French Public Limited Company (Société Anonyme), with share capital of €183,778.78
Registered office: 10 rue Mercœur, 75011 Paris
Paris Trade and Companies Register No. 349 694 893

2013 REGISTRATION DOCUMENT

ANNUAL FINANCIAL REPORT

This Registration Document contains all the items included in the Annual Financial Report.

AMF AUTORITÉ DES MARCHÉS FINANCIERS

In accordance with its General Regulation, in particular Article 212-23, the Autorité des Marchés Financiers (AMF) registered this Registration Document on 23/06/2014 under number R.14-041.
This document should not be used as a basis for a financial transaction unless accompanied by a prospectus approved by the AMF.
This Registration Document has been prepared by the issuers and its signatories assume responsibility for its content.
In accordance with Article L. 621-8-1-I of the French Monetary and Financial Code, the document was registered by the AMF after it had verified its exhaustiveness and comprehensibility and the consistency of the information contained therein. This does not imply AMF authentication of the accounting and financial data presented.

Copies of this Registration Document are available free of charge from
EOS imaging, 10 rue Mercœur, 75011 Paris
and on the Company's website (www.eos-imaging .com) and AMF website (www.amf-france.org)

CONTENTS

In accordance with Annex 1 of European Regulation EC 809/2004

1. PERSONS RESPONSIBLE FOR THE REGISTRATION DOCUMENT

1.1. PERSON RESPONSIBLE FOR THE INFORMATION CONTAINED HEREIN

Marie Meynadier, CEO of EOS imaging (hereinafter "**EOS imaging**" or the "**Company**")

1.2. STATEMENT BY THE PERSON RESPONSIBLE

"I declare that, having taken all reasonable measures for such purpose, to the best of my knowledge the information contained in this Registration Document gives a true picture and contains no omissions liable to alter its meaning.

I declare 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 results of the Company and of all the companies of the consolidated Group, and that the accompanying management report detailed on pages 357 and 358 of this Registration Document faithfully presents the business performance, results and financial position of the Company and of all the companies of the consolidated Group, along with a description of the main risks and uncertainties faced by the Group.

I have obtained a work completion letter from the Statutory Auditors, stating that they have audited the information relating to the financial position and the financial statements as provided in this Registration Document, and that they have read the entire Registration Document.
The consolidated financial statements for the year ended 31 December 2013, as presented in the Registration Document, were subject to a report by the Statutory Auditors presented on pages 209 and 254 of this Registration Document.
The consolidated financial statements for the year ended 31 December 2012, included for reference purposes and presented in the 2013 Annual Financial Report, were subject to a report by the Statutory Auditors presented on pages 209 and 254 of said document.
The consolidated financial statements for the year ended 31 December 2011, included for reference purposes and presented in the 2012 Annual Report, were subject to a report by the Statutory Auditors presented on page 180 of this document".

Paris, 23 May 2014

Marie Meynadier
Chief Executive Officer

2. STATUTORY AUDITORS

2.1. PRINCIPAL STATUTORY AUDITORS

Deloitte & Associés
Public limited company
185C avenue Charles de Gaulle
92200 Neuilly sur Seine
Nanterre Trade and Companies Register 572 028 041
Company represented by Mr Fabien Brovedani

FI Solutions
Simplified joint-stock company
FI SOLUTIONS
8 rue Bayen
75017 Paris
Paris Trade and Companies Register 482 040 235
Company represented by Mr Jean-Marc Petit

Appointed by the Combined General Meeting of 13 June 2013 for a six-year term expiring at the close of the Ordinary General Meeting called to approve the financial statements for the year ending 31 December 2018.

2.2. ALTERNATE STATUTORY AUDITORS

BEAS
Limited liability company
195 avenue Charles-de-Gaulle
92200 Neuilly sur Seine
Nanterre Trade and Companies Register 315 172 445
Company represented by Joël Assayah

Mr Jorg Schumacher
Born on 12 April 1965 in Hilden (Germany)
1 avenue Léopold Sedar Senghor
94100 Saint Maur des Fossés

Appointed by the Combined General Meeting of 13 June 2013 for a six-year term expiring at the close of the Ordinary General Meeting called to approve the financial statements for the year ending 31 December 2018.

3. SELECTED FINANCIAL INFORMATION

SELECTED FINANCIAL INFORMATION

The EOS imaging Group is the world leader in 3D orthopedic imaging.

Stemming from a company set up in 1989, EOS imaging SA develops and sells an innovative ultra-low-dose 2D/3D orthopedic medical imaging system dedicated to osteo-articular conditions. With the acquisition of OneFit Medical in November 2013, the Group's offering now includes an orthopedic surgery planning service and the sale of customised orthopedic instruments.

As mentioned in Chapter 7 of this document, EOS imaging wholly owns the following four companies:

- *EOS imaging Inc*., an American registered company which handles the sale of Group products in the US;

- *EOS imaging GmbH*, a German registered company which handles the sale of Group products in Germany;

- *EOS image, Inc*., a company incorporated under Part IA of the Québec Companies Act, which handles the sale of Group products on Canadian soil, as well as R&D activities;

- *OneFit Medical SAS*, a French simplified joint-stock company which develops and markets orthopedic software solutions and customised orthopedic instruments. This company was acquired on 27 November 2013. It has been consolidated into the Group's financial statements since its acquisition.

The consolidated financial statements of EOS imaging for the year ended 31 December 2013 were approved by the Board of Directors on 8 April 2014.

Pursuant to European regulation No. 1606/2002 of 19 July 2002, the consolidated financial statements of EOS imaging were prepared pursuant to IFRS and interpretations as adopted by the European Union at 31 December 2013. These are available on the website of the European Commission:
http://ec.europa.eu/internal_market/accounting/ias/index_en.htm.

The accounting principles applied to prepare the consolidated financial statements:

- for the year ended 31 December 2013 are unchanged from those used for the year ended 31 December 2012 except for IAS 19 revised, which affected shareholders equity as at 31 December 2013 by €9K. There was no effect on the financial statements as at 31 December 2012 as any impact was deemed to be non-material.

  The other standards, amendments and interpretations adopted by the European Union and whose application is mandatory for the Group as of 1 January 2013 are as follows:
  - amendment to IAS 1 "Presentation of Items of Other Comprehensive Income (OCI)";
  - amendment to IFRS 7 “Disclosures on Offsetting Financial Assets and Financial Liabilities”;
  - amendment to IFRS 1 "Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters";
  - amendment to IFRS 1 "Government Loans";
  - IFRS 13 "Fair Value Measurement";
  - IFRIC 20 "Stripping Costs";

- annual improvements to the IFRS (2009-2011): IAS 1 "Presentation of Financial Statements", IAS 16 "Property, Plant and Equipment", IAS 32 "Financial Instruments - Presentation" and IAS 34 "Interim Financial Reporting";
- amendment to IAS 12 "Deferred Tax; Recovery of underlying assets".

- For the year ended 31 December 2012 these are unchanged from those used for the year ended 31 December 2011 with the exception of the application of the following new standards, amendments, and interpretations adopted by the European Union, mandatory as of 1 January 2012, and with 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".

Simplified consolidated balance sheets

Consolidated data	**2013**	**2012**	**2011**
€K	**12 months**	**12 months**	**12 months**
Total assets	**46,594**	**37,635**	**8,931**
Non-current assets	**7,882**	**1,475**	**1,424**
Current assets	**38,712**	**36,160**	**7,507**
o/w cash and cash equivalents	*20,749*	*26,975*	*1,712*
Total equity & liabilities	**46,594**	**37,635**	**8,931**
Shareholders' equity	**30,067**	**31,478**	**1,733**
Non-current liabilities	**4,087**	**881**	**815**
o/w long-term debt	*3,916*	*752*	*721*
Current liabilities	**12,440**	**5,275**	**6,382**

Simplified consolidated income statements

Audited consolidated data	**2013**	**2012**	**2011**
€K	**12 months**	**12 months**	**12 months**

Total operating income	**16,671**	**10,394**	**7,592**
o/w sales revenue	15,170	9,424	6,944
Total operating expenses	(23,041)	(18,090)	(14,208)
Total operating profit (loss)	**(6,370)**	**(7,697)**	**(6,616)**
Profit (loss) before tax from ordinary activities	**(5,884)**	**(7,223)**	**(6,653)**
Total net profit (loss) for the period	**(6,096)**	**(7,062)**	**(6,554)**
Net earnings per share (in €)	(0.34)	(0.43)	(0.57)

Simplified cash flow statements

Audited consolidated data	**2013**	**2012**	**2011**
€K	**12 months**	**12 months**	**12 months**
Cash flows related to operating activities	**(10,522)**	**(8,331)**	**(3,931)**
o/w internal financing capacity	(4,015)	(5,777)	(6,020)
o/w change in working capital requirements	(6,506)	(2,554)	2,089
Cash flows related to investment activities	**(2,035)**	**(490)**	**(724)**
Cash flows related to financing activities	**1,740**	**34,072**	**2,335**
Impact of exchange rate fluctuations	(417)	12	118
Change in cash	**(11,233)**	**25,262**	**(2,202)**

4. RISK FACTORS

Before deciding to invest in the Company's shares, potential investors are invited to carefully consider all the information in this Registration Document, including the risk factors described in this Chapter. As part of the preparation of this Registration Document, the Company performed a review of the risks that could have a material adverse effect on the Group, its business, financial position, earnings and outlook, and believes there are no material risks other than those presented.

The Company's risk management policy is described in Annex 4.1 of this Registration Document under "Chairman's report on internal control procedures and on the conditions for preparing and organizing the Board's work".

Investors should note that there could be other risks which, on the filing date of this Registration Document, are either unknown or whose materialisation is not considered liable to have a material adverse effect on the Company, its business, financial position, earnings or outlook.

4.1 RISKS RELATED TO THE MARKETS IN WHICH THE GROUP OPERATES

There are alternative technologies to those used by the Group and the appearance of new competing technologies cannot be ruled out.

The products developed by the Group are positioned in markets in which alternative solutions already exist (scanners, X-rays, MRI) and whose use is widespread among physicians and other medical personnel.

While the Company considers that the other available solutions do not perform as well as the EOS equipment, particularly to the extent that they require (i) stitching of images together for large formats and (ii) use of a higher dose of radiation to obtain 3D images, competing technologies that currently exist, are in the development process, or even that are currently unknown, could, in the near or more distant future, take significant market share and hinder the Group's ability to market its products successfully.

Furthermore, the Company cannot ensure that other technologies allowing large-format 3D images in a weight-bearing position will not be developed or appear on the market, and therefore that the technology marketed by the Company will become the benchmark for the EOS indications in axial skeletal imaging recommended by the Group.

The Group's competitors could also develop new technologies that are more effective, safer and/or less costly than those developed by the Group, which could lead to a drop in demand for the Group's existing products.

The Company intends to continue its research and development efforts in order to perfect its existing products and to develop new products to increase the market for its products.

On the filing date of this Registration Document, the Group is marketing its innovative EOS medical imaging technology, and its corollary, sterEOS, as well as patient-specific cutting guides and the associated software solutions. In the medium term, the Group could, however, decide to diversify its innovative technology offerings in the area of medical imaging.

The Group's business, financial position, earnings, growth and prospects in the medium and long term could be materially affected by the materialisation of one or more of these risks.

In the future, the Group could face large multinationals.

The leaders in the medical imaging market are large multinational companies with significant financial resources. EOS imaging's recent entry into the market might cause these companies to respond.

For example, a competitor could develop an alternative technology also enabling large-format 3D imaging in a weight-bearing position, with characteristics similar or even superior in full or in part to those of the EOS device. Although the time required for developing such technology and obtaining the appropriate EC marking and/or FDA approval would be relatively long, and although the product developed might not possess the same technical properties as the EOS system (low radiation dosage, overall size of the image, ability of the image to provide relevant parameters, etc.), this possibility cannot be excluded and could have a material adverse effect on the Group, its business, financial position, earnings, growth and prospects.

In addition to the intellectual property protection policy described in section 11.2.1 of this Registration Document, the Group devotes considerable effort to improving its existing products and developing new products and solutions suited to new customers or new indications in order to maintain its technological edge. At the end of December 2013, the R&D Department had 38 employees and the budget devoted to R&D in 2013 came to more than €3 million.

The Group could be unable to extend its coverage of new territory at the pace of and/or under the conditions envisaged.

The Group is planning to continue to expand its geographic coverage. The implementation of this strategy depends in part on the Group's ability to obtain the regulatory authorizations necessary to market its product and to enter into agreements with qualified local distributors.

The Company cannot guarantee that it will be able to obtain these authorizations according to the timetables that it has envisaged to date, or to find such distributors.

The Group's business, financial position, earnings, growth and prospects in the medium and long term could be materially affected by the materialisation of one or more of these risks.

4.2 RISKS RELATED TO THE GROUP'S ACTIVITIES

4.2.1. Risks related to the commercial development of the Group

On its current markets, the Group's development will depend in part on the pace at which healthcare professionals adopt its innovative imaging technology.

The Company believes that healthcare professionals will not use its products widely until they are convinced, based on clinical data or scientific publications, that its products offer advantages or are an indispensable alternative to equipment already on the market, which they are already experienced in using.

In spite of the compelling results from clinical trials already conducted, the support of numerous opinion leaders throughout the world, multiple scientific publications reporting the contributions of the solution offered by the Group compared to current technologies, and the satisfaction of users of

the Company's product, these same professionals could be reluctant to change their medical imaging practices in favour of EOS technology, particularly for the following reasons:

- the investment required in the acquisition of an EOS system;
- limitations on reimbursements by public or private health insurance plans or collective entities;
- the frequency of use of the EOS system, depending on their type of patients and their specialty;
- their lack of experience in using the EOS system;
- an insufficient amount of favourable clinical data published.

Without the ongoing endorsement of healthcare professionals, the pace of widespread adoption of the EOS system could be more or less seriously slowed, which could have a material adverse effect on the Group, its business, financial position, earnings, growth and prospects.

The Group's development is also conditional on its capacity to commercialise its products on new markets and to maintain a high level of quality in the maintenance services attached to the EOS systems marketed.

The Group's development and its ability to generate revenue will also depend in part on its ability to continue to conquer new markets for its products, which will itself be based on several factors such as:

- the ongoing endorsement by the medical community within the markets the Company targets, particularly by opinion leaders, which can depend on local medical practices;
- the ability to have the necessary sales forces; and/or
- obtaining the required authorizations for commercialisation.

The Group has a maintenance department dedicated to maintaining the marketed EOS systems. The team in charge of maintenance comprises not only engineers and technicians employed by the Company but also, for certain geographic zones distant from the Company's headquarters, service providers trained by the Company.

In some geographic areas, due to the low number of EOS systems sold and, accordingly, to the limited number of maintenance visits to be carried out, it cannot be ruled out that service providers may lose some of their know-how through lack of practice and that, accordingly, the quality of the maintenance services offered by these service providers trained by the Company may deteriorate.

For some geographic areas, there is therefore a risk for the Group of not managing to maintain a high level of quality in maintenance services for the EOS systems marketed.

The Company intends to push ahead with its R&D efforts in order to improve existing products and implement the required means to train in-house and third-party staff involved in the installation and maintenance of its equipment.

The Group's business, financial position, earnings, growth and prospects in the medium and long term could be materially affected by the materialisation of one or more of these risks.

The reimbursement conditions for imaging procedures performed using the EOS technology will be a key factor in the Company's commercial success.

The success of the commercial roll-out of EOS technology depends in part on the coverage and reimbursement conditions for imaging procedures conducted using this technology by the public or private healthcare insurers in place in the countries where the Group wishes to market its product today and potentially its products in the future.

Governments and agencies in charge of public or private health insurance plans tend to control health expenses by limiting both the level of reimbursement and the coverage of certain products or procedures, particularly innovative products or procedures.

The Company cannot ensure that the Group will be able to obtain, in all the countries where it wishes to market its products, firstly, eligibility for reimbursement for procedures conducted using its products and, secondly, coverage and reimbursement levels that would encourage healthcare professionals to incorporate EOS imaging technology in their practices. Nor can it ensure that it is or will be able to foresee potential changes over time in the coverage and reimbursement conditions that it might have obtained. The absence of or insufficient reimbursement for or coverage of imaging procedures conducted using the Group's products or the adoption of more restrictive reimbursement or coverage measures could have a material adverse effect on the Group, its business, financial position, earnings, growth and prospects.

The Group might not be able to recruit and retain the sales forces necessary within periods or under conditions compatible with its expansion.

The marketing of EOS technology within healthcare facilities (hospitals and private clinics, private radiology centers and implant manufacturers for cutting guides) is carried out by a combination of two sales forces. A direct sales force conducts marketing activities in France, Germany, the United Kingdom and the United States, supported in the United States and Germany by a network of agents. For other geographic zones, in particular other European Union countries, Asia and ultimately Latin America, the Company intends to follow an indirect approach through a network of independent distributors to which exclusivity will be granted in a specific territory.

The successful marketing of its technology in France, Germany, the United Kingdom and the United States therefore depends in particular on the Group's ability to attract, recruit and retain a qualified sales force.

Furthermore, the successful marketing of the Group's technology in other geographic zones depends on the financial resources, expertise and customers of its distributors. The Group cannot ensure that it will be able to retain its existing distributors or enter into new distribution agreements to reach all countries with sales potential, or that these distributors will have the skills necessary both in radiology and orthopedics or that they will devote the resources necessary for the commercial success of its products. In order to limit this risk, the Company has set up a pre-sales and post-sales support team tasked with ensuring training and support for the Group's distributors and notably to help them in carrying out commercial activities. This point is all the more important as these are

generally distributors of medical equipment and devices who therefore have numerous products to promote and market, and consequently limited time to devote to each one.

The use of clauses giving exclusivity in a territory as provided for by these agreements might be challenged by French and European competition regulations. These clauses, which are combined with non-compete and minimum purchase clauses, could, in certain circumstances, be deemed unlawful, as they could in particular have the effect of preventing the Company's competitors from penetrating the market. The exclusive distribution agreements entered into with some independent distributors for sales made in the European Union might therefore be void and/or give rise to monetary penalties against the Group if these clauses were deemed unlawful.

The Group's business, financial position, earnings, growth and prospects in the medium and long term could be materially affected by the materialisation of one or more of these risks.

The Group's ability to expand the outlets for its products will depend on the completion periods and results of future clinical studies, which are by nature uncertain, scientific publications on the EOS system and the endorsement of opinion leaders.

Along with its routine use, the EOS technology has been the subject of numerous clinical trials:

- 30 clinical studies, including 17 strategic studies, are currently underway;
- 56 oral medical presentations, as well as posters, were delivered in 2013 at 15 national and international conferences;
- 130 scientific articles on EOS and its technology were published in leading journals.

The users of EOS systems most often sponsor clinical studies to which the Group may provide its support. In spite of the compelling results already obtained, which have been the subject of communications, the Group is continuing its efforts in this respect and will continue to support this kind of study, in particular with a view to pursuing clinical validation of the EOS technology's contributions.

Furthermore, the Group's commercial expansion is highly dependent on its ability to continue to convince opinion leaders on the orthopedic surgery market and on the satisfaction of EOS technology users.

If the Group were unable to continue to publish first-rate scientific studies regularly and to convince the appropriate opinion leaders in each targeted geographical region, there would be a delay in the endorsement both by opinion leaders and by professionals from the relevant medical fields, and the Group's ability to market its equipment would be affected, which could have a material adverse effect on the Group, its business, financial position, results, growth and prospects.

4.2.2. Risks related to intellectual property

The Group relies, to a large extent, on the exclusive nature of its intellectual property and know-how. However, the Group might not be able to maintain or obtain adequate protection and, in this way, protect its technological and competitive advantage.

For the protection of its products and technology, the Group relies on the protection provided by intellectual property rights, such as patents and trademarks, but also on its commercial secrets and know-how, protected by confidentiality or other agreements. However, these means provide only limited protection and might not prevent unlawful use of the Group's products or technology.

The innovative technology on which the Group's business is based is mainly protected, firstly, by several patents and patent applications which cover not only the hardware and software aspects of this product, but also a certain number of technologies or alternative processes currently being developed and, secondly, by the know-how of the Group, in particular covering manufacturing methods and the choice of certain critical components.

The Company could experience difficulties obtaining some of its patent applications currently being examined. Furthermore, the issuance of a patent does not ensure its validity or opposability, both of which may be disputed by third parties. In addition, the Company has not, to date, filed patent applications in all the countries in which it operates, even though its patents or patent applications are most often filed in the United States and in the largest European countries, as well as, in certain cases, in Japan.

The Company cannot guarantee with total certainty that:

- the Group's patent applications that are in the review process will actually result in the issuance of patents and accordingly in the protection of the inventions that are the subjects of the patent applications in question in all the countries where these patent applications have been filed;

- the patents issued to the Group will not be disputed, invalidated or circumvented;

- the extent of the protection provided by the patents will be sufficient to protect it against competition and the patents of third parties covering similar products or devices;

- the Group's competitors are not developing a technology or products similar to those of the Group; and

- the EOS technology does not infringe patents belonging to third parties.

The Group's competitors could thus successfully challenge the validity of its patents before a court or in the context of other proceedings, which, depending on the outcomes of said challenges, could reduce the scope of these patents, lead to their invalidity or enable competitors to circumvent them. Therefore, the Group's rights under its patents might not provide the expected protection against competition.

To date, no such challenge has been brought against the Group by its competitors.

Nor can the Company ensure that the EOS system and its technology, which are closely linked to the Company's know-how and commercial secrets, are adequately protected against competitors and cannot be usurped, or circumvented, by the latter. In the collaboration and research and development agreements entered into by the Group, the latter must frequently provide its co-contractors, in various forms, with certain items from its know-how, whether protected by patents or

not, particularly information, data or knowledge concerning research, development, the manufacture and marketing of the EOS system.

The Group seeks to limit the disclosure of key items from its know-how to third parties to the minimum necessary for the collaboration it maintains with them and it ensures contractually that these third parties undertake not to misappropriate, use or disclose this information, in particular by means of confidentiality clauses. The Group cannot, however, ensure that these third parties comply with these agreements, that the Group will be informed of a breach of these clauses, or further that the damages it could possibly obtain would be sufficient in respect of the loss suffered.

Moreover, these collaboration and research and development agreements expose the Group to the risk of seeing its co-contractors claiming the benefit of intellectual property rights to the Group's inventions, knowledge or results. Lastly, these agreements could give rise to co-owned intellectual property rights or to the granting of exclusive operating licenses under conditions unfavourable to the Group.

The Group's trademarks are important elements of the identity of the Group and its products. Even though the EOS trademark has been registered, notably in Europe, the United States and Canada, third parties could use or attempt to use this trademark or other trademarks of the Group, which could cause a commercial loss and harm the image of the Group.

The Group's protection of its intellectual property rights represents a considerable cost relating, in particular, to the expense of registering patents and keeping them in force and to managing its other intellectual property rights, a cost which could increase, in particular if litigation were to be brought by the Group to assert its rights. In addition to these costs, if litigation were to prove necessary in order to enforce compliance with the Group's intellectual property rights, to protect its trade secrets or know-how or to determine the validity and scope of its intellectual property rights, it could have a negative influence on the earnings and financial position of the Group, and fail to provide the protection sought.

Similarly, monitoring the unauthorized use of the EOS system and technology is difficult, and the Group, despite having implemented a monitoring of this trademark, cannot be certain that it will be able to avoid misappropriations or unauthorized use of its products and technology, particularly in foreign countries where its rights might be less well-protected.

The Group has lodged opposition with the European Patent Office against two patents filed by third parties for which the Group considers that its technology constitutes prior art in relation to the disputed technology.

The materialisation of one or more of these risks could have a material adverse effect on the Group's business, financial position, earnings, growth and prospects.

The Group's business depends in part on technologies belonging to third parties.

The Company enjoys two exclusive worldwide intellectual property licenses relating to the 3D reconstruction technology from one, two or more plane X-ray views. The licenses are granted, respectively, by the École de Technologie Supérieure (ETS) and by the Association de Recherche Technologie et Sciences (ARTS), the latter acting in partnership with the biomechanics laboratory of the École Nationale Supérieure d'Arts et Métiers.

In the context of these licenses, the Company has undertaken to pay both of these institutes a proportional fee on the sale price of the EOS systems. The terms of these licenses are specified in Chapter 22 "Significant Agreements" of this Registration Document.

As long as the Group uses licensed technologies, it will be dependent on the technologies licensed to it. Any violation by the Group of the conditions of these licenses could lead to loss of the right to use the technologies in question, which could have a material adverse effect on the Group, its business, financial position, earnings, growth and prospects.

It cannot be ruled out that the Group be the subject of actions for infringement.

For the success of its business, it is important that the Group be able to exploit its products and technology freely *vis-à-vis* patents or third-party intellectual property rights.

Even though the Company regularly has its Intellectual Property Advisors conduct studies on its freedom of operation, studies which up to now have not identified elements of a nature to reduce this freedom of operation, it cannot ensure that there are no patents or other third-party intellectual property rights that may apply to some of the Group's activities, products or technologies enabling these third parties to bring a legal action for infringement, or for a similar ground, against the Group in order to obtain damages or cessation of the use of the product or process called into question.

If these legal actions are carried out to conclusion and acknowledged, in full or in part, to have foundation, the Group could be forced to stop or delay the research, development, manufacture or sale of the products or processes affected by these actions, which would significantly affect its activities.

In particular, the Group could be required, in addition to paying financial compensation, to:

- stop manufacturing, selling or using the products or technology called into question, in a given geographic zone, which could reduce its revenue;
- obtain, under conditions unfavourable to the Group, a license to the third-party intellectual property rights;
- find alternative solutions in order to avoid infringing the third-party intellectual property rights, which could turn out, in some cases, to be impossible or costly in terms of time and financial resources, and could thus be an obstacle to its marketing efforts.

A lawsuit brought against the Group, regardless of its outcome, could moreover result in substantial costs, disorganize the Group's operation, and compromise all or part of its business, image and reputation.

The materialisation of one or more of these risks could have a material adverse effect on the Group's business, its earnings, financial position, growth and prospects.

4.2.3. Risks relating to the manufacturing process of the Group's products

The Group depends on sub-contractors for the supply of some of the components of its EOS system.

The EOS system includes components and raw materials that vary in nature and include mechanical, electronic and radiology elements (X-ray tubes and generators and X-ray detectors) produced in part by the Company (the X-ray detectors) and in part by third parties (the X-ray tubes and generators, for example).

Given its size, the Group does not yet have two sources of supply for the provision of all its components.

Concerning the mechanical components, the Group considers its risk of dependence low because it could obtain supplies from competitors of its current sub-contractors.

Concerning the electronic components, the Group considers its risk of dependence low because it could obtain supplies from competitors of its current sub-contractors.

Concerning the X-ray detectors that are manufactured internally, the Group cannot rule out the risks associated with defects or deteriorations in production processes that could delay the pace and yield of production; exacting quality processes have been implemented to limit these risks. To cope with the expected growth of its sales, the Group has recently made significant investments to build up its internal production capacity.

Concerning X-ray generators, the Group has reduced its procurement risk by developing a second source of supply in 2013.

Concerning X-ray tubes, the Group is examining the possibility of getting a second supplier with the same performance level as its first supplier, which would require adapting the design of the EOS system, but would reduce the procurement risk for these components.

Each of these alternatives would, however, require a minimum period of adaptation of the supply chain, or even that new regulatory certifications be obtained, and could have a material adverse effect on the Group, its business, financial position, earnings, growth and prospects.

The Group depends on third parties for the manufacturing of its EOS system.

The EOS system is partly assembled by the Group itself (for the detectors) and partly by third parties (for some detector components and for the final device).

In particular, the Group uses a single integrator to assemble EOS equipment. The Group selected this integrator in April 2010, following several months of discussions, for its quality department's performance and the traceability of its operations. This integrator has a quality system certified compliant with the ISO13485 standard and has solid experience in assembling medical devices. The first EOS system assembled by this supplier was delivered in 2011. A memorandum of understanding was signed on 1 July 2010, for an initial term of three years, setting the financial conditions of purchase (amount, currency and payment terms) between the Group and the integrator. This agreement has since been modified to take account of the growth in the Group's production volumes. In 2013, a new assembly line was set up to double the production capacities and thus support the Group's business growth and reduce any risk of insufficient assembly capacity.

The terms of this agreement lead the Group to consider that the supply risk with this integrator is managed correctly even though a risk of contractual breach cannot be ruled out. In such event,

assembly of EOS systems could, as a result, be more or less seriously slowed and even come to a complete stop.

Such state of affairs could have a material adverse effect on the Group, its business, financial position, earnings, growth and prospects.

There are, however, alternatives insofar as a number of small businesses assemble medical devices. Where necessary, the Group could therefore approach other integrators, but this would require prior validation work, could require new certifications to be obtained from the notified body used by the Group to obtain its CE marking and could lead to an increase in the cost price of an EOS system.

The Group also uses another sub-contractor to assemble some mechanical components of its X-ray detectors.

The Group is therefore dependent on third parties for the manufacture of all its products. Its commercial success thus relies in part on its ability to obtain manufactured products from its sub-contractors that comply with regulatory provisions, in the quantities and periods requested and on a profitable basis. Problems could arise during their manufacture and distribution and could result in delays in the supply of products. This could result in increased costs, lower sales, damage to relations with customers and, in certain cases, product recalls that cause damage in terms of image and risks of implication of the Group's liability if these problems are not discovered until the products are sold.

In addition, the manufacture of the Group's products is very complex and demanding, in particular because of the regulations applicable and the specifications imposed by the Group. All of the manufacturing process for the equipment and consumables of the Group, according to the designs patented by it, thus fall within the scope of application of the certificates obtained by the Group permitting CE marking, FDA approval and regulatory approvals in Asia and the Middle East.

Were the Group to change the critical suppliers or sub-contractors (the integrator, or X-ray tube and generator suppliers) of its equipment and consumables, it would be required to revalidate the manufacturing process and procedures in compliance with applicable standards. In such case, additional tests and validations could be necessary in order to maintain the CE marking and to obtain a new FDA approval, although this would apply only to quality aspects and not to design. This procedure could be costly, time-consuming and require the attention of the Group's most qualified personnel. Were these new authorizations to be denied, the Group could be forced to look for another supplier or sub-contractor, which might delay the production, development and marketing of its products and increase their manufacturing costs.

In the event that, for various reasons, relations should have to be terminated with one of its suppliers or sub-contractors, the Group, moreover, might be unable to find a sub-contractor with the same skills within a sufficient period of time or on satisfactory commercial terms.

Furthermore, dependence on third-party manufacturers gives rise to additional risks which the Group would not face if it manufactured its products itself, such as:

- non-compliance of the products manufactured by these third parties with regulatory and quality control standards;

- violation by these third parties of their agreements with the Group; and

- breach or non-renewal of these agreements for reasons beyond the Group's control.

The Company is also unable to ensure that its sub-contractors or suppliers will always comply with applicable regulations, authorizations and standards. If products manufactured by some suppliers or the quality systems implemented by them were not to comply with applicable regulations or standards, the Group could be subject to penalties. Such penalties could include fines, injunctions, damages, the suspension or withdrawal of authorizations or certificates obtained, the withdrawal of licenses, the seizure or recall of its products, operating restrictions or restrictions on use and criminal proceedings, all of which could have a significant negative impact on its business.

To minimise the risks associated with sub-contracting, and in addition to the very rigorous selection criteria it has implemented, the Group ensures the quality of the products delivered by personally ensuring, via its production teams, the adjustment and final acceptance of its products on the site of its sub-contractor, the integrator AXE System, prior to shipping the products to its customers.

If an increasing number of products are marketed, it cannot be ruled out that the Group will increasingly resort to other cases of sub-contracting with which similar risks would be associated.

The Group's business, financial position, earnings, growth and prospects in the medium and long term could be materially affected by the materialisation of one or more of these risks.

4.2.4. Risks relating to the Group's customers

Counting 80 references as of 31 December 2013, EOS imaging's customer portfolio is composed, firstly, of healthcare facilities (hospitals and clinics) and radiology centers, and secondly, of distributors.

As healthcare facilities and radiology centers mainly function using budget headings, the Group has only been confronted with problems of insolvency in very rare cases and for very small amounts. Therefore, no provision for impairment of trade receivables had been booked at 31 December 2013.

Concerning its distributors, EOS imaging monitors the quality of their capital base and their compliance with local regulations concerning the distribution of medical devices when they are selected. At present, the main distributors are Meditech Far East, QST Technologies, Leuag AG and Neuromed SPA.

The average payment periods granted to the Group's customers are adapted to each country's practices. In some cases, down payments are received when the order is placed, and the additional payments are scheduled at various stages of the sale (shipping, delivery, installation, final acceptance).

The Group's practices are adapted depending on analysis of the country risk. Practices such as payment of the full amount of the order when the equipment is shipped or resorting to a letter of credit are then adopted.

Furthermore, the contribution of the Group's largest customer to consolidated sales for the financial years ended on 31 December 2012 and 2013 was 6% and 8% respectively, while for the same period, the aggregate weight of the Group's three largest customers accounted for 16% and 16% of consolidated sales respectively.

In order to assess these contributions in a relevant manner, it is specified that for the financial year ended on 31 December 2013, the largest customer was a distributor who himself sold EOS products to several end customers (concerning dependence on distributors, see section 4.2.1 “Risks related to the commercial development of the Group” above).

For these reasons, the Group considers that it is not faced with significant dependence on any one customer.

4.2.5. Risks relating to potential product liability

Aside from legal warranties, the Group could be exposed to risks from liability arising from the clinical development or commercial exploitation of its products, especially product liability. Criminal or civil proceedings might be filed against the Group by users (patients, practitioners, researchers and other professionals in the healthcare or research fields), regulatory authorities, distributors and any other third party using or marketing its products.

To date, the Group has not been the subject of any criminal or civil case in this area and has taken out defective product liability insurance providing coverage for the following maximum amounts:

For EOS equipment:

- Before delivery, €6 million per claim and insurance year,
- After delivery, €3 million per claim and insurance year excluding North America,
- After delivery, €1,524,490 per claim and insurance year for North America.

For cutting guides:

- Before delivery, €9.1 million per claim,
- After delivery, €2.2 million per insurance year,
- After delivery, €10 million per claim and €20 million per insurance year for the customer Aesculap.

The Company cannot ensure that its current insurance coverage is sufficient to respond to liability actions that may be brought against it. If it were held liable, and unable to obtain and maintain appropriate insurance coverage at an acceptable cost, or to protect itself in any way against product liability suits, this would then seriously affect the marketing of its products and, more generally, be detrimental to the business, earnings, financial position, growth and prospects of the Group.

4.2.6. Risks relating to the warranty granted on the EOS equipment sold by the Group

In parallel to the implementation and continuation of a Quality Management System (QMS) certified compliant with international standard ISO 13485: 2003, seeking that its products meet strict quality criteria, the Group grants its customers a one-year, or exceptionally two-year, product warranty, from the products’ activation date. This warranty covers material defects as well as compliance of the products delivered with the technical descriptions and characteristics.

Even though the risks of this contractual warranty being enforced are reasonably provisioned, the Company cannot ensure that these current provisions are sufficient to satisfy the enforcement of the contractual warranty by all its customers. If its liability were called into question in this way, and if it were unable to obtain and maintain adequate provision, or to protect itself in any way against the enforcement of this contractual warranty, this would then seriously affect the marketing of the products and, more generally, be detrimental to the business, results, financial position, growth and prospects of the Group.

Similarly, once the equipment sold by the Group is no longer under warranty, the Group offers a maintenance agreement covering all or some of the parts and labour. Even though the price of this agreement has been set such as to ensure the Group a satisfactory operating margin, the incidence of frequent equipment breakdowns or defectiveness of a critical component on a significant share of the installed base could be detrimental to the business, results, financial position, growth and prospects of the Group.

4.3. RISKS RELATED TO THE GROUP'S ORGANIZATION

4.3.1. Risk of dependence on key persons

The Group could lose key employees and be unable to attract new qualified persons.

The Group's success depends heavily on the involvement and expertise of its managers, sales representatives and qualified scientific staff.

The Company has not taken out "key person" insurance. The departure of one or more of these persons or other key employees of the Group could lead to:

- the loss of know-how and the undermining of certain activities, which would be exacerbated in the event of a move to the competition; or
- shortcomings in terms of technical abilities that could slow business and could affect, going forward, the Group's ability to achieve its objectives.

Furthermore, the Group will need to recruit new managers, sales representatives and qualified scientific staff to develop its business. The Group competes with other companies, research entities and academic institutions in particular to recruit and retain highly qualified scientific, technical and management staff. If this competition is very intense, the Group might not be able to attract or retain these key persons on conditions that are economically acceptable.

The inability of the Group to attract and retain these key persons could prevent it from achieving its objectives overall and thus have a material adverse effect on its business, earnings, financial position, growth and prospects.

In view of this risk, the Group has implemented contractual provisions specific to its business and compliant with labour law: non-compete clauses for managers, transfer of intellectual property clauses and confidentiality clauses. It has also set up systems for motivating and creating loyalty in personnel, in the form of variable compensation linked to performance and the awarding of securities giving access to the Company's capital (stock options).

4.3.2. Risks relating to managing the Group's internal growth

As part of its development strategy, the Group will have to recruit additional personnel and develop its operating capabilities, which could call strongly on its internal resources.

To this end, the Group must, among other things:

- train, manage, motivate and retain a growing number of employees;
- anticipate the costs related to this growth and the corresponding financing needs;
- anticipate the demand for its products and the revenue they are likely to generate;
- increase the capacity of its existing operating, financial and management IT systems; and
- increase, as the case may be, its production capacities as well as its critical components inventory.

The Group's inability to manage growth, or unexpected difficulties encountered while expanding, could have a material adverse effect on its business, earnings, financial position, growth and prospects.

4.4. FINANCIAL RISKS

4.4.1. History of operating losses – Specific risks relating to projected losses

Since its creation in 1989, the Group has recorded operating losses that are explained by the innovative nature of the products developed, which involve a research and development phase of several years.

As of 31 December 2013, its cumulative operating losses over the last three financial years ended on 31 December 2011, 2012 and 2013 came to €20,683K including an operating loss of €6,370K for the financial year ended on 31 December 2013.

The Group could experience additional operating losses in the coming years as it pursues its commercial development and research activities, especially in view of:

- increased regulatory requirements regarding the manufacture of its products;
- the need for new commercial investments to support the growth in EOS sales on its current markets and new markets;
- the need to obtain new certifications to accompany the marketing of EOS on new markets.

4.4.2. Liquidity risk – Future capital needs and additional financing

The Group could need to strengthen its shareholders' equity or resort to additional financing in order to ensure its development.

Historically, the Group has financed its growth by strengthening its shareholders' equity through capital increases and by issuing convertible bonds (which were fully converted on the date the Company's shares were first listed on the regulated market of NYSE Euronext in Paris).

The Group was first listed on NYSE Euronext in Paris on 15 February 2012, raising €37.9 million through the issuing of 5,520,000 shares subscribed at the price of €6.87 per share.

The Group has never resorted to bank loans. It is therefore not exposed to liquidity risk resulting from the potential enforcement of early repayment clauses in bank loans.

The Group has made significant research and development efforts since the start of its business as well as in terms of sales and marketing, which has generated negative consolidated operating cash flows to date.

These negative operating cash flows came to €(3,931)K, €(8,331)K and €(10,522)K respectively for the 2011, 2012 and 2013 financial years.

At 31 December 2013, the Company's cash and cash equivalents came to €15,742K.

The Company has carried out a specific review of its liquidity risk and believes that it is in a position to meet its future scheduled repayments.

Nevertheless, the Group will continue to have significant financing needs to develop its technologies and market its products.

The level of the Group's financing needs and their scheduling over time depend on elements that are largely beyond the Group's control, such as:

- higher costs and slower progress than expected in its research and development programs;
- higher costs and longer time periods than expected to obtain regulatory authorizations, including the time needed to prepare applications for the regulatory authorities;
- higher costs and slower progress than expected for the commercial development of its products; and
- its operating cycle financing needs, covering in particular the average payment term of its trade receivables and the financing of its inventories and work in process.

The Group may be unable to raise additional capital when it needs it, or this capital might not be available at financial conditions that are acceptable to the Group. If the necessary funds are not available, the Group could have to limit its production or development on new markets.

Furthermore, if the Company raises capital by issuing new shares, shareholders' stakes could be diluted. Debt financing, if available, could also include restrictive conditions for the Company and its shareholders.

The materialisation of one or more of these liquidity risks could have a material adverse effect on the Group, and its business, financial position, earnings, growth or prospects.

4.4.3. Risks relating to Research Tax Credit

The Group has also opted for Research Tax Credit (Crédit d'Impôt Recherche or CIR) to finance its business. CIR is a tax credit offered by the French government to companies that make significant investments in research and development. The research costs eligible for CIR include, among others,

salaries and wages, depreciation of research equipment, provision of services sub-contracted to approved research bodies (public or private) and intellectual property costs.

It cannot be ruled out that the tax authorities may challenge the methods used to calculate the Company's research and development costs, or that the CIR may be challenged due to a change in regulations or challenged by the tax authorities even if the Company complies with the documentation and eligibility requirements regarding costs. If such a situation were to occur, it could have an adverse effect on the Group's earnings, financial position and prospects. However, the audit performed by the tax authorities in 2013 on the Research Tax Credit claimed for 2010, 2011 and 2012 did not give rise to any material adjustments. The Group thus deems that the risk of any challenge to the expenses recognised by the Company under Research Tax Credit is low.

4.4.4. Risks relating to access to public advances

At 31 December 2013, the Group benefitted from the following subsidies:

At 31 December 2013 (in €K)	Amount granted	Amount received	Amount repaid
Interest-free loan BPIFrance	1,500	1,500	0
OSEO instrumentation repayable advance	250	250	0
OSEO ILI repayable advance	822	822	0
Innovation loan	150	150	0

If the Group does not comply with the contractual conditions of the repayable advance agreements entered into, it could be forced to repay the sums advanced ahead of schedule. Such a situation could deprive the Group of some of the financial resources needed to successfully carry out its research and development projects.

The table below presents the provisional payment schedule for the repayment of these public advances, prepared in accordance with the Company's best knowledge at the time of drafting this report:

At 31 December 2013 (in €K)	2014	2015	2016	2017	2018	2019	2020
Interest-free loan BPIFrance				500	500	500	
OSEO ILI repayable advance	75	180	285	450	78		
OSEO instrumentation (1) repayable advance		20	49	65	76	40	
Innovation loan	8	32	36	36	34	32	8

(1) The amounts indicated are those due in the event that the program is technically and commercially successful. Otherwise, the amounts due will be lower.

Interest-free OSEO loan

EOS imaging received an interest-free loan of €1.5 million from OSEO in May 2013, paid in July 2013. It was granted as part of a program for re-engineering EOS equipment. This loan includes a deferred amortisation period followed by a straight-line amortisation period of 12 quarterly repayments, the first of which is due in March 2017.

OSEO repayable advances

Within the framework of its participation in the Industrial Strategic Innovation project, EOS imaging has received a repayable advance granted by OSEO in July 2009, representing a maximum amount of €1,275 K. As at 31 December 2013, payments made totalled €822K.

The repayments will be made depending on the operating profits of the company, that is, 0.5% of the sales revenue from the sale of the products resulting from the project, beginning in the year following the time accumulated sales have reached the figure of EUR 30 M, then 0.75% when accumulated sales have reached EUR 50 M. The advance will be considered to have been repaid in full when the total of the payments made discounted at the rate of 4.47% reaches the total amount of the aid received discounted at the same rate.

As part of its development of a patient-specific instrumentation for orthopedic knee surgery, OneFit Medical received a reimbursable advance of €250K. In the event the project is technically or commercially successful, the reimbursement of the advance granted will be made over a 45-month period starting September 2015. Should it fail, these repayments will be capped at €98K, made over a 21-month period, starting September 2015.

Innovation loan

OneFit Medical also received an innovation partnership loan of €150K for eight years including a three-year deferred amortisation period and granted at the Euribor 3-month rate plus 5.6%, reduced to Euribor 3-month plus 3.8% during the deferred amortisation period. This loan is repayable in five years starting 31 May 2015.

4.4.5. Foreign exchange risk

The American and Canadian subsidiaries are financed entirely by the parent company, with which it has entered into management fee and shareholders' loan agreements. The sales of the American and Canadian subsidiaries are respectively denominated in USD and CAD.

The primary operational foreign exchange risks of the Group concern the conversion of accounts in USD of EOS imaging Inc. and in CAD of EOS image Inc. The Group is thus exposed to fluctuations in the EUR/USD and EUR/CAD exchange rates, through these subsidiaries.

Exchange rate fluctuations are reflected in the Company's income and equity. At 31 December 2013 the effect of fluctuations in exchange rates would be as follows:

- a 10% rise in the euro against the Canadian and U.S. dollars would have a negative impact on income of €218K;
- a 10% fall in the euro against the Canadian and U.S. dollars would have a positive impact on income of €218K.

The Group has not, at this stage of its development, entered into any hedge to protect its business against exchange rate fluctuations. However, the Group cannot rule out the possibility that a significant increase in its business would result in it having greater exposure to foreign exchange risk and, at that time, would consider implementing an appropriate policy to hedge these risks.

4.4.6. Interest rate, credit and cash management risks

Interest rate risk

On the filing date of this Registration Document, the Group has not contracted any loans with financial institutions and therefore considers that it is not exposed to a significant credit or interest rate fluctuation risk.

At 31 December 2013, the Group had obtained refundable advances from OSEO amounting to €1,072K under two programs:

- €822K for its participation in the Strategic Industrial Innovation project. The advance will be reimbursed according to the Company's operating results. The advance will be considered to have been repaid in full when the total of the payments made discounted at the rate of 4.47% reaches the total amount of the aid received discounted at the same rate. As a result, this advance is entered under balance sheet liabilities in the amount of €929K. The first repayments of this advance will therefore begin in 2014;

- €250K for the development of customised instruments for orthopedic knee surgery. In the event the project is technically or commercially successful, the reimbursement of the advance granted will be made over a 45-month period starting September 2015. Should it fail, these repayments will be capped at €98K and made over a 21-month period, starting September 2015. No interest is charged on this advance.

These advances are recognised at their amortised cost. They appear in the amount of €1,266K as a debt on the balance sheet.

At 31 December 2013, the Group had also obtained an eight-year innovation loan of €150K, including a 3-year deferred amortisation period. The loan was granted at the Euribor 3-month rate plus 5.6%, reduced to the Euribor 3-month rate plus 3.8% during the deferred amortisation period. This loan is repayable in five years starting 31 May 2015.

See also Note 13 to the 2013 consolidated financial statements included in Annex 1.1 of this Registration Document.

Credit and cash management risk

The Group engages in prudent management of its free cash. Cash and equivalents include cash on hand and common financial instruments held by the Group (essentially money market funds (SICAV) and term deposits). At 31 December 2013, these securities were exclusively fixed income or determinable income with fixed maturities, other than loans and accounts receivables, which the Company has the intention and the ability to keep until maturity. After their initial posting at fair value, they are valued and recognised at amortised cost on the basis of the effective interest rate ("EIR") method.

