate	Average rate of 25%, smoothed by age category	Average rate of 25%, smoothed by age category

The rights of the company's employees in France are defined by the following collective bargaining agreements:

- Accords Nationaux de la Métallurgie (National Metallurgy Industry Agreements) (executives and non-executives)
- Regional Metallurgy Industry Agreement: Paris region (non-executives only).
-

Note 12 : Non-current financial liabilities

In the context of its participation in the Industrial Strategic Innovation project [in France], the company received a reimbursable advance from OSEO in July 2009, for a maximum of €1,275K.

As at 31 December 2012, payments made totalled €680K.

Reimbursements will be made according to the company's operating profit/loss, i.e. 0.5% of revenue from sales of products from the project, from the year following the year in which the company achieves aggregate sales of €30 million, then 0.75% once aggregate sales reach €50 million. The advance will be considered as fully reimbursable when the total payments made discounted at a rate of 4.47% equals the total amount of the aid paid discounted at the same rate. As a result, this advance is entered in the balance sheet liabilities in the amount of €752K.

Note 13 : Financial liabilities and other current liabilities, trade accounts payable

Financial liabilities

Following the company's stock exchange listing, at its meeting of 15 February 2012 the Board of Directors noted the conversion of 957,933 convertible bonds issued on 2 December 2011 into 278,870 ordinary shares.

Accounts payable - Trade

Accounts payable - Trade (in thousands of euro)	**Financial year ended 31 December** **2011**	**2011**
Accounts payable - trade	2 330	2 441
Total	**2 330**	**2 441**

This item has not been discounted since the amounts are not due for more than one year at the end of each period.

Other current liabilities

13.1.1. Provisions under one year

	31 December 2011	Appropriations	Estimated liabilities	31 December 2012
Customer warranties	318	208	(177)	349
Total	**318**	**208**	**(177)**	**349**

The increase in the provision for warranties in 2012 is related to the revaluation of maintenance costs for equipment under warranty, as well as the number of items of equipment under warranty, in view of the equipment sold during the period.

13.1.2. Other current liabilities

Other current liabilities (in thousands of euro)	**Financial year ended 31 December** **2011**	**2011**
Tax liabilities	269	170
Social security liabilities	1 549	1 074
Research Tax Credit financing by OSEO		
Other liabilities	491	283
Deferred revenue	287	172
Total other current liabilities	**2 597**	**1 699**

Employee-related charges relating to payroll taxes and paid holidays payable.
Other liabilities consist primarily of royalties payable, i.e. €311K, including €177K for sales made in 2012.

Financial instruments on the statement of financial position and impact on income

Financial year ended on 31 December 2012	Balance sheet value	Fair value through the income statement	Loans and receivables	Debt measured at amortised cost	Non-financial instruments
Non-current financial assets	58		58		
Accounts receivable	5 973		5 973		
Other current assets	2 109				2 109
Cash and cash equivalents	26 975	26 975			
Total assets	**35 115**	**26 975**	**6 031**	**-**	**2 109**
Long-term financial liabilities	752			752	
Short-term financial liabilities	-			-	
Accounts payable - trade	2 330			2 330	
Other current liabilities	2 945				2 945
Total liabilities	**6 027**	**-**	**-**	**3 082**	**2 945**

Fair value through the income statement (in thousands of euro)	**Financial year ended 31 December** 2012	2011
Losses on cash equivalents		(15)
Revenue from cash equivalents	653	15
Fair value through the income statement	**653**	

Note 14 : Revenue from ordinary activities

Sales and other revenue

Sales and other revenue (in thousands of euro)	**Financial year ended 31 December** 2012	2011
Sales of equipment	8 534	6 266
Sales of services	890	678
Sales	**9 424**	**6 944**
Subsidies	14	170
Research tax credit	955	477
Total revenue from ordinary activities	**10 394**	**7 591**

Annual revenue in 2012 was €9.42 million, up 36% compared with the previous financial year.

21 units of EOS equipment were sold in 2012, against 16 in 2011. Revenue from equipment sales increased by 36% to €8.52 million, while sales of services increased by 30% to €0.88 million. Over the year, the average selling price per system was €406K, against €392K in 2011.

The increase in the Research Tax Credit in 2012 is explained by the increase in research expenditure incurred during the financial year, as well as by a lower level of cash subsidies, which had automatically reduced the RTC for the previous financial year.

Sales by geographical area

Sales by geographical area (in thousands of euro)	**2011**	**2011**
France	1 687	3 097
North America	4 339	2 018
Europe	2 440	822
Rest of world	959	1 007
Total sales by geographical area	**9 424**	**6 944**

The Group continued its international sales momentum in 2012, sales of which accounted for more than 80% of revenue for the financial year.

Revenue on the North American continent totalled €4.34 million, up 115% compared with 2011.

Revenue in Europe was €4.13 million, up 5%. This performance reflects an interruption of sales in France, offset by sales multiplied by three in other European countries.

Note 15 : Payroll

Payroll	**Financial year ended 31 December**	
(in thousands of euro)	**2012**	**2011**
Salaries	4 477	3 558
Payroll taxes	2 246	1 657
Retirement commitments	34	32
Share-based payments	1 404	58
Total payroll	**8 160**	**5 304**
Workforce	**58**	**54**

The €2.85 million increase in personnel expenses during the year is attributable to a €1.5 million increase in payroll costs and to €1.35 million in charges related to payments in shares, which reflect allocations of bonus shares and stock options made in 2012 (see Notes 10.3 and 16).

The Group headcount on 31 December 2012 was 63 people, against 57 on 31 December 2011.

The items presented above do not take into account development expenditures incurred under IAS 38 (see Note 3.4.1).

Note 16 : Share-based payments

Share-based payments concern stock options granted to employees. Acquisition of options is not tied to performance conditions.

Options are granted for a period of ten years from the date of allocation and may only vest under the following conditions:

For allocations from 2007 to 2011:

- 25% of the options granted from the allocation date;
- 25% more on each anniversary date following allocation.

For the allocation in 2012:

- 25% of the options granted one year after the allocation date;
- 25% more on each anniversary date following allocation.

The main assumptions used to determine the charge resulting from share-based payments applying the Black-Scholes options valuation model were:

- Expected maturity: 5.5 to 7 years;
- Dividend rate: zero;
- Volatility equal to the average historical volatilities of a panel of comparable listed companies:

	SO 2007	SO 2009 (a)	SO 2010 (a)	SO 2010 (b)	SO 2012
Volatility	39.93%	40.57%	35.13%	38.06%	40.98%

- Risk-free interest rate corresponding to the government borrowing rate on the dates the options were granted:

	SO 2007	SO 2009 (a)	SO 2010 (a)	SO 2010 (b)	0
Risk-free rate	4.60%	2.68%	2.43%	3.11%	1,32% to 1,77%

The strike prices, estimated life and fair value of underlying shares on the date of allocation of warrants were used to value each category of share-based payments:

Type	Option fair value	Number of shares granted	Juste valeur plan (en milliers d'euros)
SO 2007	5.26 €	255 900	1 345
SO 2009 (a)	0.47 €	395 845	487
SO 2009 (b)	1.49 €	200 657	299
SO 2010 (a)	1.04 €	413 500	429
SO 2010 (b)	1.09 €	53 000	58
Free shares	5.15 €	360 000	1 854
SO 2012	:ween 1,61€ & 1,84€	376 916	651
Total			**5 123**

In the case of employees leaving the company, options vest and become exercisable before the exercise date. Therefore there is no vesting period and the fair value of the plan is recognised immediately and in full at the end of the financial year during which the plan was granted:

(in thousands of euro)	SO 2007	SO 2009 (a)	SO 2009 (b)	SO 2010 (a)	SO 2010 (b)	Free shares	SO 2012	Total
31/12/2007	1 345							1 345
31/12/2009		487	299					786
31/12/2010				429	58			487
01/01/2012						852	91	943
Total	**1 345**	**487**	**299**	**429**	**58**	**852**	**91**	**3 561**

Detailed information on the number of options by class and the strike price is given in Note 10.3.

Note 17 : Breakdown of expenditure by function

Direct costs of goods and services

Direct cost of sales	Financial year ended 31 December	
(in thousands of euro)	2 012	2 011
Purchasing and subcontracting	4,985	4,363
Payroll	469	400
Royalties	174	127
Provisions	31	97
Total direct costs of sales	**5,659**	**4,987**

Direct costs of sales consist primarily of costs of production, transportation, and installation of equipment sold during the period, as well as maintenance costs for equipment installed and maintained by EOS imaging.

As the system integration phase is sub-contracted, production costs are mainly purchasing and sub-contracting costs, the increase in which is directly related to the 31% increase in system production volumes over the period. Maintenance costs are also related to the number of systems maintained, which has doubled during the year.

The 2012 production volume, i.e. 21 equipment units produced, has not yet resulted in the optimisation of the manufacturing process or achieving significant economies of scale. However, the signing in 2011 of an equipment integration partnership agreement has reduced equipment production costs by 10%. Equally, the average cost of production observed in 2012 is 7% lower than that observed in 2011, a year in which only year-end production benefited from this agreement. In addition, the reliability of some components has significantly reduced the maintenance cost of the installed bases. These two factors combined led to an 8 percentage point improvement in the margin on direct costs.
In addition, the increasing use of cheaper shipping methods for our equipment, and in particular a growing use of maritime transport, has produced an improvement of a further one percent on the margin.

Personnel costs are the wage costs of staff dedicated to equipment installation and maintenance. Their increase during the year is attributable to the full year effect of recruitments made during 2012.

Finally, royalties paid to EOS imaging's partner laboratories under licensing agreements accounted for 2% of equipment sales.

Indirect cost of production and service

Indirect cost of production and service (in thousands of euro)	**Financial year ended 31 December** 2 012	2 011
Purchasing and subcontracting	516	596
Travel expenses	304	405
Payroll	768	628
Total indirect cost of production and service	**1 588**	**1 629**

Indirect costs of production were stable over the year. They comprise salaries and the cost of sub-contracting functions not directly involved in the production or maintenance process (purchasing management, planning management and quality control), as well as travel expenses and external purchases.

Research and development

Research and development (in thousands of euro)	Financial year ended 31 December 2012	2011
Purchasing and subcontracting	564	321
Travel expenses	24	40
Payroll	1 299	1 574
Amortisation and provisions	277	(20)
Total research and development	**2 164**	**1 915**

In FY 2012, the company continued its research into new EOS and SterEOS functionalities.

For the most part, R&D expenses posted for the period consist of the R&D team's salaries and sub-contracting costs, and the development costs component of these is entered under assets.

Amortisation of these development costs is presented under Amortisation and provisions.

Sales and marketing

Sales and marketing (in thousands of euro)	Financial year ended 31 December 2012	2011
Purchasing and subcontracting	731	654
Studies	264	208
Trade fairs and exhibitions	361	204
Travel expenses	498	394
Payroll	2 370	1 782
Total Sales and marketing	**4 224**	**3 243**

Sales and marketing expenditure increased 30% year on year. This increase is mainly due to recruitments made during the year, as well as the Group’s increased participation in medical congresses.

Regulatory

Regulatory	Financial year ended 31 December	
(in thousands of euro)	2012	2011
Purchasing and subcontracting	392	48
Travel expenses	12	11
Payroll	266	201
Total regulatory	**670**	**260**

Regulatory expenditures increased over the year by a factor of 2.5. This increase is due to the full year effect of recruitments made in 2011, and especially the sharp increase in regulatory costs incurred during the year, as part of a new approach for obtaining regulatory approvals.

Administration

Administration	Financial year ended 31 December	
(in thousands of euro)	2012	2011
Purchasing and subcontracting	377	383
Rent	197	189
Banks and insurance	97	76
Fees	536	499
Income and other taxes	107	101
Travel expenses	81	44
Payroll	815	554
Amortisation and depreciation	171	270
Total administration costs	**2 381**	**2 117**

Administration costs rose 12% in FY 2012. This increase of €264K is mainly due to the increase in payroll.