The credit risk relating to cash, cash equivalents and common financial instruments is not significant given the quality of the financial institutions with which the Group works.

Concerning its customers, the Group does not have a significant concentration of credit risk. It has implemented policies enabling it to ensure that its customers have an appropriate credit risk history.

4.4.7. Risk of dilution

The Company could proceed in the future with issuing or awarding shares or new financial instruments giving access to the capital of the Company in the context of its policy to motivate its managers and employees.

As part of the policy to motivate its managers and employees, the Company has, since 2007, issued or allocated stock options as well as free shares. In the context of this policy, the Company may, in the future, issue or award new financial instruments that give access to the Company's capital. On the filing date of this Registration Document, there were 1,159,705 outstanding stock options.

Moreover, a total of 212,416 share warrants (BSAs) were awarded by the Company, i.e.:

- 40,000 BSAs giving the right to subscribe to 40,000 shares were subscribed by a director within the scope of the BSA award of 31 December 2012;

- 1,810,347 BSAs giving the right to subscribe to 172,416 shares were issued within the scope of the acquisition of OneFit Medical.

The exercise and full conversion of all the instruments giving access to capital, awarded and in circulation on the filing date of this Registration Document, would allow the creation of a maximum of 1,372,121 new shares, thus generating a dilution equal to 6.95% on the basis of the diluted capital. The dilution in voting rights would come to a maximum of 6.95% on the basis of the diluted voting rights. Any additional award or issuance would result in a potentially significant additional dilution for the Company's shareholders.

4.5. LEGAL RISKS

The Company manages the legal aspects and compliance of its operations with its regulatory framework (marketing authorizations, insurance, intellectual property, registration of trademarks and domain names, etc.) internally. In this respect, the Company may call upon specialised intermediaries, service providers or advisors to complement its expertise, or sub-contract certain tasks to them. For example, the Company resorts in particular to consultants, distributors or local regulatory representatives for the submission of certification applications to some local regulatory authorities, to firms specialising in intellectual property for the registration and review of files, and also to insurance brokers.

4.5.1. Risks relating to regulations applicable to the medical devices developed by the Group and possible changes in regulations

The Group's products are subject to strict regulation that is constantly evolving and that governs their sales and marketing. These regulatory constraints have a high impact on all the Group's operations, development, control, manufacture and sale of products.

Compliance with this regulatory process can be long and costly, and there is no guarantee that authorizations will be obtained or of how long it may take to obtain or renew them. If certification or authorization to market the Group's products were denied, suspended or withdrawn, their sales and marketing could be delayed or prohibited in the countries involved.

If such a situation were to occur, it could have a material adverse effect on the Group, its business, financial position, earnings, growth and prospects.

Although the Group takes into consideration, as part of its business, the potential evolution of legislation or changes in standards or regulations applicable in the countries in which the Group markets and plans to market its products, new regulatory restrictions could prevent the marketing of the Group's products in the event of withdrawal, suspension or non-renewal of marketing authorizations, or could delay marketing, by making the products' production or development more costly, among other things.

If such a situation were to occur, it could have a material adverse effect on the Group, its business, financial position, earnings, growth and prospects.

4.5.2. Risks relating to authorizations already obtained or processes underway

4.5.2.1. Risks relating to the regulatory environment in Europe – CE marking

The Group's products meet the definition of medical devices and are governed, among others, by the provisions of amended European directive 93/42/EEC, which standardises the conditions for the sale and free circulation of the Group's products within the European Economic Area.

These products cannot be offered on the market unless the certificates that allow CE marking are obtained; these certificates are valid for three years. The CE marking is proof that the medical device in question complies with essential health and safety requirements, established by the applicable European directive, and certifies that it has undergone adequate evaluation procedures as to that compliance.

Although existing products have already obtained CE marking, products being developed will be subject to this same regulation and their marketing could be delayed if the certificates allowing CE marking were not obtained within the time periods established. However, the evaluation method based on the overall quality system chosen by the Group provides enough flexibility to the process for this risk to be considered very low.

If such a situation were to occur, it could have a material adverse effect on the Group, its business, financial position, earnings, growth and prospects.

Applications to renew the certificates relating to CE marking involve, among others, the quality system's continued compliance, the consideration of regulatory changes, the updating of the risk management and compliance with the essential requirements of the applicable European directives.

If the Group were unable to obtain the renewal of the certificates necessary for CE marking of its existing products within the required time periods, the sales and marketing of its products would be suspended until these authorizations were obtained.

If such a situation were to occur, it could have a material adverse effect on the Group, its business, financial position, earnings, growth and prospects.

4.5.2.2. Risks relating to the regulatory environment in the United States

The U.S. market is governed by federal regulation 21 CFR, which regulates the marketing of medical devices by imposing pre- and post-market requirements. Its supervisory body is the U.S. Food and Drug Administration (FDA).

The marketing of products, such as those manufactured by the Group, on the U.S. market is subject to an FDA notification procedure before they are put on the market and to requirements relating to the quality system established by 21 CFR820. These products are medical devices with a medium risk potential (class II for the FDA), and for which it is possible to establish substantial equivalence to a medical device already approved on the U.S. market. The Company may thus use a so-called "510(k)" procedure in order to submit the application for FDA review. After the application is approved, the medical device is registered in a database maintained by the FDA.

The EOS and sterEOS products obtained 510(k) authorizations in 2007 (K071546) and 2008 (K080529) respectively. Following these, further authorizations were obtained, either to expand the indications of the products or to introduce new technical specifications.

Information on the U.S. regulations applicable to the EOS systems is subject to the developments presented in section 6.6.6.2 "American Regulations" of this Registration Document.

If the FDA authorizations relating to the Group's existing products were to be questioned, or if any authorization applications relating to new Group products were to be denied by the FDA, the Company would be unable to sell and market its products on the U.S. market or would have to implement other longer and more costly procedures to obtain or update its authorizations. If such a situation were to occur, it could have a material adverse effect on the Group, its business, financial position, earnings, growth and prospects.

4.5.2.3. Risks associated with Japan's regulatory environment

The Group's products come under Class II Special Control and their marketing is controlled by a Registered Certification Body (RCB) approved by the Ministry of Health. The manufacturer must appoint a marketing authorization holder (MAH or D-MAH) to manage the registration of the companies and products. Foreign manufacturers must apply for foreign manufacturer accreditation and submit a pre-marketing request to the RCB. The RCB delivers a certificate based on the evaluation of the technical file and an audit of the quality assurance system of the manufacturer and its main subcontractors, in accordance with the requirements of Japan's Pharmaceutical Affairs Law (PAL) and Order No. 169 which sets out quality management system requirements similar to those of ISO 13485.

The Group holds Japanese marketing authorizations for its EOS and sterEOS products since 2013.

If the authorizations granted by the Japanese authorities for the Group's existing products were to be called into question, or if any authorization requests for new Group products were to be rejected by these authorities, the Company would be unable to sell its products on the Japanese market. If such a situation were to occur, it could have a material adverse effect on the Group, its business, financial position, earnings, growth and prospects.

4.5.2.4 Risks associated with the regulatory environment in other countries

The offer of medical products on markets in other countries requires that specific steps be taken in order to obtain the necessary authorizations (in particular in China, Brazil, etc.).

However, the transfer and recognition of certifications does exist in some countries (in particular in Canada, Singapore and Australia). These transfers or recognitions are important elements in the process of deciding to market the Group’s products in a new country.

The Group has already obtained marketing authorizations for its existing products in some countries outside of the European Union and the United States, in particular Canada, Australia, Russia, Saudi Arabia and Taiwan, and has filed marketing applications which are currently under review in other countries, in particular Korea.

The Group’s inability to obtain or maintain the necessary authorizations for its products could have a material adverse effect on the Group, its business, financial position, earnings, growth and prospects.

4.5.3. Risks relating to failures in industrial processes (such as failure to comply with product traceability or other failures)

The Company’s products are categorised as medical devices and, as such, are subject to specific regulations in all the countries in which they are manufactured, tested or marketed. These regulations impose obligations, in particular with regard to:

- design;
- pre-clinical tests and clinical trials of the products;
- manufacture, control and quality assurance of the products;
- labelling of the products, including instructions;
- storage of the products;

- identification and traceability of the products;
- procedures for data retention; and
- surveillance subsequent to market introduction and reporting of incidents related to the products' use.

These regulations apply to the Company as the manufacturer of these products.

The principle of complete traceability of all the product's components, as well as the implementation and continuation by the Company of a Quality Management System (QMS) certified compliant with international standard ISO 13485: 2003 and of a lean manufacturing system seek to guarantee full compliance of each product with applicable regulations as well as its quality.

The Company cannot, however, ensure that its suppliers or sub-contractors comply or will comply with applicable regulations at all times. The notified body, in the event of a certification or follow-up audit, or the regulatory authorities, during an inspection or at the time of any other regulatory process, might identify breaches of regulations or applicable standards and require that the breach be remedied by corrective actions that might interrupt the manufacture and supply of the Company's products. The suspension, total stoppage or total or partial prohibition of the activities of the Company's suppliers could materially affect the business, financial position, earnings and reputation of the Group.

4.5.4. Environmental risks

The Group's activities are subject to certain environmental regulations regarding the use of certain hazardous substances and waste treatment.

The Group's activities up until this point were not subject to the RoHS directive (*Restriction of the use of certain hazardous substances in electrical and electronic equipment*) (2002/95/EC) limiting the use of substances hazardous to health and the environment that could be included in the composition of electrical and electronic equipment. The revised RoHS directive 2011/65/EU at present includes medical devices within its scope, with some exceptions applicable to X-ray diagnostic devices. Application of this revision of the directive has been mandatory since January 2013. Even though directive 2002/95/EC excludes medical devices from its scope, the Group has ensured that its suppliers and sub-contractors comply with this directive insofar as this requirement does not impact the essential safety performance of its products (in particular, the X-ray shield). In this context, all the Group's relevant sub-contractors have indicated that the products they deliver are RoHS compliant.

REACH (*Registration, Evaluation, Authorization and restriction of Chemicals*) is a European regulation EC no. 1907/2006 making it possible to identify through registration and progressively eliminate the most harmful chemicals (as such or contained in preparations and articles). The aim is to further the knowledge of the uses of chemicals manufactured or imported in the European Union and to ensure control of the risks associated with their uses. Pursuant to REACH, the Group imports and markets "articles" containing certain substances not intended to be released under normal or reasonably foreseeable conditions of use. However, the Group does not import or market any "substance" or "mixture" within the meaning of the REACH regulation. The Group is therefore exempt from the registration procedure. The REACH regulation also requires the disclosure of information to customers if a Substance of Very High Concern, or SVHC, is present in an article at a concentration

higher than 0.1% of its mass. To meet its obligations, the Group is carefully following the SVHC "candidate" list updated by the European Chemicals Agency (ECHA) and is taking the necessary actions with its suppliers in order to ensure that the products released onto the market do not contain such substances at a concentration higher than the level specified. The Group is also following the SVHC list as included in Appendix XIV of REACH so as to ensure that the market release of the Group's products does not risk being prohibited.

The ("WEEE") Directive on Waste Electrical and Electronic Equipment (2002/96/EC) requires that manufacturers organize and finance the collection, treatment and recovery of their products when they reach the end of their useful lives. In order to avoid any risk of associated pollution, all equipment and product waste is reprocessed by a third-party specialist company.

Compliance with these regulations is costly, and any tightening of these regulations would lead to additional costs for the Group. Furthermore, the regulations are complex and any violation of them by the Group could result in fines or penalties or by its incurring liability. Such circumstances would have an adverse effect on the Group's financial position and development.

4.5.5. Regulatory obligation relating to radiation risk

Council Directive 96/29/Euratom dated 13 May 1996 laying down basic safety standards for the protection of the health of workers and the general public against the dangers resulting from ionising radiation requires the supervision of nuclear activities by the French Nuclear Safety Authority (Autorité de Sûreté Nucléaire or ASN). Testing activities during production or design of products involving the use of X-rays within the Company are hence subject to ASN authorization. This authorization is delivered for a five-year period. The ASN authorization delivered to the Company will expire on 29 March 2016. The authorization granted to Axe (one of the Company's sub-contractors) will expire on 2 July 2018. The Group's inability to obtain or maintain the ASN authorization necessary for these production and design activities could have a material adverse effect on the Group, its business, financial position, earnings, growth and prospects.

Council Directive 97/43/Euratom dated 30 June 1997 on health protection of individuals against the dangers of ionising radiation in relation to medical exposure requires buyers of an EOS system to declare their EOS's installation with the Nuclear Safety Authority. The Group must therefore ensure that its product meets the specific requirements of this directive as transposed in each European Union Member State. Given the low X-ray dose of radiographic examinations conducted using an EOS, the Group considers that it meets the specific requirements of most European Union Member States. However, this is not the case in Germany where an EOS system is already installed and where the Group has approached the relevant authorities in order for them to accept to amend their specifications so that the Group's technology can meet them.

4.6. INSURANCE AND RISK COVERAGE

The Company has purchased a policy covering the principal insurable risks and has the coverage amounts it deems compatible with the nature of its business. The policies that the Group benefits from to date are the following:

Line	Company	Policy No.	Coverage amount

Comprehensive corporate insurance	AXA	3 126 732 804	Equipment/Furnishings: €1,334,163 Information media: €15,372 Expenses and losses: €266,832 Third-party recourse: €1,107,156
	AXA	5200416905	Equipment/Furnishings: €30,000 Information media: €15,000
Automobile fleet	AXA	3 928 616 104	5 vehicles
Transported merchandise	ACE EUROPE	FRCGNA11758	Air, maritime and overland transport: €1,000,000 per shipment Private transport: €100,000
Stored merchandise	ACE EUROPE	FRCGNA11758	€500,000 per site – 8 sites
Conferences	ACE EUROPE	FRCGNA11758	€200,000
Professional civil liability	AXA	5 175 963	Civil liability before delivery: €6,000,000/claim Civil liability after delivery: -€3,000,000/year and /claim excluding North America -€1,524,490/year and /claim in North America
	AXA	5270036304	Civil liability before delivery: €9,100,000/claim Civil liability after delivery: €2,200,000/year excluding Aesculap AG Civil liability after delivery: €10,000,000/claim, €20,000,000/year excluding Aesculap AG
Managers' civil liability	CHARTIS	7 902 286	€770,000

The amount of charges paid by the Group for all of its insurance policies came to €28K, €30K and €48K respectively, for the financial years ended on 31 December 2011, 2012 and 2013.

Furthermore, the merchandise stored with subcontractors is insured by the subcontractors themselves. Insurance certificates are regularly requested of them.

4.7. LEGAL AND ARBITRATION PROCEEDINGS

In the course of the 12-month period preceding the filing date of this Registration Document, the Group has not been involved in any administrative, criminal, civil or arbitration proceedings that could have a material adverse effect on the Group, its business, financial position, earnings or growth, nor, to the Company's knowledge, is the Group threatened with such proceedings on the filing date of this Registration Document.

However, EOS Imaging has brought before the European Patent Office two procedures challenging European patents that it believes were improperly issued to BRAINLAB, in order to have them invalidated. With the exception of these proceedings, which are still pending before the European Patent Office, the Group is not involved in any dispute with respect to its industrial property.

5. INFORMATION CONCERNING THE COMPANY

5.1 HISTORY AND GROWTH OF THE COMPANY

5.1.1 Company name

The Company name is: EOS imaging.

5.1.2 Registration place and number of the issuer

EOS imaging was registered in the Paris Trade and Companies Register under identification number 349 694 893.

5.1.3 Date and term of incorporation

The Company was set up on 8 February 1989 under the name *Biospace Instruments* and registered in the Paris Trade and Companies Register on 8 March 1989.

The Company has a duration of 99 years as from its date of registration (i.e. until 8 March 2088), unless it is dissolved before that date or the term is extended.

5.1.4 Registered office, legal form and applicable law

EOS imaging is a public limited liability company (société anonyme) under French law, with a Board of Directors, governed in accordance with the Company Bylaws and the provisions of the French Commercial Code.

The registered office of the Company is located at 10 rue Mercoeur, 75011 Paris, France. – Telephone: +33 (0)1 55 25 60 60.

5.1.5 Significant events in the Group's history

1989: Georges Charpak, the 1992 Nobel Laureate for Physics, creates Biospace Instruments.

1999: Marie Meynadier becomes its Chief Executive Officer and develops the first imaging company for pharmaceutical research on the international market, which rapidly becomes profitable. The subsidiary leaves the Group in 2007.

2000-2004: In parallel, preliminary proof of concept work is conducted on medical imaging applied to orthopedics. It leads to the prototyping and clinical testing of an initial version of the EOS system.

2005: The Group engages fully in developing the EOS technology with an initial fundraising of €7.5 million, led by Edmond de Rothschild Investment Partners together with UFG and COFA Invest, the investment fund of Dr Cotrel, founder of Sofamor Danek (which in 1999 became Medtronic's Spine branch).

2007: The Group raises €12 million with NBGI Ventures, Crédit Agricole Private Equity, and traditional venture capital companies. The first sale of EOS equipment is made. The first European and American market authorizations are obtained for the EOS hardware platform.

2009-2011: European and American market authorizations are obtained for the associated 3D software applications.

2010: The Group takes the name EOS imaging. The EOS system is used in clinical routines in hospitals in the United States, Canada and six European countries. The third round of financing brings in the

Caisse des Dépôts et Consignations alongside the historical shareholders for a total in funds raised of €12.3 million.

Late 2011: The Group has an installed base of 42 devices in hospitals, clinics and radiology centers in ten countries.

Feb 2012: Listing on the NYSE Euronext regulated market in Paris.

Sept 2012: Entry into the Asian market with a first installation in the National University Hospital (NUH) of Singapore.

Oct 2013: Securing of regulatory authorizations to market EOS equipment in Japan.

Nov 2013: Acquisition of OneFit Medical, a company which develops and markets customised orthopedic solutions for knee and hip implants, providing surgeons with cutting guides for the operating theatre, tailored to each patient's anatomy.

End of Nov 2013: EOS wins the Frost & Sullivan innovation award for medical imaging.

Dec 2013: First installation in Japan, the second biggest medical imaging market, behind the U.S.A.

April 2014: EOS imaging obtains marketing authorizations for Taiwan.

5.2 INVESTMENTS

5.2.1 Principal investments made in the last three financial years

-

Fixed assets, gross (IFRS, in €K)	2013 financial year 12 months Consolidated	2012 financial year 12 months Consolidated	2011 financial year 12 months Consolidated
Intangible Assets	871	412	315
Property, Plant, and Equipment	827	173	337
Financial assets	20	4	94
TOTAL	1,718	589	746

Intangible assets

The intangible investments primarily consist of development expenses, patent expenses and software purchases.
Details thereof by nature of expense are presented in Note 5 to the consolidated financial statements included in Section 20.1 of this Registration Document.

Capital expenditure

Capital expenditure primarily consists of fitting expenses and office and IT equipment.

Details thereof by nature of expense are presented in Note 6 to the consolidated financial statements included in Section 20.1 of this Registration Document.

Financial assets

Financial assets primarily consist of the security deposit for premises.

Details thereof by nature of expense are presented in Note 7 to the consolidated financial statements included in Section 20.1 of this Registration Document.

Moreover, as set out in Note 4 to the consolidated financial statements included in Section 20.1 of this Registration Document, on 27 November 2013, the Company acquired 100% of the shares of OneFit Medical for €4 million, through a cash payment of €0.5 million and the issue of 603,449 EOS imaging share warrants (ABSAs) amounting to €3.5 million, in favour of OneFit Medical.

The acquisition agreement calls for a €1 million earn-out clause tied to the achievement of regulatory objectives and revenues, which will be paid to OneFit Medical in the form of 1,810,347 BSAs to subscribe 172,416 new shares of EOS imaging. If these objectives are not achieved, the EOS BSAs shall automatically become null and void.

ABSAs are shares with warrants attached. Warrants are used to purchase a set amount of shares at a predetermined price.

The acquisition of OneFit Medical, recognised at €5 million, includes all of the earn-out.

5.2.2 Principal investments in progress and projected

EOS imaging has established a team of 38 R&D engineers based in Paris and Besançon, France.

In 2013, the Company continued its development programs undertaken in 2012, focusing on the development of new software and hardware functions associated with EOS and aimed at specific applications in osteo-articular pathologies.

During the year the Company rolled out a new version of the sterEOS workstation which integrates a postural analysis feature dedicated to degenerative spine pathologies and associated surgeries.

As part of the European Eurostars program launched in 2012, in collaboration with two German partners, EOS imaging continued to develop surgical simulation software for orthopedic implants.

The Company also continued a project begun in 2012 and devoted to the prediction of fracture risk in ageing adults, using the EOS imaging system. This project is based on micro- and macro-architectural bone analysis. Funded by the FUI, it brings together academic, clinical and industrial partners.

In addition, at the beginning of 2013, EOS imaging launched a new program geared to developing an innovative application for sharing patient data among the medical staff involved in a care pathway. It was developed in collaboration with university hospitals, a French manufacturer and a private radiology center. This project, presented in a call for projects for "the development of digital services for better health and independence", is funded by the “Investments in the Future" program dedicated to developing the digital economy. It has received an approval label from Medicen.

Lastly, the Company is continuing its research into adding new features to EOS systems and reducing its manufacturing cost. In that connection the Company obtained an interest-free loan for innovation from BPI in the amount of €1.5 million.

Research and development expenses totalled €2,598K in 2013, against €2,164K in 2012. These expenses include the amortisation of capitalised development costs, the net amount of which was posted in assets at €1,015K as of 31 December 2013.

6. OVERVIEW OF ACTIVITIES

The Group develops and markets EOS, an innovative medical imaging system designed specifically for musculoskeletal disorders, together with the associated sterEOS image review station. With the acquisition of OneFit Medical in November 2013, the Group now also offers a 3D orthopedic implant surgery planning service and sells patient-specific cutting guides for orthopedic procedures. These are currently based on CT scans or MRI.

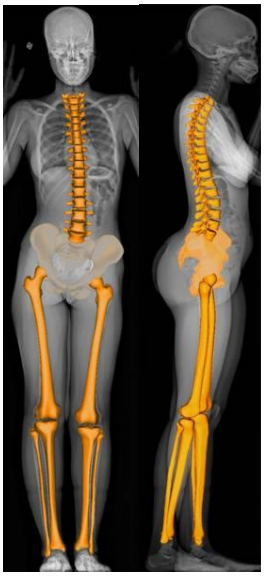
EOS is a unique stereoradiographic imaging system that combines proprietary technologies to allow an imaging examination of the whole skeleton, with a low radiation dose and in two or three dimensions.

EOS is used along the entire care pathways for skeletal conditions, in particular those affecting the spine, hip and knee, which are the most frequent. The EOS exam is prescribed for diagnosing, planning treatment and any necessary surgery, and for post-operative care. EOS is a radically new approach to medical imaging that, with a rapid, low-dose exam, offers orthopedic and rheumatology specialists:

- a complete 2D overview (two low dose X-rays, frontal and lateral) of the entire body,
- 3D modelling of the patient in a natural position (standing, sitting) – this is the only system that currently provides this for the entire spine and/or legs
- and the associated clinical parameters necessary for treatment planning or post-operative monitoring.

These features are currently being complemented by a range of associated software applications and consumables.

EOS' positioning as a competitive tool that enhances productivity and improves care quality is a strategic one, given that ageing, sedentary lifestyles and overweight are accelerating the frequency of joint diseases and increasing the need for prosthetic surgery. The productivity of the medical imaging centers that provide the images on which these treatments are based is also a concern that EOS addresses directly with its rapid exam times.



EOS global vision allows to assess the relationships between the spine, hip and knee joints, which is essential to a good understanding of joint diseases.

EOS 3D modelling makes it possible, for the first time, to observe the patient's joints globally in 3D, in an upright position, and to gather all the patient's anatomical parameters with much greater precision than has previously been possible, in order to plan and monitor any necessary surgery, including the use of software or robotic tools. The 3D anatomical markers used by EOS prepare the ground for the development of software and 3D objects for patient-specific orthopedic medicine.

These radically new features provided by EOS are combined with a significant reduction in the radiation dose delivered to the patient, which is well below that of all the other technologies currently in use for the applications covered by EOS.

The Group clearly has many strong points, therefore, with which to gain market leadership in the field of orthopedic medical imaging.

EOS is the only product of its kind in the world

Perfectly adapted to the needs of orthopedic surgeons and radiologists, EOS is the only technology with which a 2D and a 3D upright image can be obtained: the patient's personalized model ensures that the most appropriate treatment is provided along the whole care pathway. The technologies implemented in EOS are patented, including the detection technology that won a Nobel Prize for Georges Charpak.

EOS is targeting a market worth several billion dollars

EOS imaging is targeting an estimated potential market of 12,000 systems worldwide, equal to 6 billion dollars in potential for systems placed, plus recurring revenues of 500 million dollars for maintenance activities, and 1 billion dollars for special services in surgery.

EOS is a new imaging method that currently has no equivalent on the market. The estimate of 12,000 sites with a sufficiently large orthopedic imagery workload to justify the acquisition of a system such as EOS corresponds to a potential market in numbers of systems with a market penetration of 100%. As with every new, innovative product, the speed of penetration depends on a number of parameters (including the purchase cost of the machine, the customers' economic environment, and so on), and the Group does not give any information about the expected adoption rate or the target penetration rate in this potential market.

A group that accelerates the time to market

- EOS has obtained marketing authorizations in almost thirty countries and regions around the world, including the US, Japan and the European Union.
- EOS has been used in more than 400,000 procedures to date.
- EOS is protected by a substantial portfolio of patents.
- Many of the users of EOS are opinion leaders in orthopedic surgery, medical imaging and rheumatology.
- More than 130 articles have been published about EOS in scientific journals.

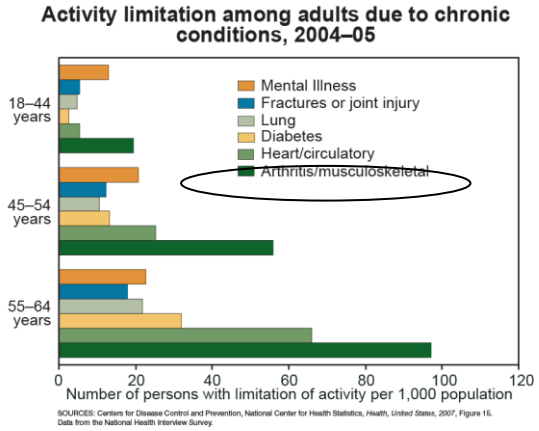
A high-caliber management team

The Group is managed by a team with a great deal of strong professional experience, accumulated in large company groups (General Electric, Stryker, etc.) and in technological SMEs. The team combines experience from the electronic, medical imaging and orthopedic implant sectors that are particularly relevant to the Group's success.

6.1 FIELD OF APPLICATIONS

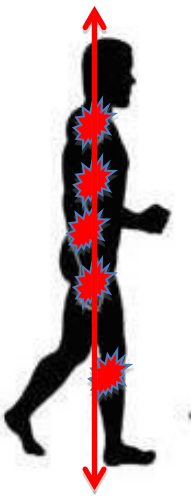
6.1.1 Musculoskeletal disorders, orthopedic surgery and the associated issues

Disorders of the bones and joints, referred to as musculoskeletal disorders, are diseases that, for the most part, are associated with ageing. Osteoarthritis, in which the cartilage and bone in the joint degenerate, is the most common musculoskeletal condition and affects between 5 and 15% of the world's population[1]. Some disorders also affect certain young populations, particularly during bone growth, such as scoliosis, which affects around 2% of adolescents[2].



This is one of the leading sources of direct public health costs and the primary cause of disability in western countries (table opposite), well ahead of cardiovascular diseases and diabetes. A sedentary lifestyle, obesity and ageing are factors that contribute to the significant growth in these chronic diseases for which, after medication, orthopedic surgery is often the only possible treatment.

6.1.1.1 Knee, hip and spine are the main sites for orthopedic surgery

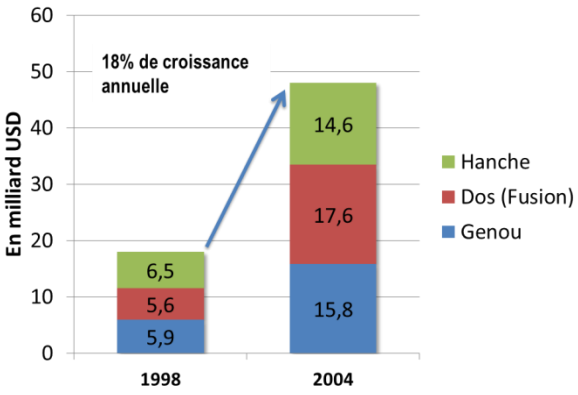


While it took millions of years for mankind to stand upright, the upheaval in our way of life that has occurred over the last fifty years has had a considerable impact on our joints. The upright position puts a lot of strain on the skeletal joints, particularly on the main joints – the knees, hips and spine – which suffer the effects of the weight they are bearing and consequently age more quickly. As a result, osteoarthritis and the other disorders affecting these joints are not only painful but also particularly disabling in terms of mobility and self-sufficiency. It is therefore quite natural that orthopedic surgery should mainly be dedicated to repairing these joints by fitting prostheses or inserting surgical implants, to either replace or support the diseased joint. In 2012, almost 1.3 million knee and hip replacements were carried out in the US, together with almost 650,000 operations on the spine.[3]

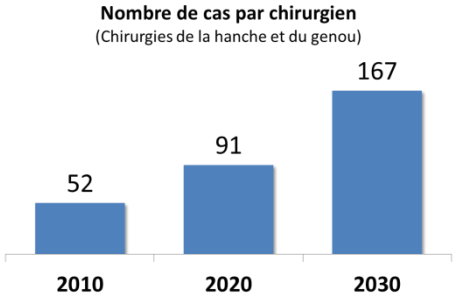
[1] Orthopedic Medical Devices: Emerging Technologies and Trends, Frost & Sullivan D135
[2] See, for example, http://www.scoliosisjournal.com/content/1/1/2
[3] Medicare 2012 data

This represents a massive increase in direct and indirect costs

These conditions are associated with low death rates, but still lead to considerable human and public health costs, whose growth is accelerated by population ageing combined with an increase in problems of overweight. The evolution in the costs of the principal spine, hip and knee procedures in the US from 1998 to 2004[4] shows an annual increase of 18% in direct expenditure associated with these treatments. The indirect costs of these conditions are currently estimated at hundreds of billions of dollars in the US[5].



These medical needs are continuing to grow rapidly for the reasons already given, a fact that represents a challenge for both public and private healthcare organizations and insurers. The number of hip and/or knee operations by surgeon and by year is expected to grow by a factor of more than 3 over the next 20 years[6].



The surgical responses to this increase in orthopedic surgery volumes face two challenges:

- **The choice of the correct surgical treatment:** this applies particularly to spinal surgery, where there are currently a large variety of possible surgical solutions.
- **"Zero defect" efficacy**: this is an considerable challenge, given the increase in hip and knee operations, and the relative shortfall announced in budgets and in surgeon numbers.

Medical imaging, on which diagnosis, strategy, a part of the surgery itself and post-operative care are based, plays a critical role in these care pathways.

[4] Source: Agency for Healthcare Research and Quality, Healthcare Cost and Utilization Project, Nationwide Inpatient Sample, 1998-2004; quoted in "The Burden of Musculoskeletal Diseases in the United States, Copyright 2008"
[5] The Burden of Musculoskeletal Diseases in the United States, Copyright 2008
[6] Kurtz SM et al. American Academy of Orthopaedic Surgeons 2006 meeting; March 22-24, 2006; Chicago, IL. Scientific exhibit 53 and Shortage of orthopedic surgeons projected in the US; *Rheumawire > News;* Mar 27, 2006

6.1.1.2 Diseases of the spine and spinal surgery

Every year, 12 to 15% of the US population see their doctors about back pain[7]. Associated conditions can be either degenerative (intervertebral disc ageing, for example), or deformative (adolescent or adult scoliosis). Because of the intricate structure of the vertebral column, surgeries are complex and in many cases consist in fusing the affected vertebrae. In cases of severe scoliosis, most of the vertebrae in the spine are fused (example opposite) in long and expensive surgical procedures[8]. Alternatives to spinal fusion are possible for less severe cases, such as artificial discs or implants to maintain mobility between the vertebrae.

The diagnosis and choice of a surgical strategy, therefore, need to be based on information that is as detailed as possible. The surgeon has to be able to assess the overall problem (understanding any pelvic imbalances, differences in leg length, etc.) and the specific situation in each section of the vertebral column.

6.1.1.3 Knee and hip conditions, and the associated prosthesis implantations

Most surgical operations on knees and hips consist in replacing the joint with a total or partial prosthesis. The prosthesis placement has to be accurate in order to conserve the patient's balance and avoid the limps that are frequently associated with leg length discrepancies[9], the second-largest source of lawsuits in the US[10]. An adapted position of the prosthetic elements with respect to each other, and of these elements with respect to the patient's skeleton, also ensures a longer lifetime for the prosthesis in terms of wear. The principle causes of re-operation (revision) after knee or hip prosthesis can be attributed to the implant loosening or to instabilities in 35% and 16% of cases respectively[11] [12].

More than 10%[13] of the prostheses currently implanted in western countries are revisions, that is to say replacements of dysfunctional or worn prostheses; these revisions are more complex and more expensive than the original prostheses. In addition to natural wear, signs of precocious wear are sometimes observed with a particularly severe impact on the patients' health. As an example, DePuy, a manufacturer of orthopedic implants and a subsidiary of Johnson & Johnson, set aside provisions of close to one billion dollars in 2010, to meet the costs associated with the recall of hip implants[14].

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7 National Center for Health Statistics, National Ambulatory Medical Care Surgery.

[8] The average per-patient cost of surgical treatment for idiopathic scoliosis in the United States between 2004 and 2006 was $113,303 (variation in cost ranging from $103,256 in the west of the US to $152,637 in the south). Daffner et al, Spine, 15 May 2010 - Volume 35 - Issue 11 - pp 1165-1169

[9] Konyves 2004_JBJS_ "The importance of leg length discrepancy after THA" – This study of 90 patients shows that, in 82 of them, the leg operated on during unilateral total hip arthroplasty was lengthened by 1mm to 16mm.

[10] Medical Malpractice in Hip and Knee Arthroplasty Ashish Upadhyay, MD, MS, Sally York, MN, RNC, William Macaulay, MD, Brian McGrory, MD, Jennifer Robbennolt, PhD, JD, B. Sonny Bal, MD, MBA. The Journal of Arthroplasty Volume 22, Issue 6, Supplement , Pages 2–7.e4, September 2007

[11] Bozic et al, JBJS, 91 (2009):128-133.

[11] Bozic et al, JBJS, 91 (2009):128-133

[12] Bozic et al, Clin. Orthop. Relat. Res. 468 (2010): 45–51

[13] Cf. PMSI 2009 in France, for example

[14] Johnson & Johnson's Third Quarter Earnings Report, U.S. Securities and Exchange Commission, November 8, 2011

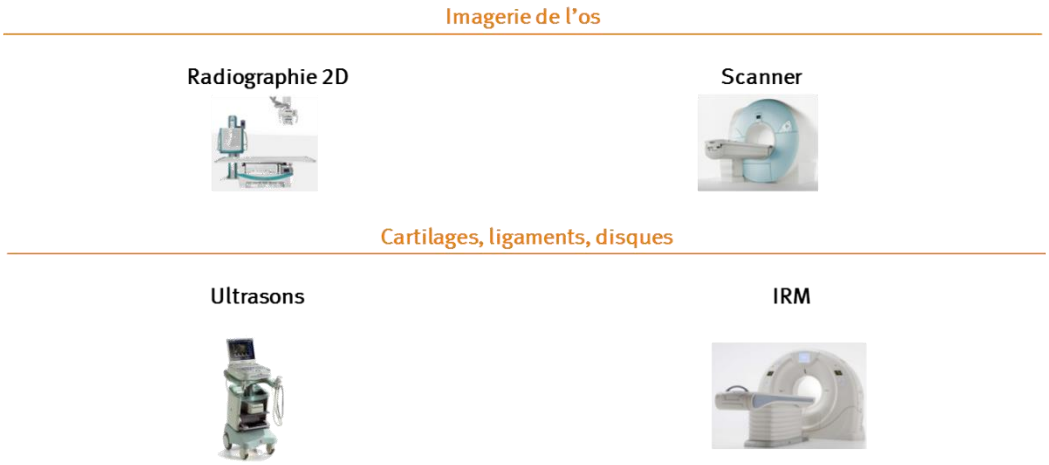
A challenge in knee and hip replacement, therefore, is to have a precise, three-dimensional "plan" of the patient that makes it possible, once in the operating theatre, to locate and position the prosthetic elements on a patient lying on the operating table in such a way that the best possible mechanical balance is restored when the patient is standing. The second challenge consists in a controlled, rapid execution of this plan in order to ensure the quality and efficacy of the care pathway. The third challenge is to control its execution using indisputable post-operative measurement.

Great progress has been made over the course of the last few years in improving surgical precision thanks to computer-assisted surgery (navigation) and robotics. However, this precision is only useful if it is used to execute an operating plan that itself is appropriate and precise. This plan is based on a pre-operation medical image, which is therefore critical to the success of the surgery.

The quality of the operating plan, its execution and the after-effects of the surgery are medical and economic issues that are increasingly taken into account by the paying agencies within programs that aim to better integrate and co-ordinate the care offer around the patient and provide the necessary tools to measure and improve the care pathways. In the US, for example, this leads to the establishment of ACOs (Accountable Care Organizations) or to the search for reimbursement methods based on longer care pathways that transfer to the hospitals the responsibility for the risks of complications and associated surgical revisions. EOS is a particularly relevant imaging method in this context, as it can be used both to precisely plan a surgical objective and to confirm the extent of the gap between the desired and the actual result once the surgery has been carried out.

6.1.1.4 Orthopedic imaging today and the unresolved problems

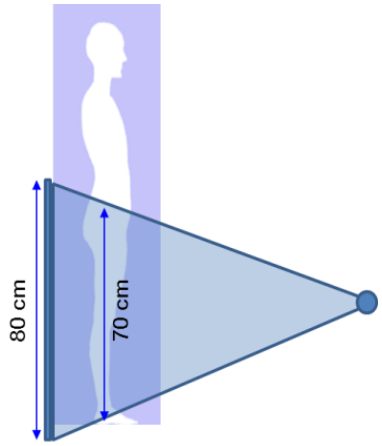
The figure below shows the main methods available for analyzing musculoskeletal disorders. While MRI and ultrasound are essentially used to analyze cartilages, ligaments, discs and other soft tissues, X-ray based systems are used to analyze bones.



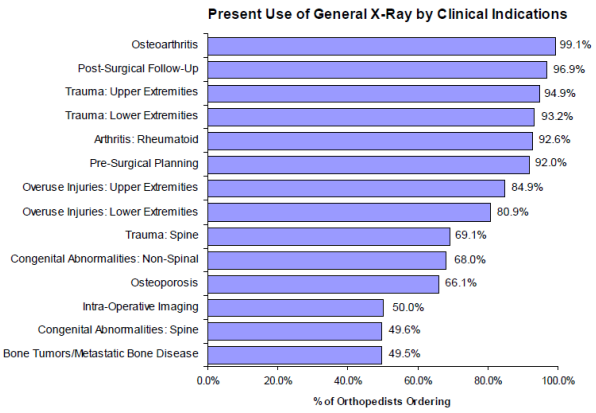
X-rays are used in the form of 2D radiographs (historically produced on film, but nowadays obtained directly or indirectly in digital form) and only provide two-dimensional images. CT scanners, which also uses X-rays, produce cross-sectional images which can be used to obtain three-dimensional images. However, it has the disadvantages of using high radiation doses and of examining the patient in a supine position: the patient's joints are therefore not in their "functional", weight-bearing position.

6.1.1.5 Calculation errors too frequent with standard radiography

Currently, orthopedic imaging is still usually based on one or two 2D X-rays that show the problematic area from the front and then from the side. The images are taken with the patient standing in order to properly show the situation in the weight-bearing position. It is then up to the orthopedic surgeon to mentally reconstruct the joint's complexity in three dimensions: given that the frontal and lateral images are not taken simultaneously and the 3D is only mental, this reconstruction is approximative and does not permit measurements. The surgeon also deduces from the 2D images the dimensions and angles needed to carry out the surgery, determining the choice of prosthesis, positioning, and so on.



In a 2D X-ray,  certain this be measured. medical the image is a projection of the skeleton: measurements are therefore distorted by projection and certain dimensions cannot Magnification is also a source of poor assessment, as the diagram opposite demonstrates, together with the illustration showing the size of a femur on a 2D image and the actual size of the femur (dark). Standard X-ray detectors are small (43 cm) and require several successive images to be taken in order to reconstruct the limb being observed. This is done using a technique that consists in stitching together small images, either literally or digitally, to create a large image. Numerous errors, not to mention a significant loss of time, are associated with this process.



Despite these limitations, 2D radiography systems are still the fundamental tools that orthopedic specialists use to make their diagnosis and plan their surgical strategies. They are also systematically used during diagnostic exams, and the following graph shows how frequently US orthopedic surgeons, out of a sample of 225, prescribe a 2D X-ray for the major musculoskeletal disorders[15].

1.1.1 CT scanner: patient lying down, radiation dose

[15] IMV Orthopedic Imaging report, 2007

If, when planning his or her surgical strategy, the surgeon requires more precision in terms of the three-dimensional arrangement of the zone to be treated, it is possible to obtain 3D views with a scanner. However, this imaging method not only delivers a high radiation dose but also imposes a horizontal position on the spine or leg being imaged. As a consequence, each bone is perfectly portrayed, but the relative positions of the bones in the joint are altered, and certain measurements necessary for the operation cannot be taken.

In addition to this, the radiation dose created by the cumulative use of scanners is a major cause for concern, particularly in the US. The increase in the average radiation dose associated with medical use has been estimated at almost 500% over the course of the last 25 years[16]. According to some estimates, the use of scanners in the US in 2007 alone could be the cause of 29,000 future cases of cancer in the United States[17].

Neither 2D radiology nor CT scanners really meet the needs of orthopedics, which until now has not had the benefit of specialized or innovative imaging addressing its particular needs.

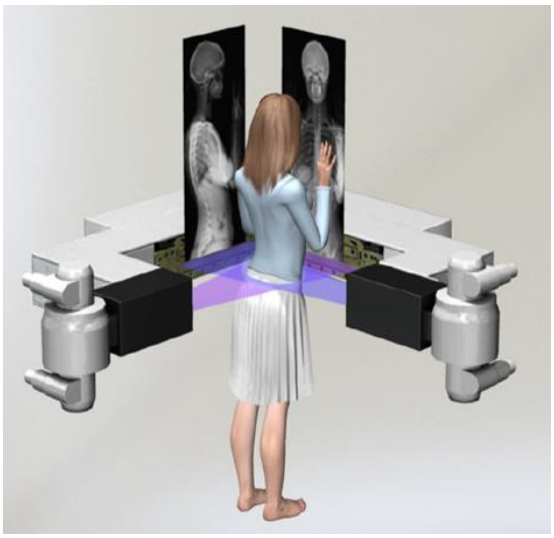
6.1.2 EOS technology

EOS is an innovative imaging method, developed from Georges Charpak's pioneering work on detectors and from work carried out by academic laboratories in Paris and Montreal. EOS originally drew on the experience of two medical specialists, one a radiologist, the other an orthopaedist. Professor Gabriel Kalifa, a specialist in radiological protection, wanted to reduce the medical radiation dose received by patients during radiology examinations. Professor Jean Dubousset, an undisputed expert in orthopedic spinal surgery, demonstrated that adolescent scoliosis needs to be treated as a whole and in 3D. This is how EOS came into being, from a simple idea: that of providing medical professionals with an exact 3D image of each patient's skeleton in an upright, weight-bearing position and at a low radiation dose.

A video presentation of EOS technology is available on the Group's website via the following link: http://www.eos-imaging.com/en_EN/products/eos.html

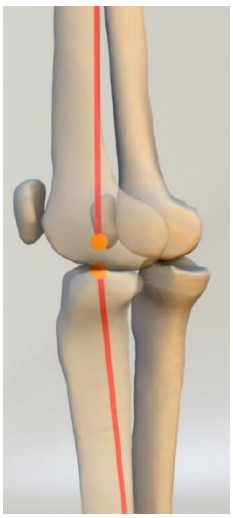
[16] National Council on Radiation Protection report no. 160, National Council on Radiation Protection and Measurements, 2009
[17] Amy Berrington de Gonzalez, Journal of the National Cancer Institute, Vol 101, (3),2009.

6.1.2.1 A simple idea: full body images, at lower doses, and with 3D



The EOS concept is simple. Standing upright in an EOS unit, the patient receives a whole-body radiographic examination from the front and the side simultaneously. It is possible to reduce the exam to a selected part of the body, for example the spine or the leg, if a whole-body image is not needed. A scan is carried out using two very thin X-ray beams, and takes less than 20 seconds for an entire body. The two digital images obtained in this way are then processed on a computer workstation to produce a personalized 3D model of the patient's skeleton (spine and/or lower limbs).

EOS: acquisition session sterEOS: 3D modelling and calculations

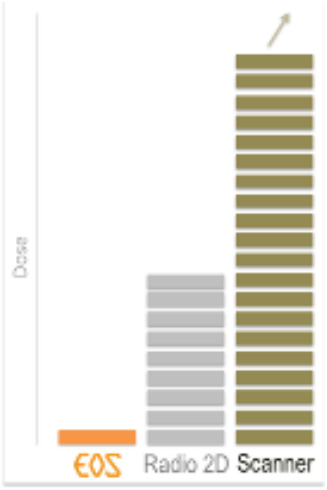


The complete EOS output consists in the two simultaneous X-ray images, the 3D model specific to each patient, and a report that includes all the clinical parameters, calculated automatically, that are necessary for diagnosis, surgery and post-operative care. It allows to monitor the patient along the entire care pathway, from diagnosis, therapeutic decision, planning, control and post-operative care.

EOS is the only imaging method with which it is possible to carry out a whole-body, 3D examination of the patient in an upright position and to measure precisely, in 3D, angles and dimensions in order to plan or control the relevant surgery.

6.1.2.2 EOS: a patented X-ray detection technology, awarded a Nobel Prize

The EOS detection technology is based on the work of Nobel prize winner Georges Charpak, founder of the company from which the Group has grown, on the detection of weak particle signals. The Group has adapted this patented detection technology for medical radiography. With the technology, very large-format X-ray images can be made. The patient is scanned from head to toe with thin X-ray beams detected by a detector based on the principle that led to awarding the Nobel Prize to Georges Charpak.