Note 18 : Financial income and expenditure

Financial income and expenditure (in thousands of euro)	Financial year ended 31 December 2012	2011
Losses on cash equivalents		(15)
Interest expenses	(43)	(17)
Exchange gain or loss	(172)	(46)
Total financial expenses	**(216)**	**(78)**
Revenue from cash equivalents	653	15
Interest income	29	
Exchange gain or loss	8	27
Total financial income	**689**	**41**
Total financial income and expenditure	**474**	**(37)**

Financial income corresponds to income from investments in funds raised through the company's IPO, in the form of term deposits.

Note 19 : Income tax expense

In accordance with current legislation, the company has the following tax losses:

- a total of €33,359K that can be carried forward indefinitely in France;
- a total of US$10,640K that can be carried forward for 20 years in the United States, equivalent to a total of €8,064K as at 31 December 2012;
- a total of CA$1,396K that can be carried forward from 2014 to 2030 in Canada, equivalent to a total of €1,062K as at 31 December 2012.

According to the prudence principle, the net deferred asset tax base of temporary liability differences was not applied, in accordance with the principles outlined in Note 3.17.

The tax rate applicable to the company is the rate in force in France, namely 33.33%.

	2012	**2011**
Consolidated net income of consolidated companies	(7 223)	(6 653)
Effective income tax expense		
Consolidated net profit/loss before taxes, goodwill and minority interests	**(7 223)**	**(6 653)**
Theoretical income tax rate	***33.33%***	***33.33%***
Theoretical income tax expense	(2 408)	(2 218)
Taxation timing differences:		
- Share-based payments	314	19
- Other non-taxable revenue (Research Tax Credit)	(318)	(161)
- Other permanent differences	(5)	3
- Unused tax losses and temporary differences	2 416	2 356
Effective income tax expense	-	-
Actual income tax rate	***0%***	***0%***

Note 20 : Commitments

Commitments under operating lease contracts

The company has a lease contract for its headquarters. The leases run for a period of nine full and consecutive years and the company only has the option to terminate the leases every three years.

Total lease payments and future expenses are broken down as follows as at 31 December 2012:

Contractual obligations (in thousands of euro)	Payments due per period			
	Within 1 year	Over 1 year and within 5 years	Over 5 years	Total
Operating lease contracts	238	782	-	1 020

The lease payments recognised as expenditure during the financial year ended on 31 December 2012 amounnt to €197K.

Note 21 : Related parties

The compensation shown below, paid to members of the company's Board of Directors and Executive Committees, is recognised as expenditure during the reporting periods presented:

	Financial year ended 31 December	
(in thousands of euro)	2012	2011
Compensation and benefits in kind	1 459	931
Share-based payments	2 324	33
Consultancy fees	124	114
Total	**3 907**	**1 078**

The valuation methods for share-based payments are presented in Note 16.

Note 22 : Earnings per share

The basic earnings per share are calculated by dividing the net income payable to the company's shareholders by the weighted average number of common or preference shares in circulation during the financial year.

(in thousands of euro)	Financial year ended 31 December 2012	2011
Net income (in thousands of euro)	(7 223)	(6 653)
Weighted average number of shares in circulatio	16 677 550	11 603 559
Net earnings per share (in euro)	**(0.43)**	**(0.57)**
Weighted average number of potential shares	17 966 428	18 793 603

Instruments giving deferred access to the company's capital (stock options) are considered to be anti-dilutive, since they imply a reduction in the loss per share. Thus, the diluted earnings per share is identical to the basic earnings per share.

Note 23 : Management of financial risk

The company's main financial instruments consist of cash assets. The aim of managing these instruments is to finance the company's operations. The company excludes the subscription of financial instruments for speculative purposes. It does not use derivatives.

The main risks to which the company is exposed are liquidity risk, exchange risk, interest rate and credit risks.

Liquidity risk

See Note 3.9

Currency risks

The purpose of the company's subsidiaries is to distribute and market the Group's products in the United States, Canada and Germany. In order to do this, they are wholly financed by the parent, with which they have service agreements and current accounts.

The main operational exchange rate risks to which the Group is exposed relate to the translation of the accounts of EOS Imaging Inc. into US dollars and the accounts of EOS Image Inc. into Canadian dollars. This means that the company is exposed to fluctuations in the euro/US dollar and euro/Canadian dollar exchange rates through its subsidiaries.

The effect of exchange rate variations as at 31 December 2012 has the same impact on the company's income and equity, as follows:

- a 10% rise in the euro against the Canadian and US dollars would have a negative impact on income of €249K;
- a 10% fall in the euro against the Canadian and US dollars would have a positive impact on income of €249K.

At this stage in its growth, the company does not use hedging strategies to protect its activity from fluctuations in exchange rates. On the other hand, it cannot rule out the possibility that a substantial increase in business would increase its exposure to exchange rate risk. In this case, the company plans to adapt appropriate hedging strategies.

Credit risk

The company ensures prudent management of its available cash. Cash and cash equivalents comprise cash and current financial instruments held by the company (essentially future accounts and to a lesser extent money market funds - SICAVs). As at 31 December 2012, the company's cash and short-term investments were essentially invested in products maturing in less than 27 months (March 2015).

In addition, the credit risk related to cash, cash equivalents and current financial instruments is not significant in view of the quality of the co-contracting financial institutions.

Finally, the credit risk related to trade receivables is limited since clients are mainly from the public sector.

Interest rate risk

The company's exposure to interest rate risk primarily concerns cash equivalents and securities. These are composed primarily of term deposits and to a lesser extent money market funds - SICAVs- as itemised in Note 9. Changes in interest rates have no impact on the earnings of deposit accounts whose return is fixed. They have a direct impact on the return on money market funds and cash flows.

As at 31 December 2012, the company's financial debts were not exposed to interest rate risk, since the debt consists of a fixed-rate advance, which is itemised in Note 12.

To date, the company has not contracted loans with credit institutions and therefore has very low exposure to interest rate risk.

Fair value

The fair value of financial instruments traded on an active market, such as available-for-sale securities, is based on the market price on the balance sheet date. The market prices used for financial assets held by the company are the market bid prices on the valuation date.

The par value, less provisions for impairment, receivables and short-term debt, is presumed to be close to the fair value of these items.

Note 24 : Fees paid to the Statutory Auditors

Summary table of Statutory Auditors' fees recognised as expenses for the FY.

Pre-tax amount in thousands of euro	Ernst & Young	Lydia Bourgeois
Audit		
- EOS Imaging SA	77	27
- Fully consolidated subsidiaries	20	8
Other due diligence and services	9	
Sub-total	106	35
Other services provided		
Sub-total	0	0
Total	106	35

Note 25 : Events after the reporting period

UFG Siparex resigned its directorship on 4 February 2013.

A tax audit for 2010 and 2011 was notified to EOS Imaging SA in February 2013.

EOS IMAGING SA FINANCIAL STATEMENTS

PREPARED ON 31 DECEMBER 2012

EOS IMAGING
Period from 01/01/2012 to 31/12/2012
ASSETS
Presented in euros
page 1
Edited on 05/04/2013

ASSETS	Financial year ended 31/12/2012 (12 months)				Previous financial 31/12/2011 (12 months)	
	Gross	Amort., depr. and prov.	Net	%	Net	%
Subscribed capital, not yet called (0)						
Fixed assets Start-up costs, Research and development						
Concessions, patents, brands, software and similar rights	1,250,845	1,054,885	195,961	0.59	170,283	2.61
Goodwill						
Other non-current intangible assets	23,584		23,584	0.07	29,549	0.45
Down-payments on intangible assets						
Land						
Buildings						
Technical installations, machinery and equipment	687,433	461,646	225,787	0.68	172,135	2.64
Other property, plant and equipment	815,819	533,784	282,035	0.85	325,715	5.00
Property, plant and equipment under construction						
Down-payments						
Equity interests accounted for under the equity method						
Other equity interests	25,072	25,072				
Receivables from equity interests	7,644,808	7,644,808				
Other long-term securities	226,195		226,195	0.68		
Loans						
Other capital assets	58,013		58,013	0.17	153,568	2.36
TOTAL (I)	***10,731,771***	***9,720,195***	***1,011,576***	3.03	***851,251***	13.06
Current assets						
Raw materials and supplies	1,011,100		1,011,100	3.03	1,201,337	18.44
Work-in-process inventory						
Services in progress Intermediate and finished goods						
Down-payments to suppliers	304,742		304,742	0.91	476	0.01
Accounts receivable	2,584,184	67,500	2,516,684	7.54	1,753,139	26.90
Other receivables						
. Supplier debit balances						
. Employees	180		180	0.00	621	0.01
. Social welfare bodies	10,449		10,449	0.03	8,271	0.13
. Government, income tax	955,491		955,491	2.86	475,627	7.30
. Government, sales tax	379,348		379,348	1.14	221,367	3.40
. Other	6,404,475	5,760,563	643,912	1.93	499,333	7.66
Subscribed called up capital, not yet paid up						
Short-term investments	366,390		366,390	1.10	68,601	1.05
Money market instruments						
Cash	25,927,446		25,927,446	77.72	1,008,819	15.48
Prepaid expenses	195,728		195,728	0.59	427,329	6.56
TOTAL (II)	***38,139,532***	***5,828,063***	***32,311,469***	96.86	***5,664,920***	86.94
Expenses capitalised, to be amortised over several periods (III)						
Bond redemption premiums (IV)						
Unrealised foreign exchange losses (V)	35,502		35,502	0,11		
TOTAL ASSETS (0 to V)	***48,906,805***	***15,548,258***	***33,358,547***	100,00	***6,516,171***	100,00

Presented in euros

EQUITY AND LIABILITIES	Financial year ended 31/12/2012 (12 months)	%	Previous financial year 31/12/2011 (12 months)	%
Equity				
Share capital (of which paid up:)	**174,024**	0.52	**116,036**	1.78
Additional paid-in capital	58,512,589	175.41	22,271,527	341.79
Revaluation of assets above historical cost				
Legal reserve	20,557	0.06	20,557	0.32
Statutory or contractual reserves				
Regulated reserves				
Other reserves				
Carried forward	(23,185,714)	(69.49)	(15,957,902)	(244.89)
Profit (loss) for the period	***(8,302,772)***	(24.88)	***(7,227,813)***	(110.91)
Subsidies for long-term investments				
Regulated provisions				
TOTAL (I)	***27,218,684***	81.59	***(777,595)***	(11.92)
Proceeds from issuance of non-voting profit-sharing securities				
Regulated government subsidies	679,383	2.04	679,383	10.43
TOTAL (II)	***679,383***	2.04	***679,383***	10.43
Provisions for contingencies and losses				
Provisions for contingencies	370,105	1.11	318,000	4.88
Provisions for losses				
TOTAL (III)	***370,105***	1.11	***318,000***	4.88
Borrowings and liabilities				
Convertible bonds			1,915,866	29.40
Other bonds				
Loans & borrowings from financial institutions				
. Loans				
. Bank overdrafts and short-term bank borrowing				
Various debts				
. Miscellaneous			7,611	0.12
. Associates	25,652	0.08	25,652	0.39
Down-payments from customers for orders in progress				
Accounts payable - trade	2,200,695	6.60	2,331,936	35,79
Taxes payable, dividends payable, liabilities to personnel and other accrued social liabilities				
. Employees	605,342	1.81	535,525	8.22
. Social welfare bodies	636,324	1.91	493,352	7.57
. Government, income tax				
. Government, sales tax	70,760	0.21	15,553	0.24
. Government, secured bonds				
. Other taxes and contributions	100,060	0.30	91,692	1.41
Liabilities on non-current assets and related accounts				
Other liabilities	772,256	2.32	200,291	3.07
Money market instruments				
Deferred revenue	204,727	0.61	56,949	0.87
TOTAL(IV)	***4,615,815***	13.84	***5,674,427***	87.08
Unrealised foreign exchange gains (V)	474,559	1.42	621,956	9.54
TOTAL EQUITY AND LIABILITIES (I to V)	***33,358,547***	100.00	***6,516,171***	100.00