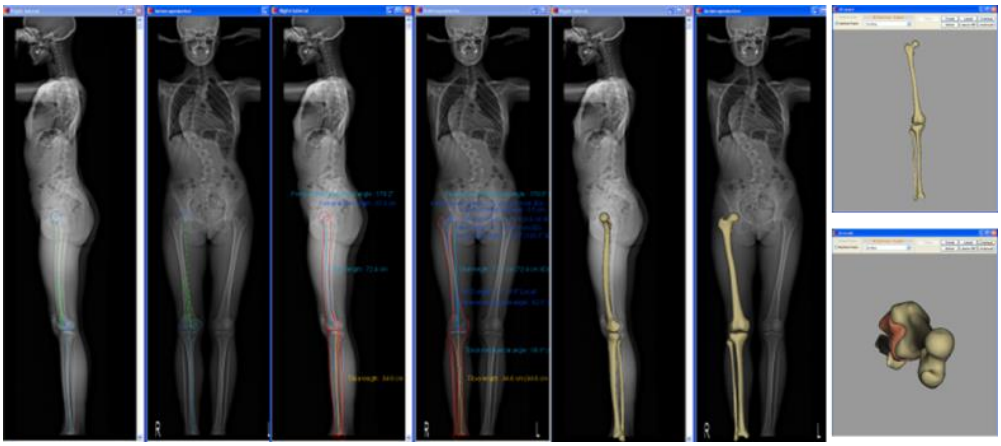


This patented detection technology enables a very significant suppression of the "noise" in the image, at the same time as the signal is amplified inside the detector. This makes it possible to obtain radiographs at doses reduced by 50 to 85% compared to existing radiography technologies. The Group reached a new milestone in 2013 with the development of a Microdose option that makes it possible to reduce the dose by an additional factor of 5 to 7 (cf 6.3).

This dose reduction is particularly important for deformative pathologies such as scoliosis, which require frequent patient monitoring. EOS makes it possible, for instance, to contemplate more frequent monitoring during the most sensitive periods, such as the growth periods in adolescent scoliosis.

6.1.2.3 A revolutionary, patented software technology that produces 3D images in a weight-bearing position: the sterEOS station

After the creation of large-format images with the detection technology described above, a 3D reconstruction of the skeleton is produced on a computer workstation. With this second key technology from EOS, a 3D reconstruction of the skeleton can be produced from just two 2D views. This technology, the subject of a number of patents, was developed in collaboration with two internationally renowned academic teams: the Biomechanics Laboratory of the engineering school Arts et Métiers ParisTech (ENSAM) in Paris, and the Orthopaedic Imaging Laboratory of the École de Technologie Supérieure (ETS) in Montreal. The software solutions that implement this technology are produced by the Group and integrate the functions developed by its two partners.



The EOS 3D technology implemented in the sterEOS station is based on advanced biomechanical modelling and statistical processing methods that allows a 3D reconstruction of the bone surface using anatomical points identified on projected X-rays.

This technology allows clinicians to **see the skeleton in 3D**, but also to **automatically extract**, from the 3D model and without the need for operator input, **all the measurements** (dimensions, angles, etc.) **necessary for a diagnosis**, surgical planning and post-operative monitoring.

The latter ability is linked to the special nature of the EOS personalized 3D model, which includes in the image all the relevant anatomical data (where a scanner, for instance, only produces image information without associating with it any anatomical data). This makes the EOS personalized 3D model particularly powerful, not only with regard to automatically extracting from it the clinical parameters needed for planning, but also in terms of its further use in, for instance, surgical simulations or in the prognosis of fractures.

Validation of the patented EOS 3D reconstruction technology has been the subject of numerous publications in prestigious journals (cf. 6.4.3.2).

6.1.2.4 Modular surgeon-centric software solutions and associated consumables: OneFit Medical

Each patient's 3D model is available to be fed into the different tools and software programs that are or will be used by surgeons for diagnosis, surgical planning, performance and monitoring. The Group is committed to developing a portfolio of surgeon-centric applications that answer the precise requirements of surgeons all along the orthopedic care pathways, such as:

- 3D surgical planning
- 3D surgical simulation
- Longitudinal patient care
- Prognosis for the progression of the musculoskeletal disorder.

These developments take place in part within EOS imaging itself, but they also motivated the acquisition at the end of 2013 of OneFit Medical, a software publisher and manufacturer of patient-specific cutting guides for orthopedic surgery, now part of the Group. As a result, the Group now has the strategic capacity to develop dedicated solutions in the field of hip and knee implant surgery.

6.1.2.5 EOS, a productivity improvement tool for radiologists

An EOS exam is rapid[18] because it spares the radiographers the difficulties encountered with existing technologies, which require multiple small-format images to be stitched together to obtain a single large-format image, as well as requiring a series of X-rays to be taken.

EOS thus enables the average time for a complex examination to be shortened by a factor of at least three with respect to existing technologies. This is a considerable advantage for radiology departments, which receive high patient volume peaks on orthopedic clinic days. Sites using EOS systems report daily activity peaks that can reach as high as around a hundred exams.

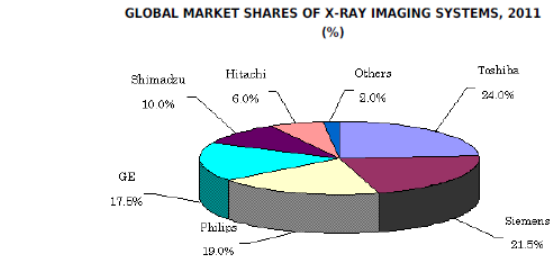
6.2 EOS MARKET POSITIONING AND COMPETITIVE ENVIRONMENT

Like 2D radiology and CT scans, EOS belongs to the family of imaging methods based on X-rays, ideally suited to examining bone. Unlike digital radiology or CT scanning, generic methods that have not been developed specifically for examining the skeleton, EOS is a specialized imaging method, dedicated exclusively to orthopedics, rheumatology and musculoskeletal disorders. EOS technology is effectively the only technological imaging innovation to have been developed for these applications and to invent a new imaging method: Stereoradiography (SR).

EOS therefore completes the range of imaging equipment in the imaging department of a hospital, clinic or private imaging center. EOS enables these imaging departments to offer a new method that is particularly suitable for musculoskeletal disorders. EOS complements the traditional radiology systems and CT scanner (both used to examine bones), and MRI (used to examine discs, cartilages, ligaments and other soft tissues). EOS is therefore not in direct competition with the existing methods.

6.2.1 EOS is not in direct competition with medical imaging companies

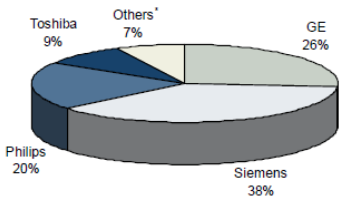
EOS has no direct competitors as a result of its proprietary detection and 3D reconstruction technology. Its general competitive environment is made up of medical imaging companies, including the four big ones – General Electric, Siemens, Philips and Toshiba – together with the mid-sized companies, whose offer is generally limited to digital radiology: Canon, Hitachi, Carestream, Fuji, Agfa, Shimadzu, Mindray, etc.



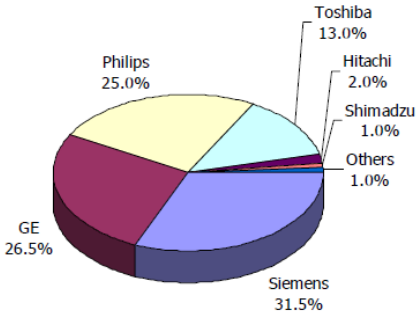
Source: BCC Research

[18] A study carried out at the Robert Debré hospital in Paris on a cohort of 271 patients, and presented to the European Society of Paediatric Radiology in 2009, demonstrated that the total time for a complex examination (posteroanterior and lateral images of the spine in very young patients) was less than 4 minutes. Before the installation of EOS in the department, the same exam used to take around 30 minutes. A study on a high-end 2D digital radiography system carried out by the Group at the University Medical Center Groningen, in the Netherlands, revealed an average time of 12 minutes (average over 4 patients of 12 min 28 sec: 7 min 05 sec for acquisition and 5 min 23 sec for stitching).

By way of reference, the respective market shares of companies offering radiography, CT and MRI are shown below.



MRI market in the United States
Source: Frost & Sullivan 2009



European CT market
Source: Frost & Sullivan 2009

EOS is a new imaging method that taps into both the imaging and orthopedics markets, each estimated at more than $20 billion a year (*the imaging market of diagnostic imaging using X-rays and scans being 34% of the global medical imaging market*)[19] [20].

6.2.2 EOS is positioning its products in a total market of 12,000 machines and more than $2 billion a year

EOS intends to market its machine to healthcare centers that work with musculoskeletal disorders and consequently include, or serve, an orthopedic surgery unit.

These centers, either hospitals or private healthcare centers, are equipped with the imaging systems they need for their practice. In some countries, such as France, the imaging departments that service the requirements of private clinics are generally run by independent private radiology centers, located next to or in the same premises as the clinics to which they supply their imaging services. In other countries, such as the US, the imaging departments are often an integral part of private surgical centers, or of outpatient centers, where orthopedic surgeons see their patients but do not perform any surgery.

In order to define its market and to establish targets for its sales forces, the Group analyzed the publicly available data on hip, knee and spine surgery in a number of countries. From an analysis of public data on hip and knee surgery volumes in France, Germany and the US, two market segments have been identified:

- **Initial target**: these imaging departments have an extremely high volume of musculoskeletal imaging. They are the company's priority targets. EOS technology is attractive to them from the point of view of either the specifications related to orthopedic imaging or the potential increase in their activity and productivity.

- **Medium-term target**: these sites have an average amount of activity in musculoskeletal imaging and are likely to equip themselves with an EOS system a little later than the previous category. Nevertheless, they are being canvassed by EOS imaging and some of them have already installed an EOS system, which they use to boost their activity.

The following points of information aim to identify trends and quantify the company's target market. This information does not constitute a penetration target in these markets for the company in the years to come.

[19] MaRS Market Insights, December 2009

[20] Zimmer Holdings, Inc. Crédit Suisse Healthcare Conference November 9, 2011

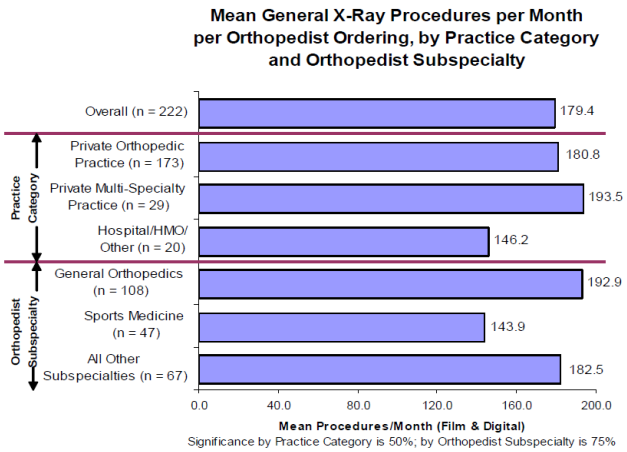
Europe

Analysis of hip and knee replacement surgery in France and Germany produces the target numbers below, which have been extrapolated to the whole of Europe[21].

Number of targets	France	Germany	Europe (extrapolated)
Initial target (market entry)	126	307	1 350
Medium-term target	402	593	3 102
Total	528	900	4 452

United States

The same analysis was carried out for US hospitals based on surgery data[22]. The Group based its estimation of the number of private practices on 50% of those comprising three surgeons or more[23]. The average volume of 2D X-ray exams ordered per month and per surgeon in the US (see graph opposite) amounts to more than 6000 exams a year for these sites.

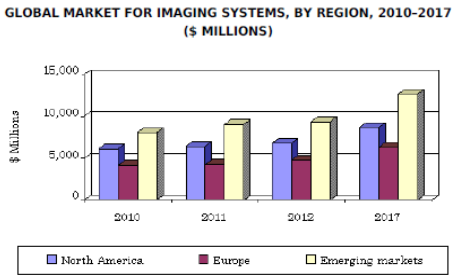


Summary of the Group's target volumes in the US:

Nombre de cibles	Hôpitaux	Private Practices	Total Etats Unis
Cible initiale (entrée sur le marché)	815	675	1 490
Cible moyen terme	1 497	1 240	2 737
Total	2 312	1 915	4 227

Rest of the World

As the data on surgery in the rest of the world is more fragmentary, the Group's estimate for this area is averaged between the European market and that of the hospitals alone in the US. This estimate is a



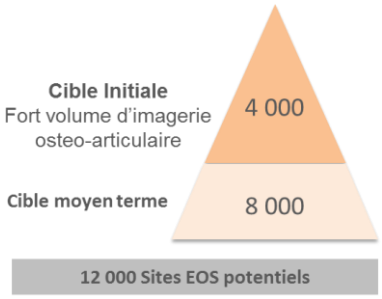
[21] The number of "initial targets" corresponds to the number of institutions "medium-term targets" correspond to the number of institutions that carry out between 100 and 400 surgical procedures a year. The data is taken from: PMSI 2009 for France, and Federal Joint Committee (Gemeinsamer Bundesausschuss), Quality Reports of the German Hospitals for Germany, and extrapolated to Europe (western Europe: on a pro-rata basis for the populations; eastern Europe is estimated at 15% of western Europe).

[22] Individual patient discharge records (Centers for Medicare & Medicaid Services /State-reported/Veteran's Health Services and Research Administration/ US Army hospital data) 2009

[23] IMV Orthopedic Imaging Market, 2007

conservative one with respect to the numbers of hospitals in Asia and South America, as shown in the table opposite.

Summary



Based on a detailed analysis of the market in specific countries, the Group estimates a market for EOS of 12,000 sites around the world, divided into 4000 sites with high musculoskeletal volumes, the company's priority targets, and 8000 with average volumes.

By way of example, in France, the company's original market, the Group has already achieved a market share of 6.6% of the total accessible market of 528 sites. In the US, the Group is already present in its target area of hospitals (22 sites, including 4 of the country's top 5 orthopedic hospitals) and that of private practices (3 sites).

The Group estimates that the value of the equipment market corresponding to these sites, calculated on the basis of one system per site at an average price of $500,000, is equal to $6.3 billion. As the replacement rate for medical imaging equipment currently stands at around 7 years, the annual equipment replacement market is estimated at $901 million, once the business is in full operation.

Furthermore, these systems require maintenance contracts, which have been evaluated on the basis of 10% of the equipment purchase price and in place for 80% of the installed base, adding a potential maintenance service revenue of $504 million a year.

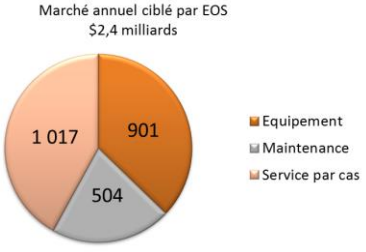
The table below summarizes these estimates for the potential market calculated on target numbers.

Nombre de cibles	Nb de cibles	Prix moyen par EOS	Valeur du parc d''equipement cible (m$)	Marché annuel (renouvellement tous les 7 ans) en $m	Maintenance (8%)
Cible initiale (entrée sur le marché)	3 853	$ 500 000	1 926	275	154
Cible moyen terme	8 758	$ 500 000	4 379	626	350
Total	**12 611**		**6 306**	**901**	**504**

The Group has also set about developing recurring offers available on a pay-per-use basis or in the form of consumables, which will represent a recurring source of additional revenue on this potential installed base. The corresponding services are detailed in the following paragraph. From an average charge of $250 per service/consumable and the mean number of surgical procedures resulting from the analysis carried out on the three largest countries, an estimate of the potential revenue from the 12,000 machines leads to an annual market of $1 billion.

Nombre de cibles	Nb de cibles	Nb de chirugie par cible par an	Prix prestation par cas	Marché potentiel prestation (m$)
Cible initiale (entrée sur le marché)	3 853	653	$ 250	629
Cible moyen terme	8 758	177	$ 250	388
Total	**12 611**	**323**		**1 017**

Source: The Group's analysis of data on surgery volumes in France, Germany and the US, carried out on the institutions considered to make up the target market.



The Group is thus aiming at a total potential annual market of $2.4 billion, including equipment sales, maintenance revenues, and recurring revenues from software, services and consumables.

6.3 A COMPANY IN THE COMMERCIAL DEVELOPMENT STAGE

6.3.1 A diversified revenue model with increasing recurring revenues

The Group has developed an economic model based on three revenue sources. The first two sources are usual in the field of medical imaging. The third source is specific to EOS' innovative field of application in orthopedics.

1. **Equipment sales:** the EOS system is sold at an average unit price of approximately $500,000. This price includes the EOS system, its installation (excluding the preparation of the room that will house the machine, which is carried out at the hospital's expense), and one (or two) sterEOS station(s) with the associated software for performing 3D reconstructions. Initial training for the staff operating the EOS and sterEOS systems is included in the purchase price, together with a guarantee for the first year.

2. **Maintenance contract sales**: these contracts are standard practice in the medical equipment market. While they can take different forms, they generate an annual turnover of between 8 and 12% of the equipment's sale price, e.g. around $50,000 per year per installed system. On the basis of its current performance, the Group estimates that 80% of its installed base will take out a contract of this kind.

3. **Pay-per-use or per-operation sales and associated consumables sales**: these new business opportunities are currently being developed by the Group and cover:

(i) advanced image-processing software services, in particular with regard to 3D reconstruction. This business line is being set up in the Group's subsidiary EOS image Canada, initially for the purpose of clinical trials. It will then be extended to sites that do not have the necessary human resources for processing images;
(ii) surgical planning services;
(iii) consumable sales: instruments customised to the patient's anatomy, created using 3D printing.

Business lines ii and iii are being developed within the Group by OneFit Medical on the one hand (sales to implant manufacturers) and by EOS imaging on the other (sales to hospitals and radiologists).

6.3.2 A strategic installed base

As of end March 2014, EOS had an installed base of 91 sites across 15 countries in the areas of Europe/Middle East, North America and Asia/Pacific.

All the systems are routinely in use, and more than 400,000 EOS examinations have already been carried out.

The average sales price has been stable since 2009 at around €390,000. All the installed EOS systems were sold, as the Group does not have a policy of supplying systems free of charge, even to key institutions and opinion leaders. The Group counts among its customers some of the world's most prestigious institutions in orthopedics and musculoskeletal imaging, including the Balgrist University Hospital in Zurich, a world leader in musculoskeletal radiology, and the Hospital for Joint Diseases in New York, for some years now the top US hospital in orthopedics. As of 31 March 2014, the Group already had as its customers four of the five best US orthopedic hospitals (2013 ranking), four non-profit hospitals from the Shriners network, and five hospitals from Assistance Publique / Hôpitaux de Paris (the public hospital system of the city of Paris and its suburbs).

EOS technology has also been chosen by some private, non-academic customers, who have found that it answers their musculoskeletal imaging needs. As a result, certain private groups of orthopedic surgeons in the US are now equipped with EOS systems, as are some private imaging centers in France, Germany, Great Britain, Turkey and Japan.

6.3.3 An accepted technology that is clinically validated with a track record of over 400,000 cases

EOS is in routine clinical use on all the customer sites. This illustrates its ease of use and speed of adoption in the imaging departments where it has been installed. EOS is a system that has been developed and set up to acquire wide-field images (full body, spine, etc.) and localized images (hip, etc.) of the skeleton.

- The experience of the user sites demonstrates that, in addition to its technical performance, EOS makes it possible to handle extremely high patient flows such as those generated during orthopedic hospital clinics.

- An analysis of the activity in the installed sites shows a mean activity of around 13 exams a day, with an activity peak that can reach as much as 87 patients a day.

The main indications for which the EOS system is generally used are:

- Scoliosis in children and adolescents
- Degenerative and deformative disorders of the spine in adults
- Disorders of the lower limbs

6.3.3.1 Scoliosis in children and adolescents

Radiation dose: a public health concern

Scoliosis is a three-dimensional spinal deformity and requires regular imaging of the entire spine (one or two times a year) in children and adolescents. This is a population that is extremely sensitive to radiation: studies have shown that the risk of radiation-induced breast cancer is greater in women

with scoliosis[24] [25]. Decreasing the dose while still preserving a satisfactory image quality is therefore a public health concern.

With the EOS low-dose system, it is possible, in a single acquisition and without stitching, to image the entire spine with an 85% reduction in radiation dose[26] compared to computed radiography (CR) and 50% compared to digital radiography[27], with an equivalent image quality. The potential diagnostic errors due to stitching, for which there is a reported rate of 16%[28], are eliminated and the radiation dose is significantly reduced.

In November 2013, EOS pushed the limits even further when it brought out the Micro Dose feature. With this feature, the spines of children with scoliosis can be imaged during monitoring visits with 5-to-7-times lower doses than the EOS low-dose system. The image quality is sufficiently high to be able to monitor the spinal deformities as the children grow[29]. The EOS system gives clinicians diagnostic safety at a dose comparable to around ten days of natural radiation.

Scoliosis: a three-dimensional spinal deformity

Viewing the spinal deformity on all three spatial planes is essential to understanding scoliosis better and optimizing its treatment. The sterEOS 3D spine modelling using EOS images meets this need. As a first step, the university teams in the Robert Debré and RADY pediatric hospitals, in Paris and San Diego respectively, have demonstrated the reliability[30], reproducibility[31] and precision[32] of the 3D spine models.

Studies are under way to demonstrate the impact of 3D data on surgery. One of these is a multicenter study led by Dr Parent (CHU Sainte-Justine Hospital, Montreal). Dr Newton, of RADY, is analyzing the influence of 3D modelling on the surgical decision. The results with respect to the first 30 patients are currently being analyzed[33].

One of the subjects of increasing interest in the medical community is the identification of prognostic factors for scoliosis progression. Different teams around the world are working on this using EOS images and data from the 3D models produced with the images. At the Scoliosis Research Society (SRS) Annual Meeting of 2012, the Montreal team headed by Dr Parent presented a good correlation between certain 3D parameters calculated during the patient's first visit and scoliosis progression. In April 2014, Dr Parent received the consent of his Institutional Review Board to begin an international multicenter study – involving three US centers, one French center and three Asian centers, all equipped with EOS and sterEOS – with the objective of confirming the soundness of the predictive factor for scoliosis progression in the different ethnicities, in a sample of 1200 patients. Meanwhile, Prof. Kohler (Hôpital Femme-Mère-Enfants, Lyon – a women and pediatric hospital) has developed a

24 M. Doody et. Al., « Breast Cancer Mortality After Diagnostic Radiography », Spine, Vol. 25, No 16, pp 2052-2063

25 A. R. Levy, et Al, "Reducing the lifetime risk of cancer from spinal radiographs among people with adolescent idiopathic scoliosis" Spine, vol. 21, pp. 1540-7; discussion 1548, 1996.

[26] Deschenes et al, Spine 35, no. 9 (2010): 989

[27] Dietrich TJ, Pfirrmann CW, Schwab A, Pankalla K, Buck FM. Skeletal Radiol (2013)

[28] Supakul et al, Pediatr Radiol (2012)

[29] Alison M, Ferrero E, Tanase A, Rega A, Ilharreborde B, Mazda K, Sebag G. Communication at RSNA 2013

[30] Iharreborde et al. Spine n°36 (2011)

[31] Carreau et al. Spine Deformity (2014)

[32] Glaser et al. Spine N°37 (2012)

[33] Preliminary internal data

different approach using EOS images and will present the preliminary results of his work at the SRS Annual Meeting in 2014.

6.3.3.2 Degenerative and deforming disorders of the spine in adults

Degenerative disorders of the spine are characterized by a loss of structure and function in the vertebral column. The principal cause of this phenomenon is ageing. EOS full-body images give surgeons an overall view of the patient that is decisive in the evaluation of these disorders. A large retrospective study[34], carried out on 306 adult patients with scoliosis, shows that 39% of the patients had post-operative complications, and 29% required further surgery. Measuring the spino-pelvic parameters of sagittal balance could potentially avoid these disabling post-operative consequences. A case study demonstrates the importance of measuring the pelvic and postural parameters when planning spinal osteotomies[35].

Dr Obeid, orthopedic surgeon with the Bordeaux university hospital, shows, in a study carried out on 28 patients who underwent an EOS exam[36], that knee flexion correlates to a lack of lordosis in the spine. The study concludes that it is important to take knee flexion into account when choosing the appropriate surgical correction to the spine (the region to be operated on and the type of osteotomy). Prof. Le Huec[37], another orthopedic surgeon with the Bordeaux university hospital, has validated a parameter, the Full Balance Integrated, or FBI, that allows knee flexion to be considered in the surgical correction to be carried out on the spine to rebalance the patient correctly.

The importance of sagittal balance in even simple surgery planning is growing rapidly. EOS' ability to acquire full-body images in 20 seconds is a big step forward in assessing the patient's posture[38], and understanding the dynamics of compensation.

6.3.3.3 Disorders of the lower limbs

The main goal in knee and hip replacements is to remove the pain caused to the patient by the diseased joint and to restore lasting functionality to the joint. This requires various specific parameters of the lower limbs to be measured rigorously and reproducibly, in order to optimize planning for the surgical procedure. Today, the reference images are still for the most part 2D images whose precision and reproducibility are poor, as a result of the effect of parallax and zoom (the size of the image is not actual size). Furthermore, torsion in the lower limbs cannot be measured on 2D frontal images and requires a high-dose CT scan exam.

6.3.3.4 EOS: a precise, reproducible examination

EOS provides the precision and reproducibility sought by orthopedic hip and knee surgeons first to better assess the joint condition before and after the surgical procedure, and t for long-term monitoring. The precision and reproducibility of 3D lower-limb modelling using EOS X-rays has been validated[39] [40] by the team from the ENSAM biomechanics laboratory in Paris. These results have been

[34] Charosky et al-Spine n°37(2012)
[35] Le Huec et al – Eur Spine J (2011)
[36] Obeid et al. Eur Spine J n°20 (2011)
[37] Le Huec et al– Eur Spine J n°20(2011)
[38] Morvan. Eur Spine J n°20 (2011)
39 Chaibi et al – CMBBE (2011)
40 Quijano et al – Medical engineering and physics (2013)

clinically confirmed with a study of 25 patients[41]. Dr Guenoun et al at Cochin Hospital in Paris concluded that EOS technology allows the clinical parameters of the lower limbs to be calculated with a better reproducibility than when calculated on the basis of 2D projections.

Clinicians' confidence in EOS technology has made it possible to carry out larger-scale studies. Teams in Barnes Jewish Hospital (St Louis, MI)[42] and in the Medical University of Pécs[43] (Hungary) have established clinical parameter reference values for lower limbs in healthy adults as well as pathological reference values, using 3D modelling produced with the sterEOS software.

6.3.3.5 EOS exams equivalent to CT

EOS images can replace CT scans in evaluating torsion in the lower limbs and produce reliable measurements in both children[44] and adults[45] [46]. With an equivalent precision, the EOS exam uses a much lower dose than the scanner, and is less expensive.

6.3.3.6 Planning and control

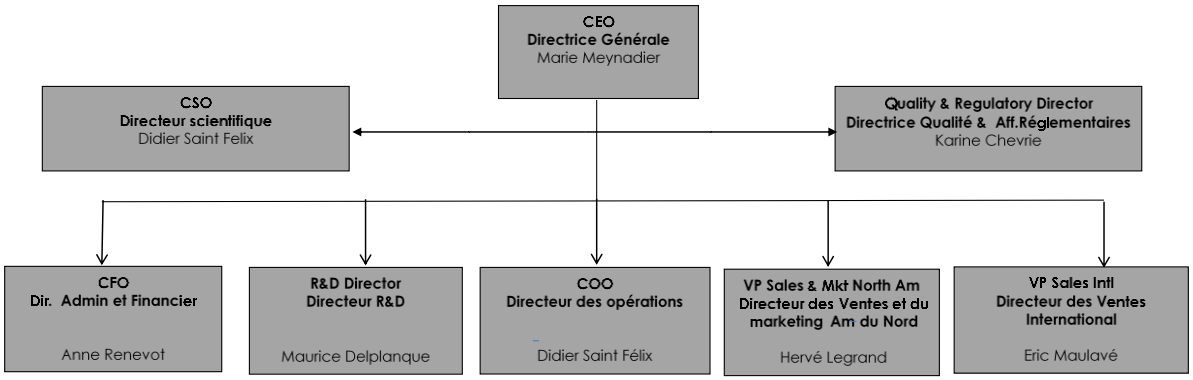
In 2013, the Group developed hipEOS, the first hip arthroplasty planning module based on EOS stereo X-rays. Initial results for this software, presented by Prof. Mainard[47] of Nancy University Hospital in France, demonstrate improved prediction and planning with respect to the dimensions of the prosthetic components to be fitted. This can have a significant impact on the inventory and logistic costs associated with the theatre suite. The work is currently being continued by a number of French and US teams. In combination with the post-operative monitoring module that the Group has already developed, hipEOS will be the first quality control module for orthopedic implant surgery based on irrefutable measurements, a crucial element for quality control and for the confidence of both patients and hospital management.

41 Guenoun-OTSR (2012

[42] Nam et al – J of arthroplasty (2013)
[43] Than et al – Int Ortho (2012)
[44] Rosskopf et al – Am J Roentgenol (2014)
[45] Buck et al - Am J Roentgenol (2012)
[46] Folinais et al –OTSR (2013)
[47] Communication SOFCOT 2013

6.4 A RESPONSIVE, INTERNATIONAL ORGANIZATION

Led by its CEO, the Group is divided into Departments – one of which is based in the US – led by professionals with many years of experience in healthcare, and in particular in those of medical imaging and orthopedics. Scientific experience is another of the Management Team's strong points, as it counts four PhDs among its numbers. Three of the team members have been with the Group since the start of EOS' development at the beginning of 2006; three of the members are women.



6.4.1 The Management Team

- **CEO: Marie MEYNADIER**

Marie Meynadier joined Bellcore (Red Bank, NJ) after her PhD, then moved to the prestigious ATT Bell Labs (Murray Hill, NJ), where she conducted research on semiconductor devices. After returning to France, she headed a number of major national and international development programs in electronics, optics and microelectronics that led to the creation of several start-ups in these areas. Marie entered the medical field in 1999, when she became managing director of the start-up Biospace Lab, which specialized in preclinical imaging. After rapidly turning it into a profitable business, she founded EOS imaging.

Marie holds a degree in Electronic Engineering from Sup Telecom and a PhD from Ecole Normale Supérieure, Paris.

- **CFO: Anne RENEVOT**

Anne Renevot has 21 years' experience in Finance. She began her career with the Legris Industries group as Controller and then joined Ernst & Young Audit in Paris as Manager. Anne has held the role of finance director in a number of sectors, including luxury products (Cartier) and online gaming (Gametap-Metaboli) in both local and international markets. Anne has a degree from Audencia Management School. She joined EOS imaging in 2011.

- **COO: Didier SAINT-FELIX**

Didier Saint Félix has over thirty years experience in the research and development of innovative medical imaging systems. With a diploma in electrical engineering from the Ecole Nationale Supérieure d'Electricité, France, and a doctorate in signal processing, Didier began his career at the French National Center for Scientific Research (CNRS). In 1986, he joined GE Healthcare to develop the first 3D angiography system used with a 2D detector, a system that is now in daily clinical use. He thenled GE's research and development on mammography, completely renewing the product line and introducing digital technology. Didier is also a specialist in the quality requirements and regulations that apply to medical imaging. He joined EOS imaging in 2006 to adapt the EOS prototype to an industrial and commercial setting and manages today the company's production and service activities.

- **Marketing and Sales Director for North America: Hervé LEGRAND**

Hervé Legrand has over 17 years' experience in the medical field. He began his marketing career in the pharmaceutical industry at Synthelabo, then joined a series of major orthopedics companies, where he quickly developed considerable expertise in marketing and sales. Prior to joining EOS imaging, Hervé spent nine years at Stryker in Switzerland, first in charge of international marketing for the trauma division, followed by more strategic roles in EMEA for Stryker Trauma. Hervé has a degree in biochemistry and molecular genetics and a master's degree in marketing from the University of Paris 13.

- **Director of Quality and Regulatory Affairs: Karine CHEVRIE**

Karine Chevrie has a doctorate in biochemistry and 20 years' experience in the field of medical devices. Her first job was with the medical branch of the US group Pall Corporation, where she worked in marketing, in the area of blood transfusion. She then joined the French agency for the safety of health products, AFSSAPS (now ANSM), upon its creation, with responsibility for medical devices with biological risks. In her seven years at AFSSAPS, she participated in various European Commission working groups and played an active role in the establishment of a regulatory framework aiming in particular at strengthening the health safety of medical devices in the context of prion risk. She joined EOS imaging in 2006 at the start of its commercial structuring to take on the position of Director of Quality and Regulatory Affairs.

- **International Sales Director: Eric MAULAVE**

After graduating from the University of Hartford in the US (Connecticut), Eric Maulavé began his career as business engineer for the IT and Multimedia sector in the Philips Group. He subsequently held various international positions as Sales and Marketing Director in several of the Group's high-tech business activities. After two years in Hong Kong, he joined Philips Healthcare in 2007 to head the sales and marketing activities in radiology for EMEA, LATAM, APAC, and, more recently, the Home Healthcare business for emerging markets. Eric brings to EOS imaging considerable experience in international sales and marketing, and in high-tech medical equipment.

- **R&D Director: Maurice DELPLANQUE**

Maurice Delplanque joined GE Healthcare in 1997 after completing his PhD. He contributed, first as a software developer, then as project leader and eventually as team manager, to the development of the first digital neurology and cardiovascular radiography systems. He also is a Six Sigma Black Belt. Maurice joined EOS imaging in 2007 as software manager, and is now responsible for Research & Development.

- **Managing Director of the subsidiary OneFit Medical: Sébastien Henry**

Sébastien Henry is the founder of OneFit Medical, acquired by the Group in 2013, and has 16 years of experience in orthopedics. For eight years, he actively participated in the development of the computer assisted surgery applications from ORTHOsoft (Canada), going on to become Business Development Manager Europe for Zimmer after the latter bought ORTHOsoft. He founded OneFit Medical in 2011.

6.4.2 Marketing

The Marketing department is structured around two areas of activity:

- Upstream Marketing: product management in conjunction with R&D, regulatory affairs and sales
- Operational Marketing: communication/events

6.4.2.1 Product management

New product development projects or improvements to existing products are initiated by the Upstream Marketing team, interfacing between the development team, the market and the sales force.

The product managers are responsible for monitoring the competition and for listening to the market and to customers so that they can select the most promising products in terms of market and return on investment, and establish the corresponding functional specifications.

The product marketing team draws heavily on the suggestions and feedback from clinician users or opinion leaders to define and validate certain product evolutions or developments and to consider their clinical evaluation.

6.4.2.2 Communication/Events

The objective of Operational Marketing is to establish the Group's value proposition and to publicize it to increase the visibility of the product and the brands. The Group's strategy is to develop brand visibility and recognition through two approaches:

- promote EOS to customers (hospitals / radiologists / orthopedic specialists, etc.), principally through the sales force and through direct promotion.
- communicate the benefits that EOS provides to patient communities.

To do this, the team develops the marketing messages and then adapts them to the different forms of support marketing. It organizes annual sales seminars as well as the Group's participation in national and international conferences. Its responsibilities also extend to managing the Group's Internet strategy and public relations.

- **Website/Internet**

The Group's Internet presence is established through its dual website, one for the US market and the other for the rest of the world. Website content is adapted to the respective targets.

- **Marketing support for sales**

In close collaboration with the sales team, and with the Upstream Marketing team, Operational Marketing develops and distributes marketing tools for sales.

- **Newsletter and user meetings**

The Group keeps the EOS user community engaged through a twice-yearly newsletter and user meetings.

- **Medical conferences**

The Group follows a policy of active participation at national and international medical conferences specializing in radiology and orthopedics. In 2013, it welcomed more than 1000 visitors onto its various stands.

In 2013, the Group took part in 29 conferences, including:

  - five international conferences (AAOS, ISTA, IMAST, RSNA and Global Spine Congress)
  - four European conferences (ECR, EFORT, ESSR and Eurospine)
  - nine conferences in the US (AAHKS, NASS, CCJR, MAOA, SOA, WOA, LLRS, IPOS and Limb Deformity Course)
  - five in France (SOFCOT, JFR, SIMS, SFCR and CSRS)
  - one in Germany (DRK)
  - one in Great Britain (BOA)
  - two in Asia (JOA and AOSPR)

- **Press releases /communication for hospitals**

The Operational Marketing team supports customer sites in organizing open days and inaugurations. The activities undertaken enable customers to best communicate information about the EOS system's usage and features to the press, on their websites or to their prescribers.

6.4.3 Clinical studies

In addition to the internal studies carried out in the context of a regulatory process for obtaining marketing authorizations, the Group follows an active policy of supporting clinical studies initiated by its users.

The aim of these studies is to strengthen each of the important values of the EOS system and make it possible to:

- move from a technical validation of EOS values to a demonstration of the benefits they provide, in clinical and practical terms, that are more directly commercially exploitable,
- spread the core messages through opinion leaders and increase the Group's visibility,

- be the intermediary for applications for reimbursement eligibility in the various countries.

Alongside its routine use by customers, EOS technology has also been the subject of multiple clinical studies:

- **30 clinical studies** are currently under way, of which **17** are strategic studies.
- **56 medical talks** and posters were produced in 2013 at **15 national and international conferences**,
- **130 scientific articles** about EOS and its technology were published in leading journals.

6.4.4 Sales

The Group has set up a sales network in the areas of Europe/Middle East, North America and Asia-Pacific. These last two areas were the focus of particular investments in 2012 and 2013, respectively. In each country, the Group examines the possible options: direct sales approach with sales personnel employed by the Group, direct approach using a commission-based local agent (these two approaches can be combined), or an indirect distribution approach, selling to the distributor after the latter has obtained an order from the end customer. It adopts the approach that is best suited to the size and context of the particular market.

6.4.4.1 Europe-Middle East (EMEA)

In the EMEA area, the Group has put in place an organization headed by the International Sales Director and based on:

- a direct approach, with the presence of regional sales managers, in France and Great Britain;
- a mixed approach in Germany and Benelux, using local agents;
- a distribution approach in Switzerland, Scandinavia, Italy, Turkey, the Maghreb, Lebanon, Saudi Arabia and the United Arab Emirates. In these countries, national distributors have been selected for their considerable expertise in selling medical equipment, in particular imaging and orthopedic equipment.

All areas are supported by application specialists, who provide pre-sales support to their respective territories and are responsible for user training.

Sales are closed by EOS imaging SA across the whole area with the exception of Germany, where the Group has a subsidiary, EOS imaging GmbH. They are made either with the end customers or with distributors, in the case of countries where a distribution approach is used.

As of the end of March 2014, the Group had an installed base of 53 systems across the 11 countries in the EMEA area that have purchased systems: France, Great Britain, Germany, the Netherlands, Luxembourg, Denmark, Italy, Hungary, Switzerland, Turkey and Lebanon.

6.4.4.2 North America

In North America, the Group has chosen a direct approach, as this guarantees it direct access to this important and influential market. The Sales Director for North America oversees a team of regional

sales managers in the West, Midwest and East areas of the US, all of whom have considerable experience in selling innovative large medical equipment, assisted by application specialists providing pre- and post-sales support. The choice has been made to use agents in certain geographical areas to reinforce the Group's sales capacity. These organize the initial contact with hospital buyers and facilitate the progress of procurement projects through their knowledge of the multiple stakeholders. The regional sales managers are responsible for ensuring, with the support of the service teams and the application specialists, that the elements relating to the choice and preparation of the installation room are compatible with the system's requirements and that they allow optimal organization and patient flow.

Sales are closed by the Group's US subsidiary. The Canadian market is handled through an agent assisted by an application specialist.

As of the end of March 2014, the Group had an installed base of 30 systems in North America (the US and Canada).

6.4.4.3 Asia-Pacific area

In 2012, as part of its commercial expansion, the Group undertook to set up a sales organization in Asia, with the Pacific area already covered by agents.

The Group consequently opened a subsidiary in Singapore in 2013 and recruited a sales force (regional manager assisted by an application specialist) in charge of coordinating, supervising and developing sales in the area. The Group has also selected a distributor in each of the markets it is entering, which are China, Japan, Taiwan, the ASEAN area (Indonesia, Malaysia, the Philippines and Vietnam), Hong Kong and Singapore. The Group has marketing authorizations for some of these countries and is in the process of completing the necessary regulatory steps in those countries where it does not yet have this authorization (see paragraph 6.6 below).

Just as for the distributors in the EMEA region, the distributors in the Asia-Pacific area have been selected for their local market knowledge and ability to develop EOS sales in their countries. The Group has chosen, for the larger Chinese and Japanese markets, to use the services of companies with a limited product portfolio in order to ensure the full involvement of its associate partners in EOS sales. The Group closed its first sales in Japan, the second-largest medical imaging market after the US, in December 2013. It does not yet have a commercial presence in China, where the approval processes are still under way. In the smaller markets, where EOS cannot, in the short term, guarantee the necessary revenue to cover the costs of the distributors' sales teams, companies were chosen that have a product portfolio containing imaging systems and/or innovative large medical equipment.

As of end March 2014, the Group had an installed base in the Asia-Pacific area with 8 installations in the area (Japan, Singapore, Hong Kong and Australia).

6.4.4.4 Latin America

As part of its commercial expansion, the Group is preparing its expansion into Latin America by entering into agreements or pre-agreements with distributors and by applying for product approvals. Mexico and Brazil have been prioritized in this undertaking.

The sales distribution network of the Group is listed below.

Australia	**Medsurg Distribution Pty Ltd** 5/41-43 Higginbotham Rd Gladesville, NSW, 2111 Australia **PH***+61* 2 9809 7234 www.med-surg.com.au
Austria	**Braincon Handels-GmbH** Grinzinger Allee 5 A-1190 Vienna Austria **PH***+43* 16 10 67 31 www.ams-braincon.com
Belgium	**Be.Med sprl** 32, Parc de la Gotte B4550 Nandrin Belgium **PH***+32* 477 424 971 theomartens@skynet.be
Canada	**EOS image Inc. Canada** 300 rue du Saint Sacrement H2Y IX4 Montreal, Quebec Canada **PH***+1* (514) 875 0030 salescanada@eos-imaging.com
China	**Shanghai Boxiao Environment Science & Technology Dvt Ltd** 218 South Xiangyang Road, Xuhui District 200031 Shanghai China **PH** *+ 86 21 66083918*

Denmark	**Swemac Orthopedics** Industrigatan 11 SE-582 77 Linkoping Sweden **PH***+46* 708 15 16 37 www.swemac.com
DOM-ROM	**Techni Médical Service** Zone Acajou Californie 97232 Lamentin Martinique **PH***+33* (0)5 96 50 15 37 cathy.eugenie@tms-dom.com
Finland	**Petrimed OY** Lenkkitie 11 21530 Paimio Finland **PH***+358* 10 524 2100 www.petrimed.fi
France	**EOS imaging** Xavier Armand 10 rue Mercœur 75011 Paris France **PH***+33* 676800767 xarmand@eos-imaging.com
Germany	**EOS imaging GmbH** Dieselstraße 12 D-64347 Griesheim Germany **PH***+49* 6155 89811 70 salesgermany@eos-imaging.com

Hong Kong	**QST TECHNOLOGIES (HK) Co., Ltd** Unit 02, 7/F, 38 Plaza 38 Shantung Street KLN, Hong Kong S.A.R **PH***+852* 26260512 www.qsttech.com
Indonesia	**Transmedic** 5 Jalan Kilang Barat 9th floor Petro Centre 159349 Singapore Singapore km.teo@transmedicgroup.com
Iran	**Iran Scan CT Co.** No 32, Shams St., Vesal Shirazi Ave 14168-53681 Tehran Iran **PH** *+982166402105* http://www.ctcoscan.com/
Italy	**Neuromed Italia** Via Principe Amedeo 32 10123 Torino Italy **PH***+39* 0118127900 info@neuromeditalia.it
Japan	**Meditec Far East Inc.** 3-5-7 Hatchobori Chuo-ku 104-0032 Tokyo Japan **Tel***+81* 03-3551-8238 info@meditecfareast.co.jp
Korea	**DK Medical Solutions Co., Ltd**

	66 Umyeon-Dong, Seocho-Gu 137-900 Seoul Korea jwshim@dongkang.co.kr
Lebanon	**Asmar Medical** Kazandjian Center, Fouad Chehab Street P.O. Box 55045, Sin-El-Fil Beirut Lebanon **PH***+961* 1-512712
Maghreb, Egypt, Libya & Kuwait	**GEHS** Immeuble Saadi, Tour AB 2080 Ariana Tunisia **PH***+216* 71 233 630 gehs@planet.tn
Malaysia	**Transmedic** 5 Jalan Kilang Barat 9th floor Petro Centre 159349 Singapore Singapore km.teo@transmedicgroup.com
Mexico	**Cyber Robotics Solutions** Manzanillo 17, Piso 2, Col Roma, Del. Cuanhtémoc. 06700 Mexico Mexico **PH***+55* 55 841 030 mbartlett@roboticsol.com
Netherlands	**EOS imaging** Sue Wills

	217 Peppard Road Emmer Green RG4 8TS Reading UK **PH***+44* (0)7 826 847 767 swills@eos-imaging.com
The New Zealand	**Medsurg Distribution** Unit B, 31 Cheshire St Parnell, Auckland New Zealand **PH***+64* 9 309 6480 www.med-surg.com.au
Norway	**Orthovita NUF** Bjornslettstubben 8 N0382 Oslo Norway **PH***+47* 9012 5675 www.orthovita.com
The Philippines	**Transmedic** 5 Jalan Kilang Barat 9th floor Petro Centre 159349 Singapore Singapore km.teo@transmedicgroup.com
Russia	**Diapark Ltd** 2-nd Pugachevskaya str., 8, bld 1 107061 Moscow Russia **PH***+7* 411 94 78 www.diapark.ru
Saudi Arabia	**Tamer Group** P.O.Box 180 Sh. Mohammad Ibn Abdul Wahab st. Ammariyah District

	21411 Jeddah Saudi Arabia **PH***+966* (2) 644 0099 www.tamer-group.com
Singapore	**QST GROUP** 150 Kampong Ampat #07-01 KA Centre 368324 Singapore Singapore **PH***+65* 62706260 www.qsttech.com
Sweden	**Swemac Vision AB** Industrigatan 11 SE-582 77 Linkoping Sweden **PH***+46* 708 15 16 37 www.swemac.com
Switzerland	**Leuag** Industriestrasse 21 6055 Alpnach Switzerland **PH***+41* 41 618 81 00 www.leuag.ch
Taiwan	**Unison Co. Ltd** 14F NO.97, Tun-Hwa S. RD, SEC 2 106 Taipei Taiwan **PH***+886* 2 27062121 kenchiou@unison.com.tw
Thailand	**Transmedic** 5 Jalan Kilang Barat 9th floor Petro Centre 159349 Singapore Singapore

	km.teo@transmedicgroup.com
Turkey	**Teknikel Tic. ve San. A.S.** Piyalepasa Bulvari Kastek Is Merkezi CBlok Kasimpasa - Istanbul Turkey **PH***+90* 212 254 74 00 www.teknikel.com
United Kingdom	**EOS imaging** Sue Wills 217 Peppard Road Emmer Green RG4 8TS Reading UK **PH***+44* (0)7 826 847 767 swills@eos-imaging.com
United Arab Emirates	**Gulf & World Traders** LLC - PO Box 5527 Dubai United Arab Emirates **PH***+971* 50 4823 496 rajeev.kumar@gwtuae.com
United States	**EOS imaging Inc.** 185 Alewife Brook Parkway #410 Cambridge, MA 02138 USA **PH***+1* 678 564 5400 salesusa@eos-imaging.com
Vietnam	**Blue Light** TNA Building - 1st Floor 192-198 Ngo Gia Tu - District 10 Ho Chi Minh City Vietnam **PH** *+84* 8 38345769 astechmail@gmail.com

6.4.4.5 Applications/Training/Sales support

The Group has set up structured processes through which the salesforce, whether direct, agents or distributors, can call upon the pre- and post-sales help of application specialists. This ensures both an excellent communication of EOS' features to prospective customers and training for the user teams after installation. Training on the use of the equipment itself is carried out over two days, while training on the use of the software packages is carried out over two 4-day sessions. It is normally given to the radiographers, as is the case for other imaging methods; nevertheless, some radiologists and orthopedic specialists participate in some or all of these training courses.

The Group monitors the satisfaction of its customers with respects to these trainings. Once the system is fully commissioned and training is completed, the application specialists, who are each responsible for a portfolio of customer sites, follow up on the usage, satisfaction and feedback from the user sites.

6.4.4.6 Financial partners

Given the substantial investment needed to equip a site, the Group brings in financial partners to facilitate the purchase of an EOS system when the customer wishes to have a financing solution. This offer is mainly used by private sites; however, some public sites also show an interest in these solutions.

6.4.4.7 Revenue per geographical area for the last three financial years

Revenue per geographical area (K€)	As at 31/12/2013	As at 31/12/2012	As at 31/12/2011
France	5,523	1,687	3,097
EMEA w/o France	2,766	2,440	2,018
North America	4,914	4,339	822
Asia	1,967	959	1,007
Total	15,170	9,424	6,944

In 2013, EOS imaging continued its expansion in the EMEA area, where the Group saw a very strong growth in its activity, doubling the number of systems sold (18 compared to the 9 sold the previous year), with a revenue of 8.29 million euros.

In North America, the Group registered a business increase of 13%, with a revenue of 4.91 million euros compared to 4.33 million euros the year before, an increase tampered by longer sales cycles observed on several orders.

After having completed its first installation in Singapore in 2012, the Group intensified its presence in Asia-Pacific in 2013, with a strong entry into the Japanese market over the course of the fourth quarter. The revenue for the area grows by 105%, to 1.97 million euros.

6.4.5 Production organization

The Group has taken the decision to concentrate its production resources solely on the strategic activities required to manufacture its products. It delegates the other activities to subcontractors who are experts in the operations that have been entrusted to them.

As a result, the industrial model that has been set up is based, on the one hand, on collaboration with a subcontractor / partner, AXE Systems, for the assembly of EOS and, on the other, on the Group taking direct charge of the activities of:

- Integration and testing of the proprietary X-ray detectors
- Management of the OEM (Original Equipment Manufacturer) suppliers of the radiology subassemblies, the X-ray tube and the high voltage (HV) generator
- Management of the suppliers of the subassemblies designed specifically for the Group
- Adjustments, settings and final acceptance of the complete EOS system on the premises of the systems integrator partner
- Integration and testing of sterEOS workstations

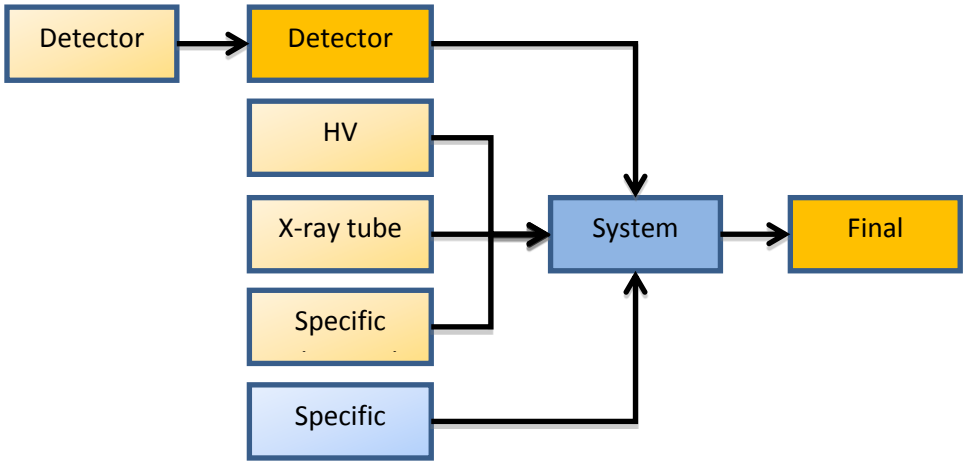
For its part, the systems integrator partner is responsible for:

- Managing its first-level suppliers
- Assembling and wiring the EOS systems according to the instructions drawn up in collaboration with the Group, in the configurations ordered by the customers and specified in each production order issued by the Group
- Testing each system electrically and mechanically before making it available to the Group for adjustments under X-rays and final tests
- Maintaining the traceability of the operations carried out while conforming to the applicable regulatory requirements, in particular those of the FDA (21CFR Part 820).

The manufacturing of detectors is at the core of the Group's expertise. It is based on subassemblies produced and supplied by PMB of the ALCEN group, which are fitted in a clean room by the Group's qualified operators. In 2010-2011, a new clean room was constructed at the Group's headquarters to increase production capacity and separate the R&D on the detectors from that of Production. Since then, specific tests have been automated to tighten checks during manufacturing and improve productivity. At the end of the assembly and testing stages in the clean room, the detectors are fitted with their readout electronics then functionally tested under X-rays before being shipped for integration at AXE Systems.

The Group has set up a network of OEM suppliers and subcontractors, giving preference to companies in the medical device industry who have ISO 13485 certification and an understanding of the regulatory environment that apply to these activities.

The entire supply chain is described in the following simplified diagram:



The manufacturing lead time on an EOS machine is around four weeks. On the diagram above, pale orange corresponds to purchases made by the Company and dark orange corresponds to the steps carried out by the Group's employees. Blue indicates the purchases and steps of the subcontractor AXE Systems.

X-ray tubes are essential components of the EOS system, that need to provide the very long exposures specific to slot-scanning systems. Exposures with these systems can last for more than 20 seconds when carrying out an exam on an entire adult body, whereas exposures in conventional radiology systems last just a few hundredths of a millisecond. Only tubes designed for CT scanners have high enough power ratings to satisfy the requirements of EOS. As the number of CT tube manufacturers for the OEM market is quite limited, the Group chose Dunlee, a division of Philips Healthcare, because of the favorable price/performance ratio offered by the CTR1725 tube, which is capable of delivering 42kW for 24 seconds.

The HV generators powering EOS' two X-ray tubes also have to deliver the required amount of power during these same long exposures. Few generators designed for conventional radiology applications are able to deliver 42kW for the required twenty seconds or so. As a result, the Group initially chose the Epsilon 80kW generator from EMD, a Canadian manufacturer of HV generators for OEMs. The original design of this model's power board required very few modifications to achieve the required performance. In 2013, the Group validated a second source with the CMP200 generator from CPI, another Canadian company, in order to safeguard the supply of this critical element.

The other subassemblies used in EOS and designed by the Group – real-time control unit, the detectors' readout electronics, X-ray collimators, accessories to aid patient positioning, and so on – make use of more common technologies. The Group therefore had much more latitude in selecting subcontractors with both R&D and production skills to ensure design developments consistent with the means of production used, a quality system guaranteeing process efficiency, compliance with regulatory obligations, and competitive offers. As a result, in 2010-2011, the Group transferred the production of several subassemblies to new subcontractors to improve the quality of certain services, reduce the number of parties involved and achieve productivity gains. This work continued in 2013, with the transfer to Spain of certain electromechanical subassemblies.

Today, the Group's main subcontractors are:

- ASICA (France) for the printed circuit assemblies,
- Celestica Spain, Celestica group (Spain) for the bulk of the electromechanical subassemblies (collimation boxes, laser guide for patient positioning, patient-stabilizing device, etc.),
- PMB, ALCEN group (France) for the detector's mechanical subassemblies,
- Syderal (Switzerland) for the real-time microcontroller,
- C2E (France) for the control cabinet and cables.

Lastly, the Group engaged AXE Systems, of the AXE group, in 2010 as its subcontractor / partner to integrate the EOS system. The company was chosen from a number of European candidate firms at the end of a rigorous selection process. AXE Systems has many strengths, not least of which are its long experience as a systems integrator for major medical device contractors, a quality system that conforms fully with the obligations of 21CFR Part 820, the capacity to grow with the Group without requiring any significant investment, and a culture of productivity that already yielded a cost reduction at the time of the EOS production transfer and continues to be pursued. Coupled with the volumes that the company expects from the acceleration in sales, this will lead to a decrease in the cost price for EOS and an increase in the Group's gross margin.

6.4.6 Service organization

An organization focused on service quality: Service is a critical element for the Group's success. Irreproachable service quality can be a strong differentiator with respect to other market players. It is also a reassurance for those customers who may have concerns when buying a system from a company that is small compared to the big players in the sector. Service quality depends on the quality of the maintenance engineers and on the organization responsiveness. The Group has built up its Service organization around its manager and a core of maintenance engineers equally experienced in radiology equipment maintenance. This team's commitment to its customers is a recognized asset.

The Service team has three **core tasks**:

- Installation of new systems,
- Preventive maintenance on the installed base,
- Corrective maintenance in response to customers' calls.

These tasks are performed, depending on the geographical area, by the Group's internal resources or by subcontractors. The internal organization is made up of a team in Europe, based in the Group's headquarters in Paris to take advantage of the centralized communication channels, and a team in the US, including a local manager, based in the North-East and Midwest regions. In the other areas, the service is outsourced to those distributors who have the necessary infrastructure and experience or to local radiology equipment maintenance firms.

The installation of new systems is carried out exclusively by the Group's own employees, with the support of the local subcontractor where necessary. This situation will evolve as the frequency of

installations in a given territory becomes sufficient to allow the local subcontractor to acquire and maintain the necessary expertise.

Level 1 maintenance is carried out by staff from the Group's Service team, or by trained members of the distributors' staff. The contractual response times are generally 4 to 8 hours after the call. Level 2 maintenance is carried out by expert Group staff, after an initial unsuccessful action either by the customer's technical staff, previously trained in level 1 maintenance tasks, or by the subcontractor's technical staff. Level 3 maintenance is carried out by members of the Group's Engineering team.

Customer calls are centralized (i) in Paris for France and English-speaking Europe, in Atlanta for North America, and (ii) in the distributors' offices in the other regions to facilitate communication in the local language. If necessary, these calls are relayed to the Group's headquarters, depending on the complexity of the problem and the distributor's skill level.

A call recording system has been put in place to allow each call to be followed until it has been fully closed and to track the actions undertaken. Today around 25% of calls are closed purely through telephone support. The Internet connection rate of EOS systems remains very low due to the strict access security policies put in place by the large hospitals.

Competent operators for equipment repair: Two levels of training are organized for the subcontractors' maintenance staff and, on request, for the biomedical engineers in the larger hospitals. This is because we are finding more and more that the large hospitals want to be partially or fully autonomous with regard to maintenance of their technical equipment in order to reduce maintenance contract costs. The Group is very flexible in its organization of Level 1 training, and courses can be held either on the customers' sites or in France on one of the Group's systems. Level 2 training courses, which require the injection of faults, are held exclusively in France on one of our systems. These courses are organized and delivered by the Group to provide service partners in distant countries, in particular, with the Level 2 training necessary to be able to rapidly handle problems locally. Training in the use of EOS, provided by the Company in the context of mandatory continuing professional development, has been certified by AHRA, the professional organization that represents management at all levels of hospital imaging departments, free-standing imaging centers, and group practices in the US.

Service contracts, a revenue source: The usual valuation for maintenance contracts in the imaging equipment market is around 7 to 10% of the equipment price for conventional radiology products, and 10 to 15% for more complex products such as CT scanners. The Group's service contract price is designed to meet customers' growing demands for a contract that includes X-ray tubes, when, until very recently, industry practice has been to protect itself against this expensive component by excluding it from the contract. The Group also seeks to encourage medium-term commitments of 3 to 5 years.

Four options are offered:

- Full cover, parts and labor: tube included
- Second-level support, parts and labor

- Spare parts and preventive maintenance
- Spare parts alone

These options are available with supplementary discounts and reductions depending on the duration of the contract.

The subscription rate observed so far on the systems out of warranty is 88%.

An easily measured efficiency: The efficiency of the Service, seen from the customer's perspective, can be measured by the percentage of uptime, that is to say of system availability. The Group is contractually bound with its customers to ensure an uptime rate of more than 98%. The latest uptime rate measured in 2014 on the installed base was 99.3% over the previous 12 months.

6.4.7 Innovation and R&D

Innovation and technological development are at the heart of the Group's activities to transform into products the concepts that respond to a clinical need. Today they are overseen by a team of 27 engineers – 25% of whom are doctors – that has been built up since 2006 around leaders who already had solid experience in the development of medical imaging systems.

The three main tasks entrusted to R&D fall within three different time scales:

- Improving existing products, as expected by the medical devices market,
- Developing new products, to meet new clinical needs,
- Preparing for the next innovations, which will allow the Group to develop new ground-breaking solutions.

The Group has the technical skills at the heart of its products: the physics of x-ray detection, image processing, system architecture, embedded and application software, electronics ... Peripheral or ad hoc technologies are outsourced. The organization that has been set up aims to create a synthesis between a project-based structure, guaranteeing good execution, and the reinforcement of technical expertise. As a result, the team is made up of:

- Four project managers, who respectively lead the EOS and sterEOS development programs, and the upstream study programs,
- Two functional groups, led by a manager-expert, that cover system, electronics and detection physics expertise in one group, and software expertise in the other.

The complete cycle leading to the market launch of new products from the Group is divided into two successive stages in order to minimize the financial and execution risks.

Targeted upstream studies: The first research stage, mainly carried out in close collaboration with academic laboratories and clinicians, allows to identify and develop the most promising technologies in terms of answering the needs raised by clinicians, prototype and evaluate their potential. In this field, the Group fosters long-term relations with laboratories recognized worldwide for the quality of their scientific work. This is the case, for instance, for the ENSAM biomechanics laboratory (LBM) in Paris and the orthopedic imaging laboratory (LIO) of ETS in Montreal, with whom the Group has been working for the past ten years to develop the original algorithms for 3D reconstruction of bone

structure that are central to its products today. Two new academic collaborations were started in 2013: one with the LTCI, Telecom ParisTech and CNRS's joint research lab, on image-processing; the other with the Creatis laboratory of the Lyon National Institute of Applied Sciences (INSA) and the Institute of Radiation Physics (IRA) in Lausanne on physics and digital simulation.

These collaborations are often carried out within the context of projects co-financed by the French or European public authorities. As a result, the Group is leading three projects on:

- 3D planning and simulation for hip and knee replacement surgery using EOS stereography (IMPlanner project, winner of the 7th Eurostars call for projects),
- Fracture risk prediction using the EOS imaging system on ageing adults with micro and macro architectural analysis (dexEOS project, winner of the 14th call for projects launched by the Fonds Unique Interministériel (FUI) – a fund set up by the French Ministry of Finance to support applied research – after approval by the Medicen business cluster),
- The diffusion and clinical application of EOS 3D imaging among prescribing doctors within the framework of France's Investments for the Future (diffEOS project, winner of the 2nd call for e-Health projects after approval by the Medicen, Cap Digital and Systematic business clusters).

At the same time, the Group is conducting applied research work internally, in two areas that are strategic to future product generations: multi-energy imaging and high-resolution detection with extremely low radiation doses.

Meticulous development programs: The second stage in new product development or in improvement of existing products is carried out according to a meticulous sequencing procedure at the center of the company's quality processes. A three-fold objective can be achieved with this procedure:

- Guarantee a multifunctional approach for the product not only along the entire development cycle – thus integrating the customer's requirements right from the initial specification stage – but also in Production and Service,
- Manage risks over the project's life,
- Guarantee the product's performance, quality and regulatory compliance once it is placed on the market.

The successive steps in this development process, each completed by this milestone being formally marked, with the participation of the Group's management, take place as follows:

- Milestone 1: The product's high-level specifications are essentially produced by Marketing, and describe the clinical requirements and the target markets. The future production and maintenance strategies are also described, as are the regulatory constraints.
- Milestone 2: The high-level specifications are translated by R&D into detailed technical specifications, and any major technical risks are removed.

- Milestone 3: Once the technical specifications have been fixed, the detailed design is carried out, leading to the creation of an "alpha series". This is a prototype ready to go into clinical evaluation to check that the required performance characteristics are achieved.
- Milestone 4: Multifunctional monitoring of the performance characteristics of the "alpha series" is carried out under clinical conditions. Once this is concluded, any necessary corrections are made to the design. This is then put into production, and the first series production units are manufactured, the regulatory steps are taken, the service preparation is completed, the sales forces trained, and the Marketing tools are prepared, ready for the product launch.
- Milestone 5: Rollout.

The same strategy, that is to say a meticulous, multifunctional approach with formal milestones, is also used in the process for correcting non-conformities and for introducing ad-hoc changes to the existing products.

Discipline in the execution of these two processes, which are central to R&D activities, is critical to balancing agility in product development and evolution with quality and compliance with the regulatory requirements of all the countries in which the products are marketed. Some operational mechanisms have therefore been put in place for this purpose. This includes quarterly quality reviews, during which all the departments share the set of indicators associated with product quality and present action plans aimed at improving them; and the milestone reviews, during which Management verifies that all the actions have been completed at the required quality level.

The continued involvement of clinicians: Clinicians are involved in all the Group's R&D activities. The upstream projects systematically include clinical partners, whose contribution is essential in the initial definition stage and in the results validation stage. They are also involved throughout the product development programs. This involvement may be indirect, during the initial specifications, through the relations managed on a daily basis by Marketing, in particular by the product managers and application specialists, both with opinion leaders and with representative customers in the different categories targeted by the Group. It may also be direct, through evaluation sessions organized over the course of the project to validate particular points such as image quality or the ergonomics of the 3D tools. The evaluation of alpha-series products in a clinical environment is one of the important moments in this permanent collaboration with our users, whether they be radiographers, radiologists, orthopedic surgeons or rheumatologists.

The Group has defined an ambitious medium-term product plan to support the growth of the EOS platform, consisting in a set of surgeon-centric software solutions targeting the surgical and non-surgical orthopedic care pathways that will be made available in the form of software options or services as appropriate.

In the orthopedic surgery segment, the Group and its academic partners are working on a group of developments in the field of surgery simulation that will enable it to add a range of simulators to the planning service range. Work is also under way in the field of prognosis, where software tools are being developed that calculate the risk of progression in musculoskeletal disorders. The Group has also started a program to extend the EOS technology applications to include rheumatology.

Finally, through OneFit Medical, the Group is also involved in the development of patient-specific and/or connected instruments for orthopedic surgery, adapted to the patient's anatomy.

6.4.8 ACQUISITION OF ONEFIT MEDICAL, SPECIALIST IN PATIENT-SPECIFIC ORTHOPEDICS

On 5 November 2013, EOS imaging announced the signature of an acquisition agreement with OneFit Medical, a publisher of knee and hip surgery planning software and manufacturer of patient-specific cutting guides for orthopedic surgery.

Founded in August 2011 in Besançon, France, OneFit Medical develops and markets customized orthopedic solutions for hip and knee arthroplasties. These solutions offer surgeons in the operating theatre cutting guides customized to the anatomy of the individual patient. The guides are currently created from CT or MRI images following the surgeon's 3D planning of the choice and position of the implant.

The company has been granted CE marking for its knee and hip surgery planning software. OneFit Medical is ISO 13485 certified and markets its patient-specific solutions to French and European manufacturers of orthopedic implants. These supply the cutting guides to hospitals and clinics, together with the relative implant, prior to surgery.

As an addition to the current product line, OneFit Medical and EOS are jointly developing an adaptation of the implant-planning software packages that will use the stereoradiographic images produced by EOS rather than the images produced by CT or MRI scanners, which require further, complementary exams. The software products developed in this way will be integrated into the range of surgeon-centric software that uses the personalized 3D model of the patient resulting from the EOS exam. These software packages will be available either online or offline depending on the user (radiologist or surgeon). They will enable surgeons, for example, to plan the choice and position of the orthopedic implant in 3D directly online. It will also be possible to extend the software range to included patient-specific cutting guides created from EOS 3D images, which will allow clinicians to do without the CT or MRI exams that are currently needed to manufacture these guides.

The acquisition of OneFit Medical is therefore an opportunity for EOS imaging to reinforce its growth strategy by widening its range of surgeon-centric software, together with the associated services and consumables. OneFit Medical's expertise in 3D planning software and customized instruments allows EOS imaging to translate EOS information in the operating theatre by offering surgeons a complete solution, from diagnostic imaging right through to prosthetic surgery.

In addition to its support functions, OneFit Medical has a team of 15 software developers dedicated to developing solutions for hip and knee replacement surgery and an internal production team that produces digital models of the patient's anatomy and the patient-specific guide adapted to it and to the implant chosen by the surgeon. The guides are manufactured using 3D printing by the French subcontractor Finortho.

6.5 DEGREE OF DEPENDENCE OF THE COMPANY IN TERMS OF PATENTS, LICENCES, CONTRACTS OR NEW MANUFACTURING PROCESSES

Innovation and technological development are at the heart of the Group's activities to transform into products concepts that respond to a clinical need.

The Group's policy of innovation, together with its patents and patent applications, are described in paragraphs 11.1 and 11.2 of this reference document.

The risks associated with the intellectual property are described in paragraph 4.2.2 of this reference document.

6.6 REGULATORY FRAMEWORK

The Group is subject to regulatory requirements specific to its activity, regarding:

- Placing medical devices on the market,
- Radiological protection,
- Clinical studies,
- Relationships with healthcare professionals,
- Reimbursement for healthcare products,
- Environment.

Whatever the area of the world, the regulations contain specific local conditions with varying degrees of constraint, but whose objective is similar. With just a few exceptions, such as China, there is evidence of a global effort to converge, if not towards full uniformity in regulation, then at least towards real harmonization, with demands that are not contradictory and mutual recognition between states/organizations facilitating access to the different markets.

The Group's products present a moderate level of risk and therefore benefit from regulatory pathways for access to the different markets around the world that are not overly restrictive. At the same time, their innovative nature can present a difficulty when the existing regulatory models cannot be applied. Despite the willingness of states, particularly the US and Europe, not to impede technological innovation, the times to market / to reimbursement may be extended for these products.

6.6.1 Regulatory marketing authorizations

6.6.6.1 European context

The marketing of medical devices is regulated by EU directives, transposed into national law by the member states of the European Union.

Compliance with the requirements of the applicable directives is indicated by the application of the CE mark to the product, which authorizes its free movement within the European Union. All of the Group's medical devices, whether standard or customized, are subject to the provisions of the amended EU directive 93/42/EEC on medical devices and, in the case of the EOS system (but not sterEOS), to those of the EU directive 2006/42/CE on machines. The Group's medical devices are categorized in the risk classes IIa, IIb, and I with a measuring function, which are not the highest risk classes and therefore benefit from methods of assessing their compliance with the requirements of directive 93/42/CEE that are not the most restrictive. The Group chose the conformity assessment route based on the compliance of its global quality system to the harmonized standard ISO 13485. CE marking for its products is therefore possible on the basis of ISO 13485 certification and of the CE technical file made up of descriptions of the product and of its compliance with the essential health and safety requirements of the applicable directives. These include the obligation to demonstrate performance with regard to the clinical indications for the product. The demonstration of compliance with the essential health and safety requirements is based on compliance with the applicable harmonized technical standards, which serve as presumption of conformity with said requirements. The Group applies all the harmonized standards that pertain to its products and has this conformity certified by a third-party certification body whose reputation ensures that it can be asserted outside Europe for access to other markets (see below).

The Group's products have had CE marking since 2007 for imaging, since 2010 for 3D spine and lower limb modelling, and since 2013 for surgical planning. CE marking certification, issued by a Notified Body, is renewed every three years.

6.6.6.2 US regulation

Placement of the Group's products on the US market is subject to the authorization of the competent US authority, the Food and Drug Administration (FDA). The Group's products are classified as moderate risk devices (class II) and may take advantage of the 510(k) process where there is an existing, similar product that is already marketed in the US. This regulatory pathway imposes two requirements. One is the submission of a technical file similar to that for CE marking demonstrating the product's safety and performance characteristics together with its substantial equivalence to the similar product already marketed in the US. The other is compliance of the quality system used by the manufacturer with 21 CFR part 820. As the US requirements concerning the quality system are very similar to the requirements of the ISO 13485 standard, it is possible to put in place a single quality system that satisfies both the US and the European requirements.

The EOS and sterEOS products obtained 510(k) clearances in 2007 (K071546) and 2008 (K080529) respectively. Other clearances have been subsequently obtained to extend the products' indications and/or introduce new technical specifications.

In addition to the above FDA clearances, electrical equipment such as the EOS system needs to be safety tested by one of the Nationally Recognized Testing Laboratories (NRTL) listed by the US government agency Occupational Safety and Health Administration (OSHA).

The laboratory that the Group uses to certify its products' compliance with the harmonized technical standards as part of the CE marking process is also an NRTL. Given that the technical standards

applied under the CE marking process are also international standards, the certification issued by this laboratory as part of the CE marking process also satisfies OSHA requirements for the installation and commissioning of the EOS system throughout the US. Proof of compliance with these safety requirements is the application of the NRTL laboratory's mark to the EOS system, confirming its conformity.

The EOS system has also had the Curtis-Straus NRTL/SCC (Standards Council of Canada) Mark since 2010.

Products that emit ionizing radiation are subject to specific US regulatory requirements (21 CFR parts 1000-1050), one of which is an annual report to the FDA, which delivers an annual "accession number" allowing access to the US market. The Group has accession numbers allowing all EOS systems shipped to the US to be released from US customs.

6.6.6.3 Other regulations

In a certain number of countries, such as Taiwan, Canada, Australia, New Zealand, Israel or Saudi Arabia, the marketing of medical devices is facilitated when the products already have CE marking or a 510(k), either because of a system of recognition of CE marking and/or the 510(k), or because the country's regulatory steps are modelled on these processes and are therefore easy to carry out. However, it is necessary, in certain cases, that the Notified Body that has issued the CE marking certification and the ISO 13485 certification have agreements on recognition by the competent authorities of the countries in question, and that the certification body that has issued the technical conformity certificates be internationally recognized.

The Group has chosen a Notified Body that has agreements on mutual recognition with a number of competent authorities and a technical certification body that participates in the CB scheme of the IECEE (IEC system for Conformity testing and Certification of Electrotechnical Equipment and Components). Fifty-four countries are members of this scheme.

In other countries, the marketing authorization procedures are more complex and require to be submitted to the competent national authority, who may sometimes call for security tests or clinical trials to be carried out in the country, as well as inspections of the manufacturer's quality system. These countries include:

- China

The marketing of medical devices in China requires an authorization issued by the competent Chinese authority, the CFDA (China Food and Drug Administration). This authorization is based on a registration application and a test report issued by a Chinese laboratory certified by the CFDA. The Chinese authority may also require clinical trials to be carried out in China. The authorization issued by the CFDA is valid for four years. The renewal procedure is fundamentally the same as the one that applies to a new registration.

EOS-type medical devices have recently been exempted from the China Compulsory Certification (CCC) process, which imposes tests on the product and regular monitoring of the manufacturing facilities by the China Quality Certification Center (CQCC). Only certain components, such as the PCs

and the monitors, are still subject to this compulsory certification, which the Group handles at the level of its suppliers.

- Brazil

Before being launched on the Brazilian market, every medical device must be registered with the National Health Surveillance Agency (ANVISA), an agency of the Brazilian Ministry of Health. Every company that wants to sell its products in Brazil must first appoint a representative in Brazil who may act on its behalf with regard to every aspect concerning the products sold there. A licence must be issued to this representative by the Health Surveillance Secretariat (SVS) of the state in which the representative is located. This licence allows the representative to be authorized by ANVISA to import medical products. Medical devices are subject to a compulsory certification procedure carried out by the competent ANVISA authority. For the class that applies to the Group's products, this involves: a technical file, an inspection of the quality system by ANVISA and a compulsory product certification involving "type tests" carried out by a laboratory accredited by the Brazilian National Institute of Metrology, Standardization and Industrial Quality (INMETRO). The INMETRO mark (with the registration number assigned after conclusive testing) must be affixed to the products before they can be imported into Brazil. The technical certification body used by the Group is an INMETRO accredited laboratory. The Group currently holds INMETRO certification for its EOS system together with ANVISA certification of its quality system obtained in 2013. Registration of the Group's products with ANVISA is currently under way.

Product registration is valid for five years. The re-registration process is equivalent to the initial process, in particular with respect to the "type tests", which have to be carried out afresh.

- Japan

The Group's products come under Class II Controlled Medical Devices and are eligible for a regulatory pathway for market access that uses a Registered Certification Body (RCB) approved by the Ministry of Health, Labor and Welfare. The manufacturer must appoint a Marketing Authorization Holder (MAH) or Designated Marketing Authorization Holder (D-MAH) who will handle registration of the firms and the products. The foreign manufacturer must submit a Foreign Manufacturer Accreditation application and present a Pre-Market Certification application to the RCB. The RCB issues the certificate on the basis of its evaluation of the technical file and of its audit of the quality system of the manufacturer and its major subcontractors according to the requirements of Japanese Pharmaceutical Affairs Law (JPAL) and ruling no. 169, which specify the requirements relating to the quality management system (similar to those of the ISO 13485 standard).

The Group has obtained Japanese marketing authorizations for its products EOS and sterEOS in 2013.

6.6.6.4 Summary of marketing authorizations

The Group has obtained the necessary marketing authorization for its products EOS and sterEOS in:

- The European Union and the EFTA member states – Iceland, Liechtenstein, Norway, and Switzerland (CE marking),

- Turkey and Lebanon, who authorize market access in their countries to medical devices with CE marking,
- Canada,
- the US,
- Russia,
- Australia,
- Saudi Arabia,
- Taiwan,
- Japan,
- Hong Kong,
- Singapore,
- Thailand.

Applications for authorization are currently under way in:

- Brazil,
- China,
- Vietnam,
- the Philippines,
- Malaysia,
- Indonesia.

6.6.6.5 Radiological protection

As part of its development and manufacturing activities, the Group is required to carry out tests that entail the use of X-rays. This activity is subject to the authorization of the French Nuclear Safety Authority (ASN). The authorization is valid for five years. The group holds the ASN authorizations necessary for its activity.

6.6.6.6 Clinical studies

Human clinical studies are the subject of a strict regulatory framework that aims to protect the people who take part in these trials. In France, the regulatory framework is provided by the French public health code and involves different stakeholders such as the French National Agency for Medicines and Health Products Safety (ANSM), the Commission Nationale de l'Informatique et des Libertés (CNIL - the independent administrative authority on data protection), the ethics committees and the Conseil de l'Ordre des Médecins de France (the French medical college). The regulatory constraints vary according to the type of clinical study planned and may require authorizations before the study can commence.

6.6.6.7 Relationships with healthcare professionals

In France, relationships with healthcare professionals are governed by the provisions in articles L. 4113-6 and L.1453-1 of the public health code concerning the benefits given to healthcare professionals (the law known as the "anti-cadeau", or anti-gift, act and the law on transparency). In view of this, the Group applies ethical rules based on the following broad principles:

- Relations between the Group and healthcare professionals must not influence purchasing decisions through direct or indirect benefits.
- Relations between the Group and healthcare professionals must be transparent and respect the relevant provisions in force.
- Relations between the Group and healthcare professionals must be the subject of a written agreement in accordance with the relevant provisions.

6.6.6.8 Reimbursement

Reimbursement codes already exist for the procedures carried out using the EOS system in all the countries where it is currently marketed. These codes are linked to conventional radiography examinations as well as to certain specific examinations, such as a whole-body and/or 3D analysis, that are eligible for a premium reimbursement in some countries. In France, as in many other countries generally, the creation of new reimbursement codes requires medico-economic studies to be carried out; studies of this nature will be undertaken in the future.

6.6.6.9 Environment

There is a body of European regulations (REACH, ROHS, Eup, DEEE, etc.) aiming at:

- Reducing waste and its hazardousness,
- Promoting re-use and recycling,
- Improving elimination conditions and their monitoring.

6.7 IMPORTANT ACTIVITIES AND EVENTS OVER THE COURSE OF THE 2013 FINANCIAL YEAR

<u>Development in Asia</u>

EOS imaging expanded its sales organization in Asia during the 2013 financial year, signing a number of new distribution agreements in the area and recruiting a regional sales manager, who reports to the Singapore office, opened in May 2013.

The Asian medical imaging market is experiencing rapid growth and represents around 41% of the global market, with strong demand for innovative imaging systems. Consequently, this new organization allows EOS imaging to extend its marketing area and to reach a new and significant part of its market.

EOS imaging achieved an important milestone in October 2013, when it obtained the regulatory authorizations to market EOS systems in Japan. This market, which accounts for 17% of the global medical imaging market, is the second-largest market in the world, after the US. The signature of a distribution agreement with a local partner in 2013, combined with the Group's first marketing

efforts in the country, made it possible to sell the first three EOS systems in the Japanese market at the end of the year.

The first system was installed in December 2013, in the Niigata Spine Surgery Center, an institution that specializes in the treatment of spine disorders in adults and children, and is also renowned for its significant clinical research.

The EOS system now has marketing authorizations in more than thirty countries.

Acquisition of OneFit Medical

On 27 November 2013, EOS imaging acquired OneFit Medical for 4 million euros: 500,000 euros in cash and the equivalent of 3.5 million euros through the issuing of 603,449 EOS imaging ABSAs (shares with warrants attached) to OneFit Medical. Furthermore, an additional 1 million euros, tied to the achievement of regulatory and revenue targets, will be paid to OneFit Medical in the form of warrants enabling it to subscribe to 172,416 new EOS imaging shares.

Founded in August 2011 in Besançon, France, OneFit Medical develops and markets customized orthopedic solutions for hip and knee arthroplasties. These solutions offer surgeons in the operating theatre cutting guides customized to the anatomy of the individual patient. The guides are created from CT or MRI images and are sold by the implant manufacturers with the associated implant.
OneFit Medical has been granted CE marking for its knee and hip surgery planning software. The company is ISO 1348 certified and has been marketing its solutions since April 2012.

OneFit Medical's software solutions will be integrated into the range of surgeon-centric software currently being developed by EOS imaging. At the same time, OneFit Medical will continue to offer its services to the implant manufacturers and to develop new, innovative solutions aimed at simplifying and improving the quality of prosthetic surgery.

Marketing the Microdose feature

EOS imaging has continued to make progress in reducing the radiation dose from medical imaging. The CE launch in September 2013 of the Microdose feature for pediatric imaging was a significant milestone in this field. The EOS system already reduces the radiation dose by 50 to 85% compared to digital or standard radiography. The new Microdose feature reduces the standard EOS dose by a factor of 5 to 7 and provides a radical solution for orthopedic specialists anxious to monitor their patients' scoliosis using technology with a very low radiation dose, avoiding the risk of developing cancer due to excessive medical exposure to ionizing radiation.

In Europe, Microdose is available as an option on all EOS systems, whether new installations or existing systems.

Titles and awards

Frost & Sullivan recognized EOS imaging with the 2013 North America Frost & Sullivan Award for Product Innovation Leadership for EOS, its innovative musculoskeletal imaging solution.

The Group was also one of the Deloitte 2013 Technology Fast 50 laureate companies in France, thanks to the rapid growth in its activity.

6.7.1. Research & Development

EOS imaging has put together a team of 38 R&D engineers based in Paris and Besançon, in France.

In 2013 the Group continued with the development programs begun in 2012, focused on developing new software and hardware features for the EOS system targeting applications specific to musculoskeletal disorders.

As a result, the Group introduced a new version of the sterEOS image review workstation in 2013, which includes a postural analysis of the patient, intended especially for degenerative disorders of the spine and for the surgical procedures associated with them.

As part of the 2012 European Eurostars program, EOS imaging continued, in collaboration with two German partners, to work on the development of a software solution simulating replacement arthroplasty.

The Group also continued working on a project started in 2012 on fracture risk prediction using the EOS imaging system on ageing adults. This project, funded by the FUI, is based on micro and macro architectural analysis and is a collaboration between academic, clinical and industrial partners.

In addition to this, at the beginning of the year, EOS imaging launched a new program centered on the development of solutions for patient information exchange between the different healthcare professionals involved in the care pathway. It is being developed in collaboration with AP-HP (the Paris public hospital system), a Lorraine university hospital, a French company and a private radiology center. The project was presented as part of a call for projects on "the development of digital services for health and independence" and is financed by France's Investments for the Future program, dedicated to the development of the digital economy. It has been approved by the Medicen business cluster.

Lastly, the Group is continuing its research aimed at the provision of new features for the EOS system, such as the Microdose feature, and at the reduction of its manufacturing cost. To this end the Group has obtained a zero-interest loan for innovation of 1.5 million euros from the public investment bank BPIFrance.

6.7.2. Production and maintenance

As indicated above, EOS imaging has continued to make progress in the work it has started on reducing the radiation dose from medical imaging. As a result, the production program in Europe has included the Microdose feature since January 2014, and it is available as an option on all EOS systems, whether new installations or existing systems.

The 2013 production volume, equal to 34 systems manufactured, has not yet made it possible to optimize the manufacturing process or to achieve any significant economies of scale in terms of consumables. Nevertheless, the work started in 2011 on optimizing the manufacturing process – which has resulted in a significant reduction in the production cost of EOS systems over two consecutive financial years – was continued in 2013. Consequently, new production cost reductions were integrated into the manufacturing process at the end of the year. The effect of these new sources of production cost reduction will be more fully reflected in the 2014 figures.

Furthermore, the continued search for increased reliability in certain components has made it possible to obtain further reductions in maintenance costs, leading to a 2-percentage-point improvement in the gross margin.

The maintenance teams were stable over the period despite a significant increase in installation and maintenance volumes, producing a further 2-percentage-point improvement in the gross margin.

Lastly, since the acquisition of OneFit Medical in November 2013, the EOS imaging Group has been producing cutting guides, whose manufacture using a 3D printer has been outsourced to a company in Saint-Étienne, France. A higher percentage margin is associated with this type of activity than with system sales. Its incidence on the percentage margin was limited in 2013, but will be more fully reflected in the Group's consolidated margin in 2014.

The result of the favorable development in the industrial parameters and in the product mix is an improvement over the previous year of 4 percentage points on the gross margin (reduced to 3 points after the effect of the unfavorable $/€ exchange rate had been taken into account). The Group intends to continue its plan to reduce sales costs, started in 2011 and reflected for the third year running in the increase in its gross margin.

6.7.3. Clinical

In 2013 the Group continued to support the clinical studies carried out by numerous teams of EOS users around the world. The studies carried out in previous years led in 2013 to the publication of 18 medical articles in international journals with a high impact factor (greater than 1.6).

6.7.4. Sales and marketing

As previously indicated, in 2013 EOS imaging achieved a significant milestone in its commercial development when it opened an office in Singapore in May, at the same time as recruiting a Regional Sales Manager and signing new distribution agreements in Asia.

In addition to this, after having obtained, in October 2013, the regulatory authorizations to market EOS systems in Japan, at the end of the year EOS imaging sold its first three systems in the Japanese market.

The first Japanese system was installed in December 2013, in the Niigata Spine Surgery Center, an institution that specialises in the treatment of spine disorders in adults and children.
Other sales were made in the Asia-Pacific area in the 2013 financial year.

6.7.5. Human resources

The Group continued to recruit during the 2013 financial year to support its development.

As a result, EOS imaging's consolidated workforce on 31 December 2013 was 101 people, compared to 63 on 31 December 2012.

As the Group has now achieved the workforce required by article L2322-2 of the French work code, it has initiated the implementation of Works Council elections (comité d'entreprise), and the first ballot is scheduled for June 2014.

The net increase of 38 people over the course of the year is explained primarily by the acquisition of OneFit Medical, which has resulted in additional staff of 18 people as of 31 December 2013.

Among the 20 recruitments carried out by EOS imaging in addition to this acquisition, 6 staff members were added to the production and maintenance teams, partly to reinforce support functions (back office and supply chain) but also because of the increase in production volumes and in the number of systems to be maintained.

The R&D team in Paris was increased by five people to develop new software and hardware features.

The clinical team was increased by three people.

Lastly, the sales and marketing teams have also seen an increase of three people, with the recruitment of a Regional Sales Manager in Asia and application engineers in North America.

The rest of the recruitments took place in the quality and administrative teams.

The mean consolidated workforce therefore increased from 58 people in 2012 to 77 in 2013.

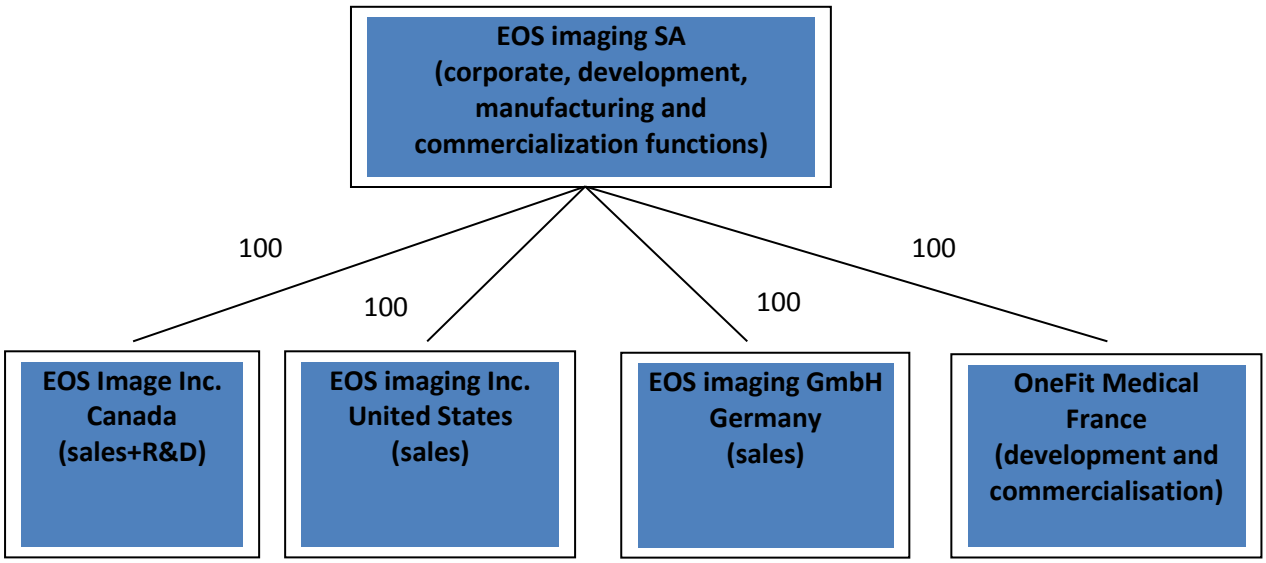
6.7.6. Progress made – difficulties encountered

This information is included in paragraph 9.1 of this Reference Document.

7. ORGANIZATION CHART

7.1 LEGAL ORGANIZATION CHART

The Group's legal organization is presented below.



7.2 COMPANIES IN THE GROUP

The Group consists of EOS imaging SA, which wholly owns its four subsidiaries:

EOS imaging Inc.:
Based in the United States, EOS imaging Inc. is a U.S. 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 handles the sale of the Group's products in American territory.
As of 31 December 2013, it generated revenue of US$5,235K (or €3,942K) and a net loss of US$2,617K (or €1,971K).

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 2013, it generated revenue of €910K and a net loss of €79K.

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 and for certain research activities entrusted to an academic partner.
As of 31 December 2013, it generated revenue of CA$1,338K (or €978K) and a loss of CA$290K (€212K).

OneFit Medical SAS:

Based in France, OneFit Medical is a simplified joint-stock company (French SAS) whose registered office is at 18 rue Alain Savary in Besançon.

This entity develops and markets software applications and customised cutting guides for orthopedics.

As of 31 December 2013, it generated revenue of €482K and a net loss of €190K. The company has been consolidated into the Group's financial statements since its acquisition.

In 2013, EOS imaging SA billed its subsidiaries:

- for equipment sales, in the amount €4,207K;
- for management fees, in the amount of €662K;
- for interest on current accounts, in the amount of €42K.

8. PROPERTY, PLANT, AND EQUIPMENT

8.1 PROPERTY

8.1.1 Significant property, plant and equipment, either existing or planned

The Group has four leases contracted with SCI Mercœur for the premises located at 10 Rue Mercœur in Paris (75011), France, which constitutes the registered office of the Company, EOS imaging. The latter is located over three floors of the building with a total surface area of 1,254 sq.m.
The future rental charges and expenses are the following:

	Total	Paiements dus par période		
		A 1 an au plus	A plus d'1 an et à 5 ans au plus	A plus de 5 ans
Contrats de location simple	577 359	212 864	319 136	45 359
TOTAL	**577 359**	**212 864**	**319 136**	**45 359**

The amount of rents recognised as expenses for the fiscal year ended on 31 December 2013 totalled €281K versus €197K in 2012 and €184K in 2011.

In the United States, **EOS imaging**, **Inc.** has concluded a discretionary lease with a third party that takes effect on 1 June 2011 for a monthly amount of US$1,000 per month. The subsidiary is domiciled at 185 Alewife Brook Parkway, Cambridge, MA 02138.

In Canada, **EOS Image Inc.** has premises at 300 rue du Saint-Sacrement, in Montreal, Quebec, H2Y 1X4, leased from a third party since 1 July 2013 for the monthly amount of $887.54 (including tax). The lease will expire on 30 November 2015.

8.1.2 Other property, plant, and equipment

The principal property, plant, and equipment owned by the Company are described in Note 6 to the consolidated financial statements included in Section 20.1 of this Registration Document.

8.2 ENVIRONMENTAL ISSUES

The facilities of EOS imaging consist 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.

Moreover, the Group's policy is presented in the Corporate Social Responsibility Report included in Annex 5.1 of this Registration Document

9. FINANCIAL POSITION AND RESULTS

9.1 OVERVIEW OF FINANCIAL POSITION

The continuation into 2013 of an excellent trend in sales resulted in a record number of systems sold, together with a growth in revenue of over 60%. The adoption of EOS by more leading medical facilities proves EOS' position as the most innovative device on the market in terms of skeletal imaging.

Difficulties encountered by the Group relate mainly to cost control policies by public health organizations, which can slow down the investment decision-making process, in a cyclical fashion that varies from market to market. The significant development of export revenues in 2013, especially in Asia, is expected to continue and in time enable EOS imaging to balance its presence across its three main markets and thereby reduce the impact of fluctuations in local market conditions. In addition, the acquisition of OneFit Medical in November 2013 made it possible to broaden EOS imaging's product range to new custom services and instruments for orthopedics and should in time balance the contribution of medical equipment sales to the Group's revenues.