EOS IMAGING	INCOME STATEMENT	page 3
Period from 01/01/2012 to 31/12/2012	Presented in euros	Edited on 05/04/2013

INCOME STATEMENT			Financial year ended year 31/12/2012 (12 months)		Change 31/12/2011 (12 months)		Previous financial absolute (12 / 12)	%
	France	Exports	Total	%	Total	%	Change	%
Sales of goods held for resale								
Sales of manufactured goods	7,672,904		7,672,904	92.31	5,807,533	90.30	1,865,371	32.12
Services rendered	638,962		638,962	7.69	624,024	9.70	14,938	2.39
Net revenue	**8,311,867**		**8,311,867**	100.00	**6,431,557**	100.00	**1,880,310**	29.24
Change in finished goods and in-progress inventory								
In-house production								
Operating subsidies			94,117	1.13	190,269	2.96	(96,152)	(50.52)
Reversal of amortisation, depreciation and provisions, expense transfers			194,442	2.34	33,370	0.52	161,072	482.69
Other income			944,125	11.36	74,143	1.15	869,982	N/S
Total operating income (I)			***9,544,550***	114.83	***6,729,340***	104.63	***2,815,210***	41.83
Inventory purchases for resale (including customs duties paid) Change in inventory of goods held for resale								
Raw materials and supplies bought			4,672,204	56.21	3,974,572	61.80	697,632	17.55
Change in inventory of raw materials and supplies bought			190,236	2.29	148,039	2.30	42,197	28.50
Other purchases and external expenses			3,475,200	41.81	3,613,789	56.19	(138,589)	(3.83)
Taxes and other contributions			106,257	1.28	101,338	1.58	4,919	4.85
Wages and salaries			3,477,745	41.84	3,126,926	48.62	350,819	11.22
Employment taxes and social security contributions			2,221,843	26.73	1,541,615	23.97	680,228	44.12
Amortisation and depreciation - non-current assets			226,098	2.72	201,069	3.13	25,029	12.45
Provisions for non-current assets								
Provisions for current assets			67,500	0.81			67,500	N/S
Provisions for contingencies and losses			207,750	2.50	96,988	1.51	110,762	114.20
Other expenses			272,095	3.27	127,443	1.98	144,652	113.50
Total operating expenses (II)			***14,916,927***	179.47	***12,931,778***	201.07	***1,985,149***	15.35
OPERATING PROFIT/LOSS (I-II)			**(5,372,377)**	(64.63)	**(6,202,439)**	(96.43)	**830,062**	13.38
Share of profit/loss from joint ventures								
Profit transferred in or loss transferred out (III) Loss borne or profit transferred out (IV)								
Financial income from controlled entities			35,407	0.43	95,956	1.49	(60,549)	(63.09)
Income from other capitalised securities and receivables								
Other interest income			681,874	8.20	14,668	0.23	667,206	N/S
Reversal of provisions and expense transfers			143,270	1.72	870,106	13.53	(726,836)	(83.52)
Foreign exchange gains			7,622	0.09	952	0.01	6,670	700.63
Gains on disposal of short-term securities								
Total financial income (V)			***868,173***	10.44	***981,681***	15.26	***(113,508)***	(11.55)
Amortisation of bond discounts, financial provisions and other impairment losses on investments			4,615,320	55.53	2,421,342	37.65	2,193,978	90.61
Interest expense			11,357	0.14	16,300	0.25	(4,943)	(30.32)
Foreign exchange losses			16,754	0.20	45,380	0.71	(28,626)	(63.07)
Losses on disposal of short-term investments								
Total financial expenses (VI)			***4,643,431***	55.87	***2,483,022***	38.61	***2,160,409***	87.01
FINANCIAL PROFIT (LOSS) (V-VI)			**(3,775,257)**	(45.41)	**(1,501,341)**	(23.33)	**(2,273,916)**	(151.45)
PROFIT(LOSS) BEFORE TAX (I + II-III-IV-V-VI)			**(9,147,634)**	(110.05)	**(7,703,779)**	(119.77)	**(1,443,855)**	(18.73)

Presented in euros

INCOME STATEMENT (cont.)	Financial year ended 31/12/2012 (12 months)		Previous financial year 31/12/2011 (12 months)		Change absolute (12 / 12)	%
Exceptional income from operations						
Exceptional income from capital transactions	62,862	0.76			62,862	N/S
Reversal of provisions and expense transfers						
Total extraordinary income (VIII)	***62,862***	0.76			***62,862***	N/S
Exceptional expenses from operations	333	0.00	180	0.00	153	85.00
Exceptional expenses from capital transactions	173,158	2.08	4,283	0.07	168,875	N/S
Unusual depreciation and regulated provisions						
Total exceptional expenses (VIII)	***173,491***	2.09	***4,463***	0.07	***169,028***	N/S
EXCEPTIONAL PROFIT (LOSS) (VII-VIII)	**(110,629)**	(1.32)	**(4,463)**	(0.06)	**(106,166)**	N/S
Employee profit-sharing (IX)						
Income tax (X)	(955,491)	(11.49)	(480,430)	(7.46)	(475,061)	(98.87)
Total income (I+III+V+VII)	***10,475,586***	126.03	***7,711,021***	119.89	***2,764,565***	35.85
Total Expenses (II+IV+VI+VIII+IX+X)	***18,778,358***	225.92	***14,938,834***	232.27	***3,839,524***	25.,70
NET PROFIT(LOSS)	**(8,302,772)** *Loss*	(99.88)	**(7,227,813)** *Loss*	(112.37)	**(1,074,959)**	(14.86)
Of which Equipment leasing						
Of which Real-estate leasing						

Note 1 : The company

Established in 1989, EOS Imaging SA develops and markets a new very low radiation dose medical imaging system, in 2D and 3D, of the whole body and in particular the osteo-articular system.

The company was floated on the NYSE Euronext regulated market in Paris on 15 February 2012.

Note 2 : Approval of financial statements

The annual consolidated financial statements as of 31 December 2012 of EOS Imaging were approved by the Board of Directors on 18 April 2013.

Note 3 : Accounting policies and principles

The 2011 annual financial statements are presented in accordance with the general rules applicable and the requirements of the General Accounting Plan, in compliance with the principles of prudence and continuity, based on the following underlying assumptions:

- Going concern
- Consistency of methods
- Independence of financial years,

The basic method used for the valuation of accounting items is the historical cost method.

The financial statements are presented in thousands of euros.

Numbers are rounded for the purposes of calculating certain financial data and other information contained in these financial statements. As a result, the totals specified in certain tables may not be the exact sum of the preceding numbers.

The financial statements are prepared on an historical cost basis. The valuation and presentation methods applied by the Group in the financial statements for the year ended 31 December 2011 are identical to those used in the previous year.

The going concern principle was applied in view of the following:

- The company's long-term loss-making stems from the innovative nature of the products it develops, which involve research and development over several years. The company has now entered the stage of active marketing of its products;
- Cash available as at 31 December 2012 of €27 million should allow the company to continue its development through to profitability.

Investment securities are recognised using the first-in-first-out method.

Note 4 : Fixed assets

4.1. Non-current intangible assets

Software licence acquisition costs are posted as assets on the basis of the costs incurred to acquire them and to get the software in question up and running. They are amortised on a straight-line basis over a period of one year.
Costs relating to the filing of currently valid patents, incurred by the company until they are granted, are posted as intangible assets. They are written off on a straight-line basis over a period of five years.

4.2. Property, plant and equipment

Items of property, plant and equipment are posted at acquisition cost. Major improvements and refurbishments are capitalised, while repair and maintenance expenses and the cost of other refurbishment work are expensed as incurred.

Items of Property, plant and equipment are depreciated on a straight-line basis over the estimated useful lives of the assets. Leasehold improvements are depreciated over the shorter length of their own useful lives or the length of the lease.

The following depreciation periods are used:

Industrial and laboratory equipment	4 years
Fixtures and fittings	10 years
Office and computer equipment	3 years
Office furniture	5 years

4.3. Capital assets

Capital assets are recognised at acquisition cost. When the current value is less than the gross value, a provision for impairment is posted for the amount of the difference.
Starting in FY 2011, it was decided to post a translation adjustment for receivables from equity interests, since the receivable on the statement of financial position was repayable in foreign currencies.

Changes in fixed assets over the year may be analysed as follows:

Changes in gross fixed assets (in €K):

Fixed assets	Gross value at start of period	Increase	Decrease	Gross value at end of period
Other non-current intangible assets	1,150	120	19	1,251
TOTAL NON-CURRENT INTANGIBLE ASSETS	1,150	120	19	1,251
Intangible assets under construction	30		6	24
TOTAL NON-CURRENT INTANGIBLE ASSETS UNDER CONSTRUCTION	30		6	24
Office and computer equipment	320	32		352
Technical installations	564	124		688
General fixtures and fittings	458	6		464
TOTAL PROPERTY, PLANT AND EQUIPMENT	1,342	162		1,504
Other equity interests	7,813		143	7,670
Loans and other long-term investments	154	231	100	284
TOTAL CAPITAL ASSETS	7,967	231	243	7,954
OVERALL TOTAL	**10,489**	**512**	**269**	**10,732**

Change in amortisation and depreciation (€)

Amortisation	Value at start of period	Acquisitions	Decreases	Value at end of period
Other non-current intangible assets	980	74		1,054
TOTAL NON-CURRENT INTANGIBLE ASSETS	980	74		1,054
Office and computer equipment	248	41		289
Technical installations	391	70		462
General fixtures and fittings	205	40		245
TOTAL PROPERTY, PLANT AND EQUIPMENT	844	152		995
GRAND TOTAL	1,824	226		2,050

As at 31 December 2012, capital assets consist mainly of receivables from investments in three of the Company's subsidiaries: EOS image Inc. in Canada, EOS imaging Inc. in the USA and EOS imaging GmbH in Germany.

They break down as follows:

Capital assets	**Gross value at start of period**	**Acquisitions**	**Decreases**	**Gross value at end of period**
EOS Image Inc. securities	-			-
EOS Imaging Inc. securities	-			-
EOS Imaging GmbH securities	25			25
Receivables from EOS Image	1,159	5		1,164
Receivables from EOS Imaging GMBH	86	6		92
Receivables from EOS Imaging Inc.	6,543		154	6,389
Other equity interests	7,813	11	154	7,670
Deposits and sureties	54	4		58
Treasury shares		226		226
Guarantee fund	100		100	
Loans and other long-term investments	154	230	100	284
TOTAL	7,967	241	254	7,954

The €143K decrease over the year in the "Other equity interests" line is due mainly to conversions at the closing rate of receivables related to investments denominated in foreign currencies. This translation difference breaks down as follows:
EOS Image Inc.: increase of €5K
EOS Imaging Inc.: reductions of €154K
EOS Imaging GmbH: increase of €6K

The decrease over the year in the "loans and other long-term investments" line consists of:

- An increase of €231K, of which €226K corresponds to recognition of the Company's treasury shares, which were acquired as part of the implementation of a liquidity contract for a maximum amount of €500K This contract was signed in March 2012 with the stockbroker Gilbert Dupont for a period of one year, renewable by tacit consent;
- A reduction of €100K, corresponding to the repayment of a guarantee fund, following termination of a factoring contract.

The due dates for deposits and guarantees are presented in the table below:

ITEMS	Year-end	Maturing in < one year	Maturing in > one year
Deposits and sureties	58		58
Loans			
Totals	58		58

Securities and receivables from these investments were depreciated in full. Provisions for impairment are presented in the table below:

Provisions for capital assets	**Gross value at start of period**	**Acquisitions**	**Decreases**	**Gross value at end of period**
EOS Image Inc. securities	-			-
EOS Imaging Inc. securities	-			-
EOS Imaging GmbH securities	25			25
Receivables from EOS Image	1,159	5		1,164
Receivables from EOS Imaging GmbH	86	6		92
Receivables from EOS Imaging Inc.	6,543		154	6,389
Other equity interests	7,813	11	154	7,670

Note 5 : Inventories

Inventories are posted at the lower of cost or net realisable value. In the latter case, the impairment loss is expensed.
Inventories are measured using the weighted average unit cost method.
As at 31 December 2012, inventories consisted of components, work-in-progress inventory and EOS equipment valued at €1,011K.

Note 6 : Receivables and debt

Receivables and debts are measured at par value. An impairment is posted when the current value is lower than the book value.

STATEMENT OF RECEIVABLES	Gross amount	Within one year	Over one year
Receivables from equity interests	7,645		7,645
Other capital assets	58		58
Doubtful or disputed trade receivables	68	68	
Trade receivables	2,517	2,517	
Social security and other social welfare bodies	10	10	
Liabilities to personnel and related accounts	-	-	
Government and other public sector bodies:			
- Corporation tax (including Research Tax Credit)	955	955	
- VAT	379	379	
Group and associates	5,761	5,761	
Non-trade receivables	644	644	
Prepaid expenses	196	196	
GRAND TOTAL	18,233	10,530	7,703

The sum of €644K included under sundry debtors corresponds mainly to receivables related to subsidies amounting to €450K and credits receivable totalling €178K.

Income tax receivables:
As in previous financial years, Research accounts for a substantial proportion of the company's costs. Accordingly the research tax credit for the period was valued at €955K.

Prepaid expenses break down as follows:

Insurance	4
Fees	41
Maintenance	5
Rents and charges	63
Equipment leases	1
Documentation	1
Conventions	14
Travel expenses	17
Subscriptions and competitions	2
Raw materials	47
	196

STATEMENT OF DEBTS	Gross amount	Within one year	Over one year
Convertible bonds			
Loans and borrowings from financial institutions:			
- up to one year			
- Over one year			
Accounts payable - Trade	2,200	2,200	
Liabilities to personnel and related accounts	605	605	
Social security and other social welfare bodies	636	636	
Government and other public sector bodies:			
- VAT	71	71	
- Other taxes and contributions	100	100	
Group and associates	26	26	
Other debts	772	772	
Deferred revenue	204	204	
GRAND TOTAL	**4,616**	**4,616**	**-**

Other debts comprise royalty debts in the amount of €310K and instalment payments under subsidised programs for €462K.

Invoices not received break down as follows:

Invoices not yet received	Before tax	VAT	Incl. tax
Goods	604	93	697
Sub-contracting	52	3	55
Rents and charges	7	1	8
Fees	176	17	193
Freight charges	41		41
Travel expenses	4		4
Communications	3		3
Directors' fees	59		59
OVERALL TOTAL	946	114	1,060

Note 7 : Equity

Common shares are classified in equity. Costs of capital transactions directly attributable to the issue of new shares or options are posted in equity as a deduction from the proceeds of the issue.

The company raised €37.9 million when it was listed on the NYSE Euronext Paris regulated market in February 2012.
At the time, all preference shares and convertible bonds issued were converted into ordinary shares.
As at 31 December 2012, the share capital amounted to €174,025. It is divided into 17,402,429 ordinary shares, fully subscribed and paid up, each with a par value of €0.01.

Using the delegation granted by the extraordinary general meeting of 16 January 2012, on 15 February 2012 the Board of Directors decided:

- to increase the share capital of the Company by €55K through the issue of 5,520,000 ordinary shares at the stock exchange listing price of €6.87 per share, amounting to €38 million;

- to record the capital increase in the amount of €2K linked to the conversion of 957,933 convertible bonds issued on 2 December 2011 into 278,870 ordinary company shares at the stock exchange listing price, for an amount of €1,916K.

Thus, via the two operations described above, the Company issued 5,798,870 new shares.

The changes in shareholders’ equity are presented in the table below:

ITEMS	Value at 31/12/2011	Increase for the FY	Reduction for the FY	Value at 31/12/2012
Capital	116	58		174
Issue premiums	22,272	36,241		58,513
Legal reserve	20			20
Other reserves				
Carried forward	(15,957)	(7,228)		(23,186)
Net profit/(loss) for the previous year	(7,228)		7,228	-
Net profit/(loss) for the period		(8,303)		(8,303)
TOTAL	(778)	(20,768)	7,228	27,218

Note 8 : Provisions for contingencies and losses

ITEMS	Value at 31/12/2011	Increase for the FY	Reduction for the FY	Value at 31/12/2012
Provisions for impairment				-
Provisions for contingencies				-
Provisions for warranties	318	370	318	370
TOTAL	318	370	318	370

The provision for warranties has been increased by €57K over the financial year.
The valuation as at 31 December 2012 reflects the estimated cost of maintaining equipment under warranty, based on the analysis of historical costs incurred, as well as the number of equipment units on the closing date.

Note 9 : Breakdown of conditional advances

In the context of its participation in the Industrial Strategic Innovation project [in France], the company received a reimbursable advance from OSEO in July 2009, for a maximum of €1,275K.
As at 31 December 2011, payments made totalled €680K.

Reimbursements will be made according to the company's operating profit/loss, i.e. 0.5% of revenue from sales of products from the project, from the year following the year in which the company achieves aggregate sales of €30 million, then 0.75% once aggregate sales reach €50 million. The advance will be considered as fully reimbursable when the total payments made discounted at a rate of 4.47% equals the total amount of the aid paid discounted at the same rate.

Note 10 : Bond issue

Following the company's Stock Exchange listing, at its meeting on 15 February 2012, the Board of Directors noted the conversion of 957,933 convertible bonds issued on 2 December 2011 into 278,870 ordinary shares.

	Value at 31/12/2010	Increase for the FY	Reduction for the FY	Value at 31/12/2011
Bond issue	€0			€1,915,866
	€1,915,866	€0	€1,915,866	€0

Note 11 : BREAKDOWN OF NET SALES

Sales and other revenue (in thousands of euro)	Financial year ended 31 December 2012	2011
Sales of equipment	7,673	5,807
Sales of services	639	624
Sales	**8,312**	**6,431**

Sales by geographical area (in thousands of euro)	Financial year ended 31 December 2012	2011
France	1,687	3,098
North America	3,304	1,510
Europe	2,362	816
Rest of world	959	1,007
Total sales by geographical area	**8,312**	**6,431**

Note 12 : Research and development expenses

The company continued the development of EOS functionalities for orthopaedic surgery. Research and development expenses totalled €2,141k compared with €1,914k in 2011. These costs were expensed in their entirety over the period.

Note 13 : Average workforce

ITEMS	31/12/2012
Executives	42
Non-executives	5
TOTAL	47

Note 14 : Compensation paid to members of administrative and management bodies

The compensation paid to each corporate officer by the Company or by companies controlled by the Company as per Article L. 233-16 of the French Commercial Code is summarised in the table below:

Marie Meynadier	Fixed compensation paid	153 844 €	161 535 €
	Benefits in kind	12 987 €	13 680 €
	Variable compensation paid	56 689 €	91 291 €
	Total compensation paid	**223 520 €**	**266 506 €**
	No. of stock options granted	- €	360 000
	Fair value of stock options granted	**- €**	**1 854 000 €**

Hervé Legrand	Fixed compensation paid	152 917 €	172 550 €
	Benefits in kind		
	Variable compensation paid	26 901 €	14 360 €
	Total compensation paid	**179 818 €**	**186 910 €**
	No. of stock options granted	- €	37 648
	Fair value of stock options granted	**- €**	**60 613 €**

Note 15 : Deficits carried forward

At 31 December 2012, the total deficits carried forward stood at €33,359K and included €5,413K in tax losses for the period.

Note 16 : Breakdown of exceptional income and expenditure

Exceptional profit(loss) was a €110K loss. It comprises the net capital gains and losses on disposals of shares exercised in connection with the liquidity contract.

	Expenses	Income
Exceptional expenses / misc	173,491	62,862
	173,491	62,862

Note 17 : Fees paid to the Statutory Auditors

The total fees recognised as expenses for the period are presented below:

Pre-tax amount in thousands of euro	Ernst & Young	Lydia Bourgeois
Audit		
- EOS Imaging SA	77	27
- Fully consolidated subsidiaries	20	8
Other due diligence and services	9	
Sub-total	106	35
Other services provided		
Sub-total	0	0
Total	106	35

Note 18 : Subsidiaries and equity interests table

Subsidiaries and equity interests	EOS Image Inc.	EOS Imaging Inc.	EOS Imaging GmbH
Capital	CA$100	US$ 1	€25,000
Percent holding	100%	100%	100%
Unit value of shares	CA$ 1	US$ 0.01	€50
Number of shares	100	100	500
Dividends received	0	0	0
Pre-tax sales for the last FY	CA$768K	US$4,833K	€348K
Shareholders’ equity on 31/12/2012	CA$(1,683)K	US$(11,295)K	€(122)K
Amount of receivables on 31/12/2011	€1,164K	€6,389	€92
Amount of impairment on 31/12/2010	€(1,164)K	€(6,389)	€(92)
Closing rate	CA$1 = €0.76	US$1 = €0.76	

Note 19 : Off-balance sheet commitments

19.1. Individual entitlement to training

The company recognises a commitment related to its employees' individual entitlement to training, pursuant to the provisions of French Law no. 2004-391 of 4 May 2004 relative to vocational training, granting employees individual entitlement to training for a period of 20 hours per calendar year, which can be accumulated up to a maximum of six years, after which and if not used, all these entitlements are capped at 120 hours.

The number of hours giving entitlement to training was 2,709 as at 31 December 2012.

19.2. Retirement payment commitments

Company employees enjoy the pension benefits provided for by law in France:

- receipt of a retirement lump sum, paid by the company upon their retirement (defined benefit scheme);

- payment of pension benefits by social security schemes, financed out of contributions by employers and employees (state-run defined contribution scheme).

For defined benefit schemes, pension benefit costs are estimated using the projected unit credit method.
Under this method, pension costs are posted in income in a manner that staggers them evenly over the length of service of employees.
Pension liabilities are measured at the present value of future payments estimated on the basis of the market rate of long-term investment-grade corporate bonds with maturities matching the estimated duration of the scheme.

The company retains actuaries to carry out an annual review of the valuation of these schemes.

Commitments related to severance payments on retirement are valued as follows:

	31 December 2011	Appropriations	Reversals	31 December 2012
Retirement payment	95	49	(15)	129
Total	**95**	**49**	**(15)**	**129**

Calculations of retirement payment commitments are based on the following assumptions:

Valuation date	31/12/2012	31/12/2011
Retirement methods	*For all employees*: voluntary retirement at 65	*For all employees*: voluntary retirement at 65
Payroll tax rate	52%	52%
Discount rate	2.80%	4.30%
Mortality tables	INSEE TH / TF 2007 – 2009	INSEE TH / TF 2007 – 2009
Rate of salary increase (including inflation)	3%	3%
Turnover rate	Average rate of 25%, smoothed by age category	Average rate of 25%, smoothed by age category

The rights of the company's employees in France are defined by the following collective bargaining agreements:

- Accords Nationaux de la Métallurgie (National Metallurgy Industry Agreements) (executives and non-executives);
- Regional Metallurgy Industry Agreement: Paris region (non-executives only).

Note 20 : Summary table of stock options

The company issued the following stock option and free share plans:

Type	Date granted	Strike price	In progress at 31.12.2012
SO 2009	07/07/2009	1.00 €	495 389
SO 2010	06/07/2010	1.00 €	323 500
SO 2010	20/05/2011	1.00 €	49 625
Free shares	15/02/2012		360 000
SO 2012	21/09/2012	4.07 €	376 916
			1 605 430

The exercise of the options and bonus shares will result in the issuance of new shares by the Company.