The simplified consolidated balance sheets, income statements and cash flow statements for the 2013, 2012 and 2011 financial years are included in Chapter 3 of this Registration Document.

In addition, the financial information is presented in Chapter 20 of this Registration Document.

9.2 OPERATING PROFIT (LOSS)

9.2.1. Sales revenue

Annual revenue in 2013 amounted to €15.17 million, up 61% compared with the previous financial year.

With the sale of 34 systems as compared with 21 in 2012, machine sales grew 58% on the year and reached €13.45 million for the period ended 31 December 2013. The average selling price per unit was €395K, versus €406K in 2012. At comparable exchange rates, the average selling price was €400K.

Sales of services grew 71% to €1.54 million as against €0.90 million the previous year.

This revenue also includes the sales of OneFit Medical, acquired in November 2013. Sales of the patient-specific surgical cutting guides and related services were €200K.

9.2.2. Other income

Other income comprised government funding received as part of research programs (Research Tax Credit and subsidies). These amounted to €1,503K, up 55% over the preceding year.

The Research Tax Credit was €1,051K, up 10% over 2012, in line with the growth in research expenditures incurred during the year.
Subsidies amounted to €452K as against €14K in 2012. This increase reflects the expenses made under three European and national programs, which began in late 2012 and were more fully reflected in the 2013 financial statements.
The amount of subsidies and Research Tax Credit included in profit and loss over the period are restated for the share of research funding activated for the financial year. The gross amount of public funding recognised over the year stands at €1,806K.

9.2.3. Direct cost of sales

The margin on direct cost of sales continued to rise during the financial year and stood at 43% in 2013 against 40% in 2012.

As indicated in Section 1.1.2, the 2013 production volume, i.e. 34 systems produced, has not yet resulted in the optimisation of the manufacturing process or in achieving significant economies of scale. However, the efforts undertaken since 2011 to improve the manufacturing process continued in 2013 and new methods for lowering production costs introduced late in the year will be more fully reflected in 2014.

Continuing the effort to increase the reliability of certain components made it possible to obtain new cost reductions in maintaining installed bases, leading to a two-point improvement in direct cost margins.

Payroll expenses, consisting of wages and salaries for personnel who install and maintain the systems, stayed level during the period despite significant growth in volumes installed and maintained, leading to an additional two-point improvement in direct cost margins.

Royalties paid to EOS imaging's partner laboratories under licensing agreements accounted for 2.5% of sales of equipment as against 2% in 2012. This percentage will remain unchanged to the end of the licensing agreement.

Finally, consolidation of the sales of OneFit Medical, which carry a higher margin rate than that seen for sales of equipment, had only a limited impact on 2013 margins but will be reflected more fully in the Group's consolidated margin in 2014.

As a result of the favourable trend in manufacturing variables and in the product mix, there was a four-point improvement in gross direct margin. After accounting for the unfavourable euro to dollar exchange rate, which shaved a point off the margin, the improvement in the gross direct cost margin was three points on the year.

9.2.4. Indirect cost of production and services

Indirect cost of production rose 42% over the year. This comprises salaries and the cost of sub-contracting functions not directly involved in the production or maintenance process (supply chain, planning, quality control and back office support), as well as travel expenses and external purchases. The increase during the year reflects the strengthening of support functions, mainly in back-office and supply chain.

9.2.5. Research and development expenses

The Research and Development team focused on the continued development of EOS functionalities for orthopedic surgery, as reported in Chapter 6 of this Registration Document.
Research and development expenses totalled €2,598K, against €2,164K in 2012. These expenses include the amortisation of capitalised development costs, the net amount of which was posted in assets at €1,015K as of 31 December 2013.

9.2.6. Sales, marketing and clinical expenses

Sales, marketing and clinical expenses increased 21% year on year. This change was due largely to hirings during the year, particularly in the clinical area, and to hirings during 2012 that were fully reflected in 2013. It was also due to the continued expansion of the Group in its markets.

9.2.7. Regulatory costs

Regulatory expenditures decreased over the year by 15%. This change was the result primarily of significant regulatory expenses incurred in late 2012 as part of an effort to extend the Group's regulatory agreements to new markets. These efforts continued in 2013, though entailing lower external costs for the period.

9.2.8. Administrative expenses

Administration costs rose by 13% in FY 2013. This €313K increase primarily derived from a €135K decline in total payroll (due to extraordinary bonuses paid in 2012 as part of the Company's initial public offering) and an increase in lease payments and fees, including €125K related to the OneFit Medical acquisition.

9.2.9 Share-based payments

During the previous year, the Board of Directors allocated free shares, stock options and warrants (BSAs).
The expense resulting from these awards is determined by applying the Black-Scholes model, in accordance with the assumptions presented in Note 17 to the consolidated financial statements included in Chapter 20 of this Registration Document. It amounted to €1,125K in 2013 versus €1,404K in 2012.

9.2.10 Financial profit (loss)

Financial profit (loss) amounted to a €486K, compared to €474K in 2012.
Financial income corresponds to income from investments in funds raised through the Company’s IPO, in the form of term deposits.

9.2.11. Profit (loss) for the period

The Group posted a net loss for FY 2013 of €5,884K, against a loss of €7,223K in 2012. Growth in sales, together with continued improvement in the gross margin rate, and the control of the increase in operating expenses enabled the Group to reduce its losses by 19% for the year.

10. CASH AND SHAREHOLDERS' EQUITY

10.1 GROUP CAPITAL, CASH AND SOURCES OF FINANCING

10.1.1 Financing through share capital

CONSOLIDATED STATEMENT OF THE CHANGES IN EQUITY
(in thousands of euros)

EOS IMAGING equity	Capital	Share-based bonuses	Treasury shares	Consolidated reserves	Translation reserves	Consolidated earnings	Total
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**
Appropriation of income from the previous year				(7,223)		7,223	
Capital increase	6	3,494					3,500
Allocation of Warrants		8					8
Change in translation adjustments					(206)		(206)
Change in translation adjustments				(6)			(6)
Change in accounting method				(3)			(3)
Income for the current period						(5,884)	(5,884)
Share-based payments				1,125			1,125
Treasury shares			54				54
31/12/2013	**180**	**62,015**	**(282)**	**(25,917)**	**(45)**	**(5,884)**	**30,067**

10.1.2 Financing through repayable advances

OSEO advances

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

As at 31 December 2013, payments made totalled €822K. They represent the contract-based funding of expenses incurred by the Company, which were lower than the forecasts made at the date of signing the program. As such, the commitment under this program was settled in accordance with these items.

The repayments will be made depending on the operating profits of the Company, that is, 0.5% of the revenue from the sale of the products resulting from the project, beginning in the year following the year in which accumulated sales revenue reaches €30 million, then 0.75% when accumulated sales revenue reaches €50 M. The advance will be considered to have been repaid in full when the total of the payments made discounted at the rate of 4.47% reaches the total amount of the aid received discounted at the same rate. As a result, this advance is entered in the balance sheet liabilities in the amount of €929K. The first repayments of this grant will therefore begin in 2014.

As part of its development of a patient-specific instrumentation for knee surgery, OneFit Medical received a reimbursable advance of €250K. In the event the project is technically or commercially successful, the reimbursement of the advance granted will be made over a 45-month period starting September 2015. Should it fail, these repayments will be capped at €98K and made over a 21-month period, starting September 2015.

OneFit Medical also received an innovation partnership loan of €150K for eight years including a three-year deferred amortisation period and granted at the Euribor 3-month rate plus 5.6%, reduced to Euribor 3-month plus 3.8% during the deferred amortisation period. This loan is repayable in five years starting 31 May 2015.

Interest-free OSEO loan

EOS imaging received an interest-free loan of €1.5 million from OSEO in May 2013, paid in July 2013.

This loan includes a deferred amortisation period followed by a straight-line amortisation period of 12 quarterly repayments, the first of which is due in March 2017.

10.1.3 Financing through the Research Tax Credit and subsidies

The Company benefits from government financing within the framework of research programs (Research Tax Credit and subsidies). It amounted to €1,503K, up 55% over the preceding year.

The Research Tax Credit was €1,051K, up 10% over 2012 in line with the growth in research expenditures incurred during the year.

Subsidies amounted to €452K as against €14K in 2012. This increase reflects the expenses made under the three European and national programs that began in late 2012 and were more fully reflected in the 2013 financial statements.

The amount of subsidies and Research Tax Credit included in profit and loss over the period are restated for the share of research funding activated for the financial year. The gross amount of public funding recognised over the year stands at €1,806K.

10.1.4 Off-balance-sheet commitments

Off-balance-sheet commitments consist of the following:

- retirement bonuses;
- commitments under the terms of finance lease agreements;
- individual entitlement to training.

as described in Note 5 to the parent company financial statements in Chapter 20 and in Annex 2.1 of this Registration Document.

10.2 STATEMENT OF CASH FLOWS

(in thousands of euros)

	Financial year ended 31 December	
	2013	2012
CASH FLOWS FROM OPERATING ACTIVITIES		
Consolidated net income	(5,884)	(7,223)
Elimination of depreciation, amortisation and provisions	743	503
Calculated revenue and expenditure related to share-based payments	1,125	943
Internally generated funds from operations	**(4,015)**	**(5,777)**
Change in working capital requirements related to operations	**(6,506)**	**(2,554)**
Inventory and work in process	(2,116)	186
Accounts receivable	(4,937)	(3,173)
Other current assets	(1,654)	(424)
Accounts payable - Trade	1,892	(108)
Other current liabilities	309	965
Net cash flow related to operating activities	**(10,522)**	**(8,331)**
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisitions of property, plant and equipment and non-current intangible assets	(1,698)	(585)
Disposals of property, plant and equipment and non-current intangible assets	(19)	96
Change in financial assets	(19)	
Acquisition of OneFit Medical[(1)]	(299)	
Net cash flow from investing activities	**(2,035)**	**(490)**
CASH FLOWS FROM FINANCING ACTIVITIES		
Capital increase		36,299
Issue of warrants	8	
Reimbursable advances and financial interest	178	32
Acquisition of treasury shares	(280)	(540)
Disposal of treasury shares	334	205
Zero-rate loan	1,500	
Bond issue		(1,923)
Net cash flow related to financing activities	**1,740**	**34,072**
Impact of currency rate fluctuations	(417)	12
Change in cash	**(11,233)**	**25,262**
Cash and cash equivalents at beginning of period	26,975	1,712
Short term bank loans at beginning of period		
Cash at beginning	**26,975**	**1,712**
Cash and cash equivalents at close of period	20,749	26,975
Short term bank loans at close of period	(5,007)	
Cash at close	**15,742**	**26,975**
Change in cash	**(11,233)**	**25,262**

[(1)] The net cash outflow in acquiring OneFit Medical breaks down as follows:

- Acquisition price	-5,000
- Capital increase	3,500
- Earn-out recognised as a liability	1,000
- Cash acquired	201
Impact of the acquisition on the Group's liquidity	-299

10.3 CASH AND CASH EQUIVALENTS

Cash and cash equivalents (in thousands of euros)	Financial year ended 31 December 2013	2012
Short-term bank deposits	20,531	26,608
Money market funds (SICAV)	218	366
Total	**20,749**	**26,975**

Short-term bank deposits consist largely of a term account in the amount of €18 million, interest due on this account of €1,036K and short term investments of €218K, representing the cash that resulted from implementing the liquidity contract.

An overdraft facility of €5 million, negotiated at the end of the year in order to improve the period's net financial income given a favourable rate differential, was recognised in short-term bank loans.

10.4 RESTRICTIONS ON THE USE OF CAPITAL

None

10.5 PRINCIPAL FINANCIAL RISKS AND UNCERTAINTIES FACED BY THE GROUP

The information on the various risks and uncertainties faced by the Group are detailed in Chapter 4 "Risk Factors".

The main financial risks relate to liquidity, foreign exchange, interest rates and credit, as described hereunder.

Liquidity risk

Liquidity is held to meet short-term cash commitments rather than for investment or other purposes. It is readily convertible into a known amount of cash and is subject to an insignificant risk of a change in value.

Foreign exchange risk

The purpose of the subsidiaries is the distribution and marketing of the Group's products in the United States, Canada, and Germany. Within this framework, they are financed entirely by the parent company, with which they have established 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. in US dollars and the accounts of EOS Image Inc. in Canadian dollars. The Company is thus exposed to variations in the EUR/USD and EUR/CAD foreign exchange rates, through these subsidiaries.

The effect of a change in the exchange rates as of 31 December 2013 impacts the income or loss and the shareholders' equity of the Company in the same manner, as follows:

- a 10% rise in the euro against the Canadian and US dollars would have a negative impact on income of €218K;
- a 10% fall in the euro against the Canadian and US dollars would have a positive impact on income of €218K.

The Company has not taken, at its current stage of development, any hedging measures in order to protect its business against fluctuations in the exchange rates. However, the Company cannot exclude the possibility that a significant increase in its business activity might force it into greater exposure to foreign exchange risk. The company will then consider adopting an appropriate policy for hedging against these risks.

Credit risk

The Company conducts prudent management of its available cash. Liquidity includes cash and cash equivalents and current financial instruments held by the Company (for the most part term deposits). As at 31 December 2013, the Company's cash and cash equivalents were mainly invested in products maturing in less than 24 months.

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

Lastly, the credit risk with customers is limited, given that a significant fraction of the Company's customers are government bodies or distributors with satisfactory financial resources. The risk presented by private customers is also limited, by the financing solutions that the Company generally identifies beforehand with leasing companies.

Interest rate risk

The Company's exposure to interest rate risk primarily concerns liquidities. These largely consist of term deposits. Changes in interest rates have no impact on the earnings of term deposit accounts, whose return is fixed.

As at 31 December 2013 the Company's financial liabilities were not subject to interest rate risk with respect to the interest-free loan and the advance repayable at a fixed rate. The €5 million overdraft authorization is subject to a limited interest rate risk in that it matures in less than one year.

Fair value

The fair value of financial instruments traded on an active market, such as the available-for-sale securities, is based on the market rate as of the closing date. The market prices used for the financial assets owned by the Company are the bid prices in effect on the market as of the valuation date.

The nominal value, less the provisions for depreciation, of the accounts receivable and current debts is presumed to approximate the fair value of those items.

10.6 SOURCES OF FINANCING NEEDED IN THE FUTURE

As at 31 December 2013, the Group's cash and cash equivalents totalled €16 million.

The Company's cash position has not changed significantly since that date, and the Company deems that it is not exposed to any liquidity risk over the medium term.

Since its set-up, the Company has been investing heavily in research and development, as well as sales and marketing. Its development requires the continuation of these investments.

Moreover, as a result of the growth of the Group's business activities, its financing needs should continue to increase to cover the operating cycle.

To this effect, the Company keeps close track of the management of its cash flows.

It also examines the financing possibilities offered by market practices but has not yet made any decision to that effect.

11. RESEARCH AND DEVELOPMENT, PATENTS, AND LICENSES

11.1 INNOVATION POLICY

Founded on the research work of Nobel Physics Prize Laureate Georges Charpak, the Group has always aimed at pursuing a policy of innovation that is faithful to the genius of its founder. The developments undertaken have led to the transformation of a detector into an X-ray medical imaging system that functions at very low doses of radiation, allowing repeated medical examinations in order to monitor and diagnose osteo-articular diseases while drastically reducing associated risks.

With respect to the Group itself, its innovative nature is proven by its ability to develop such a product, but also to conclude partnerships in order to resolve the challenges raised by its business activity. In particular, the academic partnerships signed in Paris (ENSAM) and Montreal (ETS) have allowed the joint development of innovative software technologies for 3D reconstruction of the skeleton using two 2D views.

In addition to investment in R&D, the innovation policy covers all Group procedures applicable to its Management and all its departments. It underpins the recruitment process, staff training, internal and external communication, as well as working methods.

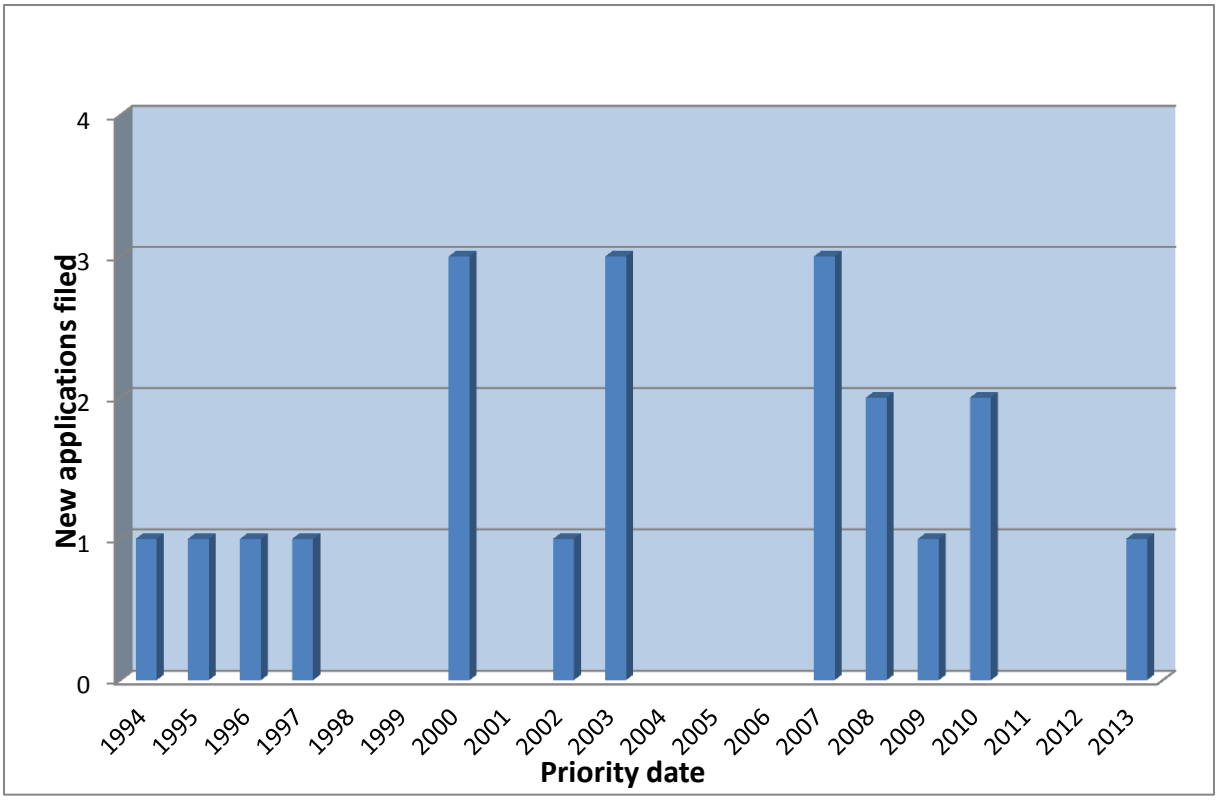
This policy encourages the emergence and the development of ideas, in particular through sessions dedicated to brainstorming, supported by continuous oversight in the medical, scientific, technological, and industrial property fields.

11.2 PATENTS AND PATENT APPLICATIONS

11.2.1 Intellectual property protection policy

The commercial success of the Group depends, at least in part, on its ability to protect its products, in particular, by obtaining patents and by keeping them in force in France and in the rest of the world. This is why the Group implements an active policy seeking to protect its product innovations by filing patent applications and, since the purchase of a portfolio of patents initially established by Georges Charpak, it has continued to file applications on an average of one new invention per year.

The portfolio includes 20 patent families that belong to the Group, or to which the Group possesses an operating license, with each patent family related to one or more inventions.



11.2.2 Patent application process

Historically, the process consisted of the traditional initial filing of a French patent with the French National Institute of Industrial Property (Institut National de Propriété Industriel, "INPI"), and then, if a positive report was received from the office responsible for the prior art search, an international extension was applied for, in Europe and/or in the United States, as a minimum, by means of the international PCT (Patent Cooperation Treaty) method, where appropriate.

Today, the process consists of an initial international PCT filing in English, allowing the decision with respect to the geographical coverage selected to be postponed by 30 months. This procedure gives EOS inventions better exposure, owing to their publication in English. Under the former American law on invention patents, this procedure used to also allow EOS inventions to be identified as quickly as possible within the American state-of-the-art.

Due to the changes made to the American law on invention patents, effective as from 16 March 2013, to bring them into line with European practices, EOS imaging will need to adapt its procedure. Furthermore, with respect to non-unitary inventions that are submitted in a single filing, EOS imaging conducts divisional filings.

11.2.3 Nature and coverage of the patents

These patents and patent applications reflect the Group’s efforts with respect to research and development. They cover not only the products marketed by the Company, but also the complementary technologies that may be integrated into future products and/or constitute a source of additional licensing revenue for the Group.

The patents and patent applications owned and utilised by the Group seek, for the various aspects of the solutions proposed, to cover in a precise way:

- The actual imaging system (detector, architecture);
- 2D/3D reconstruction and modelling software, and;
- applications.

Patents owned by EOS:

Ref.	Family	Ownership	Priority date[48]	Status
Preshaping of spinal implants	PROCESS AND APPARATUS TO DESIGN A CUSTOMISED ORTHOPEDIC DEVICE	EOS imaging	2013	Pending (PCT[49])
Scanning with an adjustable collimator	IMAGING APPARATUS AND METHOD	EOS imaging	2010	Pending (EP, US, JP)
Gas-flow detector gain adjustment	A RADIOGRAPHIC IMAGING DEVICE AND A DETECTOR FOR A RADIOGRAPHIC IMAGING SYSTEM	EOS imaging	2010	Pending (EP, US, JP, CN)
Drift-free high resolution radiography	A RADIOGRAPHIC IMAGING DEVICE AND A DETECTOR FOR A RADIOGRAPHIC IMAGING SYSTEM	EOS imaging	2009	Issuing underway (US) Pending (FR, EP, JP)
3D Toolbox	MEASUREMENT OF GEOMETRICAL SIZES INTRINSIC TO AN ANATOMICAL SYSTEM	EOS imaging	2008	Issued (FR) Issuing underway (US) Pending (EP)
Correction of stereo magnification	METHOD FOR CORRECTING AN ACQUIRED MEDICAL IMAGE AND MEDICAL IMAGING SYSTEM	EOS imaging	2007	Pending (EP, US)
Semi-automatic reconstruction	METHOD OF RADIOGRAPHIC IMAGING FOR THREE-DIMENSIONAL RECONSTRUCTION, DEVICE AND COMPUTER PROGRAM FOR CARRYING OUT SAID METHOD.	EOS imaging	2003	Issued (EP, US, JP)
Longitudinal inference by containment volume	METHOD OF RADIOGRAPHIC IMAGING FOR THREE-DIMENSIONAL RECONSTRUCTION, DEVICE AND COMPUTER PROGRAM FOR CARRYING OUT SAID METHOD.	EOS imaging	2003	Issued (EP)

[48]The priority date of the patent corresponds to the date of the first filing, from which the patent is issued for a term of 20 years; when the corresponding products are registered (i.e., an authorisation is obtained to place it on the market), the patents may receive an extension of their term of protection for a maximum of five years, depending on the case.

[49]PCT = Patent Cooperation Treaty | EP = Europe.

Ref.	Family	Ownership	Priority date[48]	Status
3D DXA	RADIOGRAPHIC IMAGING METHOD AND DEVICE	EOS imaging	2002	Issued (FR, US) Pending (EP)
3D scanning	RADIOGRAPHIC IMAGING METHOD AND DEVICE FOR THREE-DIMENSIONAL RECONSTRUCTION WITH A LOW DOSE OF IRRADIATION	EOS imaging	2000	Issued (FR, EP)
2D/3D by contours	RADIOGRAPHIC IMAGING METHOD AND DEVICE FOR THREE-DIMENSIONAL RECONSTRUCTION WITH A LOW DOSE OF IRRADIATION	EOS imaging	2000	Pending (EP)
Counting and integration	METHOD AND DEVICE FOR IMAGING WITH IONISING RAYS	EOS imaging	2000	Issued (FR, US)
Detector of particles with parallel electrodes	DETECTOR OF PARTICLES WITH MULTIPLE PARALLEL ELECTRODES AND METHOD FOR MANUFACTURING SAID DETECTOR	EOS imaging & CEA	1997	Issued (EP)
High resolution radiography	DEVICE FOR HIGH-RESOLUTION RADIOGRAPHIC IMAGING	EOS imaging	1996	Issued (FR, EP, US)
Micromegas	POSITION DETECTOR, HIGH RESOLUTION, OF HIGH FLOWS OF IONISING PARTICLES	EOS imaging & CEA	1995	Issued (FR, EP, US, JP, IL)
Low dose radiography	LOW DOSE RADIOGRAPHY	EOS imaging	1994	Issued (EP, US)

Among these patent applications, some are the result of collaborations with academic partners such as French National Center for Scientific Research [Center National de la Recherche Scientifique, "CNRS"], the Atomic Energy Agency [Commissariat à l'Energie Atomique, "CEA"], the National Institute of the Arts and Professions [École Nationale Supérieure des Arts et Métiers, "ENSAM"], the Association for Clinical Research in Rheumatology [Association de Recherche Clinique en Rhumatologie, "ARCR"], and the National Technology Institute [École de Technologie Supérieure, "ETS"] located in Montreal (Canada), which have assigned their ownership of the inventions or of the titles, or are co-owners of these titles. The transmission of the ownership of these titles is determined on a case by case basis, by a specific contract.

Within the framework of these collaborations, the Group has also acquired exclusive license rights to four families of patents that belong to these bodies, as described hereinafter in Chapter 22.

Patents to which EOS holds a use license:

Ref.	Family	Ownership	Priority date	Status
Personal MFE for risk	SYSTEM AND METHOD OF MEDICAL IMAGING	ENSAM &	2008	Pending (EP, US)

Ref.	Family	Ownership	Priority date	Status
of fracture	PROVIDING A MODEL BY FINITE ELEMENTS	CNRS		
PSEUDO-VOLUME GENERIC MODEL	METHOD FOR THE RECONSTRUCTION OF A 3D MODEL OF AN OSTEO-ARTICULAR SYSTEM	ENSAM & ETS	2007	Pending (EP, US)
Self-improved model	METHOD FOR THE RECONSTRUCTION OF A 3D MODEL OF BODILY STRUCTURE	ENSAM, CNRS & ETS	2007	Issued (EP) Issuing underway (US)
CUBICLE	A DEVICE FOR STEREORADIOGRAPHY AND THE METHOD FOR ITS USE	ENSAM & CNRS	2003	Issued (EP, US, CA)

11.2.4 Patents currently utilised

The vast majority of the Group's patent families are being utilised. The technology covered by these patents and patent applications is applied in products marketed by EOS imaging.

X-ray detector:

Ref.	Family	Ownership	Priority date	Status
Drift-free high resolution radiography	A RADIOGRAPHIC IMAGING DEVICE AND A DETECTOR FOR A RADIOGRAPHIC IMAGING SYSTEM	EOS imaging	2009	Issuing underway (US) Pending (FR, EP, JP)
Low dose radiography	LOW DOSE RADIOGRAPHY	EOS imaging	1994	Issued (EP, US)

Imaging system:

Ref.	Family	Ownership	Priority date	Status
Gas-flow detector gain adjustment	A RADIOGRAPHIC IMAGING DEVICE AND A DETECTOR FOR A RADIOGRAPHIC IMAGING SYSTEM	EOS imaging	2010	Pending (EP, US, JP, CN)
3D scanning	RADIOGRAPHIC IMAGING METHOD AND DEVICE FOR THREE-DIMENSIONAL RECONSTRUCTION WITH A LOW DOSE OF IRRADIATION	EOS imaging	2000	Issued (FR, EP)

Computerised 2D/3D reconstruction method:

Ref.	Family	Ownership	Priority date	Status
Semi-automatic reconstruction	METHOD OF RADIOGRAPHIC IMAGING FOR THREE-DIMENSIONAL RECONSTRUCTION, DEVICE AND COMPUTER PROGRAM FOR CARRYING OUT SAID METHOD.	EOS imaging	2003	Issued (EP, US, JP)
Longitudinal inference by containment volume	METHOD OF RADIOGRAPHIC IMAGING FOR THREE-DIMENSIONAL RECONSTRUCTION, DEVICE AND COMPUTER PROGRAM FOR CARRYING OUT SAID METHOD.	EOS imaging	2003	Issued (EP)
2D/3D by contours	RADIOGRAPHIC IMAGING METHOD AND DEVICE FOR THREE-DIMENSIONAL RECONSTRUCTION WITH A LOW DOSE OF IRRADIATION	EOS imaging	2000	Pending (EP)

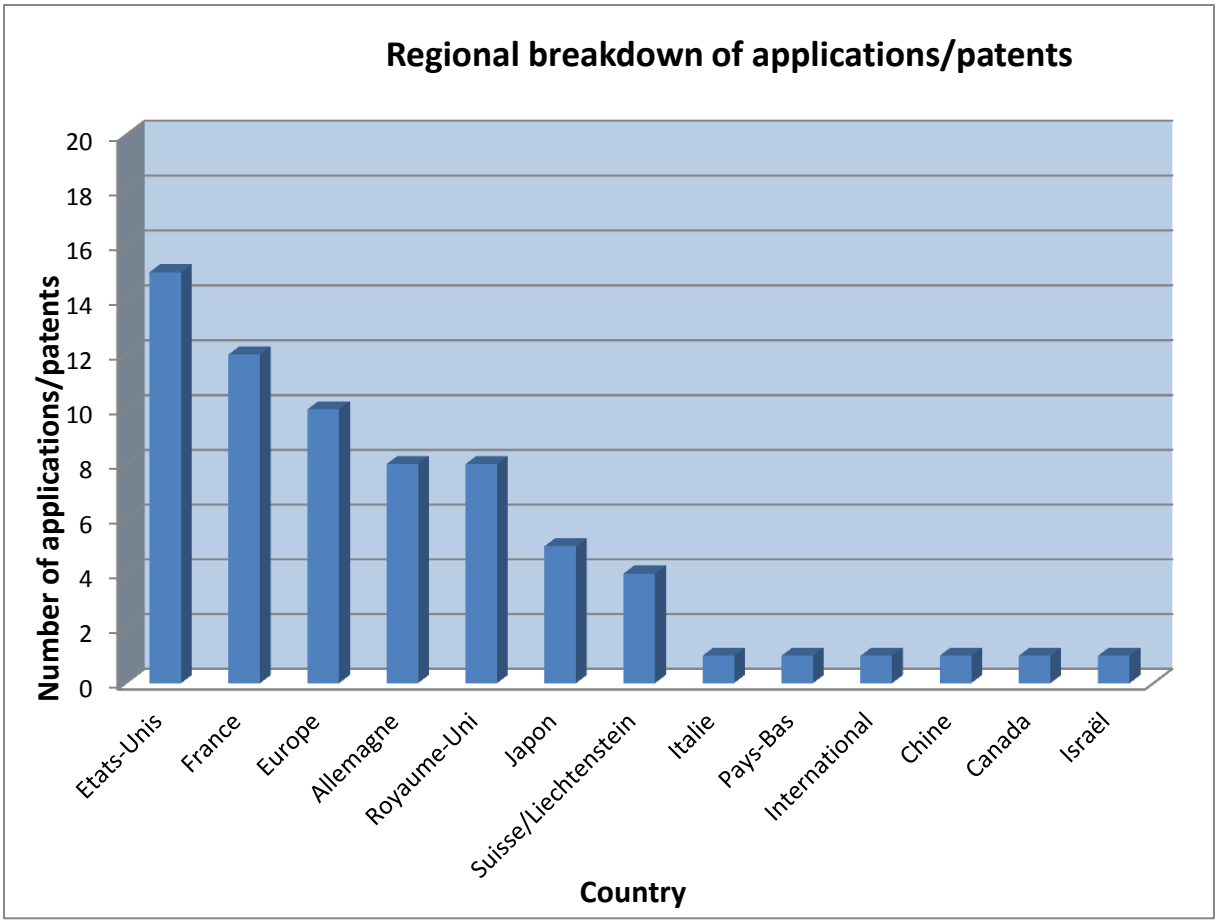
Stereoscopic image processing station:

Ref.	Family	Ownership	Priority date	Status
3D Toolbox	MEASUREMENT OF GEOMETRICAL SIZES INTRINSIC TO AN ANATOMICAL SYSTEM	EOS imaging	2008	Issued (FR) Issuing underway (US) Pending (EP)
Correction of stereo magnification	METHOD FOR CORRECTING AN ACQUIRED MEDICAL IMAGE AND MEDICAL IMAGING SYSTEM	EOS imaging	2007	Pending (EP, US)

The other titles constitute optional "technological building blocks" for the purpose of future products or parallel income from licenses.

11.2.5 Territories protected

Most of the patent applications filed by the Group are extended to other countries, as applicable by means of the PCT (Patent Cooperation Treaty). The principal markets (Europe and the United States) are covered as a matter of priority. As applicable, protection is sought in other countries corresponding to related markets.



The European patents are generally validated in the principal countries, in particular, France, Germany, and the United Kingdom. Numerous European applications are still pending, and temporarily cover up to 38 member states of the European Patent Convention.

11.2.6 Legal disputes

EOS imaging is particularly attentive to the defence of its industrial property rights and is dedicated to protecting its freedom to operate. Thus, it has brought before the European Patent Office two procedures challenging European patents that it believes were improperly issued to BRAINLAB, in order to have them invalidated.

With the exception of these proceedings, which are still pending before the European Patent Office, the Group is not involved in any dispute with respect to its industrial property.

11.3 COLLABORATION AGREEMENTS, R&D AGREEMENTS, SERVICE PROVISION AGREEMENTS AND LICENSES GRANTED BY OR TO THE COMPANY

11.3.1 Collaboration agreements

Within the framework of the development and improvement of its products, the Group regularly collaborates with third parties, particularly with research institutions well known for their work on

the technologies involved (ENSAM/ARTS, ETS) and practitioners who might assist the Group with the clinical trials of its products.

11.3.2 License agreements granted by third parties

The Company holds, in particular, licenses to global intellectual property rights granted by ARTS and ETS, beginning on 1 January 2006, and until at least 31 December 2024, including the possibility of sub-licensing those rights. These licenses are exclusive within the medical field related to the 3D reconstruction of the osteo-articular system on the basis of X-ray plane images.

The details concerning the license agreements may be found in Sections 22.2 and 22.4.

11.4 OTHER INTELLECTUAL PROPERTY INFORMATION

The Group owns the copyright to any software package developed by the Group. Furthermore, the Group has received licenses to software developed by ETS and/or ENSAM, as mentioned in Chapter 22 below.

The Group owns a portfolio of trademarks covering, in particular, the **EOS** and **sterEOS** signs. These trademarks receive good international coverage and in particular are registered in France, Canada, the United States, Brazil, Asia, and the European Union.

The principal trademarks owned by the Group are the following:

Number	Trademark	Countries	Date of filing
1 286 303 registered under 696 988	EOS	CANADA	17/01/2006
795 917 registered under 3 370 550	EOS (semi-figurative)	USA	20/01/2006
073 545 352	sterEOS	FRANCE	20/12/2007
985 442	sterEOS	INTERNATIONAL	16/05/2008
985 442	sterEOS	USA	16/05/2008
985 442	sterEOS	EUROPEAN UNION	16/05/2008
985 442	sterEOS	CHINA	Under review

985 442	sterEOS	REPUBLIC OF KOREA	Under review
985 442	sterEOS	JAPAN	Under review
1 788 041	EOS	EUROPEAN UNION	02/08/2000 renewed on 01/03/2010
1 166 095	EOS	INTERNATIONAL	10/06/2013
1 166 095	EOS	CHINA	Accepted
1 166 095	EOS	REPUBLIC OF KOREA	Under review
840 556 802	EOS	BRAZIL	24/06/2013
840 556 810	sterEOS	BRAZIL	24/06/2013
840 556 829	sterEOS	BRAZIL	24/06/2013
840 556 837	sterEOS	BRAZIL	24/06/2013

The Group also owns the domain names *eos-imaging.fr* and *eos-imaging.com*.

11.5 ACQUISITION OF ONEFIT MEDICAL, SPECIALISED IN CUSTOMISED ORTHOPEDIC TREATMENT

On 5 November 2013, EOS imaging announced the signing of an agreement for the acquisition of OneFit Medical, a company which develops planning software for knee and hip surgery and produces customised orthopedic cutting guides.

Founded in Besançon, France, in August 2011, OneFit Medical develops and markets patient-specific orthopedic solutions for hip and knee arthroplasty, which allow surgeons to have cutting guides customised to the anatomy of each patient in the operating room. These guides are currently created from scanner or MRI images, following the surgeon's 3D planning of the type and position of the implant. The cutting guides are sold by implant manufacturers along with the corresponding implants.

The company has been granted CE marking for its hip and knee surgery planning software. OneFit Medical is ISO 13485 certified and markets its customised solutions to French and other European implant manufacturers.

OneFit Medical's software offering will be integrated in the portfolio of specialised software solutions developed by EOS imaging. It will thus enable surgeons to plan the type and position of the implant in 3D directly online. It can also be extended to a range of customised cutting guides stemming from the EOS 3D image, avoiding the need for the scanner or MRI images which are currently required for the creation of these guides.

The acquisition of OneFit Medical gives EOS imaging an opportunity to strengthen its growth strategy by expanding its offering in orthopedic imaging and associated services. OneFit Medical's expertise in 3D planning software and customised instruments will enable EOS imaging to provide EOS information in operating theatres, offering surgeons a comprehensive solution, from diagnostic imaging to implant surgery.

Concerning intellectual property, OneFit Medical holds the following family of patents:

Ref.	Family	Ownership	Priority date	Status
Mould for temporary implant	TEMPORARY IMPLANT PRODUCTION PROCESS	OneFit Medical	2012	Pending (FR and PCT)

The principal trademarks owned by OneFit Medical are the following:

Number	Trademark	Countries	Date of filing
11 3 871 710	ONE FIT	FRANCE	04/11/2011
11 3 871 713	ONE FIT MEDICAL (logotype)	FRANCE	04/11/2011

OneFit Medical also holds the domain names *onefit-medical.com* and *onefit-online.com*.

12 INFORMATION ON TRENDS

12.1 RECENT CHANGES

Since the beginning of the year, the Group has been furthering its development and has made public the following events:

- in France, the installation of two new EOS® systems within AP-HP hospitals in Paris,

- and abroad,
  - the 4th installation of its system in the Shriners Hospital for Children® network in the United States in February 2014,
  - the granting of the marketing authorization in Taiwan in March 2014, and
  - the installation of the EOS® system at the Meijo hospital in Japan in April 2014,
  - the installation of the EOS® system at the Friedrichsheim university hospital in Frankfurt.

In the first quarter of 2014, EOS imaging achieved sales revenue of €2.16 million, up 14% compared with the same period in 2013.

In millions of euros	**31 March 2014**	31 March 2013
Sales of equipment	**1.56**	1.60
% of total sales revenue	*72%*	*84%*
Sales of services	**0.45**	0.30
% of total sales revenue	*21%*	*16%*
Sales of consumables and related services	**0.15**	-
% of total sales revenue	*7%*	-
Total sales revenue	**2.16**	**1.90**

Unaudited figures

Equipment sales revenue amounted to €1.56 million and consisted of the sale of 4 EOS® systems, matching the performance achieved in the first quarter 2013. The system's average selling price was €390K, versus €399K in the first quarter 2013.

Sales of services rose by 50% during the first quarter 2014, amounting to €0.45 million versus €0.30 million in the first quarter 2013. This rise was due to the expansion of the EOS® equipment base.

Sales of related consumables and services following the integration of OneFit Medical amounted to €0.15 million for the quarter.

12.2 FUTURE OUTLOOK

The Group continues to develop EOS product functionalities, particularly in the areas of surgical planning and control. The acquisition of OneFit Medical in November 2013 allowed to broaden EOS imaging's product range to new customised services and instruments for orthopedics.

New medical publications and the adoption of EOS by more leading medical facilities demonstrate EOS' position as the most innovative device on the market for skeletal imaging and are expected to help accelerate sales of EOS systems.

The Group's significant international expansion, particularly in Asia, is expected to continue and in time permit EOS imaging to balance its presence across its three main markets.

The growth in the Group's business activities will lead to further increases in funding requirements for its operating cycle, with a rise in trade receivables, as well as in inventories and work in process.

To this effect, as set out in section 10.6 of this Registration Document, the Company manages its cash flows carefully. It also examines the financing possibilities offered by market practices but has not yet made any decision to that effect.

13 FORECASTS OR PROFIT ESTIMATES

The company does not intend to make forecasts or estimates of profit.

14 ADMINISTRATIVE, MANAGEMENT, AND SUPERVISORY BODIES AND EXECUTIVE MANAGEMENT

14.1 BOARD OF DIRECTORS - CORPORATE OFFICERS

14.1.1 Composition of the Board of Directors

The company's Board of Directors is currently composed of eight members including two independent directors.

During the financial year ended 31 December 2013, the Board of Directors of the company met eight times, and the average rate of attendance by the members of the Board of Directors was 91%.

The report on internal control presented in Annex 4.1 details the operating procedures of the company's Board of Directors.

The members of the Board of Directors can be contacted at the company's head office: 10 rue Mercoeur, 75011 Paris

The table below presents the information on the membership of the company's Board of Directors.

Name	Office	Main duties within the company	Dates of the Beginning and end of the term
Michael J Dormer	Member of the Board of Directors Chairman of the Strategy Committee Member of the Compensation Committee	Chairman of the Board of Directors	Appointed director by the General Meeting of 29 June 2012 for a period of three years ending at 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 held on 9 November 2012 for the remaining duration of his directorship.
Stéphane Sallmard	Member of the Board of Directors Chairman of the Compensation Committee	None	Re-elected as a member of the Board of Directors by the General Meeting held on 2 December 2011 for a period of three years ending at the close of the General Meeting called to approve the financial statements for the financial year ended 31 December 2013. The General Meeting of 17 June 2014 will be asked to approve the renewal of the term of office of Mr Sallmard (6th draft resolution – BALO No. 57 of 12 May 2014). If his term of office is renewed, Mr Sallmard will be appointed for a period of three years expiring at the close of the General Meeting called to approve the financial statements for the year ended 31 December 2017.

Name	Office	Main duties within the company	Dates of the beginning and end of the term
Marie Meynadier	Member of the Board of Directors Member of the Strategy Committee	CEO	Re-elected as a member of the Board of Directors by the General Meeting held on 9 April 2010 for a period of three years ending at the close of the General Meeting called to approve the financial statements for the financial year ended 31 December 2012. Reappointed director by the General Meeting of 13 June 2013 for a period of three years ending at the close of the General Meeting called to approve the financial statements for the financial year ending 31 December 2015.
NBGI Private Equity represented by Aris Constantinides	Member of the Board of Directors Member of the Strategy Committee	None	Re-elected by the General Meeting held on 30 June 2011 for a period of three years ending at the close of the General Meeting called to approve the financial statements for the financial year ended 31 December 2013. The General Meeting of 17 June 2014 will be asked to approve the renewal of the term of office of NBGI Private Equity (7th draft resolution – BALO No. 57 of 12 May 2014). If its term of office is renewed, NBGI Private Equity will be appointed for a period of three years expiring at the close of the General Meeting called to approve the financial statements for the year ended 31 December 2017.
BPI France (formerly CDC Entreprises) represented by Marie-Laure Garrigues	Member of the Board of Directors Marie-Laure Garrigues is a member of the Audit and Compensation Committees	None	Appointed a member of the Board of Directors by the Board of Directors on 2 December 2011 for a term ending at the close of the General Meeting called to approve the financial statements for the financial year ended 31 December 2013. The General Meeting of 17 June 2014 will be asked to approve the renewal of the term of office of BPI France (formerly CDC Entreprises**)** (8th draft resolution – BALO No. 57 of 12 May 2014). If its term of office is renewed, BPI France (formerly CDC Entreprises) will be appointed for a period of three years ending at the close of the General Meeting called to approve the financial statements for the year ended 31 December 2017.

Name	Office	Main duties within the company	Dates of the beginning and end of the term
Edmond de Rothschild Investment Partners represented by Raphaël Wisniewski	Member of the Board of Directors Member of the Audit, Compensation and Strategy Committees	None	Reappointed by the General Meeting of 16 January 2012 for a period ending at the close of the General Meeting called to approve the financial statements for the financial year ending 31 December 2014.
Philip Whitehead Hants RG25 2RE Dairy Cottage Upton Grey (United Kingdom)	Independent Director Member of the Strategy Committee	None	Reappointed director by the General Meeting of 16 January 2012 for a period of three years ending at the close of the General Meeting called to approve the financial statements for the financial year ending 31 December 2014.
Eric Beard Drève du Caporal 9 1180 Brussels (Belgium)	Independent Director Chairman of the Audit Committee	None	Appointed director by the General Meeting of 29 June 2012 for a period of three years ending at the close of the General Meeting called to approve the financial statements for the financial year ending 31 December 2014.

UFG Siparex represented by Mrs Marlène Rey resigned as director on 4 February 2013. The company's Board of Directors acknowledged this resignation on 18 April 2013.

Other offices held by the members of the Board of Directors

Other current terms in office		
Name	Nature of the position	Company
Michael J Dormer	Chairman of the Board of Directors and CEO	Neoss Ltd
Stéphane Sallmard	Member of the Board of Directors Member of the Board of Directors	Imagine Eyes SARL i-Optics B.V.
Marie Meynadier	Executive Executive Executive President Member of the Board of Directors Member of the Board of Directors	EOS imaging Inc. EOS imaging GmbH EOS image Inc. OneFit Medical SAS Stentys SA MaunaKea SA
NBGI Private Equity represented by Aris Constantinides	Member of the Board of Directors Member of the Board of Directors Member of the Board of Directors Member of the Board of Directors Member of the Board of Directors Member of the Board of Directors Member of the Board of Directors	Supersonic Imagine SA Dysis Medical Limited Reverse Medical Corporation Advanced Cardiac Therapeutics Inc. Cellnovo Limited Quanta Fluid Solutions Limited 20/10 Perfect Vision AG Endoscopic Technologies Inc
BPI France (formerly CDC Entreprises) represented by Marie-Laure Garrigues	Member of the Board of Directors Non-Voting Member of the Board of Directors Manager	Cytheris Tx Cell Bio-Thema Consulting
Edmond de Rothschild Investment Partners represented by Raphaël Wisniewski	Member of the Board of Directors Member of the Supervisory Board Member of the Board of Directors	Poxel Genticel Implanet
Raphaël Wisniewski	Member of the Board of Directors Member of the Board of Directors	Cellnovo Limited Regado Biosciences
Philip Whitehead	Member of the Board of Directors Member of the Board of Directors Vice-Chairman Vice-Chairman Member of the Board of Directors Member of the Board of Directors Member of the Board of Directors	Time Spent Property Developments Ltd Danaher UK Industries Ltd Tektronix UK Holdings Ltd Tektronix UK Ltd Hoddington Inns Ltd Lauchchange Holding Company Lauchchange Operations Limited
Eric Beard	Chairman	Cellnovo Limited

Terms of office exercised during the course of the last five fiscal years that have terminated as of this date

Other current terms in office		
Name	Nature of the position	Company
Michael J Dormer	Member of the Board of Directors Member of the Board of Directors	Jenavalve Gmbh. Endosense SA
Stéphane Sallmard	Member of the Board of Directors Member of the Board of Directors	Crescent Diagnostics Dysis Medical
Marie Meynadier	None	
NBGI Private Equity represented by Aris Constantinides	Member of the Board of Directors Member of the Board of Directors	Upfront Chromatography A/S Marshalsea Road Management Company
BPI France (formerly CDC Entreprises) represented by Marie-Laure Garrigues	None	None
Edmond de Rothschild Investment Partners represented by Raphaël Wisniewski	Member of the Board of Directors Member of the Supervisory Board	MDxHealth Novagali Pharma
Raphaël Wisniewski	Member of the Supervisory Board Member of the Supervisory Board Member of the Board of Directors Member of the Board of Directors	PamGene BV PanGenetics BV Vessix Vascular, Inc Regado Biosciences
Philip Whitehead	Member of the Board of Directors Member of the Board of Directors Member of the Board of Directors Member of the Board of Directors	Linx Priniting TechnologiesLimited Gilbarco Holdings Limited Genetix Group Limited Tenzen Limited
Eric Beard	None	None

14.1.2 Senior management

Marie Meynadier, Chief Executive Officer
After her PhD, Marie Meynadier joined BellCore (Red Bank, N.J.), then the prestigious ATT Bell Labs (Murray Hill, N.J.), where she conducted research on semi-conductor devices. After returning to France, she took the management of major national and international development programs in electronics, optics and microelectronics, which allowed for the founding of several start-ups in those fields. She entered the medical field, taking the direction of the start-up Biospace lab in 1999, a pre-clinical imaging specialist which she quickly made profitable before developing EOS imaging.