The Board of Directors meeting of 31 December 2012, on the authority of the Annual General Meeting of 16 January 2012, awarded Michael J. Dormer, Eric Beard, Stéphane Sallmard and Philip Whitehead a total of 270,000 warrants that have not been subscribed to date.

Note 21 : Subsequent events

UFG Siparex resigned its directorship on 4 February 2013.

EOS Imaging SA was notified of a tax audit in respect of 2010 and 2011 in February 2013.

EOS Imaging

Exercice clos le 31 décembre 2012

Rapport des commissaires aux comptes

sur les comptes annuels

LYDIA BOURGEOIS
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Commissaire aux Comptes
Membre de la compagnie
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ERNST & YOUNG Audit
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S.A.S. à capital variable

Commissaire aux Comptes
Membre de la compagnie
régionale de Versailles

EOS Imaging

Exercice clos le 31 décembre 2012

Rapport des commissaires aux comptes sur les comptes annuels

Aux Actionnaires,

En exécution de la mission qui nous a été confiée par votre assemblée générale, nous vous présentons notre rapport relatif à l'exercice clos le 31 décembre 2012, sur :

- le contrôle des comptes annuels de la société EOS Imaging, tels qu'ils sont joints au présent rapport ;
- la justification de nos appréciations ;
- les vérifications et informations spécifiques prévues par la loi.

Les comptes annuels ont été arrêtés par le conseil d'administration. Il nous appartient, sur la base de notre audit, d'exprimer une opinion sur ces comptes.

I. Opinion sur les comptes annuels

Nous avons effectué notre audit selon les normes d'exercice professionnel applicables en France ; ces normes requièrent la mise en œuvre de diligences permettant d'obtenir l'assurance raisonnable que les comptes annuels ne comportent pas d'anomalies significatives. Un audit consiste à vérifier, par sondages ou au moyen d'autres méthodes de sélection, les éléments justifiant des montants et informations figurant dans les comptes annuels. Il consiste également à apprécier les principes comptables suivis, les estimations significatives retenues et la présentation d'ensemble des comptes. Nous estimons que les éléments que nous avons collectés sont suffisants et appropriés pour fonder notre opinion.

Nous certifions que les comptes annuels sont, au regard des règles et principes comptables français, réguliers et sincères et donnent une image fidèle du résultat des opérations de l'exercice écoulé ainsi que de la situation financière et du patrimoine de la société à la fin de cet exercice.

II. Justification des appréciations

En application des dispositions de l'article L. 823-9 du Code de commerce relatives à la justification de nos appréciations, nous portons à votre connaissance les éléments suivants :

Votre société constitue une dépréciation des titres de participation et des créances rattachées lorsque leur usage est inférieur à leur coût d'utilisation net des dépréciations déjà pratiquées, tel que cela est décrit dans la note IV « Immobilisations financières » de l'annexe aux comptes annuels. Nous avons procédé à l'appréciation des approches retenues par votre société pour estimer la valeur d'inventaire des sociétés détenues sur la base des informations disponibles à ce jour. Nous nous sommes assurés du caractère raisonnable des hypothèses retenues, des évaluations qui en résultent et des appréciations effectuées le cas échéant.

Les appréciations ainsi portées s'inscrivent dans le cadre de notre démarche d'audit des comptes annuels, pris dans leur ensemble, et ont donc contribué à la formation de notre opinion exprimée dans la première partie de ce rapport.

III. Vérifications et informations spécifiques

Nous avons également procédé, conformément aux normes d'exercice professionnel applicables en France, aux vérifications spécifiques prévues par la loi.

Nous n'avons pas d'observation à formuler sur la sincérité et la concordance avec les comptes annuels des informations données dans le rapport de gestion du conseil d'administration et dans les documents adressés aux actionnaires sur la situation financière et les comptes annuels.

Concernant les informations fournies en application des dispositions de l'article L. 225-102-1 du Code de commerce sur les rémunérations et avantages versés aux mandataires sociaux ainsi que sur les engagements consentis en leur faveur, nous avons vérifié leur concordance avec les comptes ou avec les données ayant servi à l'établissement de ces comptes et, le cas échéant, avec les éléments recueillis par votre société auprès des sociétés contrôlant votre société ou contrôlées par elle. Sur la base de ces travaux, nous attestons l'exactitude et la sincérité de ces informations.

En application de la loi, nous nous sommes assurés que les diverses informations relatives à l'identité des détenteurs du capital vous ont été communiquées dans le rapport de gestion.

Paris et Paris-La Défense, le 18 avril 2013

Les Commissaires aux Comptes

Lydia BOURGEOIS	ERNST & YOUNG Audit
	Franck Sebag

LYDIA BOURGEOIS ERNST & YOUNG Audit

EOS Imaging

Exercice clos le 31 décembre 2012

Rapport des commissaires aux comptes sur les comptes consolidés

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Commissaire aux Comptes
Membre de la compagnie
régionale de Versailles

EOS Imaging

Exercice clos le 31 décembre 2012

Rapport des commissaires aux comptes
sur les comptes consolidés

Aux Actionnaires,

En exécution de la mission qui nous a été confiée par votre assemblée générale, nous vous présentons notre rapport relatif à l'exercice clos le 31 décembre 2012, sur :

- le contrôle des comptes consolidés de la société EOS Imaging, tels qu'ils sont joints au présent rapport ;
- la justification de nos appréciations ;
- la vérification spécifique prévue par la loi.

Les comptes consolidés ont été arrêtés par le conseil d'administration. Il nous appartient, sur la base de notre audit, d'exprimer une opinion sur ces comptes.

I. Opinion sur les comptes consolidés

Nous avons effectué notre audit selon les normes d'exercice professionnel applicables en France ; ces normes requièrent la mise en œuvre de diligences permettant d'obtenir l'assurance raisonnable que les comptes consolidés ne comportent pas d'anomalies significatives. Un audit consiste à vérifier, par sondages ou au moyen d'autres méthodes de sélection, les éléments justifiant des montants et informations figurant dans les comptes consolidés. Il consiste également à apprécier les principes comptables suivis, les estimations significatives retenues et la présentation d'ensemble des comptes. Nous estimons que les éléments que nous avons collectés sont suffisants et appropriés pour fonder notre opinion.

Nous certifions que les comptes consolidés de l'exercice sont, au regard du référentiel IFRS tel qu'adopté dans l'Union européenne, réguliers et sincères et donnent une image fidèle du patrimoine, de la situation financière, ainsi que du résultat de l'ensemble constitué par les personnes et entités comprises dans la consolidation.

II. Justification des appréciations

En application des dispositions de l'article L. 823-9 du Code de commerce relatives à la justification de nos appréciations, nous portons à votre connaissance les éléments suivants :

La note 3.5 « Immobilisations incorporelles » de la section III « Principes et méthodes comptables » de l'annexe aux états financiers expose les modalités de comptabilisation et d'évaluation des frais de développement. Dans le cadre de notre appréciation des règles et principes comptables suivis par votre groupe, nous avons vérifié le caractère approprié des méthodes comptables appliquées et nous nous sommes assurés de leur correcte application.

Votre groupe a réalisé, conformément à la norme IFRS 2, une évaluation en date d'attribution des bons de souscription d'actions attribuées au personnel afin de donner lieu à la comptabilisation d'une charge au compte de résultat, tel que cela est décrit dans la note 3.12 « Paiements fondés sur des actions » de l'annexe aux états financiers. Nous avons apprécié les hypothèses retenues et le caractère raisonnable des évaluations qui en résultent.

Les appréciations ainsi portées s'inscrivent dans le cadre de notre démarche d'audit des comptes consolidés, pris dans leur ensemble, et ont donc contribué à la formation de notre opinion exprimée dans la première partie de ce rapport.

III. Vérification spécifique

Nous avons également procédé, conformément aux normes d'exercice professionnel applicables en France, à la vérification spécifique prévue par la loi des informations relatives au groupe, données dans le rapport de gestion.

Nous n'avons pas d'observation à formuler sur leur sincérité et leur concordance avec les comptes consolidés.

Paris et Paris-La Défense, le 18 avril 2013

Les Commissaires aux Comptes

Lydia BOURGEOIS	ERNST & YOUNG Audit
	Franck Sebag

LYDIA BOURGEOIS ERNST & YOUNG Audit

EOS Imaging

Exercice clos le 31 décembre 2012

Rapport des commissaires aux comptes sur les comptes consolidés et rapport des commissaires aux comptes, établi en application de l'article L. 225-235 du Code de commerce, sur le rapport du président du conseil d'administration de la société EOS

LYDIA BOURGEOIS

ERNST & YOUNG Audit

EOS Imaging

Exercice clos le 31 décembre 2012

Rapport des commissaires aux comptes, établi en application de l'article L. 225-235 du Code de commerce, sur le rapport du président du conseil d'administration de la société EOS Imaging

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Membre de la compagnie
régionale de Versailles

EOS Imaging

Exercice clos le 31 décembre 2012

Rapport des commissaires aux comptes, établi en application de l'article L. 225-235 du Code de commerce, sur le rapport du président du conseil d'administration de la société EOS Imaging

Aux Actionnaires,

En notre qualité de commissaires aux comptes de la société EOS Imaging et en application des dispositions de l'article L. 225-235 du Code de commerce, nous vous présentons notre rapport sur le rapport établi par le président de votre société conformément aux dispositions de l'article L. 225-37 du Code de commerce au titre de l'exercice clos le 31 décembre 2012.

Il appartient au président d'établir et de soumettre à l'approbation du conseil d'administration un rapport rendant compte des procédures de contrôle interne et de gestion des risques mises en place au sein de la société et donnant les autres informations requises par l'article L. 225-37 du Code de commerce relatives notamment au dispositif en matière de gouvernement d'entreprise.

Il nous appartient :

- de vous communiquer les observations qu'appellent de notre part les informations contenues dans le rapport du président, concernant les procédures de contrôle interne et de gestion des risques relatives à l'élaboration et au traitement de l'information comptable et financière, et

- d'attester que ce rapport comporte les autres informations requises par l'article L. 225-37 du Code de commerce, étant précisé qu'il ne nous appartient pas de vérifier la sincérité de ces autres informations.

Nous avons effectué nos travaux conformément aux normes d'exercice professionnel applicables en France.

Informations concernant les procédures de contrôle interne et de gestion des risques relatives à l'élaboration et au traitement de l'information comptable et financière

Les normes d'exercice professionnel requièrent la mise en œuvre de diligences destinées à apprécier la sincérité des informations concernant les procédures de contrôle interne et de gestion des risques relatives à l'élaboration et au traitement de l'information comptable et financière contenues dans le rapport du président. Ces diligences consistent notamment à :

- prendre connaissance des procédures de contrôle interne et de gestion des risques relatives à l'élaboration et au traitement de l'information comptable et financière sous-tendant les informations présentées dans le rapport du président ainsi que de la documentation existante ;

- prendre connaissance des travaux ayant permis d'élaborer ces informations et de la documentation existante ;

- déterminer si les déficiences majeures du contrôle interne relatif à l'élaboration et au traitement de l'information comptable et financière que nous aurions relevées dans le cadre de notre mission font l'objet d'une information appropriée dans le rapport du président.

Sur la base de ces travaux, nous n'avons pas d'observation à formuler sur les informations concernant les procédures de contrôle interne et de gestion des risques de la société relatives à l'élaboration et au traitement de l'information comptable et financière contenues dans le rapport du président du conseil d'administration, établi en application des dispositions de l'article L. 225-37 du Code de commerce.

Autres informations

Nous attestons que le rapport du président du conseil d'administration comporte les autres informations requises à l'article L. 225-37 du Code de commerce.

Paris et Paris-La Défense, le 18 avril 2013

Les Commissaires aux Comptes

Lydia BOURGEOIS	ERNST & YOUNG Audit
	Franck Sebag

French Public Limited Company (Société anonyme) with a share capital of €174,024.29
Registered office: 10 rue Mercœur 75011 Paris
Paris Trade and Companies Register no. 349 694 893

CHAIRMAN’S REPORT ON INTERNAL CONTROL

In developing this document, the Chairman consulted the Administrative and Finance Director. The Board of Directors approved this report, on the basis of the conclusions of the Audit Committee and the prior observations of the Statutory Auditors, at the Board meeting of 18 April 2013.

1. COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

In order to comply with the requirements of Article L.225-37 of the French Commercial Code, the Company designated the Corporate Governance Code for small and medium-sized companies, as published in December 2009 by MiddleNext, as the reference code it intends to use.

On the publication date of this report, the Company complied with all the recommendations made by the Corporate Governance Code, except for one.

In accordance with the provisions of paragraph 7 of Article L.225-37 of the French Commercial Code, this report specifies the provisions of the Corporate Governance Code that have been set aside and explains the reasons for doing so.

The Company considers that it is not in compliance with the recommendation against holding a corporate office while covered by an employment contract. The Board of Directors authorised the CEO and the Deputy CEO to hold corporate offices while covered by employment contracts, in view of the size of the Company and the risks incurred by said executives.

The Company has strengthened its governance model during the financial year through the following two measures:

- increasing the number of independent directors;
- establishing an evaluation of the work of the Board of Directors.

As part of the development of its corporate governance, the Company introduced two independent directors, Michael J Dormer and Eric Beard, whose nominations were approved by the general meeting of shareholders of 29 June 2012.

As the Board of Directors, at its meeting of 9 November 2012, nominated Michael J Dormer as Chairman of the Board of Directors, the Company has, in Philip Whitehead and Eric Beard, two independent directors within the meaning of the provisions of the Corporate Governance Code for small and medium-sized companies, as published in December 2009 by MiddleNext, and validated as reference code by the AMF (*Autorité des marchés financiers*), to the extent that neither of these two persons:

- is an employee or executive corporate officer of the Company or of a group company, and has not been one in the past three years;
- is a client, supplier or significant banker for the Company, or a person for whom the Company or its group would represent a significant share of business activity;
- is not a Company reference shareholder;
- has any close family ties with a corporate officer or a reference shareholder; and
- has been a Company auditor during the past three years.

Furthermore, the Company's Board of Directors has initiated a process assessing its work methods and operations. This self-assessment of the work carried out in 2012 was done at the start of the 2013 financial year. The results will be discussed by the Board and will give rise to an action plan.

2. BOARD OF DIRECTORS

2.1. Composition of the Board of Directors as at 31 December 2012

Name	Office	Main position within the Company
Michael J Dormer	Director	Chairman of the Board of Directors
Stéphane Sallmard	Director	None
Marie Meynadier	Director	CEO
NBGI Private Equity represented by Aris Constantinides	Director	None
CDC Entreprises represented by Marie-Laure Garrigues	Director	None
UFG - Siparex represented by Marlène Rey	Director	None
Edmond de Rothschild Investment Partners represented by Raphaël Wisniewski	Director	None
Philip Whitehead	Director	None
Eric Beard	Director	Chairman of the Audit Committee

The Board of Directors ensures that male and female representation is balanced. Women occupied 33% of the positions as directors as at 31 December 2011.

2.2. Other current mandates

	Other current mandates	
Name	Nature of the mandate	Company
Michael J Dormer	Chairman of the board of directors and managing director Director Director Director	Neoss Ltd Endosense SA JenavalveGmbH Lancaster University Management School
Stéphane Sallmard	Chairman of the Board of Directors Chairman of the Board of Directors Director	DySIS Medical Ltd Imagine Eyes SARL i-Optics B.V.
Marie Meynadier	Director Director	EOS Imaging Inc EOS Imaging GmbH

	Director	EOS Image Inc
Hervé Legrand	None	None
NBGI Private Equity represented by Aris Constantinides	Chairman of the Board of Directors Director Director Director Director Director Director	Advanced Cardiac Therapeutics Inc 2010 Perfect Vision AG DysisMedical Ltd Endoscopic Technologies Inc SuperSonic Imagine SA Marshalsea Road Management Company
CDC Entreprises represented by Marie-Laure Garrigues	Observer Observer	Cytheris TxCell
UFG - Siparex represented by Olivier Denigot	Member of the executive board Director Director Director Director Director Observer Observer	UFG-Siparex Biospace lab Easyvoyage Mastrad Roctool SecurActive ASK Ipanema
Edmond de Rothschild Investment Partners represented by Raphaël Wisniewski	Director Director Director Director Director Director Director Member of the executive board	Poxel Genticel Implanet MdxHealth Cellnovo Regado Biosciences Edmond de Rothschild Investment Partners
Philip Whitehead	Director Director Director Director Deputy Chairman Deputy Chairman Director Director Director Director Director	Time Spent Property Developments Ltd Linx Printing Technologies Ltd Danaher UK Industries Ltd Hoddington Inns Ltd Tektronix UK Holdings Ltd Tektronix UK Ltd Hampshire Hospitals Foundation Trust DH Denmark Holding ApS Lauchchange Holding Company Lauchchange Operations Limited Vision Systems Pty Ltd
Eric Beard	Executive Chairman	Cellnovo Ltd

2.3. Internal regulations of the Board of Directors

The internal regulations, available for consultation at the Company’s registered office, were adopted on 16 December 2011. They specify, in particular, the role and composition of the Board, and the principles of conduct and obligations of the members of the Company’s Board of Directors. Each member of the Board of Directors undertakes in particular to maintain his or her independent analysis, judgment and actions, and to take an active part in the Board’s work. The internal regulations inform the Board of the conflict-of-interest situations that it might come across. In addition, the internal regulations include the current regulations relating to the distribution and use of insider information and specify that Board members must refrain from carrying out transactions with Company shares when they possess insider information. Each member of the Board of Directors is required to declare to the Company and the AMF the Company share transactions that he or she carries out directly or indirectly.

2.4. Conditions for preparing and organising the Board's work

The Board is regularly informed by the CEO about the Company and group financial position, cash flow and financial commitments and about any significant events in the Company or group.

Board members are convened to meetings by email within a reasonable time-frame, and at least ten days before each meeting. The Board may also be convened by any other means, even verbally, if all the Board members in office are present or represented at the meeting.

Documents providing information on the agenda and on any questions submitted for examination by the Board are sent by email or made available to the Board members, within a reasonable period prior to the meeting.

In accordance with the provisions of Recommendation 15 of the MiddleNext Code, the Board reviewed its operating procedures at the start of 2013, and carried out an assessment of the quality of the information provided to it, in order to check that important questions are suitably prepared and discussed.

2.5. Report on the Board's activities during the 2012 financial year

During the financial year ended on 31 December 2012, the Company's Board of Directors met 15 times and the average attendance rate of the Board members was 85%.

2.6. Specialised committees

2.6.1. Audit Committee

2.6.1.1. Composition

Until 30 August 2012, the Board of Directors was itself the Audit Committee, as it did not have a sufficient number of independent directors. The nomination of additional independent directors at the General Meeting of 29 June 2012 made it possible to form an Audit Committee.

The Board meeting of 30 August 2012 appointed Eric Beard, Raphaël Wisniewski and Marie-Laure Garrigues members of the Audit Committee.

Eric Beard was appointed Chairman of this committee.

2.6.1.2. Powers

The mission of the Audit Committee is to assist the Board of Directors, in particular, by carrying out the following missions:

- monitoring the process of drawing up financial information;
- monitoring the effectiveness of the internal control and risk management systems;

- monitoring the statutory audit of the annual financial statements and the consolidated financial statements by the Statutory Auditor;
- issuing a recommendation on the Statutory Auditors proposed for designation by the General Meeting and reviewing their compensation conditions;
- monitoring the independence of the Statutory Auditors;
- being informed periodically of developments in major litigation; and
- generally, providing any advice and making any appropriate recommendation in the above fields.

2.6.1.3. Operation

The Audit Committee meets at least twice a year, according to a schedule set by its Chairman, on an agenda determined by its Chairman and sent to the Audit Committee members at least seven days before the date of the meeting. It also meets at the request of its Chairman, of two of its members, or of the Chairman of the Company’s Board of Directors.
The Audit Committee may interview any member of the Company’s Board of Directors and arrange for any internal or external audit to be carried out on any topic that it considers within its mission. The Chairman of the Audit Committee shall first report to the Board of Directors. In particular, the Audit Committee may interview persons who participate in drawing up the financial statements or inspecting them (Administrative and Finance Director and lead members of the financial department).
The Audit Committee shall interview the Statutory Auditors. It may interview them in the absence of any Company representative.

2.6.1.4. Reports

The Chairman of the Audit Committee ensures that the Committee’s activity reports to the Board of Directors allow the latter to be fully informed, thus facilitating its decisions.
The annual report will include a statement concerning the Committee’s activities over the past financial year.
If, during its work, the Audit Committee detects a significant risk that it does not consider adequately dealt with, the Chairman shall inform the Chairman of the Board of Directors without delay.

2.6.1.5. Report on the Audit Committee’s activities during the 2012 financial year

During the financial year ended on 31 December 2012, the Company’s Audit Committee met twice, notably in order to examine the 2011 annual financial statements and the 2012 half-yearly financial statements.

2.6.2. Compensation Committee

2.6.2.1. Composition

The Compensation Committee, established on 2 March 2006, the members of which adopted the internal regulations described above, is made up of at least two members of the Board of Directors appointed by the Board of Directors.
It should be noted that, as required, no member of the Board of Directors exercising management duties within the Company may be a member of the Compensation Committee.

On the publication date of this report, the members of the Compensation Committee were:
- Michael J Dormer, Chairman of the Board of Directors;

- Stéphane Sallmard, director;
- Edmond de Rothschild Investment Partners represented by Raphaël Wisniewski, director; and
- CDC Entreprises, director represented by Marie-Laure Garrigues, director.

2.6.2.2. Powers

The Compensation Committee is responsible, in particular, for:

- examining the principal objectives proposed by the management as regards compensation for executives who are not corporate officers of the Company, including bonus share plans and share subscription or purchase option plans;
- examining the compensation of executives who are not corporate officers, including bonus share plans and share subscription or purchase option plans, retirement and provident insurance schemes and benefits in kind;
- making recommendations and proposals to the Board of Directors concerning;
- the compensation, retirement and provident insurance scheme, benefits in kind and other financial entitlements, including in the event of termination of activity, of the corporate officers. The Committee proposes compensation amounts and structures and, in particular, criteria for calculating the variable portion of compensation, taking account of the Company's strategy, objectives and results, as well as market practices; and
- bonus share plans, share subscription or purchase plans and any other similar incentive mechanism and, in particular, individual allocations to corporate officers eligible for this type of mechanism;
- examining the total amount of directors' fees and the system for distributing them among the directors, as well as the conditions for reimbursing any costs incurred by members of the Board of Directors;
- preparing and presenting, where necessary, the reports foreseen by the internal regulations of the Board of Directors;
- preparing any other recommendation which may be requested by the Board of Directors with respect to compensation; and
- generally, providing any advice and making any appropriate recommendations in the above fields.

2.6.2.3. Operating procedures

The Compensation Committee meets at least twice a year, according to a schedule set by its Chairman, on an agenda determined by its Chairman and sent to the Compensation Committee members at least seven days before the date of the meeting. It also meets at the request of its Chairman, of two of its members or of the Board of Directors.

Non-executive directors, who are not members of the Compensation Committee, may participate freely in these meetings.

The Chairman of the Company's Board of Directors, if he is not a member of the Committee, may be invited to take part in Committee meetings. The Committee shall invite him to present his proposals. He has no right to vote and does not attend discussions relating to his own position.

The Compensation Committee may ask the Chairman of the Board of Directors for the assistance of any Company executive officer whose skills might facilitate dealing with an item on the agenda. The Chairman of the Compensation Committee or the chairman of the meeting shall draw the attention of any person taking part in the discussions to the confidentiality obligations incumbent on him or her.