Marie has a Sup Telecom electronic engineering degree and a Ph.D. (Doctorate) from the École Normale Supérieure.

14.1.3 Securities transactions carried out by members of the Board of Directors and senior managers

Within a programed trading mandate entrusted to the Gilbert Dupont brokerage firm (see EOS imaging press release of 14 September 2012), the following transactions took place in 2012 and 2013:

- Siparex Proximité Innovation sold 424,433 shares;
- Edmond de Rothschild Investment Partners sold 730,698 shares;
- NBGI Private Equity LTD sold 400,358 shares;
- BPI France Investissements (formerly CDC Entreprises) sold 411,428 shares.

EOS imaging was informed by the Gilbert Dupont brokerage firm that the programed trading mandates had been fully executed (see press release of 4 February 2013).

Transactions carried out since the beginning of 2014

First name/Surname	Capacity	Nature of the transaction	Type of financial instrument	Date	Number of securities	Average unit price (in euros)
Mrs Marie Meynadier	Chief Executive Officer	Sale	Shares	13/02/14	83,000	7.4
(and related persons)		Purchase	Shares	05/03/14	75,123	3.88
		Sale	Shares	07/03/14	37,562	7.35
		Sale	Shares	07/03/14	37,561	7.35

14.1.4 Statements concerning the members of the Board of Directors and senior managers

The CEO holds company shares and securities giving access to the company's capital (see Section 17.2 of this Registration Document).

Related-party transactions are described in Note 22 to the consolidated financial statements as set out in Annex 1.1 of this Registration Document. The related-party agreements signed by the company are described in the Statutory Auditors' report on related-party agreements for the financial years ended 31 December 2013, 2012 and 2011 as set out in Annexes 3.1 to 3.3 of this Registration Document.

To the company's knowledge, there are no family ties between the members of the Board of Directors, nor between the members of the Board of Directors and senior management.

To the company's knowledge, over the past five years: (i) no member of the Board of Directors or senior management has been convicted of fraud, (ii) no member of the Board of Directors or senior management has been involved in any bankruptcy, receivership or liquidation, (iii) no member of the Board of Directors or senior management has been convicted of any offense and/or been the subject of any official public sanction by statutory or regulatory authorities, including by the designated professional bodies, and (iv) no member of the Board of Directors or senior management has been barred by court order from serving on an administrative body.

14.2 CONFLICTS OF INTEREST INVOLVING THE ADMINISTRATIVE AND EXECUTIVE BODIES

To the company's knowledge, there are no potential conflicts of interest in relation to the company between the duties of any of the members of the Board of Directors and their private interests.

15 MANAGEMENT COMPENSATION AND BENEFITS

15.1 COMPENSATION AND BENEFITS PAID TO THE MANAGEMENT OF EOS IMAGING IN 2013

15.1.1 Summary of the compensation and stock options and shares awarded to each executive corporate officer (Table 1 AMF Recommendation No. 2009-16)

Table Summarising the Compensation and the Options and Shares of Stock Awarded to Each Corporate Executive Officer		
	2013 financial year	2012 financial year
Marie Meynadier - Chief Executive Officer		
Compensation due for the financial year	€237,634	€298,925
Valuation of the options and free shares granted during the financial year	-	€1,854,000
Valuation of the multi-year variable compensation awarded during the financial year	-	-
Total	**€237,634**	**€2,152,925**
Hervé Legrand – Executive Vice President *(Resigned on 1 July 2013; however, Mr Legrand remained an employee of the Company)*		
Compensation due for the financial year	€71,371	€221,611
Valuation of the options awarded during the financial year	-	€60,613
Valuation of the multi-year variable compensation awarded during the financial year	-	-
Total	**€71,371**	**€282,225**

15.1.2 Compensation and benefits paid to executive corporate officers in 2013

The compensation paid to the executive corporate officers of EOS imaging for the 2013 financial year breaks down as follows (Table 2 AMF Recommendation No. 2009-16)

Marie Meynadier ***(Chief Executive Officer)*** ***(in euros)***	2013 financial year		2012 financial year	
	Amounts due[(1)]	Amounts paid[(2)]	Amounts due[(1)]	Amounts paid[(2)]
Corporate office compensation				
Fixed compensation*	166,381	166,381	161,535	161,535
Annual variable compensation*[(3)]	58,233	73,710	73,710	41,291
Multi-year variable compensation*[(3)]				
Exceptional compensation*			50,000	50,000
Total compensation	**224,614**	**240,091**	**285,245**	**252,826**
Directors' fees				
EOS imaging				
Other controlled companies				

Marie Meynadier ***(Chief Executive Officer)*** ***(in euros)***	2013 financial year		2012 financial year	
	Amounts due(1)	Amounts paid(2)	Amounts due(1)	Amounts paid(2)
Total directors' fees	**0**	**0**	**0**	**0**
Other compensation				
Benefits in kind* (car)	13,020	13,020	13,680	€13,680
Total other compensation	**13,020**	**13,020**	**13,680**	**13,680**
TOTAL	**237,634**	**253,111**	**298,925**	**266,506**

**gross amount before tax (1) In respect of the financial year (2) During the financial year*
(3) The variable compensation is calculated based on the achievement of the operational targets set by the Compensation Committee at the beginning of the year, and for which the level of achievement is calculated by this same Compensation Committee at the beginning of the following year.
The amount of the variable compensation is the result of the target bonus x achievement rate of objectives.
The variable compensation is paid in February of the year following the year for which the achievement rate of objectives is determined.

Hervé Legrand ***(Executive Vice President)*** ***Resigned on 1st July 2013; however, Mr Legrand remained an employee of the Company*** ***(in euros)***	2013 financial year (01/01 to 01/07/2013)		2012 financial year	
	Amounts due(1)	Amounts paid(2)	Amounts due(1)	Amounts paid(2)
Corporate office compensation				
Fixed compensation*	€64,563	€64,563	172,550	172,550
Annual variable compensation*(3)	€2,290	€47,461	€49,062	€14,360
Multi-year variable compensation*(3)				
Exceptional compensation*				
Total compensation	**66,853**	**112,024**	**221,612**	**186,910**
Directors' fees				
EOS imaging				
Other controlled companies				
Total directors' fees	**0**	**0**	**0**	**0**
Other compensation				
Benefits in kind*	4,518	4,517		
Total other compensation	**4,518**	**4,517**	**0**	
TOTAL	**71,371**	**116,541**	**221,612**	**186,910**

**gross amount before tax (1) In respect of the financial year (2) During the financial year*
(3) The variable compensation is calculated based on the achievement of the operational targets set by the Compensation Committee at the beginning of the year, and for which the level of achievement is calculated by this same Compensation Committee at the beginning of the following year.
The amount of the variable compensation is the result of the target bonus x achievement rate of objectives.
The variable compensation is paid in February of the year following the year for which the target achievement rate is determined.

15.1.3 Compensation and benefits paid to other members of the Board of Directors in 2013 **(Table 3 AMF Recommendation No. 2009-16)**

Non-Executive Corporate Officers	Nature of the compensation	Amounts paid during the 2013 financial year	Amounts paid during the 2012 financial year
Michael Dorner	Directors' fees	58,541	None
	Other compensation	None	None
NBGI Private Equity represented by Aris Constantinides	Directors' fees	None	None
	Other compensation	None	None
BPI France (formerly CDC Entreprises) represented by Marie-Laure Garrigues	Directors' fees	None	None
	Other compensation	None	None
UFG - Siparex represented by Marlène Rey (resigned on 04/02/2013, acknowledged by the Board on 18/04/2013)	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	€31,250	€15,000
	Other compensation	€30,000	€25,000
Eric Beard	Directors' fees	€30,000	€15,000
	Other compensation	None	None
Stéphane Sallmard	Directors' fees	€20,000	€51,459
	Other compensation	None	None
TOTAL		**169,791**	**106,459**

15.1.4 Stock subscription or purchase options awarded to each executive corporate officer by the Company or by any company in its Group during the financial years that ended on 31 December 2012 and 2013 (Table 4 AMF Recommendation No. 2009-16)

Stock Subscription Options Awarded by the Company to Each Corporate Executive Officer during the Financial Years that Ended on 31 December 2012 and 2013					
Name	**No. and Date of the Plan**	**Valuation of the Options according to the Method Used for the Consolidated Financial Statements**	**Number of Options Awarded during the Financial Year**	**Exercise Price**	**Expiration date**
Hervé Legrand	ESOP 2012 Board of Directors 21/09/2012	€60,613	37,648	€4.07	20/09/2021

TOTAL		**€60,613**	**37,648**	**-**	**-**

15.1.5 Stock subscription or purchase options exercised by each executive corporate officer during the financial years that ended on 31 December 2012 and 2013(Table 5 AMF Recommendation No. 2009-16)

Stock subscription options exercised by each executive corporate officer during the financial years that ended on 31 December 2012 and 2013			
Name	**No. and Date of the Plan**	**Number of Options Exercised during the Financial Year**	**Exercise Price**
Marie Meynadier	-	None	-
Hervé Legrand	-	None	-
TOTAL	-	None	-

15.1.6 Free shares granted to each corporate officer during the financial years that ended on 31 December 2012 and 2013 (Tableau 6 AMF Recommendation No. 2009-16)

At its meeting on 16 January 2012, the Company's Board of Directors awarded 360,000 free shares to the Chief Executive Officer.

On the date of publication of this report, in light of their terms and conditions, these 360,000 shares were definitively acquired according to the table below:

Free shares granted to each corporate officer					
Date of the General Meeting that authorized the award	**Date of the Award by the Board of Directors**	**Number of shares awarded**	**Number of shares in the process of being acquired**	**Acquisition date**	**Length of the retention period**
16 Jan. 2012	16 Jan. 2012	360,000	360,000	16 Jan. 2014	2 years

15.1.7 Free shares granted that became available for each executive corporate officer during the financial years that ended on 31 December 2012 and 2013 (Table 7 AMF Recommendation No. 2009-16)

None.

15.1.8 Stock options awarded to the members of the Board of Directors

Below is a historical summary of the stock options awarded to executive corporate officers; no options were awarded to non-executive corporate officers (Table 8 AMF Recommendation No. 2009-16).

History of the awards of stock options			
General Shareholder Meeting date	12 Feb. 2009	9 Apr. 2010	16 Jan. 2012
Date of the Board of Directors' Meeting	7 Jul. 2009	6 Jul. 2010	21 Sept 2012
Name of the plan	ESOP 2009	ESOP 2010	ESOP 2012
Total number of shares that can be subscribed, including by:	277,482	162,000	37,648
Marie Meynadier	*184,988*	*129,000*	-
Hervé Legrand	*92,494*	*33,000*	*37,648*
Michael J Dormer	-	-	-
Starting date for the exercise of the options	Cf. (1) below	Cf. (1) below	Cf. (2) below
Expiration date	6 Jul. 2019	5 Jul. 2020	20 Sep 2021
Subscription price	€1	€1	€4.07
Terms and conditions of exercise	Cf. (1) below	Cf. (1) below	Cf. (2) below
Number of shares subscribed as of 31 December 2013	0	0	0
Cumulative number of stock subscription options that were cancelled or became null and void	0	0	0
Stock subscription or purchase options outstanding at the end of the financial year	277,482	162,000	37,648

(1) The terms governing the exercise of the stock options (S.O.) are as follows:

- 25% of the S.O. can be exercised beginning on the award date;
- A further 25% of the S.O. can be exercised on each anniversary of the date they were awarded.

(2) The terms governing the exercise of the stock options (S.O.) are as follows:

- 25% of S.O. can be exercised beginning on the 1st anniversary of the date they were awarded;
- A further 25% of the S.O. can be exercised at each subsequent anniversary date of the date they were awarded.

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

- Corporate officers are required to keep at least 80% of their shares resulting from the exercise of the options until their duties are terminated.

If they leave the Company or the affiliated company in question before the exercise date, the options that may be exercised on the departure date remain in the possession of the beneficiary without any exercise deadline other than their expiry date. The options that are not yet exercisable as of the date of the departure are automatically null and void on the date of the latter in any event.

15.1.9 History of free share allocations (Table 10 AMF Recommendation No. 2009-16)

At its meeting on 16 January 2012, the Company's Board of Directors awarded 360,000 free shares to the Chief Executive Officer.

On the date of publication of this report, in light of their terms and conditions, these 360,000 shares were definitively acquired according to the table below:

History of free share allocations					
Date of the General Meeting that authorized the award	**Date of the Award by the Board of Directors**	**Number of shares awarded**	**Number of shares in the process of being acquired**	**Acquisition date**	**Length of the retention period**
16 Jan. 2012	16 Jan. 2012	360,000	360,000	16 Jan. 2014	2 years

15.1.10 Conditions for remuneration and other benefits awarded to executive corporate officers (Table 11 AMF Recommendation No. 2009-16)

Executive corporate officers	Employment contract		Supplementary retirement plan		Compensation or benefits due or that might be due because of the termination or change of position		Compensation related to a non-compete clause	
	Yes	No	Yes	No	Yes	No	Yes	No
Marie Meynadier Managing director	X(*)			X	X			X
Term of office start date: *Term of office end date:*	First appointment: 16 June 1998 Last renewal: 13 June 2013 At the close of the General Meeting called to approve the financial statements for the year ending 31 December 2015							
Hervé Legrand - Executive Vice President	X			X		X	X	
Term of office start date: *Term of office end date:*	First appointment: 7 July 2009 1st July 2013 (resigned but remained an employee of the Company)							

(*)in compliance with the MiddleNext Governance Code, see Section 16.4 of this Registration Document.

Ms Marie Meynadier also has unemployment insurance (corporate guarantee of firm heads and executives) taken out by the Company. For the financial year 2013, the premium for this was €10,959.
Ms Marie Meynadier signed an employment contract with the Company on 30 April 1998.

In the case of a termination of Ms Marie Meynadier's employment contract that is not motivated by serious or gross misconduct as defined by the jurisprudence of the Employment Law Chamber of the French Supreme Court (Cour de Cassation), Ms Marie Meynadier will be paid compensation for dismissal equal to six months of her gross salary.

Mr Hervé Legrand is subject to a non-compete clause under the terms of his employment contract dated 20 April 2009, which is compensated for the twelve months following the termination of his employment by a gross monthly indemnity equal to (i) 50% of the monthly average of the salary and contractual benefits and bonuses that he received during his last 12 months with the Company, or (ii), in the case of a dismissal that is not caused by gross negligence, 60% of the same basis.

15.2 PENSION, RETIREMENT AND OTHER BENEFITS

As at 31 December 2013, there were no obligations (other than those recognized within provisions for obligations to employees) concerning pensions, retirement or other benefits payable to members of the Board of Directors or Senior Management. However, as an employee of the Company, Mrs Marie Meynadier is covered by its scheme (see Note 3.1.6.3 to the consolidated financial statements as set out in Annex 1.1 of this Registration Document).

16 OPERATION OF THE ADMINISTRATIVE AND MANAGEMENT BODIES

16.1 COMPANY MANAGEMENT– EXPIRATION DATE OF TERMS OF OFFICE

Information given in Chapter 14 (Section 14.1.1) of this Registration Document.

16.2 INFORMATION ON SERVICE AGREEMENTS BETWEEN CORPORATE OFFICERS AND THE COMPANY OR ONE OF ITS SUBSIDIARIES

See the Statutory Auditors' report on related party agreements for 2013, 2012 and 2011 included in Annexes 3.1, 3.2 and 3.3, respectively, of this Registration Document.

See Note 22 to the financial statements, included in Annex 1.1, for detailed related party information.

16.3 AUDIT COMMITTEE AND COMPENSATION COMMITTEE

The Committees' composition, remit, operating procedures and activity reports are included in Chapter 2 of the Chairman's report on internal control presented in Annex 7 of this Registration Document.

16.4 DECLARATION CONCERNING CORPORATE GOVERNANCE

To comply with the requirements of Article L. 225-37 of the French Commercial Code, the Company has chosen the Corporate Governance Code applicable to small and mid caps published by MiddleNext in December 2009 (the "**MiddleNext Code**") as its code of reference.

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

The Company considers that it is not in compliance with the recommendation relating to not holding a corporate office while covered by an employment contract.

The Board of Directors authorized the CEO to hold a corporate office while covered by an employment contract, in view of the size of the Company and the risks incurred by said executive.

Following the appointment by the Board of Directors of Michael J Dormer as Chairman of the Board of Directors on 9 November 2012, the Company currently has two independent directors – Philip Whitehead and Eric Beard – within the meaning of the MiddleNext Code, which was approved as a code of reference by the AMF. Neither of the two independent directors:

- is an employee or an executive corporate officer of the Company or of a company in its group and has not been so during the past three years;
- is a significant customer, supplier, or banker of the Company, or one for which the Company or its group represents a significant share of the business activity;
- is a major shareholder of the Company;
- has a close family relationship with a corporate officer or a major shareholder; and
- has been an auditor of the Company 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 beginning of the 2013 financial year. The results were discussed by the Board and resulted in an action plan, which included among other things the creation of a Strategy Committee. This Committee's composition, remit, operating procedure and activity reports are set out in Section 2.6.3 of the Chairman's report on internal control presented in Annex 7 of this Registration Document.

17 EMPLOYEES

The EOS imaging Group's corporate social responsibility policy is set out in the Corporate Social Responsibility Report included in Annex 5 of this Registration Document.

17.1 HEADCOUNT AND DISTRIBUTION OF THE WORKFORCE

To support its growth, the Group has continued its recruitment during the 2013 financial year.

Thus EOS imaging's consolidated workforce a as of 31 December 2013 totalled 101 people, as compared to 63 as of 31 December 2012.

As the Company's workforce has reached the number required under Article L. 2322-2 of the French Labour Code, the Company has organized Works Council elections, the first round of which is scheduled for June 2014.

The net increase of 38 people during the year was due first to the acquisition of OneFit Medical, which raised the headcount by 18 as at 31 December 2013.

Among the 20 hires made by EOS imaging in addition to this acquisition, six were made in production and maintenance teams in order to add support staff (back office and supply chain) but also to keep up with the increased production volume and number of systems under maintenance.

The Paris R&D team had five people added to it in order to continue pursuing developments in new software and hardware functionalities.

The clinical teams also added three people including the hire of a Director of Clinical Affairs.

Finally, the sales and marketing teams grew by three, including the hire of a Regional Sales Manager in Asia and application engineers in North America.

The rest of the hires were made in quality assurance and administration.

The average consolidated workforce thus rose from 58 in 2012 to 77 in 2013.

Workforce

During the periods under review, the Group's average workforce was as follows:

Average Group workforce	2013	2012	2011
Number of employees	77	58	53

The workforce breaks down as follows:

By location:

Average Group workforce	2013	2012	2011
EMEA employees	64	49	47
% of total workforce	*84%*	*84%*	*89%*
Non-EMEA employees	13	9	6
% of total workforce	*16%*	*16%*	*11%*

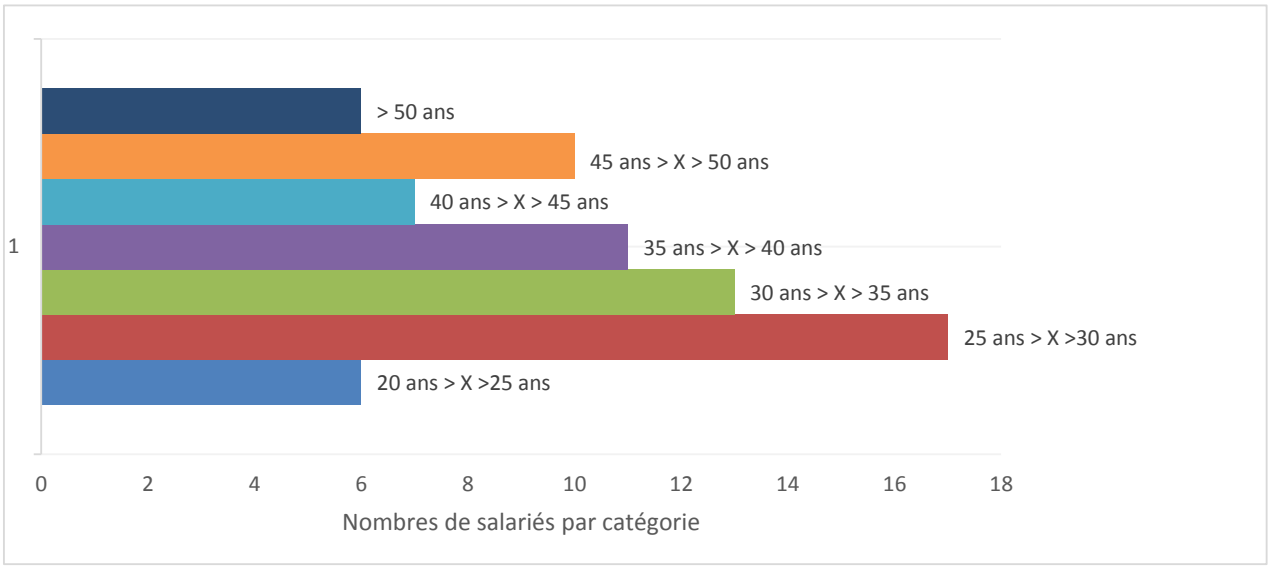
By gender:

Average Group workforce	2013	2012	2011
Total	77	58	53
Men	49	35	30
Women	28	*22*	*23*

By type of contract:

Average Group workforce	2013	2012	2011
Temporary	6	2	2
Permanent	71	*55*	*51*
Total	77	57	53

By age group:



17.2 CORPORATE OFFICERS' EQUITY HOLDINGS, STOCK OPTIONS AND FREE SHARES

17.2.1 Equity holdings of each member of the Board of Directors

At 8 March 2014, according to the information held by the Company, the corporate officers' holdings are as follows:

Corporate Officer	Number of shares held (*)	Percentage of capital
Michael J. Dormer *(Chairman of the Board)*	0	0
Stéphane Sallmard	1	0,000005%
Marie Meynadier *(Chief Executive Officer)*	**363,955**	1,98%
NBGI Private Equity represented by Aris Constantinides	1,358,143	7,39%
BPI France (formerly CDC Entreprises) represented by Marie-Laure Garrigues	1,395,697	7,59%
Edmond de Rothschild Investment Partners represented by Raphaël Wisniewski	2,478,761	13,49%
Philip Whitehead	0	0
Eric Beard	0	0
TOTAL	**5,319,557**	**28,95%**

(*) According to the statements submitted to the AMF or to the Company

17.2.2 Stock options awarded to the members of the Board of Directors

Below is a historical summary of the stock options awarded to executive corporate officers; no options were awarded to non-executive corporate officers.

History of the awards of stock options			
General Meeting date	12 Feb. 2009	9 Apr. 2010	16 Jan. 2012
Date of the Board of Directors' Meeting	7 Jul. 2009	6 Jul. 2010	21 Sept 2012
Name of the plan	ESOP 2009	ESOP 2010	ESOP 2012
Total number of shares that can be subscribed, including by:	277,482	162,000	37,648
Marie Meynadier	*184,988*	*129,000*	-
Hervé Legrand	*92,494*	*33,000*	*37,648*
Michael J Dormer	-	-	-
Expiration date	6 Jul. 2019	5 Jul. 2020	20 Sep 2021
Subscription price	€1	€1	€4.07
Terms and conditions of exercise	Cf. (1) below	Cf. (1) below	Cf. (2) below
Number of shares subscribed at 31 December 2013	0	0	0
Cumulative number of stock subscription options that were cancelled or became null and void	0	0	0
Number of shares that may be subscribed at 31 December 2013	277,482	162,000	37,648

(1) The terms governing the exercise of the stock options (S.O.) are as follows:

- 25% of the S.O. can be exercised beginning on the award date;
- A further 25% of the S.O. can be exercised on each anniversary of the date they were awarded.

(2) The terms governing the exercise of the stock options (S.O.) are as follows:

- 25% of S.O. can be exercised beginning on the 1st anniversary of the date they were awarded;
- A further 25% of the S.O. can be exercised at each subsequent anniversary date of the date they were awarded.

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

- Corporate officers are required to keep at least 80% of their shares resulting from the exercise of the options until their duties are terminated;
- If they leave the Company or the affiliated company in question before the exercise date, the options that may be exercised on the departure date remain in the possession of the beneficiary without any exercise deadline other than their expiry date. The options that are not yet exercisable as of the date of the departure are automatically null and void on the date of the latter in any event.

17.2.3 Free shares awarded to members of the Board of Directors

At its meeting on 16 January 2012, the Company's Board of Directors awarded 360,000 free shares to CEO Marie Meynadier.

On the date of publication of this report, in light of their terms and conditions, these 360,000 shares were definitively acquired according to the table below:

Date of the General Meeting that authorized the award	Date of the award by the Board of Directors	Number of shares awarded	Number of shares in the process of being acquired	Acquisition date	Length of the retention period
16 Jan. 2012	16 Jan. 2012	360,000	360,000	16 Jan. 2014	2 years

Except Marie Maynadier, no other corporate officer was awarded free shares.

17.3 EMPLOYEE SHARE OWNERSHIP

17.3.1 Stock options granted to Company employees

Company employees have been granted the following stock options as at 31 December 2013:

Summary				
	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
In progress at 31/12/2013	478,889	326,125	48,375	306,316

2009 Plan	
Date of the meeting	12/02/2009
Date of the Board of Directors' meeting	07/07/2009
Name of the plan	ESOP 2009
Number of stock options awarded	598,000
Number of shares that can be subscribed:	598,000
Expiration date	06/07/2019
Subscription price	€1
Terms and conditions of exercise	Cf. (1) below
Number of shares subscribed at 31/12/2013	12,000
Cumulative number of stock subscription options that were cancelled or became null and void	119,111
Number of outstanding stock options at 31/12/2013	478,889
Number of shares that may be subscribed at 31 December 2013	478,889

(1) The terms governing the exercise of the stock options (S.O.) are as follows:
- 25% of the S.O. can be exercised beginning on the award date;
- A further 25% of the S.O. can be exercised on each anniversary of the date they were awarded.

The corporate officers are required to keep at least 80% of their shares that result from the exercise of the options until their duties are terminated.
If they leave the Company or the affiliated company in question before the exercise date, the options that may be exercised on the departure date remain in the possession of the beneficiary without any exercise deadline other than their expiry date. The options that are not yet exercisable as of the date of the departure are automatically null and void on the date of the latter in any event.

2010 Plan (July 2010)	
Date of the meeting	09/04/2010
Date of the Board of Directors' meeting	06/07/2010
Name of the plan	ESOP 2010
Number of stock options awarded	413,500
Number of shares that can be subscribed:	413,500
Expiration date	05/07/2010

Subscription price	€1
Terms and conditions of exercise	Cf. (1) below
Number of shares subscribed at 31 /12/2013	0
Cumulative number of stock subscription options that were cancelled or became null and void	87,375
Number of outstanding stock options at 31/12/2013	326,125
Number of shares that may be subscribed at 31/12/2013	326,125

(1) The terms governing the exercise of the stock options (S.O.) are as follows:

- 25% of the S.O. can be exercised beginning on the award date;
- A further 25% of the S.O. can be exercised on each anniversary of the date they were awarded.

The corporate officers are required to keep at least 80% of their shares that result from the exercise of the options until their duties are terminated.

If they leave the Company or the affiliated company in question before the exercise date, the options that may be exercised on the departure date remain in the possession of the beneficiary without any exercise deadline other than their expiry date. The options that are not yet exercisable as of the date of the departure are automatically null and void on the date of the latter in any event.

2010 Plan (May 2011)	
Date of the meeting	09/04/2010
Date of the Board of Directors' meeting	20/05/2011
Name of the plan	ESOP 2010
Number of stock options awarded	53,000
Number of shares that can be subscribed:	53,000
Expiration date	19/05/2021
Subscription price	€1
Terms and conditions of exercise	Cf. (1) below
Number of shares subscribed at 31/12/2013	0
Cumulative number of stock subscription options that were cancelled or became null and void	4,625
Number of outstanding stock options at 31/12/2013	48,375

Number of shares that may be subscribed at 31 December 2013	48,375

(1) The terms governing the exercise of the stock options (S.O.) are as follows:

- 25% of the S.O. can be exercised beginning on the award date;
- A further 25% of the S.O. can be exercised on each anniversary of the date they were awarded.

The corporate officers are required to keep at least 80% of their shares that result from the exercise of the options until their duties are terminated.

If they leave the Company or the affiliated company in question before the exercise date, the options that may be exercised on the departure date remain in the possession of the beneficiary without any exercise deadline other than their expiry date. The options that are not yet exercisable as of the date of the departure are automatically null and void on the date of the latter in any event.

2012 Plan	
Date of the meeting	16 Jan. 2012
Date of the Board of Directors' meeting	21 September 2012
Name of the plan	ESOP 2012
Number of stock options awarded	376,916
Number of shares that can be subscribed	376,916
Expiration date	20 September 2022
Subscription price	€4.07
Terms and conditions of exercise	Cf. (2) below
Number of shares subscribed at 31 December 2013	0
Cumulative number of stock subscription options that were cancelled or became null and void	70,600
Number of outstanding stock options at 31/12/2013	306,316
Number of shares that may be subscribed at 31 December 2013	306,316

(2) The options granted to employees by the Board of Directors on 21 September 2012 are only exercisable on the following conditions:

- 25% of the options granted from the allocation date;
- 25% of the options granted on each anniversary date following the award;
- no later than ten years from the date of the grant.

The additional procedures are as follows:

Corporate officers are required to keep at least 80% of their shares resulting from the exercise of the options until their duties are terminated.

If they leave the Company or the affiliated company in question before the exercise date, the options that may be exercised on the departure date remain in the possession of the beneficiary without any exercise deadline other than their expiry date. The options that are not yet exercisable as of the date of the departure are automatically null and void on the date of the latter in any event.

17.3.2 Stock subscription or purchase options granted to the first ten non-corporate officer employees of the Company and options exercised by the latter in 2013 (Table 9 AMF Recommendation No. 2009-16)

Stock subscription or purchase options granted to the first ten non-corporate officer employees of the Company and options exercised by the latter in 2013			
	Total number of options awarded/shares subscribed or purchased	**Weighted average price**	**Plan**
Options granted in 2013	None		
Options exercised in 2013	12,000	€5.22	ESOP 2009 07/07/2009

17.4 EMPLOYEE PROFIT-SHARING AND INCENTIVE AGREEMENT

No employee savings plan has been set up for Company employees.

18 PRINCIPAL SHAREHOLDERS

18.1 COMPANY'S SHAREHOLDING STRUCTURE

18.1.1 Distribution of share capital over the past three financial years

To the best of the Company's knowledge, the Company's capital was distributed as follows at 31 December 2011, 2012 and 2013:

	At 31/12/2011		At 31/12/2012		At 31/12/2013	
	Number of Shares	% of capital and voting rights*	Number of Shares	% of capital and voting rights*	Number of Shares	% of capital and voting rights*
Medivea					333,768	1.85%
Polissage Garnier					83,457	0.46%
Claude Hennion	172,890	1.49%	172,890	0.99%	172,890	0.96%
Yves Charpak & indivision	261,936	2.26%	258,936	1.49%	72,278	0.40%
Serge Charpak					38,886	0.22%
Dominique Charpak					38,886	0.22%
Eric Cloix	52,306	0.45%				
Nazanin Sahami	36,667	0.32%	36,667	0.21%		
Keyzan Mazda	28,204	0.24%	28,204	0.16%	28,204	0.16%
Catherine Mazda	14,102	0.12%	14,102	0.08%	14,102	0.08%
Jacques Lewiner	11,781	0.10%	11,781	0.07%	11,781	0.06%
Colette de Botton-Lewiner	11,169	0.10%	11,169	0.06%	11,169	0.06%
Fimalac	225,615	1.94%	225,615	1.30%	121,312	0.67%
Stéphane Sallmard	1	0.000005%	1	0.000005%	1	0.000005%
Founders (no action in concert)	**814,671**	**7.02%**	**759,365**	**4.37%**	**926,734**	**5.16%**
COFA Invest	542,055	4.67%	452,117	2.61%	302,117	1.68%
EDRIP	3,108,006	26.8%	2,478,761	14.29%	2,478,761	13.8%
UFG Siparex	1,805,314	15.56%	1,439,811	8.30%	906,055	5.04%
NBGI	1,714,833	14.78%	1,358,143	7.83%	1,358,143	7.56%
FCID	1,750,000	15.08%	1,395,697	8.05%	1,395,697	7.77%
CAPE	1,781,725	15.35%				
Investment funds (no action in concert)	**10,701,933**	**92.23%**	**7,124,529**	**41.08%**	**6,440,773**	**35.8%**
Marie Meynadier (Chief Executive Officer)	**86,955**	**0.75%**	**86,955**	**0.50%**	**86,955**	**0.48%**
Management & employees	**86,955**	**0.75%**	**86,955**	**0.50%**	**86,955**	**0.48%**
Treasury shares			**53,866****	**0.00%**	**38,046****	**0.00%**
Total	**11,603,559**	**100.00%**	**17,402,429**	**100.00%**	**18,005,578**	**100.00%**

**No double voting rights have been instituted **Treasury shares are deprived of voting rights*

In Accordance with the provisions of Article L. 233-13 of the French Commercial Code, we wish to point out that shareholders directly or indirectly holding over one twentieth, one tenth, three twentieths, one fifth, one quarter, one third, half, two thirds or nineteen twentieths of the share capital or voting rights at 31 December 2013 are identified in the table above.

18.1.2 Change in shareholding structure since IPO (15 February 2012)

Shareholding structure	2013	**15 February 2012 (IPO)**

	Number of Shares	% of capital and voting rights	**Number of Shares**	**% of capital and voting rights**
Medivea	333,768	1.85%	**0**	**0**
Polissage Garnier	83,457	0.46%	**0**	**0**
Claude Hennion	172,890	0.96%	**172,890**	**0.96%**
Yves Charpak	72,278	0.40%	**261,936**	**1.45%**
Serge Charpak	38,886	0.22%	**0**	**0**
Dominique Charpak	38,886	0.22%	**0**	**0**
Keyzan Mazda	28,204	0.16%	**28,204**	**0.16%**
Catherine Mazda	14,102	0.08%	**14,102**	**0.08%**
Jacques Lewiner	11,781	0.06%	**11,781**	**0.06%**
Colette de Botton-Lewiner	11,169	0.06%	**11,169**	**0.06%**
Fimalac	121,312	0.67%	**225,615**	**1.25%**
Eric Cloix			**52,306**	**0.29%**
Nazanin Sahami			**36,667**	**0.20%**
Stéphane Sallamrd	1	**0.000005%**	**1**	**0.000005%**
Founders	**926,734**	**5.16%**	**814,671**	**4.68%**
COFA Invest	302,117	1.68%	**559,749**	**3.11%**
EDRIP	2,478,761	13.8%	**3,209,459**	**17.82%**
UFG Siparex	906,055	5.04%	**1,864,244**	**10.35%**
NBGI	1,358,143	7.56%	**1,758,501**	**9.8%**
FCID	1,395,697	7.77%	**1,807,125**	**10.03%**
Investment funds	**6,440,773**	**35.8%**		**0**
Floating	**10,513,070**	**58.5%**	**5,520,000**	**30.66%**
Marie Meynadier	**86,955**	**0.48%**	**86,955**	**0.48%**
Management & employees	**86,955**	**0.48%**	**86,955**	**0.48%**
Treasury shares	**38,046***	**0.00%**	**0**	**0**
Total	**18,005,578**	**100.00%**	**17,402,429**	**100%**

**Treasury shares are deprived of voting rights*

18.2 VOTING RIGHTS OF PRINCIPAL SHAREHOLDERS

At 31 December 2013, the number of voting rights held by each shareholder is equivalent to the number of shares they hold. No double voting rights have been instituted.

18.3 CONTROL OF THE COMPANY

To the Company's knowledge:

- there is no controlling shareholder within the meaning of Article L. 233-3 of the French Commercial Code;
- there is no action in concert among its shareholders.

Moreover, the Board of Directors of EOS imaging includes two independent directors among the Board's eight members (see Chapter 16 of this Registration Document and the Chairman's report on internal control in Annex 4.1).

18.4 AGREEMENTS THAT MAY LEAD TO A CHANGE IN CONTROL

To the Company's knowledge, there is no agreement which, if implemented, could bring about a change in its control.

19 TRANSACTIONS WITH RELATED PARTIES

19.1 INTRA-GROUP TRANSACTIONS

Intra-group transactions are described in section 7.3 "Principal intra-group flows" of this Registration Document

19.2 TRANSACTIONS WITH RELATED PARTIES

See the Statutory Auditors' report on related party agreements for 2013, 2012 and 2011 included in Annexes 3.1, 3.2 and 3.3, respectively, of this Registration Document.

See Note 22 to the financial statements, included in Annex 1.1, for detailed related party information.

20 FINANCIAL INFORMATION CONCERNING THE COMPANY'S ASSETS, FINANCIAL POSITION AND RESULTS

20.1 CONSOLIDATED DOCUMENTS

The consolidated financial statements of the EOS imaging Group and the Statutory Auditors' report for the 2013 financial year are included in Annex 1 of this Registration Document.

In accordance with Article 28 of EC Regulation 809/2004 on prospectuses, the following information is included in this Registration Document for reference purposes:

- the Group's consolidated financial statements and the Statutory Auditors' report on the consolidated financial statements for the year ended 31 December 2012 as presented in the 2012 Annual Financial Report; and
- The Group's consolidated financial statements and the Statutory Auditors' report on the consolidated financial statements for the year ended 31 December 2011 as presented in the 2011 Annual Financial Report.

Both of the above-mentioned financial reports are available on the Company's website www.eos-imaging.com.

20.2 PARENT COMPANY DOCUMENTS

20.2.1 Parent company financial statements and Statutory Auditors' report for the financial year ended 31 December 2013

The financial statements of EOS imaging and the Statutory Auditors' report for the financial year ended 31 December 2013 are included in Annex 1 of this Registration Document.

In accordance with Article 28 of EC Regulation 809/2004 on prospectuses, the following information is included in this Registration Document for reference purposes:

- the financial statements of EOS imaging and the Statutory Auditors' report for the financial year ended 31 December 2012 as presented in the 2012 Annual Financial Report; and
- the financial statements of EOS imaging and the Statutory Auditors' report for the financial year ended 31 December 2011 as presented in the 2011 Annual Financial Report.

20.2.2 Results over the past five financial years

TYPE OF INFORMATION	2 009	2 010	2 011	2 012	2 013
1. CAPITAL AT YEAR-END					
a. Share capital	74,969	116,036	116,036	174,024	180,058
b. Number of common shares in existence	7,496,890	1,160,,559	11,603,559	17,402,429	18,005,878
c. Number of preferred dividend shares (without voting rights) in existence					
2. TRANSACTIONS AND PROFIT/(LOSS) FOR THE PERIOD					
a. Pre-tax sales	2,774,291	4,627,209	6,431,557	8,311,867	13,350,424.19
c. Corporation tax	(483,771)	(871,093)	(480,430)	(955,491)	(1,020,985.01)
d. Employee profit-sharing due for the period					
e. Income after tax, profit-sharing, depreciation, amortisation and provisions	(3,361,902)	(5,241,286)	(7,227,813)	(8,302,772)	(5,385,628.5)
f. Appropriated earnings					
3. EARNINGS PER SHARE					
a. Earnings after taxes and profit sharing but before depreciation, amortisation and provisions	(0.22)	(0.20)	(0.37)	(0.20)	(0.13)
b. Earnings after tax, profit-sharing, depreciation, amortisation and provisions	(0.45)	(0.45)	(0.62)	(0.48)	(0.30)
c. Dividend per share					
4. PERSONNEL					
a. Average workforce during the period	36	39	47	48	59
b. Payroll for the period	2,128,115	2,656,390	3,126,926	3,477,745	3,988,594.17
c. Total sums paid in benefits for the period (Social security, social agencies, etc.)	1,262,058	1,170,496	1,541,615	2,221,843	1,996,315.61

20.2.3 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 business of the parent company can be considered the same as that of the Group since the business of the three foreign subsidiaries of the Group is limited to selling EOS systems in their markets and since the business of OneFit Medical in 2013 may be judged to be not material at the Group level.
See Section 1.1, above, for further details.

The liabilities recognised at 31/12/2013, together with the comparable figures for 2012, are as follows (€):

Liabilities	2013	2012
Accounts payable - fixed assets	1,000,000	
Borrowings and other financial liabilities	6,532,647	25,652
Accounts payable – trade	3,830,851	2,200,695
Taxes and payroll costs	1,773,284	1,412,486
Other liabilities	1,001,351	772,256
Deferred revenue	276,027	204,727
TOTAL	**14,414,160**	**4,615,815**

20.2.4 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 2013 of outstanding trade payables by due date:

In euros	Total	Under 30 days	Between 31 and 60 days	Over 60 days
At 31/12/2013	2,145,857	1,961,001	72,770	112,085
At 31/12/2012	1,140,483	845,940	225,477	69,066

Trade payables over 60 days are based on specific agreements with certain suppliers.

20.3 DIVIDEND DISTRIBUTION POLICY

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

Initiating a dividend payment policy is not anticipated in the short term, considering the stage of development of the Group.

20.4 LEGAL AND ARBITRATION PROCEEDINGS

To the Company's knowledge, on the date of publication of this Registration Document, there are no governmental, legal or arbitration proceedings, including pending or threatened, liable to have, or having had over the past 12 months, a material impact on the financial position, business or results of the Company and/or any of its subsidiaries, except for the Company's legal dispute with the European Patent Office, in two legal actions initiated against patents wrongfully granted to BRAINLAB, for which the company's aim is to have them centrally invalidated (see Chapter 11 of this Registration Document).

20.5 SIGNIFICANT CHANGE IN THE FINANCIAL OR COMMERCIAL POSITION

To the Company's knowledge, and other than the information given in section 12.1 "*Main trends since the end of the last financial year*" of this Registration Document, there have been no significant changes in the financial or commercial position of the Company or Group since the 2013 year-end.

21 ADDITIONAL INFORMATION

21.1 COMPANY'S SHARE CAPITAL

21.1.1 Amount of the company's share capital

On 31 December 2013, the share capital amounted to €180,058.78, divided into 18,005,878 fully paid-up shares of the same class, each with a par value of €0.01.

On the date of this Registration Document, following the definitive award of 360,000 free shares to company CEO Marie Meynadier, and the exercise of 12,000 stock options by a Company employee (see Sections 17.2.3 and 21.1.5 of this Registration Document), the share capital amounts to €183,778.78, divided into 18,377,878 fully paid-up shares of the same class, each with a par value of €0.01.

21.1.2 Non-equity securities

None

21.1.3 Treasury shares

The company signed a one-year liquidity contract with the Gilbert Dupont brokerage firm, effective as from 16 March 2012 and renewable by tacit agreement. This contract complies with the AMAFI Code of Ethics approved by the AMF decision of 21 March 2011 (press release of 16 March 2012).

The Combined General Meeting of EOS imaging held on 13 June 2013 renewed the authorization granted to the Board of Directors to purchase the company's own shares for a period of 18 months, pursuant to Article L. 225-209 of the French Commercial Code and in accordance with the conditions set out in Articles 241-1 to 241-6 of the General Regulation of the AMF and European Regulation No. 2273/2003 implementing Directive 2003/6/EC of 28 January 2003.

Under the terms of this authorization:

- the company may purchase, sell or transfer its own shares by any means, on one or more occasions, either on the market or over-the-counter, including through block acquisition or sale, public offerings, or through the use of options or derivatives, as permitted by the financial markets authorities and in accordance with applicable regulations;

- the maximum purchase price is set at €27.48 per share (excluding fees and commissions), with an overall ceiling of €5 million;

- the maximum number of shares that can be purchased under this authorization may at no time exceed 10% of the total number of shares, it being stipulated that (i) should the shares be acquired in order to promote the liquidity of the company's shares, the number of shares used in calculating this limit will equal the number of shares purchased minus the number of shares sold during the authorization period and (ii) should they be purchased to be held for subsequent use in payment or exchange in a merger, spinoff or asset contribution, the number of shares acquired may not exceed 5% of the total number of shares.

This authorization is aimed at:

- ensuring liquidity in the company's shares under a liquidity contract signed with an investment services provider in compliance with the Code of Ethics recognised by the AMF;

- fulfilling obligations arising from stock option programs, awards of free shares, company savings schemes or other allocations of shares to employees and executives of the company or its associated companies;

- remitting shares when rights attached to securities giving access to the company's capital are exercised;

- purchasing shares to be held for subsequent use in exchange or as payment during possible acquisitions; or

- cancelling all or part of the shares thus purchased, subject to the adoption of the twelfth resolution below, and in this case, in accordance with the terms specified therein.

For the 2013 financial year, 1,430,682 shares were purchased at an annual average share price of €5.21 and 1,446,492 shares were sold at an annual average price of €5.19. No trading costs were billed to the company outside of the liquidity contract, for which the annual fixed fee is set at €20,000.

At 31 December 2013, 38,046 treasury shares were deducted from consolidated shareholders' equity, for €282 K. These shares represent 0.21% of the share capital.

21.1.4 Stock options

See Sections 17.2.3 and 17.3 of this Registration Document.

21.1.5 Awards of free shares

See Section 17.2.3 of this Registration Document.