2.6.2.4. Reports

The Chairman of the Compensation Committee shall ensure that the Committee's activity reports to the Board of Directors allow the latter to be fully informed, thus facilitating its decisions.

The annual report will include a statement concerning the Committee's activities over the past financial year.

The Compensation Committee shall examine in particular the Company's draft report on the compensation of corporate officers.

2.6.2.5. Report by the Compensation Committee's activities during the 2012 financial year

The Compensation Committee met twice during the 2012 financial year, notably in order to examine and validate the compensation plan for the Management team.

2.7.1.1.Limits to the powers of the Chief Executive Officer

The company's senior management is assumed, under the responsibility of the person in question, either by the Chairman of the Board of Directors, or by another person appointed by the Board with the title of Chief Executive Officer.

The Chief Executive Officer has the broadest powers to act in all circumstances on behalf of the company. He exercises his powers within the limits of the corporate purpose and subject to those expressly granted by law to the shareholders and the Board.

At each Board meeting, the Chief Executive Officer reports on the key events in the corporate life of the Group.

The Board of Directors may dismiss the Chief Executive Officer at any time. If the dismissal is without just cause, it can result in an award for damages, except in cases where the Chief Executive Officer also acts as Chairman of the Board of Directors.

At the date of publication of this registration document, the Board of Directors was chaired by Michael J. Dormer. Marie Meynadier was the company's Chief Executive Officer.

3. DISTRIBUTION OF THE CAPITAL AT 31 DECEMBER 2012

As far as the Company is aware, the company's capital was distributed as follows at 31 December 2012:

	Number of shares	% of capital and voting rights *
Founders	759.365	4.37%
COFA Invest	452.117	2.61 %
EDRIP	2.478.761	14.29 %
UFG Siparex	1.439.811	8.30 %
NBGI	1.358.143	7.83 %
FCID	1.395.697	8.05 %
Floating	9.377.714	54.05%
Management & employees	86.955	0.50%
Own shares	53.866	0.00%
Total	**17.402.429**	**100.00%**

* Own shares have no voting rights attached to them.

In accordance with Article L. 233-13 of the Code of commerce, we must point out to you that shareholders holding, directly or indirectly over a twentieth, a tenth, three twentieths, a fifth, a quarter, a third, half, two thirds or nineteen twentieths of the share capital social or voting rights at 30 June 2012 are identified in the table above.

4. COMPENSATION AND BENEFITS

4.1. Compensation, directors' fees, stock options and bonus shares allocated to each executive corporate officer

Table summarising the compensation, stock options and shares allocated to each executive corporate officer		
	2011 financial year	2012 financial year
Marie Meynadier – CEO		
Compensation paid for the financial year	€208,122	€298,925
Valuation of stock options and bonus shares granted during the financial year	-	€1,854,000
Total	€208,122	€2,152,925
Hervé Legrand – deputy CEO		
Compensation paid for the financial year	€167,277	€221,611
Valuation of stock options granted during the financial year	-	€60,613
Total	€167,277	€282,225
Michael J Dormer		
Directors' fees due for the current financial year		€9,791
Valuation of stock options granted during the financial year		-
Total		€9,791

4.2. Summary table of the remunerations of each director and corporate officer

The following tables show the remunerations due to directors and corporate officers for the financial years ending on 31 December 2011 and 2012 and the remunerations received by these same people during these same financial years.

	2011 financial year		2012 financial year	
	amounts due(1)	amounts paid(2)	amounts due(1)	amounts paid(2)
Marie- Meynadier – CEO				
Fixed remuneration*	€153,844	€153,844	€161,535	€161,535
Variable remuneration*	€41,291	€56,689	€73,710	€41,291
Exceptional remuneration*	-	-	€50,000	€50,000
Attendance fees	-	-		
Benefits in kind*	€12,987	€12,987	€13,680	€13,680
TOTAL	€208,122	€223,520	€298,925	€266,506
Hervé Legrand – deputy managing director				
Fixed remuneration*	€152,917	€152,916	€172,550	€172,550
Variable remuneration*	€14,360	€26,901	€49,062	€14,360
Exceptional remuneration*	-	-		
Attendance fees	-	-		
Benefits in kind*	-	-		
TOTAL	€167,277	€179,818	€221,611	€186,910
Michael J Dormer – chairman of the board of directors				
Fixed remuneration*	-	-	-	-
Variable remuneration*	-	-	-	-
Exceptional remuneration*	-	-	-	-
Attendance fees	-	-	€9,791	-
Benefits in kind*	-	-	-	-
TOTAL	-	-	€9,791	-

(1) for the financial year
(2) during the financial year

* gross, before tax

The benefits in kind allocated to Marie Meynadier corresponded to a company car.

The variable part of the remunerations depends on targets set by the board of directors being attained. The variable portion is determined by the remunerations committee.

4.3. Directors' fees and other compensation received by the non-executive corporate officers

Non-executive corporate officers	Compensation	Amounts paid during the 2011 financial year	Amounts paid during the 2012 financial year
NBGI Private Equity represented by Aris Constantinides	Directors' fees	None	None
	Other compensation	None	None
CDC Entreprises represented by Marie-Laure Garrigues	Directors' fees	None	None
	Other compensation	None	None
UFG – Siparex represented by Marlène Rey	Directors' fees	None	None
	Other compensation	None	None
Edmond de Rothschild Investment Partners represented by Raphaël Wisniewski	Directors' fees	None	None
	Other compensation	None	None
Philip Whitehead	Directors' fees	None	€27,500
	Other compensation	€41,870	€20,000
Eric Beard	Directors' fees	None	€15,000
	Other compensation	None	None
Stephane Sallmard	Directors' fees	€68,000	€51,459
	Other compensation	None	None

4.4. Share subscription or purchase options allocated to each director and corporate officer by the Company or any company in its Group during the financial years ending 31 December 2011 and 2012

Share subscription options allocated by the Company to each director and corporate officer During the financial years ending on 31 December 2011 and 2012.					
Name	N° and date of the plan	Valuation of the options according to the method used for the consolidated financial statements	Number of options allocated during the financial year	Strike price	Expiry date
Marie Meynadier	ESOP 2010 Board Meeting 6 July 2010	€134,160	129000	€1	05 July 2020
Hervé Legrand		€34,320	33000	€1	05 July 2020
Hervé Legrand	ESOP 2012 Board Meeting 21 Sept 2012	€60,613	37648	€4.07	20 September 2021
Total		€229,093	199648	-	-

Using the authorisation conferred by the special general meeting held on 16 January 2012, the board meeting of 31 December 2012 allocated to Michael J Dormer 150,000 warrants which had been hitherto unsubscribed

4.5. Share subscription or purchase options exercised by each director and corporate officer during the financial years ending 31 December 2011 and 2012

Share subscription options exercised by each director and corporate officer During the financial years ending on 31 December 2010 and 2011.			
Name	N° and date of the plan	Numer of options exercised during the financial year	Strike price
Marie Meynadier	-	None	-
Hervé Legrand	-	None	-
Michael J Dormer	-	None	-
Total	-	None	-

4.6. Free shares allocated to each director and corporate officer during the financial years ending on 31 December 2011 and 2012

At its meeting on 16 January 2012, the board of directors allocated 360,000 free shares to the managing director.

At the time of writing, in light of their terms and conditions, these 360,000 shares are being acquired according to the table below:

Date of the meeting which authorised the allocation	Date of allocation by the board of directors	Number of shares granted	Number of shares being acquired	Acquisition date	Conservation period
16 January 2012	16 January 2012	360.000	360.000	16 January 2014	2 Years

4.7. Bonus shares granted which became available for each executive corporate officer during the financial years ended on 31 December 2011 and 2012

None

4.8. Past allocation of share subscription or purchase options to directors and corporate officers

Past allocations of stock options			
Information on stock options			
Meeting date	12-Feb-2009	09-Apr-2010	16-Jan-2012
Date of the Board meeting	07-Jul-2009	06-Jul-2010	21-Sep-2012
Name of the plan	ESOP2009	ESOP2010	ESOP 2012
Total number of shares that can be subscribed for the following:			
Marie Meynadier	*184.988*	*129.000*	-
Hervé Legrand	*92.494*	*33.000*	*37.648*
Michael J Dormer	-	-	-
Expiry date	06-Jul-2019	05-Jul-2020	20-Sep-2021
Subscription price	€1	€1	€4.07
Procedures for exercising options on the date the basic document was recorded	Cf (1) below	Cf (1) below	Cf (2) below
Number of shares subscribed at 31 December 2012	0	0	0
Accumulated number of share subscription options cancelled or lapsed	0	0	0
Number of shares still to be subscribed at 31 December 2012	277.482	162.000	37.648

(1) The procedures for exercising stock options (SOs) are as follows:

- 25% of the SOs can be exercised as of the allocation date;
- Another 25% can be exercised at each anniversary date of their allocation.

(2) The procedures for exercising stock options (SOs) are as follows:

- 25% of SOs can be exercised from the 1st anniversary of their allocation;
- Another 25% can be exercised at each subsequent anniversary date of their allocation.

(1) and (2) the additional procedures are as follows:

Corporate officers must keep at least 80% of their shares from exercising options until they leave their position.

If they leave the Company or the affiliated company in question, the options that can be exercised on the departure date remain in the possession of the beneficiary without any exercise deadline other than their expiry date. Options that cannot yet be exercised on the departure date also become automatically invalid on the departure date in all cases.

4.9. Table of conditions for remuneration and other benefits allocated to directors and corporate officers:

Directors - corporate officers	Employment contract		Additional pension plan		Indemnities or benefits due or likely to fall due because of departure from or change in role		Indemnities under a non-competition clause	
	Yes	No	Yes	No	Yes	No	Yes	No
Marie Meynadier managing director	X			X		X		X
Mandate start date:	First appointment: 16 June 1998 Latest renewal: 02 December 2011							
Mandate end date:	At the end of the general meeting called to approve the financial statements of the financial year ending 31 December 2012							
Hervé Legrand – deputy managing director	X			X		X	X	
Mandate start date:	First appointment: 07 July 2009							
Mandate end date:	Not fixed							
Michael J Dormer – chairman of the board of directors		X		X		X		**X**
Mandate start date:	First appointment: 09 November 2012							
Mandate end date:	At the end of the general meeting called to approve the financial statements of the financial year ending 31 December 2014							

Marie Meynadier also has unemployment insurance (social cover for company managers and directors) subscribed by the Company. For the 2012 financial year, the corresponding premium is 10,524.25 euros.

Marie Meynadier entered into an employment contract with the Company on 30 April 1998.

In the event of a breach of the contract of employment not as a result of serious misconduct as per the case law of the social chamber of the Court of cassation, Marie Meynadier will receive a dismissal indemnity of six months' gross salary.

Hervé Legrand is subject to a non-competition clause as stated in the terms of his contract of employment dated 20 April 2009 receives for 12 months after departure from his paid role a gross monthly indemnity of (i) 50% of the monthly average salary as well as contractual benefits and bonuses during his last twelve months in the Company, or (ii), in the event of dismissal not as a result of serious misconduct, of 60% of the same base.

5. INTERNAL CONTROL AND RISK MANAGEMENT PROCEDURES

5.1 Definition and objectives of internal control

Internal control is a system which the Company is responsible for both in terms of its definition and of its implementation.
It comprises a set of resources, behaviours, procedures and actions adapted to the specific characteristics of each company which:

- contributes to the control of its activities, the effectiveness of its operations and the efficient use of its resources; and

- must enable it to duly take account of significant risks, whether they are operational, financial or compliance-related.

The system aims specifically to ensure:
a) compliance with laws and regulations;
b) the application of the instructions and guidelines set by general management or the executive board;
c) the proper operation of the Company's internal processes, in particular those protecting its assets;
d) the reliability of financial information.
Internal control is therefore not limited to a set of procedures nor to accounting and financial processes.
The definition of internal control does not cover all initiatives taken by the executive bodies or management; for example, definition of the Company's strategy, establishment of objectives, management decisions, risk management or performance monitoring.
Furthermore, internal control cannot provide an absolute guarantee that the Company's objectives will be attained.

5.2. Scope of internal control

The internal control system established by the Company is intended to cover all operations carried out.

5.3. Description of the internal control procedures

The Company structures its approach to internal control based on the five components contained in the AMF reference framework, namely:

1. General organisation: an organisation including a clear definition of responsibilities, possessing adequate resources and skills and relying on appropriate procedures, information systems, tools and practices;

2. internal distribution of relevant and reliable information, the knowledge of which allows everyone to carry out his or her duties;

3. a system that looks to identify and analyse the principal identifiable risks with regard to the Company objectives, and to ensure the existence of procedures for managing these risks;

4. control activities proportionate to the specific challenges of each process and designed to reduce risks likely to affect the achievement of the company's objectives;

5. constant supervision of the internal control system and regular examination of its operation. This supervision, which can benefit from the support of the company's internal audit function where it exists, may result in an adaptation of the internal control system. General Management assesses the conditions under which it reports to the Board on the principal results of the monitoring and evaluation thus carried out.

Component 1: General organisation

The organisation of the internal control and risk management procedures within the Company is based on the following principles and tools:

- Organisation charts and job descriptions which are regularly updated under the responsibility of each business line manager and centralised by the Finance and Administration department;

- A Quality Manual including detailed mapping of all operating processes and IT systems;

- A responsibilities matrix by activity (sales, development, production, services, marketing, regulatory, support functions). For each of these activities, there is a description of processes, along with a link to the procedures or framework documents that define the duties and interactions between the various managers at each stage of the process;

- A management matrix for access rights to the IT system and also to the principal documents;

- Formal skills management: initial training is delivered to all employees and adapted to the specific features of each job. An annual assessment interview feeds the training plan. The effectiveness of training activities is assessed (at the time and during the annual interview). All training and skills management activities are continually monitored by the Regulatory Affairs and Quality department and by the Finance and Administration department.

Component 2: Internal distribution of relevant and reliable information

The Company's internal control system is also based on distributing and analysing the information needed to manage the activity, through leadership actions and tools:

Leadership actions

- EXECUTIVE COMMITTEE: The seven activity managers meet twice a month to address with all operational items related to the business plan and the annual budget;

- Quarterly general information meetings: the CEO describes in detail the objectives defined by the EXECUTIVE COMMITTEE to the operational managers. Monitoring of objectives is also formalised and presented during these meetings;

- Half-yearly Quality Management Reviews: examination of all Quality indicators by activity, definition of action plans; and

- Multifunction meetings: trans-activity update concerning performance and product quality.

Tools

- ENNOV document database: electronic document management of all framework documents by activity;

- ENNOV process database: management of faults that occur in the processes and of compliance issues in product quality, with action plan and monitoring; and

- ERP dealing with production management, launched at the start of November 2011.

Component 3: Risk management process

The Company is subject to a regulatory obligation to manage its operational risks according to the ISO 14971 standard applicable to medical device activities. To this end, it identifies and assesses risks according to a criticality level defined by the Department of Regulatory Affairs, which is based on the FMECA model (impact, probability of occurrence and probability of non-detection). The scope of the work extends to the following processes: design, product development, service (operation and maintenance), production (efficiency of the production processes). The risk management files listing all the items described below are integrated into and updated in the design file for each product.
The set of Company risks was formalised in 2012 in the form of risk mapping. This exercise resulted in a formal hierarchy of the principal operational risks, and confirmed the relevance of the measures introduced by the Company to minimise these risks.

Component 4: Control activities

The control activities established are based on strong regulatory obligations, specific to the Company's sector of activity. Thus the Company must comply with the ISO 13485 and 21 CFR part 820 standards for quality management systems, the objective of which is to ensure patient health and comply with regulatory obligations. These standards impose specific activity procedures (Good Practices) and associated performance targets, which are integrated into the ENNOV document database:
Moreover, each Company employee must record every fault in the ENNOV database. An assessment committee meets periodically to assess each fault and to decide what action to take with regard to it.
This process, called "CAPA" (Corrective Actions & Preventive Actions), compulsory under the ISO 13485 and 21 CFR820 standards, is managed through the computerised ENNOV database, which has been set to comply with the requirements of said standards. It can cover all malfunction risks and control actions associated with operating processes. The ENNOV process database can, in particular, provide at any time a description of the control activities and action plans by type of occurrence, by period of time and by severity.

Component 5: Monitoring the internal control system

The Company is not of sufficient size as to require a permanent internal audit function. Nevertheless, internal audit missions are conducted under the auspices of the Department of Regulatory Affairs according to an audit plan established annually and with dedicated resources, based in particular on the faults identified in ENNOV. For the 2010 financial year, the audits carried out covered the following themes:

- Spot audits on entry inspections of components from subcontractors;
- Human resources audit (matching job descriptions, internal procedures and the responsibilities matrix);
- Subcontractors audit (technical quality of the service);
- Internal Quality audit of all processes, conducted annually by an external service provider specialising in quality management for manufacturers of medical devices. The recommendations from these audits are recorded and tracked in the ENNOV database.

Beyond the internal audit activities, the Company tracks extensive activity indicators (quality, performance) and the correction actions initiated.
Finally, the ENNOV process database is used throughout the year for strict management of the malfunctions identified in the course of the operational processes.

5.4. Internal control procedures relating to the preparation and processing of accounting and financial information

Organisation of the accounting and financial function
The accounting and financial function is managed in-house by a team made up of two persons, including an administrative and financial director. General accounting, along with consolidated accounting, is done in-house and reviewed by a chartered accountant. The tax review and payroll management are conducted by a chartered accountant firm. Valuations of retirement bonuses and commitments related to stock-option allocations are conducted by independent experts.
Consolidation of accounts
The scope of consolidation comprises the French company and its three foreign subsidiaries. The consolidation of accounts is carried out by the Administrative and Finance Department based on a monthly reporting format. The principal accounting procedures are formalised (in particular those defining consolidation operations and the controls on monthly reporting from the subsidiaries).
Monitoring subsidiaries
Each subsidiary has an annual budget, expressed in monthly figures, and monthly reporting that analyses discrepancies with said budget.
The subsidiaries' accounting is entirely subcontracted to local chartered accountant firms.
Closing the Group's separate financial statements
A chartered accountant conducts the annual payroll and tax review.
Account closing schedule
The monthly accounts are closed within a four business day deadline.

5.5. Conclusion: planned improvements

The Company attaches the greatest importance to its internal control system. The investments described above, undertaken to continue structuring improvements, are the best illustration of this commitment.
At the end of 2012, the Company set itself the objective of continuing the analysis and improvement of the actions introduced in with a view to reducing the Company's exposure to major operational risks.

Michael J Dormer
Chairman of the Board of Directors

EOS IMAGING

Limited liability company with capital of EUR 174,024.29

Registered office: 10 rue Mercœur 75011 Paris

Paris Trade and Companies Register 349 694 893

SPECIAL REPORT
ON TRANSACTIONS EXECUTED PURSUANT TO THE PROVISIONS
OF ARTICLES L. 225-177 TO L. 225-186 OF THE FRENCH COMMERCIAL CODE (*CODE DE COMMERCE*)

(*Allocations of share subscription or purchase options*)

FINANCIAL YEAR ENDED 31 DECEMBER 2012

We are pleased to present herewith the report provided for in Article L. 225-184 of the French Commercial Code concerning allocations of share subscription options during the financial year ended 31 December 2012, which shows:

- the number, expiry dates and price of the share subscription options granted during the year on the basis of the offices and roles held in the Company to each of the Company's officers, by the Company, the companies affiliated to it in accordance with Article L. 225-180 of the French Commercial Code and the companies controlled by it within the meaning of Article L. 233-16 of the French Commercial Code, as well as the number and price of the shares subscribed during the financial year by said company officers exercising one or more of the options ***(1)***;

- the number, price and expiry dates of the share subscription options granted during the year by the Company and by the companies or groups affiliated to it in accordance with Article L.225-180, to each of the ten Company employees who are not company officers holding the highest number of options thus granted, and the number and price of the shares subscribed during the year through the exercise of one or more options, by each of the ten Company employees who are not company officers, holding the highest number of shares thus subscribed ***(2)***,

- the number, price and expiry dates of the share subscription options granted during the year by the Company and by the companies or groups affiliated to it in accordance with Article L. 225-180, to all the beneficiary employees, and the number of such employees and the distribution of the options granted among the categories of such beneficiaries ***(3)***.

The number of share subscription options allocated during the financial year ended 31 December 2012 which had not lapsed on 31 December 2012 is 376,916

1. Options granted to company officers

Beneficiary	Allocation date	Number	Exercise price (euros)	Expiry date	Company concerned	Post held on allocation date
Hervé Legrand	21.09.2012	37,648	4.07	21.09.2022	EOS Imaging	Deputy General Manager

The Board of Directors set at 25% the quantity of shares resulting from the exercise of options which the above beneficiary is required to hold as registered shares until he leaves his post, and made the exercise thereof contingent on performance conditions (in accordance with the MiddleNext code of governance which the Company has decided to adopt).

No officers of the Company exercised any share options during financial year 2012.

2. **Options granted to the ten Company employees who are not company officers, holding the highest number of options granted**

The following table shows the number, expiry dates and price of the options allocated by the Company during the past financial year to each of the ten employees of the Company or companies controlled by the Company, who are not company officers and who were granted the largest number of options.

Beneficiary	Allocation date	Number	Exercise price (euros)	Expiry date	Company concerned	Post held on allocation date
Marie de la Simone	21/09/2012	62,000	4.07	20/09/2021	EOS imaging SA	Marketing Director
Anne Renevot	21/09/2012	62,000	4.07	20/09/2021	EOS imaging SA	Financial Director
Eric Maulave	21/09/2012	50,000	4.07	20/09/2021	EOS imaging SA	VP Sales Europe & ROW
Karine Chevrie	21/09/2012	42,169	4.07	20/09/2021	EOS imaging SA	Quality and Regulatory Director
Didier Saint Felix	21/09/2012	37,699	4.07	20/09/2012	EOS imaging SA	Director Operations
Youcef Imoussaine	21/09/2012	7,500	4.07	20/09/2012	EOS imaging SA	Maintenance Manager
Maurice Delplanque	21/09/2012	7,500	4.07	20/09/2012	EOS imaging SA	R&D Manager
Charles Atkins	21/09/2012	6,000	4.07	20/09/2012	EOS imaging Inc	Regional Sales Manager
Fran Hackett	21/09/2012	6,000	4.07	20/09/2012	EOS imaging Inc	Regional Sales Manager
Amy Fredrick	21/09/2012	6,000	4.07	20/09/2012	EOS imaging Inc	Clinical Study Manager NA

No shares were subscribed through the exercise of share subscription options by any of the ten employees of the Company or Company-controlled companies holding the highest number of shares thus subscribed during the financial year ended 31 December 2012.

3. **Options granted to all the group's employees**

During financial year 2012, the Board of Directors, exercising the authorisations granted to it, allocated a total number of Company share subscription options to beneficiaries, employees of the Company and subsidiaries of the Company as per the following table

Category of beneficiary	Number of beneficiaries concerned	Allocation date	Number of options	Exercise price (euros)	Expiry date	Company concerned
Employees	9	21/09/2012	5,900	4.07	21/09/2021	EOS imaging SA
Executives	32	21/09/2012	33,500	4.07	21/09/2021	EOS imaging SA
Executives	3	21/09/2012	11,000	4.07	21/09/2021	EOS imaging Inc
Executives	1	21/09/2012	2,000	4.07	21/09/2021	EOS image Inc

Board of Directors