Note that the vesting period for the 360,000 free shares, awarded to the company's CEO, Marie Meynadier, on 16 January 2012, ended on 16 January 2014. Consequently, on this date 360,000 company shares were definitively awarded to Marie Meynadier. These shares must be kept for a period of 2 years expiring on 16 January 2016.

21.1.6 Other securities giving access to the company's capital

21.1.6.1 Share warrants allocated to members of the company's Board of Directors

See Section 17.2.1 of this Registration Document.

21.1.6.2 Acquisition of OneFit Medical

As set out in Section 5.2 of this Registration Document, on 27 November 2013, EOS imaging acquired 100% of the shares in OneFit Medical for €4 million, as follows:

- €0.5 million in cash for 12.5% of the capital of OneFit Medical; and

- €3.5 million through the issue of 603,449 EOS imaging share warrants (ABSAs) in favour of OneFit Medical in consideration for the contribution of 87.5% of the capital of OneFit Medical.
  Under the terms of the contribution agreement dated 4 November 2013, the partners of OneFit Medical tendered 101,250 OneFit Medical shares to EOS imaging, representing 87.5% of the share capital and voting rights of OneFit Medical.
  In consideration for this contribution valued at €3,500,004.20, EOS imaging issued 603,449 new common shares ("**EOS Shares**"), each of which carries three EOS share subscription warrants ("**EOS BSAs**"), i.e. a total of 1,810,347 BSAs (together the "**ABSAs**").
  The ABSAs, with a par value of €0.01 each, were issued at a unit price of €5.80 (i.e. with an issue premium of €5.79), for a capital increase of a nominal amount of €6,034.49 euros and a total amount of €3,500,004.20 (including the issue premium of €3,493,969.71).
  Holders of the EOS BSAs may be awarded a maximum of 172,416 new shares in EOS imaging. The new EOS imaging shares thus subscribed will have a par value of €0.01 each for a unit subscription price of €5.80 (i.e. a premium of €5.79 per share). The full exercise of the BSAs could thus represent a capital increase of a nominal amount of €1,724.16 (i.e. a total amount of €1,000,012.80 with an issue premium of €998,288.64).
  However, the exercise of the EOS BSAs is subject to the achievement of regulatory and financial objectives by OneFit Medical in 2014. If these objectives are not achieved, the EOS BSAs shall automatically become null and void.
  Moreover, the EOS BSAs will need to be exercised in full in a single transaction during each of the allocated exercise periods. Any EOS BSAs not exercised during these exercise periods shall automatically become null and void.
  Lastly, the EOS BSAs were detached from the EOS shares upon their issue. As they are non-transferrable, the EOS BSAs are exclusively issued in the name of their holders and are not admitted to trading.

21.1.7 Summary of dilutive instruments

On the date of this Registration Document, the total number of common shares liable to be created following the exercise of or subscription to stock options or other securities issued giving access to the company's capital amounts to 1,372,121, broken down as follows:

Exercise of stock options awarded to corporate officers (including Marie Meynadier and Hervé Legrand):	477,130
Exercise of stock options awarded to company employees (excluding Marie Meynadier and Hervé Legrand):	682,575
Acquisition of free shares:	None
Exercise of BSAs (warrants) awarded to corporate officers:	40,000
Exercise of OneFit BSAs:	172,416
Total	1,372,121

These 1,372,121 new shares represent a maximum potential dilution of 6.95% of the diluted capital. The dilution of voting rights also comes to 6.95%.

21.1.8 Option or conditional or unconditional agreement to put the capital of any Group member under option

None

21.1.9 Status of the authorizations granted by the company's General Meetings

The table below summarises the authorizations granted by the Combined General Meeting of 13 June 2013, still valid on the date of this document, or having been applicable or used in 2013.

Purpose of the authorization	Date and duration of the authorization	Maximum nominal amount of the capital increase	Amount used
Issues of securities			
Capital increase through the issuing of common shares or any other securities giving access to the company's capital, with preferential subscription rights	AGM of 13 June 2013 (12th resolution) 26 months, i.e. until 12 August 2015	€34,805 (1) and (2)	Not used
Capital increase through the issuing of common shares or any other securities giving access to the company's capital, with cancellation of preferential subscription rights and public offering	AGM of 13 June 2013 (13th resolution) 26 months, i.e. until 12 August 2015	€34,805 (1) and (2)	Not used

Purpose of the authorization	Date and duration of the authorization	Maximum nominal amount of the capital increase	Amount used
Capital increase through the issuing of common shares or any other securities giving access to the company's capital, with cancellation of preferential subscription rights, as part of an offering to qualified investors	AGM of 13 June 2013 (14th resolution) 26 months, i.e. until 12 August 2015	€34,805 (1) and (2)	Not used
Authorization to issue shares or any other securities giving access to the company's capital, with cancellation of preferential subscription rights, and to set the issue price so as not to exceed 10% of the share capital;	AGM of 13 June 2013 (15th resolution) 26 months, i.e. until 12 August 2015		Not used
Delegation of power for the purpose of increasing the number of securities to be issued in the event of a capital increase with or with cancellation of preferential subscription rights;	AGM of 13 June 2013 (16th resolution) 26 months, i.e. until 12 August 2015	(2)	Not used
Capital increase through the issuing of common shares or any other securities giving access to the company's capital, in the event of a public offering including an exchange component, initiated by the company	AGM of 13 June 2013 (17th resolution) 26 months, i.e. until 12 August 2015	€34,805 (1) and (2)	Not used
Capital increase in consideration for in-kind contributions of shares or any other securities giving access to the capital of third-party companies, excluding public exchange offerings *(Renewal of this authorization to be submitted to the vote of shareholders at the company's next General Meeting to be held on 17 June 2014 (11th resolution)*	AGM of 13 June 2013 (18th resolution) 26 months, i.e. until 12 August 2015	€17,402 and, at any rate, not exceeding 10% of the capital (3)	€6,034.49
Capital increase through the capitalisation of premiums, reserves, profits or other, within the limit of 20% of the share capital	AGM of 13 June 2013 (20th resolution) 26 months, i.e. until 12 August 2015	€34,805	€120.00

Purpose of the authorization	Date and duration of the authorization	Maximum nominal amount of the capital increase	Amount used
Issue and allocation of BSAs (warrants) with cancellation of preferential subscription rights *(Renewal of this authorization to be submitted to the vote of shareholders at the company's next General Meeting to be held on 17 June 2014 (12th resolution)*	AGM of 13 June 2013 (21st resolution) 18 months, i.e. until 12 December 2014	€15,000	Not used
Share buyback and capital reduction			
Buyback by the company of its own shares *(Renewal of this authorization to be submitted to the vote of shareholders at the company's next General Meeting to be held on 17 June 2014 (9th resolution)*	AGM of 13 June 2013 (10th resolution) 18 months, i.e. until 12 December 2014	10% of capital	Yes. See Section 21.1.3 of this Registration Document
Share capital reduction through the cancelation of shares under the share buyback authorization *(Renewal of this authorization to be submitted to the vote of shareholders at the company's next General Meeting to be held on 17 June 2014 (10th resolution)*	AGM of 13 June 2013 (11th resolution) 18 months, i.e. until 12 December 2014	10% of the capital per 24-month period	Not used

(1) In the case of the issuance of debt securities, the amount of the issuance may not exceed €20 million.
(3) This amount is deducted from the total maximum nominal amount of €20 million (19th resolution).
(4) In the case of the issuance of debt securities, the amount of the issuance may not exceed €10 million.
(5) Maximum share buyback price (excluding fees and commissions): €27.48 with an overall ceiling of €5 million.

21.1.10 History of the share capital

The table below shows changes in the company's capital over the period:

Date	Transaction	Share capital issued	Issue premium	Number of shares issued	Number of shares comprising the share capital
Total at 31 December 2011		116,036	22,271,528		11,603,559
15/02/2012 (IPO)	Capital increases	57,989	39 780 248	5,798,870	
15/02/2012	Cost of capital increase		(3,539,188)		
Total at 31 December 2012		174,025	58,512,589		17,402,429
15/03/2013	Warrant issue		8,400		
27/11/2013 (Acquisition of OneFit)	Capital increase (contribution)	6,034	3,493,970	603,449	
Total at 31 December 2013		180,059	62,014,958		18,005,578

On the date of this Registration Document and following:

- the definitive award of 360,000 free shares to the company's CEO, Marie Meynadier, (see Sections 17.2.3 and 21.1.5 of this Registration Document),
- the exercise of 12,000 stock options by an employee,

the share capital amounts to €183,778.78, divided into 18,377,878 fully paid-up shares of the same class, with a par value of €0.01 each.

21.2 MEMORANDUM OF ASSOCIATION AND BYLAWS

21.2.1 Corporate purpose

The purpose of the company, in France and abroad, is the study, development, manufacture, purchase and sale of any and all mechanical, electrical, electronic, computer, data communication, biological and medical equipment and any and all measurement apparatus, publication, any and all provisions of services, and any and all negotiations of patents and expertise in all the above fields, and, more generally, any and all industrial, commercial, of financial operations, involving movable

or real property, that may be related directly or indirectly to the corporate purpose or that might facilitate the expansion or development thereof.

21.2.2 Provisions in the bylaws or other provisions related to the Board of Directors

21.2.2.1 Board of Directors

A. Composition of the Board of Directors (Article 11 of the bylaws)

The company is administered by a Board of Directors composed of natural persons or legal entities, the number of which is set by the Ordinary General Meeting within the limitations established by law.

Any legal entity must, at the time of its appointment, designate a natural person to be its permanent representative on the Board of the Directors. The term of the permanent representative is the same as that of the legal entity member of the Board of the Directors that he or she represents. When the legal entity revokes its permanent representative, it must immediately provide for his or her replacement. The same provisions apply in case of the death or resignation of the permanent representative.

The term of the members of the Board of Directors is three years. The term of a member of the Board of Directors terminates at the close of the Ordinary General Shareholders' Meeting that has voted on the financial statements of the past financial year, held in the year in which the term of said member of the Board of Directors expires.

The members of the Board of Directors may be re-elected; they may be dismissed at any time by a decision of the General Shareholders' Meeting.

In the event of a vacancy of one or more seats on the Board of Directors caused by death or resignation, the Board of Directors may, between two General Meetings, make appointments on a temporary basis.

The appointments made by the Board pursuant to the paragraph above are submitted to the next Ordinary General Meeting for its ratification.

If they are not ratified, the decisions adopted and acts performed previously by the Board are nevertheless valid.

When the number of members of the Board of Directors has fallen below the legal minimum, the remaining members must immediately convene an Ordinary General Meeting, in order to fill the remaining seats on the Board.

An employee of the company may be appointed a member of the Board of Directors. His or her employment contract must, however, correspond to an actual job. In this case, he or she does not lose the benefit of his or her employment contract.

The number of members of the Board of Directors who have employment contracts with the company may not exceed one-third of the members of the Board of Directors in office.

The number of members of the Board of Directors who are more than 70 years old may not exceed one-third of the members of the Board of Directors in office. When that limit is exceeded during a term, the oldest member of the Board is automatically deemed to have resigned at the end of the next General Shareholders' Meeting.

B. Non-voting members of the Board of Directors (Article 15 of the bylaws)

The Ordinary General Meeting may, upon a proposal made by the Board of Directors, appoint non-voting members of the Board. The Board of Directors may also appoint such members directly, subject to ratification by the next General Meeting.

The non-voting members of the Board, the number of which may not exceed three, form a panel (collège). They are chosen freely because of their competence.

They are appointed for a term of two years that ends at the close of the Ordinary General Shareholders' Meeting that has voted on the financial statements of the past financial year.

The panel of non-voting members of the Board of Directors examine the issues that the Board of Directors or its Chairman submits to its review, for opinion. The non-voting members of the Board attend meetings of the Board of Directors and participate in the deliberations in an advisory capacity only. Their absence does not affect the validity of the deliberations.

They are called to the meetings of the Board under the same conditions as the members of the Board.

The Board of Directors may compensate the non-voting members of the Board from the amount of the directors' fees set aside for the members of the Board by the General Meeting.

C. Meeting of the Board of Directors (Article 12 of the bylaws)

The Board of Directors meets as often as the interests of the company requires.

The members of the Board are called to Board meetings by the Chairman. The notice to convene may be made by all means, in writing or orally.

The Chief Executive Officer may also ask the Chairman to call the Board of Directors to discuss a specific agenda.

Furthermore, directors who represent at least one-third of the members of the Board may validly call a meeting of Board. In that case, they must indicate the agenda for the meeting.

When a Works Council has been formed, the representatives of that committee, appointed in compliance with the provisions of the French Labour Code (Code du Travail), must be called to all the meetings of the Board of Directors.

The meetings of the Board take place either at the registered office of the company or at any other place in France or outside of France.

For the deliberations of the Board to be valid, the number of members present must be equal to at least one-half of the members.

The decisions of the Board of Directors are made by majority vote; in the case of a tie vote, the Chairman presiding the meeting does not have a casting vote.

Any rules of procedure that may be adopted by the Board of Directors may stipulate, in particular, that for the calculation of quorum and majority, Board members who participate in a Board meeting via video-conference or telecommunications in compliance with the regulations in effect shall be deemed to be present. This provision is not applicable to the adoption of decisions coming under Articles L. 232-1 and L. 233-16 of the French Commercial.

Each Board member receives the information necessary to perform his or her mission and term and may have transmitted to him or her all the documents that he or she deems to be relevant.

Any member of the Board of Directors may give, by letter, telegram, telex, fax, e-mail, or any electronic means, a proxy to another member of the Board of Directors to represent him or her at any meeting of the Board, but each member of the Board may have only one proxy during a meeting.

The copies of or excerpts from the minutes of the Board of Directors' meetings may be validly certified by the Chairman of the Board of Directors, the Chief Executive Officer, a member of the Board to whom the position of Chairman has been delegated temporarily, or a proxy-holder authorized for this purpose.

D. Powers of the Board of Directors (Article 13 of the bylaws)

The Board of Directors determines the strategic directions for the business activity of the company and ensures that they are implemented. Subject to the powers expressly awarded to the General Meetings and within the limitations of the corporate purpose, any issue concerning the proper operation of the company can be referred to the Board, which settles matters concerning the company by its deliberations.

In its relationships with third parties, the company is bound even by the acts of the Board of Directors that do not fall within the corporate purpose, unless it proves that the third party knew that the act went beyond that purpose and the third party could not have been unaware of that, in view of the circumstances; the mere publication of the bylaws is not sufficient to constitute that proof.

The Board of Directors conducts the assessments and verifications that it deems appropriate.

Moreover, the Board of Directors exercises the special powers that are conferred upon it by law.

21.2.2.2 Chief Executive Officer (Article 14 of the bylaws)

The management of the company is overseen, under the responsibility of the Chairman of the Board of Directors, either by the Chairman, or by another natural person appointed by the Board of Directors and bearing the title of Chief Executive Officer.

The Chief Executive Officer is vested with the broadest powers to act in all circumstances in the name of the company. He or she exercises his or her powers within the limitations of the corporate purpose and subject to the powers that the law expressly grants to General Meetings and to the Board of Directors.

He or she represents the company in its relationships with third parties. The company is bound even by the acts of the Chief Executive Officer that do not fall within the corporate purpose, unless it proves that the third party knew that the act went beyond that purpose and the third party could not be have been unaware of that, in view of the circumstances; the mere publication of the bylaws is not sufficient to constitute that proof.

The Chief Executive Officer may not be more than 65 years old. If the Chief Executive Officer reaches this age limit, he or she will be deemed to have resigned automatically. His or her term would be extended, however, until the next meeting of the Board of Directors during which the new Chief Executive Officer is appointed.

When the Chief Executive Officer is also a member of the Board of Directors, his or her term may not exceed that of his or her term as member of the Board of Directors.

The Board of Directors may remove the Chief Executive Officer at any time. If removal is decided without reasonable cause, it can result in damages, unless the Chief Executive Officer takes up the position of Chairman of the Board of Directors.

In an ordinary decision made by a majority vote of the members of the Board of Directors present or represented, the Board of Directors chooses between the two management options mentioned in the first paragraph.

The shareholders and third parties are informed of this choice under the legal and regulatory conditions.

The choice of the Board of Directors remains in effect either until the Board decides otherwise, or, at the choice of the Board, for the term of the Chief Executive Officer.

When the position of Chief Executive Officer of the company is held by the Chairman of the Board of Directors, the provisions that are applicable to the Chief Executive Officer are applicable to him or her.

In compliance with the provisions of Article 706-43 of the French Code of Criminal Procedure (Code de Procédure Pénale), the Chief Executive Officer may validly delegate to any person of his or her choosing the power to represent the company in criminal legal proceedings that might be brought against the latter.

Upon a proposal by the Chief Executive Officer, the Board of Directors may give a mandate to one or more natural persons to assist the Chief Executive Officer in the capacity of Executive Vice President.

In agreement with the Chief Executive Officer, the Board of Directors determines the scope and the term of the powers granted to the Executive Vice Presidents. The Board of Directors sets their compensation. When an Executive Vice President is a member of the Board of Directors, his or her term may not exceed that of his or her term as member of the Board of Directors.

With respect to third parties, Executive Vice Presidents have the same powers as the Chief Executive Officer; the Executive Vice Presidents have, in particular, the power to be a party in legal proceedings.

The number of Executive Vice Presidents may not be greater than five.

The Executive Vice President(s) may be dismissed at any time by the Board of Directors, upon a proposal by the Chief Executive Officer. If the dismissal is decided without reasonable grounds, it may result in damages.

An Executive Vice President may not be more than 65 years old. If an Executive Vice President reaches this age limit, he or she will be deemed to have resigned automatically. His or her term would be extended, however, until the next meeting of the Board of Directors during which a new Executive Vice President may be appointed.

When the Chief Executive Officer ceases to perform or is prevented from performing his or her duties, the Executive Vice President(s) retain their positions and their powers until the appointment of a new Executive Vice President, unless there is a decision to the contrary by the Board of Directors.

21.2.3 Rights, privileges, and restrictions attached to shares of the company

21.2.3.1 Forms of securities (Article 7 of the bylaws)

The fully paid-up shares are in registered or bearer form, at the choice of each shareholder, subject, however, to the application of the legal provisions related to the form of the shares owned by certain natural persons or legal entities. The shares that are not fully paid up must be in registered form.

The shares are recorded in a registry under the conditions and in accordance with the procedures stipulated by the laws and regulations in effect.

Ownership of shares issued in registered form results from their being recorded in a registered account.

21.2.3.2 Voting rights (excerpt from Article 9 of the bylaws)

Except in cases where the law stipulates otherwise, each shareholder has as many voting rights and in Meetings casts as many votes as the number of fully paid-up shares that he, she, or it possesses. At equal par value, each capital share or dividend-right share entitles the holder to one vote.

21.2.3.3 Rights to dividends and profits (excerpts from Articles 9, 21 and 22 of the bylaws)

Each share entitles the shareholder, in terms of ownership of the corporate assets, the sharing of the profits, and the proceeds of liquidation, to a share in proportion to the number and par value of the existing shares.

Whenever it is necessary to own several shares, whether preference shares or not, or securities giving entitlement to exercise any right, the shareholders or the holders of securities are personally responsible for grouping together the required number of shares or securities.

A mandatory deduction of at least five percent (5%) must be made from the profit of the financial year, less any previous losses, and allocated to a reserve fund called the "legal reserve". This deduction ceases to be mandatory when the reserve has reached one-tenth of the company’s share capital.

The distributable profit is made up of the profit of the financial year, less prior losses and the deduction set out in the previous paragraph, plus retained earnings carried forward.

If there is a distributable profit in the financial statements at the end of the year, as approved by the General Meeting, said Meeting decides whether to post it to one or more reserve items, for which it controls the allocation or use, to retained earnings or to distribute it in the form of dividends.
After identifying the existence of reserves which it may have, the General Meeting may decide to distribute sums deducted from these reserves. In this case, the decision must expressly indicate the reserve items from which these deductions are to be made. However, dividends are deducted, first, from the distributable profit for the financial year.

The terms and conditions of the payment of dividends are set by the General Meeting, or, otherwise, by the Board of Directors.

Nevertheless, payment of the dividends must take place within a maximum time limit of nine months after the close of the financial year.

The General Meeting that votes on the financial statements for the year may grant to each shareholder, for some or all of the dividends to be paid, the option of dividend payment in cash or in shares.

Likewise, Ordinary General Meetings, ruling under the conditions stipulated in Article L. 232-12 of the French Commercial Code, may grant each shareholder an interim dividend and, for all or part of said interim dividend, an option between payment of the interim dividend in cash or in shares.

21.2.3.4 Preferential subscription right

The shares of the company's stock have a preferential right to subscribe to share capital increases under the conditions stipulated by the French Commercial Code.

21.2.3.5 Limitations on voting rights

No clause in the bylaws limits the voting rights attached to the shares.

21.2.3.6 Identifiable bearer shares

The company may, under the legal and regulatory conditions in effect, request at any time, in return for remuneration at its expense, from any authorized body, the name, or, if it concerns a legal entity, the corporate name, the nationality, and the address of the owners of securities conferring, immediately or in the future, the right to vote in its own General Shareholders' Meetings, as well as the number of securities owned by each of them and, as applicable, the restrictions to which those securities may be subject.

21.2.3.7 Buyback by the company of its own shares

Refer to Section 21.1.3 “Treasury shares”.

21.2.4 Terms and conditions for modifying the rights of shareholders

The rights of shareholders as they appear in the company's bylaws may only be modified by an Extraordinary General Shareholders' Meeting of the company.

21.2.5 General Shareholders' Meetings

A. Holding the meetings (Article 19 of the bylaws)

The General Meetings are called and convened under the conditions established by law.
When the company wishes to call a meeting by electronic communication instead and in place of a postal mailing, it must obtain prior approval from the shareholders involved, who will indicate their e-mail addresses.

The meetings are held at the company's registered office or in any other place specified in the convocation notice.

The right to participate in the meetings is governed by the legal and regulatory provisions in effect and is subject, in particular, to the recording of the securities in the register in the name of the shareholder, or of the intermediary recorded on his or her behalf, on the third business day preceding the meeting as of 00:00 hours, Paris time, either in the securities registers held by the company or in the bearer registers held by an authorized intermediary.

If a shareholder does not personally attend the meeting, he or she may choose one of the following three ways to participate, subject to the conditions stipulated by law and regulations:

- give a proxy in accordance with the conditions authorized by law and regulations;
- vote by postal vote; or
- send a proxy to the company without indicating the proxy holder.

The Board of Directors may arrange, in accordance with the conditions stipulated by law and regulations in effect, for the participation and voting of the shareholders in the meetings by video conference or by telecommunications methods that allow them to be identified. If the Board of Directors decides to exercise this option for a given meeting, this decision is notified by the Board in the meeting and/or convocation notice. The shareholders, who participate in the meetings by video-conference or by any of the other telecommunication methods mentioned above, as the Board of Directors chooses, are deemed to be present for the calculation of quorum and majority.

The meetings are chaired by the Chairman of the Board of Directors or, in his or her absence, by the Chief Executive Officer, by an Executive Vice President if he or she is a member of the Board of Directors, or by member of the Board of Directors who is specifically delegated for this purpose by the Board. Otherwise, the meeting elects its own chairman.

The positions of scrutineers are filled by the two members of the meeting who are present and accept these positions, who have the largest number of votes. The Executive Committee appoints the secretary, who may be chosen from among persons who are not shareholders.

An attendance sheet is maintained in accordance with the conditions stipulated by law.

An Ordinary General Meeting that is held upon the first calling may only deliberate validly if the shareholders present or represented own at least one-fifth of the shares that have voting rights. An Ordinary General Meeting that is held upon the second calling may deliberate validly regardless of the number of shareholders that are present or represented.

Decisions of the Ordinary General Meeting are made with a majority vote of the shareholders present or represented.

An Extraordinary General Meeting that is held upon the first calling may only deliberate validly if the shareholders present or represented own at least one-fourth of the shares that have voting rights. An Extraordinary General Meeting that is held upon the second calling may only deliberate validly if the shareholders present or represented own at least one-fifth of the shares that have voting rights. Decisions of the Extraordinary General Meeting are made with a two-thirds majority vote of the shareholders present or represented.

Copies or excerpts from the minutes of the meeting may be validly certified by the Chairman of the Board of Directors, by a member of the Board of Directors who holds the position of Chief Executive Officer, or by the Secretary of the Meeting.

B. Powers of the meetings (Article 19 of the bylaws)

The Ordinary and Extraordinary General Meetings exercise their respective powers in accordance with the conditions stipulated by law

21.2.6 Mechanisms that allow a change of control to be delayed, deferred, or prevented

The bylaws of the company do not contain mechanisms that allow a change of control to be delayed, deferred, or prevented.

21.2.7 Crossing of regulatory thresholds (Article 8 of the bylaws)

Any natural person or legal entity, acting alone or in concert, who owns, in any manner whatsoever, under the meaning of Articles L. 233-7 et seq. of the French Commercial Code, directly or indirectly, a proportion equal to three percent (3%) of the share capital or voting rights of the company, must transmit to the company the information indicated in Article 233-7-I of the French Commercial Code (notably the total number of shares and voting rights that said person or entity holds) by means of registered letter with return receipt requested or by any other equivalent means for persons residing outside of France, sent to the registered office within four trading days from the date the threshold is crossed.

This obligation also applies, under the conditions above, whenever a new threshold of 3% of the share capital or voting rights of the company is reached or exceeded, regardless of the reason therefore, including beyond the legal threshold of 5%.

Any shareholder whose interest in the share capital or voting rights falls below one of the thresholds stipulated above is also required to inform the company thereof within the same time limit of four trading days, in accordance with the same terms and conditions.

If this provision is not properly complied with, at the request of one or more shareholders holding at least five percent of the share capital or voting rights of the company, the shares that exceed the threshold and that should have been declared are deprived of the voting rights for any shareholders' meeting that is held until the expiration of a time period of two years following the date the notification is brought into compliance.

21.2.8 Special stipulations governing changes in the share capital

There are no special stipulations in the bylaws of the company that govern changes in its share capital.

22 SIGNIFICANT AGREEMENTS

With the exception of the agreements described below, the Group has not concluded significant agreements other than those concluded in the normal course of its business.

22.1 Subcontracting and partnership agreement between AXE Group and EOS imaging SA dated 21 February 2012

On 21 February 2012, the Company signed an agreement with the AXE Group concerning the manufacturing of the EOS system, for a period of three years.

Under the terms of this agreement, the Company entrusts the production as well as the assembly (i.e., the integration) of its EOS radiology apparatus to AXE Group. Axe is committed to a production capacity of at least four of these appliances per month under this agreement, beginning on 1 July 2012.

The price of the EOS system is defined each year on the basis of an open-book analysis of the costs incurred by AXE Group, to which are added a margin agreed between the Parties. The Parties also agreed on a scale for sharing the savings related to the productivity gains expected from their collaboration.

The company agrees to work exclusively with Axe Group for the EOS integration, and AXE Group agrees to seek prior approval from the company before working with a new customer that might be a competitor of the company. The protocol specifies that the conditions of this mutual exclusivity could be revised in the case of a change in control of either of the Parties.

22.2 License agreement between the École de Technologie Supérieure (ETS) and EOS imaging dated 2 November 2011

By a license agreement dated 2 November 2011 and applicable retroactively beginning on 1 January 2006, ETS granted the company a worldwide license to use the intellectual property (patents and software packages) related to the technology that allows three-dimensional reconstruction on the basis of planar views. This license is exclusive for the medical field related to the 3D reconstruction of the osteo-articular system on the basis of X-ray planar images. EOS is authorized to grant sub-licenses to the technology for which the license is granted, for a term that does not exceed that of the license.

This license is granted to EOS in consideration for the payment of royalties.

This agreement is concluded for term that runs, unless terminated early, until the closer of the following two dates: the expiration of the property rights to the technology or 31 December 2024.

ETS may, in particular, terminate the license early if the following three conditions are fulfilled: (i) change in control of EOS imaging (ii) as a result of which a new legal entity is substituted for EOS imaging, and (iii) that new legal entity refuses to assume the rights and obligations of EOS under the terms of the license. ETS grants no warranty of any kind whatsoever for the technology for which the license is granted to EOS imaging, and EOS imaging is responsible for the expenses related to the legal protection of the intellectual property rights for which the license is granted to it.

EOS imaging may freely transfer its rights and obligations under the license to any company that controls it or in which it holds more than 40% of the share capital. In all other cases of transfers, ETS may oppose the transfer envisaged for valid and serious reasons.

Each Party is subject to a confidentiality clause that requires it to protect the confidentiality of the confidential information disclosed within the framework of the agreement.

22.3 License agreement between ARTS (acting in partnership with the Laboratoire de BioMécanique of the École Nationale Supérieure d'Arts et Métiers) and EOS imaging dated 28 July 2011

By a license agreement dated 28 July 2011 applicable retroactively beginning on 1 January 2006, ARTS granted to the company a worldwide license to use the intellectual property (patents and software packages) related to the technology that allows 3D reconstruction on the basis of one, two, or more plane X-ray views. This license is exclusive for the medical field related to the 3D reconstruction of the osteo-articular system on the basis of X-ray plane images. EOS is authorized to grant sub-licenses to the technology for which the license is granted, for a term that does not exceed that of the license.

This license is granted to EOS in consideration for the payment of royalties.
This agreement is concluded for a term that runs, unless terminated early, until 31 December 2024.

ARTS grants no warranty of any kind whatsoever for the technology for which the license is granted to EOS imaging (in particular for its original nature, that it is not counterfeit, its utility, or its quality), and EOS imaging is responsible for the expenses related to the legal protection of the intellectual property rights for which the license is granted to it.

ARTS may, in particular, terminate the license early if the following three conditions are fulfilled: (i) change in control of EOS imaging (ii) as a result of which a new legal entity is substituted for EOS imaging, and (iii) that new legal entity refuses to assume the rights and obligations of EOS under the terms of the license. EOS imaging may freely transfer its rights and obligations under the license to any company that controls it or in which it holds more than 40% of the share capital. In all other cases of transfers, ARTS may oppose the transfer envisaged for valid and serious reasons.

Each Party is subject to a confidentiality clause that requires it to protect the confidentiality of the confidential information disclosed within the framework of the agreement.

23 INFORMATION PROVIDED BY THIRD PARTIES, APPRAISERS' CERTIFICATIONS, AND DECLARATIONS OF INTERESTS

None

24 DOCUMENTS AVAILABLE FOR PUBLIC CONSULTATION

The company's press releases and documents, including in particular, its bylaws, its financial statements and the reports presented at the General Meetings by the Board of Directors and the Statutory Auditors, and the annual information document are available on the company's website at the following address: www.eos-imaging.com.

A copy of these documents can be obtained from the company's head office.

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Newcap
Financial Communication/Investor Relations
Pierre Laurent/Sophie Boulila
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25 INFORMATION CONCERNING INVESTMENT INTERESTS

The information concerning the companies in which the company owns a portion of the share capital that might have a significant impact on the assessment of its assets, financial position, or results appears in Chapters 7 "*Organization Chart*" and 20 "*Financial Information concerning the company's assets, financial position and results*" in this Registration Document.

ANNEXES

ANNEX 1

- **1.1** Consolidated financial statements at 31 December 2013
- **1.2** Statutory Auditors' Report on the consolidated financial statements at 31 December 2013

ANNEX 2

- **2.1** Parent company financial statements at 31 December 31
- **2.2** Statutory Auditors' Report on the parent company financial statements at 31 December 2013

ANNEX 3

- **3.1** Statutory Auditors' Special Report on related party agreements (2013)
- **3.2** Statutory Auditors' Special Report on related party agreements (2012)
- **3.3** Statutory Auditors' Special Report on related party agreements (2011)

ANNEX 4

- **4.1** Chairman's report on internal control and risk management procedures at 31 December 31
- **4.2** Statutory Auditors' Report pursuant to Article L. 225-235 of the French Commercial Code on the Chairman's report on internal control and risk management procedures

ANNEX 5

- **5.1** About the methodology or corporate social responsibility report
- **5.2** Independent body's report on corporate social responsibility data (Statutory Auditors' certification of the presence of corporate social responsibility data and moderate assurance report)

ANNEXE 6 Fees paid to the statutory auditors

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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 2013

STATEMENT OF FINANCIAL POSITION

(in thousands of euros)

ASSETS	Note	Fiscal year	
		31/12/2013	31/12/2012
Goodwill	*4*	5,131	
Non-current intangible assets	*5*	1,552	880
Property, plant and equipment	*6*	1,113	537
Financial assets	*7*	85	58
Total non-current assets		**7,882**	**1,475**
Inventory and work in process	*8*	3,215	1,103
Accounts receivable	*9*	10,839	5,973
Other current assets	*9*	3,909	2,109
Cash and cash equivalents	*10*	20,749	26,975
Total current assets		**38,712**	**36,160**
TOTAL ASSETS		**46,594**	**37,635**

EQUITY AND LIABILITIES	Note	31/12/2013	31/12/2012
Share capital	*11*	180	174
Treasury shares		(282)	(336)
Share-based bonuses		62,015	58,513
Reserves		(25,917)	(19,810)
Translation reserves		(45)	161
Consolidated income attributable to the parent		(5,884)	(7,223)
Total equity		**30,067**	**31,478**
Provisions	*12*	171	129
Financial liabilities	*13*	3,916	752
Total non-current liabilities		**4,087**	**881**
Financial liabilities - *Portion under one year*			
Short term bank loans	*14*	5,007	
Accounts payable – trade	*14*	4,021	2,330
Other current liabilities	*14*	3,412	2,945
Total current liabilities		**12,440**	**5,275**
TOTAL LIABILITIES		**46,594**	**37,635**

STATEMENT OF COMPREHENSIVE INCOME

(in thousands of euros)

	Note	Financial year ended 31 December	
		2013	2012
Revenue from ordinary activities			
Sales	*15*	15,170	9,424
Other revenue	*15*	1,501	970
Total revenue from ordinary activities		**16,671**	**10,394**
Operating expenses			
Direct cost of sales		(8,691)	(5,659)
Indirect cost of production and service	*18*	(2,247)	(1,588)
Research and development	*18*	(2,598)	(2,164)
Sales and marketing	*18*	(5,116)	(4,224)
Regulatory	*18*	(569)	(670)
Administration	*18*	(2,694)	(2,381)
Share-based payments	*17*	(1,125)	(1,404)
Total operating expenses		**(23,041)**	**(18,090)**
OPERATING INCOME		**(6,370)**	**(7,697)**
Financial expenses	*19*	(152)	(214)
Financial revenue	*19*	638	688
INCOME FROM ORDINARY ACTIVITIES BEFORE INCOME TAXES		**(5,884)**	**(7,223)**
Income tax expense	*20*		
NET INCOME FOR THE PERIOD - Attributable to the parent		**(5,884)**	**(7,223)**
Items that will subsequently be reclassified in net profit or loss			
Translation adjustment on foreign entities		(206)	161
Items that will not be reclassified in net profit or loss			
Actuarial difference on pension commitments		(6)	
COMPREHENSIVE INCOME FOR THE PERIOD		**(6,096)**	**(7,062)**
Basic and diluted net income per share (in €)	*23*	(0.34)	(0.43)

STATEMENT OF CHANGES IN EQUITY

(in thousands of euros)

EOS IMAGING equity	Capital	Share-based bonuses	Treasury shares	Consolidated reserves	Translation reserves	Consolidated earnings	Total
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**
Appropriation of income from the previous year				(7,223)		7,223	
Capital increase	6	3,494					3,500
Allocation of Warrants		8					8
Change in translation adjustments					(206)		(206)
Change in translation adjustments				(6)			(6)
Change in accounting method				(3)			(3)
Income for the current period						(5,884)	(5,884)
Share-based payments				1,125			1,125
Treasury shares			54				54
31/12/2013	**180**	**62,015**	**(282)**	**(25,917)**	**(45)**	**(5,884)**	**30,067**

STATEMENT OF CASH FLOWS

(in thousands of euros)

	Financial year ended 31 December	
	2013	**2012**
CASH FLOWS FROM OPERATING ACTIVITIES		
Consolidated net income	(5,884)	(7,223)
Elimination of depreciation, amortisation and provisions	743	503
Calculated revenue and expenditure related to share-based payments	1,125	943
Internally generated funds from operations	**(4,015)**	**(5,777)**
Change in working capital requirements related to operations	**(6,506)**	**(2,554)**
Inventory and work in process	(2,116)	186
Accounts receivable	(4,937)	(3,173)
Other current assets	(1,654)	(424)
Accounts payable - Trade	1,892	(108)
Other current liabilities	309	965
Net cash flow related to operating activities	**(10,522)**	**(8,331)**
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisitions of property, plant and equipment and non-current intangible assets	(1,698)	(585)
Disposals of property, plant and equipment and non-current intangible assets	(19)	96
Change in financial assets	(19)	
Acquisition of OneFit Medical[(1)]	(299)	
Net cash flow from investing activities	**(2,035)**	**(490)**
CASH FLOWS FROM FINANCING ACTIVITIES		
Capital increase		36,299
Issue of warrants	8	
Reimbursable advances and financial interest	178	32
Acquisition of treasury shares	(280)	(540)
Disposal of treasury shares	334	205
Zero-rate loan	1,500	
Bond issue		(1,923)
Net cash flow related to financing activities	**1,740**	**34,072**
Impact of currency rate fluctuations	(417)	12
Change in cash	**(11,233)**	**25,262**
Cash and cash equivalents at beginning of period	26,975	1,712
Short term bank loans at beginning of period		
Cash at beginning	**26,975**	**1,712**
Cash and cash equivalents at close of period	20,749	26,975
Short term bank loans at close of period	(5,007)	
Cash at close	**15,742**	**26,975**
Change in cash	**(11,233)**	**25,262**

[(1)] The net cash outflow in acquiring OneFit Medical breaks down as follows:

- Acquisition price	-5,000
- Capital increase	3,500
- Earn-out recognised as a liability	1,000
- Cash acquired	201
Impact of the acquisition on the Group's liquidity	-299

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.

On 27 November 2013 the Company acquired 100% of the stock of OneFit Medical, publisher of knee and hip surgery planning software and manufacturer of patient-specific cutting guides for orthopaedic surgeries (see Note 4).

The company was listed 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 2013 of EOS Imaging were approved by the Board of Directors on 8 April 2014.

NOTE 3: ACCOUNTING POLICIES AND PRINCIPLES

3.1. 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 17).

3.2. 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 Unionas of 31 December 2013. 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 2013 are unchanged from those used for the financial year ended 31 December 2012 except for IAS 19 as revised, which affected shareholders equity as at 31 December 2013 by €9 K. There was no impact reflected on the financial statements as at 31 December 2012 as it was deemed to be non-material.

The other standards and their following amendments and interpretations adopted by the European Union that the Group must apply as of 1 January 2013 are the following:

- Amendment to IAS 1 "Presentation of Line Items for Other Total Income";
- Amendment to IFRS 7 "Disclosures on Offsetting Financial Assets and Financial Liabilities";
- Amendment to IFRS 1 "Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters";
- Amendment to IFRS 1 "Government Loans";
- IFRS 13 "Fair Value Measurement";
- IFRIC 20 "Stripping Costs";
- the annual improvements to the IFRS (2009-2011): IAS 1 "Presentation of Financial Statements", IAS 16 "Tangible assets" and IAS 32 "Financial Instruments - Presentation", IAS 34 "Interim Financial Reporting";
- 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 2013.

The standards adopted by the European Union but not yet mandatory as of 31 December 2013 are as follows:

- IFRS 10 "Consolidated Financial Statements", IFRS 11 "Partnerships", IFRS 12 "Disclosure of Interests in Other Entities", IAS 27 "Separate Financial Statements", and IAS 28 "Investments in Associates and Joint Ventures": the body of standards that relate to consolidation;
- The amendments to the transitional provisions of IFRS 10, 11 and 12;
- Amendments to IFRS 10, IFRS 12 and IAS 27 "Investment Entities";
- Amendment to IAS 32 "Offsetting Financial Assets and Financial Liabilities";
- Amendments to IAS 39 "Novation of Derivatives and Continuation of Hedge Accounting";
- Amendments to IAS 36 "Impairment of Assets - Disclosure of the Recoverable Value of Non-financial Assets".

Standards not yet adopted by the European Union are;

- IFRS 9 "Financial Instruments";
- the Amendments to IAS 19 "Defined-benefit plans - Employee Contributions";
- the Amendments to IFRS 9 and IFRS 7 "Mandatory effective date and transition disclosures";

- IFRS 9 "Financial Instruments: hedge accounting and amendments to IFRS 9, IFRS 7 and IAS 39";
- the annual improvements to the IFRS (2010-2012);
- the annual improvements to the IFRS (2011-2013);
- IFRIC 21 "Levies".

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

3.3. 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.

At the date of publication of these consolidated financial statements, the Company has four wholly owned subsidiaries:

- EOS Imaging Inc.;
- EOS Image Inc.;
- EOS Imaging GmbH;
- OneFit Medical, a company acquired on 27 November 2013 (see Note 4).

Accordingly, the company presents consolidated financial statements for the financial year ended 31 December 2013 that encompass the financial statements of its subsidiaries.

3.4. 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.

3.5. Business combinations

In accordance with IFRS 3 as revised, the identifiable assets, liabilities, off-balance sheet items and contingent liabilities of the acquired entities are recognised at fair value as at the acquisition date.

The item transferred is measured at fair value and includes the fair value of contingent items, if any.

The associated costs of an acquisition are recognised as an expense of the period in which they were incurred.

The positive difference measured at the date control was taken, between the acquisition cost of the entity and the net financial position attributable to the acquirer, is entered into "Goodwill" on the

asset side of the consolidated statement of financial position. When the difference is negative, it must be entered directly into profit and loss.

Goodwill is not amortised but its value is tested at least once a year and at any time there appears to be some indication of impairment.

3.6. 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.

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 features for the EOS and sterEOS products are capitalised. On the other hand, the cost of research and of improving existing features 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.

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.

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.

3.7. 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 furnishings	ten years
Office and computer equipment	three years
Office furniture	five years

3.8. Financial assets

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

Financial assets and liabilities are measured and recognised in accordance with IAS 39 "Financial instruments: Recognition and Measurement."

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.

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.

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.

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”).

3.9. 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.

3.10. 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.

3.11. 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).

3.12. 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.

3.13. 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. It has also awarded free shares to employees, as well as stock warrants to directors.

The company has applied IFRS 2 to all equity instruments granted to employees and directors 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.

For the 2007 to 2011 plans, since all options issued vest when an employee leaves, there is no vesting period and the fair value of plans was fully recognised as of the reporting date of the financial year in which the plan was granted.
The fair value of stock options and free shares awarded to employees and that of the subscription warrants offered to directors is determined by applying the Black-Scholes option valuation model, as described in Note 17.

3.14. Measurement and recognition of financial liabilities

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 lifetime 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.

Financial liabilities at fair value through profit or loss

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

3.15. 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 13.

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.

Loans repayable under certain conditions 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.

3.16. Provisions

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.

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.

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 a defined benefit scheme, 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.

Following the revision of IAS 19, actuarial gains and losses are no longer amortised in expense but totally recognised in other items of comprehensive income; changes in the scheme are treated as the costs of past services and recognised immediately in profit and loss.

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

Employees of foreign subsidiaries do not enjoy pension benefits.

3.17. Revenue from ordinary activities

Sales

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 machine sales, revenue is recognised when all the risks and benefits of ownership of the property are transferred to the buyer, which, depending on the case, may be upon shipping, delivery or installation of the equipment.

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 from the systems.

Other revenue

3.17.2.1. 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.

3.17.2.2. 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 Group has received research tax credits since its founding. Due to the tax audit conducted in 2013, the conclusions of which were submitted in early 2014, there was no repayment made of the 2012 research tax credit during the 2013 financial year. The research tax credit receivable for the 2013 financial year was €1,178 K, including €1,067 K for EOS Imaging. 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 recognised. 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.

3.18. 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.

3.19. 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.

3.20. Segment information

The company primarily operates in France and North America

Research and development costs, production costs, regulatory expenses and the bulk of marketing, clinical 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 6 and 15, respectively.

3.21. Other comprehensive income

Components of income and expenses for the period recognised 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 as well as actuarial gains and losses on retirement obligations.

3.22. 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: ACQUISITION OF ONEFIT MEDICAL

On 27 November 2013 EOS Imaging acquired all of the shares of OneFit Medical for €4 million, of which €0.5 million was paid to OneFit in cash and €3.5 million in 603,449 warrants for EOS Imaging shares.

The acquisition agreement calls for a €1 million earn-out tied to the achievement of regulatory objectives and revenues, which will be paid to OneFit Medical in the form of 1,810,347 warrants to subscribe 172,416 new shares of EOS Imaging.

The acquisition of OneFit Medical, recognised at €5 million, includes all of the earn-out. This valuation is provisional in nature and may be adjusted to the degree that the objectives defined in the earn-out provision are not achieved.

OneFit Medical has been consolidated into the Group's financial statements since it was acquired, by the full consolidation method.

In accordance with IFRS 3 as revised, the Group undertook to measure the fair value of the identifiable assets and liabilities acquired. The values assigned to the identifiable assets and liabilities were determined provisionally, in light of the factors available. They might change in light of new possible information relating to the facts and circumstances prevailing at the acquisition date.

Assets acquired	Fair value
Non-current intangible assets	81
Property, plant and equipment	8
Financial assets	8
Total non-current assets	**97**
Inventory and work in process	
Accounts receivable	96
Other current assets	151
Cash and cash equivalents	201
Total current assets	**448**
Total assets acquired	**545**

Liabilities acquired	Fair value
Financial liabilities - *OSEO advances*	486
Total non-current liabilities	**486**
Accounts payable - trade	66
Other current liabilities	124
Total current liabilities	**189**
Total liabilities acquired	**676**

Net assets acquired	**(131)**

Acquisition price	**5,000**

Provisional goodwill	**5,131**

The goodwill determined above represents the future economic benefits that the Group believes it will derive from the acquisition of OneFit Medical.

NOTE 5: NON-CURRENT INTANGIBLE ASSETS

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

Non-current intangible assets	31 December 2012	Acquisitions	Decreases	Change in scope of consolidation	Change in exchange rate	31 December 2013
Development costs	1,353	744				2,097
Software	607	36	30	170		843
Patents	339	91				429
Gross total - non-current intangible assets	**2,299**	**871**	**30**	**170**		**3,369**
Development costs	812	270				1,083
Software	574	22	8	89		693
Patents	33	9				42
Total depreciation, amortisation and impairment	**1,419**	**301**	**8**	**89**		**1,817**
Net total - non-current intangible assets	**880**	**569**	**22**	**81**		**1,552**

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 2013 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 6: PROPERTY, PLANT AND EQUIPMENT

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

Property, plant and equipment	31 December 2012	Acquisitions	Decreases	Change in scope of consolidation	Change in exchange rate	31 December 2013
Fixtures and fittings	596	182			(6)	772
Fittings and technical equipment	687	572				1,260
Office and computer equipment	434	73	(5)	9	(4)	507
Furniture				4		4
Gross total - Property, plant and equipment	**1,718**	**827**	**(5)**	**13**	**(10)**	**2,543**
Fixtures and fittings	364	52			(5)	411
Fittings and technical equipment	462	147				609
Office and computer equipment	355	55	(2)	3	(3)	408
Furniture				2		2
Total depreciation, amortisation and impairment	**1,181**	**255**	**(2)**	**5**	**(8)**	**1,430**
Net total - Property, plant and equipment	**537**	**572**	**(3)**	**8**	**(1)**	**1,113**

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 euros)	Financial year ended 31 December 2013	2012
France	2,633	1,388
EMEA ex-France.		4
North America	32	25
Total Net Non-current intangible assets and Property, plant and equipment	**2,665**	**1,417**

NOTE 7: FINANCIAL AND OTHER ASSETS

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

Non-current financial assets	31 December 2012	Acquisitions	Decreases	Change in scope of consolidation	Change in exchange rate	31 December 2013
Deposit	58	20	(1)	8		85
Net total - financial assets	**58**	**20**	**(1)**	**8**		**85**

NOTE 8: INVENTORY AND WORK IN PROCESS

Inventory and work in process (in thousands of euros)	Financial year ended 31 December 2013	2012
Inventory and finished products in process	3,215	1,103
Depreciation		
Net total of inventory and work in process	**3,215**	**1,103**

Changes in inventories and work in progress result primarily from expanding the Group's production volumes and that of installed bases.

NOTE 9: TRADE RECEIVABLES AND OTHER CURRENT ASSETS

9.1. Accounts receivable

Accounts receivable (in thousands of euros)	Financial year ended 31 December 2013	2012
Accounts receivable	10,913	6,048
Depreciation of accounts receivable	(74)	(75)
Net total accounts receivable	**10,839**	**5,973**

All unimpaired trade accounts receivable mature within one year.
During the financial year ended on 31 December 2013, no customer individually accounted for more than 10% of consolidated sales.

9.2. Other current assets

Other current assets may be analysed as follows:

Other current assets (in thousands of euros)	Financial year ended 31 December 2013	2012
Research tax credit	2,142	992
Advance to suppliers	13	305
Credits from suppliers	241	178
Value added tax	586	379
Prepaid expenses	367	223
Subsidies to be received	458	(12)
Other receivables	101	44
Total other current assets	**3,909**	**2,109**

Prepaid expenses mainly relate to rent, insurance premiums and advertising costs.

The research tax credit recognised at 31 December 2013 equals the income recognised in 2013 for expenditure incurred during the period, as well as for the 2012 research tax credit not repaid as at the reporting date given the tax audit conducted on the Company which resulted in a net adjustment of €47 K. This adjustment was recognised at 31 December 2013 as a deduction from income for the period.

9.3. 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)
Change in exchange rate	
Receivables balance sheet closing on 31-12-2012	992
Revenue	1,153
Payments	
Change in exchange rate	(4)
Receivables balance sheet closing on 31-12-2013	2,142

As indicated in the preceding paragraph, income recorded in 2013 represent the recognition of the 2013 research tax credit as well as a negative adjustment of €47 K in research tax credits from 2009 and 2012 following the tax audit done on the Company in 2013.

NOTE 10: CASH AND CASH EQUIVALENTS

Cash and cash equivalents (in thousands of euros)	**Financial year ended 31 December** **2013**	**2012**
Short-term bank deposits	20,531	26,608
Money market funds (SICAV)	218	366
Total	**20,749**	**26,975**

Short-term bank deposits consist largely of a term account in the amount of €18 million, interest due on this account of €1,036 K and short term investments of €218 K, representing the cash that resulted from implementing the liquidity contract.

An overdraft facility of €5 million, negotiated at the end of the year in order to improve the period's net financial income given a favourable rate differential, was recognised in short-term bank loans.

NOTE 11: CAPITAL

11.1. Issued capital

The table below shows the history of the company's capital over the period:

Date	Transaction	Capital	Additional paid-in capital	Total	Number of shares constituting the share capital
	Total at 31 December 2011	**116,036**	**22,271,528**		**11,603,559**
15/02/2012	Capital increase	57,989	39,780,248		5,798,870
	Cost of capital increase		(3,539,188)		
	Total at 31 December 2012	**174,025**	**58,512,589**		**17,402,429**
15/03/2013	Issue of warrants		8,400		
27/11/2013	Capital increase	6,034	3,493,970		603,449
	Total at 31 December 2013	**180,059**	**62,014,958**		**18,005,878**

As at 31 December 2013, the share capital amounted to €180,059. It is divided into 18,005,878 ordinary shares, fully subscribed and paid up, each with a par value of €0.01.

11.2. Treasury shares

Under the liquidity contract signed following the IPO, the Company held 38,046 treasury shares on 31 December 2013. These shares are deducted from equity in the amount of €282 K.

11.3. 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.

Making use of the authorisation conferred by the Combined General Meeting of 16 January 2012, the Board of Directors on 31 December 2012 issued 270,000 equity warrants to the directors, each entitling the owner to purchase one ordinary share at price of €4.24. At 31 December 2013, 40,000 warrants were subscribed, the final date for subscribing having been 30 June 2013.

The company issued the following stock option plans:

Type	Date granted	Price Exercised	Outstanding on 31.12.2013
SO 2009	07/07/2009	€1.00	478,889
SO 2010	06/07/2010	€1.00	326,125
SO 2010	20/05/2011	€1.00	48,375
Free shares	15/02/2012		360,000
SO 2012	21/09/2012	€4.07	306,316
Warrants	31/12/2012	€4.24	40,000
			1,605,430

The impact on the statement of comprehensive income of share-based payments is presented in Note 17.

NOTE 12: PROVISIONS

14.1. Retirement payment commitments

	31 December 2012	Acquisitions	Decreases	31 December 2013
Retirement payment	129	42		171
Total	**129**	**42**		**171**

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

Valuation date	31/12/2012	31/12/2013
Retirement methods	*For all employees*: voluntary retirement at 65	*For all employees*: voluntary retirement at 65
Payroll tax rate	52%	48%
Discount rate	2.80%	4.30%
Mortality tables	INSEE TD/TV 2007 - 2009	INSEE TD/TV 2007 - 2009
Rate of salary increase (including inflation)	3%	3.40%
Turnover rate	Average rate of 25%, smoothed by age	Average rate of 12%, smoothed by age

	category	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 13: NON-CURRENT LIABILITIES

Financial liabilities (in thousands of euros)	Financial year ended 31 December 2013	2012
OSEO advances	1,416	752
Zero-rate loan	1,500	
Earn-out on OneFit Medical acquisition	1,000	
Total	**3,916**	**752**

OSEO advances

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

As at 31 December 2013, payments made totalled €822 K.

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 €929 K. The first repayments of this grant will therefore begin in 2014.

As part of its development of a patient-specific instrumentation for orthopaedic knee surgery, OneFit Medical received a reimbursable advance of €250 K. In the event the project is technically or commercially successful, the reimbursement of the advance granted will be made over a 45 month period starting September 2015. Should it fail, these repayments will be capped at €98 K and made over a 21 month period, starting September 2015.

OneFit Medical also received an innovation partnership loan of €150 K for eight years including a three-year deferred amortisation period and granted at Euribor 3-month rate plus 5.6%, plus another 3.8% during the deferred amortisation. This loan is repayable in five years starting 31 May 2015.

Zero-rate OSEO loan

EOS Imaging received a zero-rate loan of €1.5 million from OSEO in May 2013, paid in July 2013.

This loan includes a deferred amortisation period followed by a straight-line amortisation period of 12 quarterly repayments, the first of which is due in March 2017.

Earn-out on acquisition of OneFit Medical shares

See Note 4.

NOTE 14: SHORT-TERM BANK LOANS AND OTHER CURRENT LIABILITIES, TRADE ACCOUNTS PAYABLE

14.1. Short term bank loans

Short term bank loans	**Financial year ended 31 December**	
(in thousands of euros)	**2013**	**2012**
Short term bank loans	5,007	
Total	**5,007**	

As indicated in Note 10, short term banks loans refer to a €5 million overdraft line negotiated towards the end of the period in order to improve the period's net financial income.

14.2. Accounts payable - Trade

Accounts payable - Trade	**Financial year ended 31 December**	
(in thousands of euros)	**2013**	**2012**
Accounts payable - trade	4,021	2,330
Total	**4,021**	**2,330**

The 72% increase during the year in trade payables was primarily due to a 61% increase in sales.
This item has not been discounted since the amounts are not due for more than one year at the end of each period.

14.3. Other current liabilities

Provisions under one year

	31 December 2012	**Acquisitions**	**Decreases**	**31 December 2013**
Customer warranties	349	302	(148)	503
Total	**349**	**302**	**(148)**	**503**

The increase in the provision for warranties in 2013 is due to the re measurement of maintenance costs for systems under warranty, as well as the number of systems under warranty, in view of the systems sold during the period.

Other current liabilities

Other current liabilities (in thousands of euros)	**Financial year ended 31 December 2013**	**2012**
Tax liabilities	415	269
Social security liabilities	1,634	1,549
Other liabilities	523	491
Deferred revenue	337	287
Total other current liabilities	**2,909**	**2,597**

Tax liabilities mainly comprise VAT payable, as well as payroll taxes.
Employee-related charges relate to payroll taxes and paid holidays payable.
Other liabilities consist primarily of royalties payable of €342 K on equipments sold in 2013.
Deferred income consists mainly of maintenance invoices.

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

Financial year ended on 31 December 2013	Balance sheet value	Fair value through the income statement	Loans and receivables	Debt measured at amortised cost	Non-financial instruments
Non-current financial assets	85		85		
Accounts receivable	10,839		10,839		
Other current assets	3,909				3,909
Cash and cash equivalents	20,749	20,749			
Total assets	**35,582**	**20,749**	**10,924**		**3,909**
Long-term financial liabilities	3,916			3,916	
Short term bank loans	5,007			5,007	
Accounts payable - trade	4,021			4,021	
Other current liabilities	3,412				3,412
Total liabilities	**16,356**			**12,944**	**3,412**

Fair value through the income statement (in thousands of euros)	Financial year ended 31 December 2013	2012
Losses on cash equivalents		
Revenue from cash equivalents	596	653
Fair value through the income statement	**596**	**653**

NOTE 15: REVENUE FROM ORDINARY ACTIVITIES

18.1. Sales and other revenue

Sales and other revenue (in thousands of euros)	Financial year ended 31 December 2013	2012
Sales of equipment	13,454	8,534
Sales of services	1,716	890
Sales	**15,170**	**9,424**
Subsidies	452	14
Research tax credit	1,051	955
Total revenue from ordinary activities	**16,673**	**10,394**

Annual revenue in 2013 was €15.17 million, up 61% compared with the previous financial year.

With the sale of 34 systems as compared with 21 in 2012, machine sales grew 58% on the year and reached €13.45 million for the period ended 31 December 2013. The average selling price per unit was €395 K, versus €406 K in 2012. At comparable exchange rates, the average selling price was €400 K.

Sales of services grew 71% to €1.54 million as against €0.90 million the previous year.

This 2013 revenue also includes the sales of OneFit Medical acquired in November 2013. Sales of the patient-specific surgical cutting guides and related services were €200 K.

18.2. Sales by geographical area

Sales by geographical area (in thousands of euros)	Financial year ended 31 December 2013	2012
France	5,523	1,687
EMEA ex-France	2,766	2,440
North America	4,914	4,339
Asia	1,967	959
Total sales by geographical area	**15,170**	**9,424**

In 2013 EOS Imaging continued to grow in the EMEA region where the Group greatly expanded its business, doubling the number of systems sold (18 versus 9 the year before) for revenue of €8.29 million.

In North America the Group's revenues rose 13% to €4.91 million as compared to €4.33 million the year before, a growth occasionally constrained by the postponement of several orders.

After newly locating in Singapore in 2012, the Group intensified its presence in Asia Pacific in 2013 with a very forceful entry onto the Japanese market in the fourth quarter. Sales from the region thus rose 105% to €1.97 million.

NOTE 16: PAYROLL

Payroll (in thousands of euros)	Financial year ended 31 December 2013	2012
Salaries	5,308	4,477
Employment taxes and social security contributions	2,104	2,246
Retirement commitments	29	34
Share-based payments	1,125	1,404
Total payroll	**8,567**	**8,160**
Average headcount	**77**	**58**

Personnel costs rose 5% during the period. The 10% increase in wages and social security charges reflects the new hires made in 2013 along with those made in 2012 and reflected in their totality in 2013. It also reflects the inclusion of OneFit Medical personnel in the scope of consolidation.

This increase is partially offset by the payments in 2012 of extraordinary bonuses when the Company went public.

The Group average headcount in 2013 was 77 people, against 58 on 31 December 2012.

The items presented above do not take into account development expenditures incurred under IAS 38 (see Note 3.6.1).

NOTE 17: SHARE-BASED PAYMENTS

Stand-alone stock warrants

Making use of the authorisation conferred by the Combined General Meeting of 16 January 2012, the Board of Directors on 31 December 2012 issued 270,000 equity warrants to the directors, each entitling the owner to purchase one ordinary share at price of €4.24. At 31 December 2013 40,000 warrants were subscribed, the final date for subscribing having been 30 June 2013.

The main assumptions used to determine the charge resulting from share-based payments were:

- Expected maturity: 5.5 to 6.5 years;
- Volatility: 37.82%;
- Risk-free rate: 1% to 1.29%;
- Dividend rate and turnover: zero.

These warrants can be exercised as follows: 33% starting 31/12/2013, 33% starting 31/12/2014 and the balance starting 31/12/2015.

The charge recognised as at 31 December 2013 for these warrants was €47 K.

In 2012 the Company had offered 360,000 free shares to a senior manager and 376,916 stock options to the Group's employees.

Free shares

As the vesting period for free shares awarded 15 February 2012 is two years from that date, the charge recognised at 31 December 2013 for these shares was €888 K.

Stock options

The options offered to employees by the Board of Directors on 21 September 2012 are only exercisable on the following conditions:

- 25% of the options granted from the allocation date;
- 25% more on each anniversary date following allocation;
- no later than 10 years from date of the grant.

Thus the charge recognised as at 31 December 2013 for these options was €190 K.

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	SO 2010 (a)	SO 2010 (b)	SO 2012	Warrants
Volatility	39.93%	40.75% to 41.62%	35.13%	38.06%	40.98%	37.82%

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

	SO 2007	SO 2009	SO 2010 (a)	SO 2010 (b)	SO 2012	0
Risk-free rate	4.60%	2.68% to 3.14%	2.43%	3.11%	1.32% to 1.77%	1.00% to 1.29%

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	Plan fair value (in € thousands)
SO 2007	€5.26	255,900	1,345
SO 2009	€0.47 to €1.49	596,502	786
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	between €1.61 & €1.84	376,000	651
Warrants	between €2.02 & €2.18	40,000	84
Total			5,207

In the case of employees leaving the company, options granted before 2012 vest and become exercisable before the exercise date. Therefore there is no vesting period for these options and the fair value of the plan was recognised immediately and in full at the end of the financial year during which the plan was granted.

(in thousands of euros)	SO 2007	SO 2009	SO 2010 (a)	SO 2010 (b)	Free shares	SO 2012	Warrants	Total
31/12/2007	1,345							1,345
31/12/2009		786						786
31/12/2010			429	58				487
31/12/2012					852	91		943
31/12/2013					888	190	47	1,125
Total	**1,345**	**786**	**429**	**58**	**1,740**	**281**	**47**	**4,686**

Detailed information on the number of options by class and the strike price is given in Note 11.3.

NOTE 18: DETAILED OPERATING EXPENSES

21.1. Direct costs of goods and services

Direct cost of sales	**Financial year ended 31 December**	
(in thousands of euros)	**2,013**	**2,012**
Purchasing and subcontracting	7,719	4,985
Payroll	475	469
Royalties	341	174
Provisions	156	31
Total direct costs of sales	**8,691**	**5,659**

Direct costs of sales consist primarily of costs of production, transportation, and installation of equipments sold during the period, as well as maintenance costs for equipments 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 increase in system production volumes over the period. The changes in maintenance costs is also related to the growth in the number of systems maintained.

The 2013 production volume, i.e. 34 systems produced, has not yet resulted in the optimisation of the manufacturing process or in achieving significant economies of scale. However, the steps taken since 2011 to optimise the manufacturing process, which resulted in a significant reduction in the production cost of the EOS systems for two consecutive years, continued into 2013. New methods for lowering production costs were thus introduced into the equipment manufacturing process late in the year. This new source of lower manufacturing costs will be reflected more fully in 2014.

In addition, continuing the approach to increase the reliability of certain components made it possible to obtain new cost reductions in maintaining installed systems, leading to a two-point improvement in direct margins.

Payroll expenses, consisting of wages and salaries for personnel who install and maintain the systems, stayed level during the period despite significant growth in volumes installed and maintained, leading to an additional two-point improvement in direct margins.
Royalties paid to EOS Imaging's partner laboratories under licensing agreements accounted for 2.5% of sales of equipment as against 2% in 2012. This percentage will remain unchanged to the end of the licensing agreement.

Finally, consolidation of the sales of OneFit Medical, which carry a higher percent margin than sales of equipments, had only a limited impact on 2013 margins but will be reflected more fully in the Group's consolidated margin in 2014.

As a result of the favourable trend in manufacturing variables and in the product mix, there was a 4 point improvement in gross direct margin. After accounting for the unfavourable euro to dollar exchange rate, which shaved a point off the margin, the improvement in gross direct margin was 3 points on the year.

21.2. Indirect cost of production and service

Indirect cost of production and service	**Financial year ended 31 December**	
(in thousands of euros)	**2013**	**2012**
Purchasing and subcontracting	726	516
Travel expenses	467	304
Payroll	1,041	768
Depreciation, amortisation and provisions	13	
Total indirect cost of production and service	**2,247**	**1,588**

Indirect costs of production rose 42% over the year. These comprise salaries and the cost of sub-contracting functions not directly involved in the production or maintenance process (supply chain, planning, quality control and back office support), as well as travel expenses and external purchases. The increase during the year reflects additional staff hired, mainly in back-office and supply chain support.

21.3. Research and development

Research and development	**Financial year ended 31 December**	
(in thousands of euros)	**2013**	**2012**
Purchasing and subcontracting	802	564
Travel expenses	57	24
Payroll	1,212	1,299
Depreciation, amortisation and provisions	527	277
Total research and development	**2,598**	**2,164**

In FY 2013, the company continued its research into new EOS and SterEOS features. The resulting R&D costs rose 20% on the year.

For the most part, R&D costs recognised for the period consist of the R&D team's salaries, of which the component for development costs is capitalised, and sub-contracting costs.

Amortisation of these development costs is presented under Depreciation, amortisation and provisions.

21.4. Sales, clinical and marketing

Sales, clinical and marketing (in thousands of euros)	Financial year ended 31 December 2013	2012
Purchasing and subcontracting	1,271	995
Trade fairs and exhibitions	416	361
Travel expenses	743	498
Payroll	2,686	2,370
Total Sales and marketing	**5,116**	**4,224**

Sales and marketing expenditure increased 21% year on year. This change was due largely to hirings during the year, particularly in the clinical area, and to hirings during 2012 that were totally reflected in 2013. It was also due to the continued expansion of the Group in its markets.

21.5. Regulatory

Regulatory (in thousands of euros)	Financial year ended 31 December 2013	2012
Purchasing and subcontracting	226	392
Travel expenses	20	12
Payroll	323	266
Total regulatory	**569**	**670**

Regulatory expenditures decreased over the year by 15%. This change was the result primarily of significant regulatory expenses incurred in late 2012 as part of an effort to extend the Group's regulatory agreements to new markets. These efforts continued in 2013, though entailing lower external costs for the period.

21.6. Administration

Administration (in thousands of euros)	Financial year ended 31 December 2013	 2012
Purchasing and subcontracting	1,802	1,314
Travel expenses	78	81
Payroll	680	815
Amortisation and depreciation	134	171
Total administration costs	**2,694**	**2,381**

Administration costs rose 13% in FY 2013. This €313 K increase primarily derived from a €135 K decline in total payroll (due to extraordinary bonuses paid in 2012 as part of the Company's initial public offering) and an increase in lease payments and fees, including €125 K from the OneFit acquisition.

NOTE 19: FINANCIAL INCOME AND EXPENDITURE

Financial income and expenditure (in thousands of euros)	Financial year ended 31 December 2013	 2012
Losses on cash equivalents		
Interest expenses	(54)	(43)
Exchange gain or loss	(98)	(171)
Total financial expenses	**(152)**	**(214)**
Revenue from cash equivalents	596	653
Interest income		27
Exchange gain or loss	42	8
Total financial income	**638**	**688**
Total financial income and expenditure	**486**	**474**

Interest income equals short term investment income from term deposits of the funds raised in the Company's IPO.

NOTE 20: TAX CHARGES

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

- a total of €37,982 K that can be carried forward indefinitely in France;
- a total of US$13,390 K that can be carried forward for 20 years in the United States, or a total of €9,709 K for the period ended 31 December 2013;
- a total of CA$1,686 K that can be carried forward from 2014 to 2033 in Canada, or a total of €1,149 K for the year ended 31 December 2013.

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 3.15.

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

	2013	**2012**
Consolidated net income of consolidated companies	(5,884)	(6,653)
Effective income tax expense		
Consolidated net profit/loss before taxes, goodwill and minority interests	**(5,884)**	**(6,653)**
Theoretical income tax rate	***33.33%***	***33.33%***
Theoretical income tax expense	(1,961)	(2,218)
Taxation timing differences:		
- Share-based payments	375	314
- Other non-taxable revenue (Research Tax Credit)	(350)	(318)
- Other permanent differences	6	(5)
- Unused tax losses and temporary differences	1,932	2,416
- CICE	(12)	
Effective income tax expense	-	-
Effective tax rate	***0%***	***0%***

NOTE 21: COMMITMENTS

21.1. 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 2013:

	Total	Payments due per period		
		Within 1 year	Over 1 year and within 5 years	Over 5 years
Operating lease contracts	577,359	212,864	319,136	45,359
TOTAL	**577,359**	**212,864**	**319,136**	**45,359**

The lease payments recognised as expenditure during the financial year ended on 31 December 2013 amounted to €281 K.

NOTE 22: 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 euros)	**2013**	**2012**
Compensation and benefits in kind	1,339	1,459
Share-based payments		2,324
Consultancy fees	190	124
Total	**1,529**	**3,907**

The valuation methods for share-based payments are presented in Note 17.

NOTE 23: EARNING 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 euros)	Financial year ended 31 December 2013	2012
Net income (in thousands of euros)	(5,884)	(7,223)
Weighted average number of shares in circulation	17,534,692	16,677,570
Net earnings per share (in euros)	**(0.34)**	**(0.43)**
Weighted average number of potential shares	19,052,843	17,966,428

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 24: FINANCIAL RISK MANAGEMENT

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

Liquidity is held to meet short-term cash commitments rather than for investment or other purposes. It is readily convertible into a known amount of cash and is subject to an insignificant risk of a change in value.

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 these subsidiaries.

The effect of changes in exchange rate as at 31 December 2013 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 €218 K;
- a 10% fall in the euro against the Canadian and US dollars would have a positive impact on income of €218 K.

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. Liquidity includes cash and cash equivalents and current financial instruments held by the Company (basically term deposits). As at 31 December 2013, the company's cash and cash equivalents were essentially invested in products maturing in less than 24 months.

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

As a final point, the credit risk with customers is limited, given that a significant fraction of the Company's customers are government bodies or distributors of satisfactory financial size. The risk presented by private customers is also limited, by the financing solutions that the company generally identifies beforehand with leasing companies.

Interest rate risk

The company's exposure to interest rate risk primarily concerns liquidities. These largely consist of term deposits. Changes in interest rates have no impact on the earnings of deposit accounts whose return is fixed.

As at 31 December 2013 the Company's financial liabilities were not subject to interest rate risk with respect to the zero-rate loan and the advance repayable at a fixed rate. The €5 million overdraft authorisation is subject to a limited interest rate risk in that it matures in less than one year.

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 25: FEES PAID TO THE STATUTORY AUDITORS

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

(in thousands of euros)	**31/12/2013**	
	Deloitte	Fi Solutions
Auditing		
Independent audit, certification & examination of the parent and consolidated statements	50	25
- EOS Imaging SA		
- Fully consolidated subsidiaries (Eos Imaging Inc, Eos Image Inc, Eos Imaging GmbH, OneFit Medical)		
Other investigations and services directly related to the audit engagement	16	
- EOS Imaging SA		
- Fully consolidated subsidiaries (Eos Imaging Inc, Eos Image Inc, Eos Imaging GmbH, OneFit Medical)		
Sub-Total	**66**	**25**
Other services rendered by partner firms to fully consolidated subsidiaries		
Legal, tax, employment		
Other		
Sub-Total		
Total	**66**	**25**

NOTE 26: POST-CLOSING EVENTS

There were no material events after the reporting period.

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EOS Imaging

Société Anonyme

10, rue Mercœur
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Rapport des Commissaires aux comptes sur les comptes consolidés

Exercice clos le 31 décembre 2013

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 2013, 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 3.6.1 « Frais de recherche et développement » de l'annexe aux comptes consolidés expose les règles et méthodes comptables relatives à la comptabilisation des frais de développement. Dans le cadre de notre appréciation des principes comptables suivis par votre société, nous avons examiné les modalités de comptabilisation à l'actif des frais de développement ainsi que les hypothèses retenues pour déterminer leur durée d'amortissement et leur valeur recouvrable et nous nous sommes assurés que les notes 5 et 18.3 de l'annexe aux comptes consolidés fournissent une information appropriée.
- La note 3.13 « Paiements fondés sur des actions » de l'annexe aux comptes consolidés expose les règles et méthodes comptables relatives à l'évaluation et la comptabilisation de plans de rémunération dénoués en instruments de capitaux propres attribués aux salariés et au bénéfice d'administrateurs. Nous avons examiné les hypothèses retenues permettant de déterminer la juste valeur des instruments attribués ainsi que les modalités de comptabilisation et nous sommes assurés que les notes 11.3, 16 et 17 de l'annexe aux comptes consolidés fournissent une information appropriée.

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 la sincérité et leur concordance avec les comptes consolidés.

Paris et Neuilly-sur-Seine, le 9 avril 2014

Les Commissaires aux comptes

Fi.Solutions	Deloitte & Associés
Jean-Marc PETIT	Fabien BROVEDANI

EOS IMAGING, S.A.

10 rue Mercoeur - 75011 Paris

PARIS TRADE AND COMPANIES REGISTER No. 349 694 893

Parent company financial statements

Financial year ended on 31 December 2013

BALANCE SHEET - ASSETS

(In euros)

	31/12/2013			31/12/2012
	Gross	Deprec., Amort., & Imp.	Net	Net
Non-current intangible assets	1,362,370	1,140,710	221,660	195,961
Property, plant and equipment	2,347,729	1,236,164	1,111,565	531,406
Non-current financial assets	12,512,845	7,202,035	5,310,810	284,209
FIXED ASSETS	**16,222,944**	**9,578,908**	**6,644,036**	**1,011,576**
Inventory and work in process	3,203,632	-	3,203,632	1,011,100
Advances and deposits on orders	13,497	-	13,497	304,742
Accounts receivable - Trade	6,389,933	67,500	6,322,433	2,516,684
Other receivables	12,733,914	8,771,322	3,962,592	1,989,380
Short-term investments	-	-	-	366,390
Cash	20,394,590	-	20,394,590	25,927,446
Prepaid expenses	343,800	-	343,800	195,728
CURRENT ASSETS	**43,079,366**	**8,838,822**	**34,240,544**	**32,311,469**
Unrealised foreign exchange losses	336,922	-	336,922	35,502
TOTAL ASSETS	**59,639,232**	**18,417,730**	**41,221,502**	**33,358,547**

BALANCE SHEET - EQUITY & LIABILITIES

(In euros)

	31/12/2013	31/12/2012
Capital	180,059	174,024
Additional paid-in capital	62,014,959	58,512,589
Legal reserve	20,557	20,557
Retained earnings	(31,488,486)	(23,185,714)
Profit (loss) for the period	**(5,385,629)**	**(8,302,772)**
EQUITY	**25,341,460**	**27,218,684**
Regulated government subsidies	822,311	679,383
Provisions for contingencies	505,873	370,105
PROVISIONS FOR CONTINGENCIES AND LOSSES	**505,873**	**370,105**
Liabilities on non-current assets and related accounts	1,000,000	
Various debts	6,532,647	25,652
Advances and payments on account received for unfinished orders	15,483	-
Accounts payable - trade	3,815,369	2,200,695
Taxes payable, liabilities to personnel and other accrued social liabilities	1,773,284	1,412,486
Other liabilities	1,001,351	772,256
Accruals	276,027	204,727
LIABILITIES	**14,414,160**	**4,615,815**
Unrealised foreign exchange gains	137,698	474,559
TOTAL LIABILITIES & EQUITY	**41,221,502**	**33,358,547**

PROFIT AND LOSS ACCOUNT

(In euros)

INCOME STATEMENT	31 Dec '13 *12 months*	31 Dec '12 *12 months*
Sale of goods		
Production sold (goods)	12,321,879	7,672,904
Production sold (services)	1,028,545	638,962
Net revenue	**13,350,424**	**8,311,867**
Change in finished goods and in-progress inventory		
In-house production	279,097	
Operating subsidies	751,527	94,117
Reversals of impairment, provisions (and depr. & amort.) ; transf.	333,740	194,442
Other revenue	684,072	944,125
OPERATING INCOME	**15,398,860**	**9,544,550**
Purchases and changes in inventory of merchandise		
Purchases and changes in inventory of RM and other supplies	7,751,985	4,862,440
Other purchases and external expenses	4,819,064	3,475,200
Taxes and other contributions	181,179	106,257
Wages and salaries	3,988,594	3,477,745
Employment taxes and social security contributions	1,996,316	2,221,843
Depreciation, amortisation and impairment expense	706,559	501,348
Other expenses	497,563	272,095
OPERATING EXPENSES	**19,941,260**	**14,916,927**
OPERATING INCOME	**(4,542,400)**	**(5,372,377)**
Financial revenue	3,639,682	1,126,894
Financial expenses	5,565,111	4,902,151
NET FINANCIAL INCOME	**(1,925,429)**	**(3,775,258)**
INCOME FROM ORDINARY ACTIVITIES BEFORE INCOME TAXES	**(6,467,829)**	**(9,147,634)**
Extraordinary income	97,919	62,862
Extraordinary expense	36,704	173,491
NET NON-RECURRING ITEMS	**61,215**	**(110,629)**
Corporation tax	(1,020,985)	(955,491)
NET INCOME	**(5,385,629)**	**(8,302,772)**

NOTES TO THE FINANCIAL STATEMENTS

Note 1: THE COMPANY

Established in 1989, EOS Imaging SA develops and markets a new very low 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.

The consolidated financial statements as of 31 December 2013 of EOS Imaging were approved by the Board of Directors on 8 April 2014.

Note 2: SIGNIFICANT EVENTS OF THE YEAR

On 27 November 2013 EOS Imaging acquired all of the shares of OneFit Medical for €4 million, of which €0.5 million was paid to OneFit in cash and €3.5 million in 603,449 warrants for EOS Imaging shares.

The acquisition agreement calls for a €1 million earn-out tied to the achievement of regulatory objectives and revenues, which will be paid to OneFit Medical in the form of 1,810,347 warrants to subscribe 172,416 new shares of EOS Imaging.

The shares in OneFit Medical are recognised in the amount of €5 million, which includes the entirety of the earn-out. This valuation is provisional in nature and may be adjusted to the degree that the objectives defined in the earn-out provision are not achieved.

Note 3: ACCOUNTING POLICIES AND PRINCIPLES

3.1. General principles

All amounts are shown in euros unless noted otherwise.

Generally accepted accounting principles were used, applying the principle of conservatism and in accordance with the basic assumptions:

- the going concern;
- continuity in accounting methods;
- self-contained accounting periods,

and in accordance with the general rules for drawing up and presenting annual statements.

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

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 valuation and presentation methods applied are identical to those used in the previous year.

3.2. Accounting policies

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.

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.

Research and development costs are expensed as incurred. Capitalised costs of production, when they occur, refer to equipment made to perform testing.

The following depreciation periods are used:

- Industrial and laboratory equipment: four years
- Fixtures and furnishings: ten years
- Office and computer equipment: three years
- Office furniture: five years

Tangible non-current assets are impaired when, owing to events or circumstances occurring during the period, their economic value appears to be lower than their net book value and likely to remain so.

There are no material assets that call for the component approach.

Non-current financial assets

Non-current financial assets consist of the following items:

- Shares in associates;
- Treasury shares;
- Deposit.

Non-current financial assets are recognised at acquisition cost. In the case of an earn-out clause, the gross value of the securities attached to the earn-out, measured at the close of the year, are provisional in nature since at the date of issue of the financial statements the company adopts the best estimate of the earn-out that will be paid. The earn-out is included on the asset side, offset by a liability on non-current assets.
At closing the value of the securities is compared to their carrying amount. The lower of these two values is carried on the balance sheet. For investments in associates, the carrying amount refers to the use value as determined by the utility that the holding offers the company; and for treasury shares, to the average traded price during the last month of the period.

Since FY2011 the Company has recognised a translation adjustment for receivables from equity interests in associates, since the receivable on the statement of financial position was repayable in foreign currencies.

Inventory

As at 31 December 2013, inventories consisted of components, work-in-progress inventory and EOS equipment valued at €3,204 K.

Finished goods inventories are audited using the weighted average unit cost method.

A provision for inventory impairment loss, if any, is recognised for the difference between the carrying amount and the production value after subtracting selling costs.

Receivables

Receivables are measured at face value. A provision for impairment is recognised on a case by case basis when the economic value is lower than the carrying amount.

Short-term investments

Short term investments appear on the balance sheet at their purchase cost. An impairment loss is recognised for each line of securities of the same nature equal to the difference between their carrying amount and the average stock market price during the previous month or, in the case of unlisted securities, their probable trading value.

Capital gains and losses on disposals are recognised using the FIFO method (first in, first out). Unrealised gains are re-consolidated for tax purposes.

Foreign currency transactions

Income and expense in foreign currencies are recognised at their exchange value on date of the transaction. Liabilities, receivables and cash in foreign currencies appear on the balance sheet at their exchange at the close of the year. The difference resulting from updating liabilities and receivables in foreign currencies at that rate is carried as a "translation adjustment."

If there is no currency hedge, debited translation adjustments (unrealised foreign exchange losses) with no offsetting credit are recognised in provisions for contingencies. Unrealised gains are not recognised, in accordance with the principle of conservatism, but are consolidated later for tax purposes.

Provisions for contingencies

Provisions are recognised to account for the costs of contingencies and losses in the current period. The Company's policy in terms of provisions for legal claims and disputes is to evaluate, at the close of every fiscal year, the financial risks of each dispute and its possible consequences.

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 for warranties 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.

Revenue recognition

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 ownership and its risks are transferred, which, depending on the case, may be upon shipping, delivery or installation of the equipment.

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 from the equipment.

Other operating income

Because of its innovative nature the Company has received grants or subsidies from the French government or local authorities to defray running costs or the cost of certain new hires. Subsidies are recognised as and when the associated expenses are incurred, independently of when they are actually received.

Income tax

The research tax credit is recognised as a deduction against income tax.

Net income from extraordinary items

Extraordinary income and expense consist of items which by their nature, by their usual character or their non-recurrence cannot be considered as inherent to the Company's operating activities.

Related party transactions

	Related companies
Non-current financial assets	12,202,034
Accounts receivable - Trade	
Other receivables	8,771,322
Various debts and borrowings	
Accounts payable - Trade	
Other liabilities	
Financial expenses	
Dividends	
Interest	41,804
Financial revenue	
Dividends	
Interest	

Note 4: NOTES TO THE BALANCE SHEET AND INCOME STATEMENT

TABLE OF CHANGES IN NON-CURRENT ASSETS

Changes in non-current assets can be shown as follows:

Gross value	31 December 2012	Purchases	Disposals/ Subtraction	31 December 2013
Non-current intangible assets				
Software	1,250,845	111,525		1,362,370
	1,250,845	**111,525**	**-**	**1,362,370**
Property, plant and equipment				
Fixtures and fittings	464,079	170,537		634,616
Industrial equipment and tools	687,433	572,224		1,259,658
Computer, office equipment and furniture	351,740	57,954		409,694
Property, plant and equipment under construction	23,584	20,178		43,762
	1,526,836	**820,893**	**-**	**2,347,729**
Total Gross	**2,777,682**	**932,418**	**-**	**3,710,099**

The changes in depreciation and amortisation and the resulting net value of non-current assets break down as follows:

Impairment	31 December 2012	Appropriations	Decreases	31 December 2013
Non-current intangible assets				
Software	(1,054,885)	(85,825)		(1,140,710)
	(1,054,885)	**(85,825)**	**-**	**(1,140,710)**
Property, plant and equipment				
Fixtures and fittings	(244,907)	(47,903)		(292,810)
Industrial equipment and tools	(461,646)	(147,487)		(609,133)
Computer equipment and office equipment and furniture	(288,876)	(45,344)		(334,220)
	(995,430)	**(240,734)**	**-**	**(1,236,164)**
Total amortisation, depreciation and impairment	**(2,050,315)**	**(326,559)**	**-**	**(2,376,874)**

Net value	31 December 2012	Purchases	Disposals	31 December 2013
Non-current intangible assets	195,961	25,700		221,661
Property, plant and equipment	531,406	580,159		1,111,565
Total Impairment	**727,367**	**605,859**		**1,333,226**

NON-CURRENT FINANCIAL ASSETS

Gross value	31/12/2012	Purchases	Disposals/ Subtractions	31/12/2013
Investment in associates	25,072	5,000,000		5,025,072
Receivables from associates	7,644,808	-	(467,846)	7,176,962
Treasury shares	226,195	313,050	(304,666)	234,579
Loans	-	-		-
Deposits and sureties	58,013	18,217		76,231
Other long-term receivables	-	-		-
Total gross value	**7,954,089**	**5,331,267**	**(772,512)**	**12,512,845**

Impairment	31/12/2012	Appropriations	Decreases	31/12/2013
Investment in associates	25,072	-		25,072
Receivables from associates	7,644,808	(467,846)		7,176,962
Other long-term securities	-	-		-
Treasury shares	-	-		-
Loans	-	-		-
Deposits and sureties	-	-		-
Total Impairment	**7,669,881**	**(467,846)**	**-**	**7,202,035**
Net financial fixed assets	**284,209**	**5,799,114**	**(772,512)**	**5,310,810**

As indicated in "Significant events of the year," on 27 November 2013 EOS Imaging acquired all of the shares of OneFit Medical for €4 million, of which €0.5 million was paid to OneFit in cash and €3.5 million in 603,449 warrants for EOS Imaging shares.

The acquisition agreement calls for a €1 million earn-out tied to the achievement of regulatory objectives and revenues, which will be paid to OneFit Medical in the form of 1,810,347 warrants to subscribe 172,416 new shares of EOS Imaging.

The investment in OneFit Medical is measured at €5 million, which includes the entirety of the earn-out. This valuation is provisional in nature and may be adjusted to the degree that the objectives defined in the earn-out provision are not achieved.

As at 31 December 2013, non-current financial assets consist mainly of receivables from investments in the Company's subsidiaries:

- EOS imaging Inc.: based in the United States, 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;

- 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;
- EOS Image Inc.: based in Canada, 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;

- OneFit Medical: a French simplified corporation (SAS) with paid in capital of €115,714 euros and headquartered at 18 rue Alain Savary, Besançon (25000), registered with the Besançon Trade and Companies Register as 534 162 219.

At 31 December 2013 the Company owned 38,046 shares of its own stock as part of a liquidity contract that resulted in the purchase of 1,430,682 shares and the sale of 1,446,492 shares over the year, creating a net capital gain of €60 K for the period.

Table of subsidiaries and associates (in thousands of euros)

Subsidiaries and associates *(in thousands of euros)*	**Subsidiary name**	**Capital**	**Equity other than share capital**	**Interest held**	**Comparable value of shares owned**		**Outstanding loans and advances from the Company**	**Amount of guarantees**	**Pre-tax sales for the last FY**	**Last published net income**	**Dividends received by the Company during the year**
				(in %)	*Gross*	*Net*					
Information concerning subsidiaries and associates											
Subsidiaries (over 50% of the share capital owned											
	EOS Image Inc.		(1,345)	100%			2,087		978	(212)	
	EOS Imaging Inc.		(10,088)	100%			13,013		3,942	(1,971)	
	EOS Imaging GmbH	25	(226)	100%	25		849		910	(79)	
	OneFit	116	(315)	100%	5,000	5,000			482*	(190)	

* including €198 K recognised in the 2013 consolidated financial statements of EOS imaging.

IMPAIRMENT TABLE

	Impairment at start of period	Additions: expensed during the period	Subtractions: reversed during the period		Impairment at close of period
Non-current intangible assets					
Property, plant and equipment					
Non-current financial assets	7,669,881		467,846		7,202,035
Inventory					
Trade receivables	67,500				67,500
Other receivables	5,760,563	3,010,759			8,771,322
Short-term investments					
TOTAL	**13,497,944**	**3,010,759**	**467,846**		**16,040,857**

Securities and receivables from associates were impaired in their entirety with the exception of the shares in OneFit Medical, which were valued at 31 December 2013 at €5 million.

STATEMENT OF RECEIVABLES

Breakdown and aging of receivables:

		Gross amount	Due within one year	Over one year
Non-current assets	Receivables from associates	7,176,962		7,176,962
	Loans			
	Other non-current financial assets	76,231		76,231
Current assets	Doubtful or disputed trade receivables			
	Other trade receivables	6,389,933	6,389,933	
	Liabilities to personnel and related accounts	141	141	
	Social security and other social welfare bodies	14,450	14,450	
	Government, income tax	2,012,427	2,012,427	
	Government, Value added tax	549,041	549,041	
	Government, other taxes and contributions			
	Government - Miscellaneous			
	Group and associates	8,771,322		8,771,322
	Non-trade receivables	1,386,534	1,386,534	
Prepaid expenses		343,800	343,800	
TOTAL		**26,720,840**	**10,696,325**	**16,024,515**

ACCRUED INCOME

Accrued income breaks down as follows:

	31/12/2013	31/12/2012
Trade receivables		
Uninvoiced sales	142,632	53,170
Taxes payable, liabilities to personnel and other accrued social liabilities		
Government - Accrued income	2,012,427	955,491
Other receivables		
Interest on bank term deposits	1,036,350	624,558
Assets to receive	240,923	177,547
Subsidies to be received	465,189	449,960
TOTAL	**3,897,521**	**2,260,726**

CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist largely of a term account in the amount of €18 million, interest due on this account of €1,036 K and short term investments of €218 K, representing the cash that resulted from implementing the liquidity contract.

PREPAID EXPENSES

Prepaid expenses are all from operations and break down as follows:

	00/01/1900	00/01/1900
Purchases of materials and merchandise	99,298	6,837
External costs	244,502	147,890
TOTAL	**343,800**	**154,727**

STATEMENT OF LIABILITIES

Breakdown and aging of liabilities:

		Gross amount	Within 1 year	Over 1 year and within 5 years	Over 5 years
Convertible bonds					
Liabilities on non-current assets and related accounts		1,000,000		1,000,000	
Loans and borrowings from financial institutions	Initially of 1 yr or less				
	Initially of over 1 year				
Various debts and borrowings		6,500,000	5,000,000	1,500,000	
Accounts payable - Trade		3,815,364	3,815,364		
Liabilities to personnel and related accounts		727,044	727,044		
Social security and other social welfare bodies		699,140	699,140		
National and other government bodies:	Corporation tax				
	Value added tax	210,345	210,345		
	Secured bonds				
	Other taxes and contributions	136,755	136,755		
Liabilities on non-current assets and related accounts					
Group and associates		25,652	25,652		
Other liabilities		1,001,351	1,001,351		
Liabilities representing borrowed securities					
Deferred revenue		276,027	276,027		
TOTAL		**14,391,678**	**11,891,678**	**2,500,000**	
Borrowing done during the period		6,500,000			
Loans repaid during the period		-			

Various debts and borrowings include:

- A €1.5 million loan at zero interest granted by BPI as assistance in developing new functionalities for EOS equipment;
- A €5 million line of credit.

These two loans were entirely taken down during the period. No loan repayments were recognised in the reporting period.

ACCRUED EXPENSES

Other accrued expenses break down as follows:

	31/12/2013	31/12/2012
Loans and borrowings from financial institutions		
Accrued interest	7,000	
Various debts and borrowings		
Accrued interest		
Accounts payable - Trade		
Invoices not yet received	1,728,132	1,001,461
Other accrued expenses	60,000	58,750
Taxes payable, liabilities to personnel and other accrued social liabilities		
Accrued pay for paid time off and bonuses	727,044	778,504
Other accrued employer contributions	343,665	463,161
Taxes & duties payable	126,103	99,843
Other liabilities		
Customers - assets to be provided		
Other accrued expenses		
TOTAL	**2,991,944**	**2,401,719**

DEFERRED INCOME

Deferred income breaks down as follows:

DEFERRED INCOME	00/01/1900	00/01/1900
Sales of maintenance	276,027	204,727
TOTAL	**276,027**	**204,727**

EQUITY

- ***Change in equity***

	Share capital	Additional paid-in capital	Legal reserve	Retained earnings	Net Income	TOTAL
Equity at 31/12/2012	**174,024**	**58,512,589**	**20,557**	**#REF!**	**(8,302,772)**	**27,218,684**
Appropriation of net income for 2012				(8,302,772)	8,302,772	
Capital increase 27/11/2013	6,034	3,493,970				3,500,004
Issue of warrants 15/03/2013		8,400				8,400
Profit (loss) for FY2012					(5,385,629)	(5,385,629)
Equity at 31/12/2013	**180,059**	**62,014,959**	**20,557**	**(31,488,486)**	**(5,385,629)**	**25,341,460**

- ***Make-up of share capital***

As at 31 December 2013, the share capital amounted to €180,059. It is divided into 18,005,878 ordinary shares, fully subscribed and paid up, each with a par value of €0.01.

- ***Options***

Using the authorization 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 authorization 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.

Making use of the authorization conferred by the Combined General Meeting of 16 January 2012, the Board of Directors on 31 December 2012 issued 270,000 equity warrants to the directors, each entitling the owner to purchase one ordinary share at price of €4.24. At 31 December 2013, 40,000 warrants were subscribed, the final date for subscribing having been 30 June 2013.

At 31 December 2013 the Company issued the following options:

Type	Date granted	Strike price	Outstanding at 31.12.2013
SO 2009	07/07/2009	€1.00	478,889
SO 2010	06/07/2010	€1.00	326,125
SO 2010	20/05/2011	€1.00	48,375
Free shares	15/02/2012		360,000
SO 2012	21/09/2012	€4.07	306,316
Warrants	31/12/2012	€4.24	40,000
			1,605,430

PROVISIONS FOR CONTINGENCIES AND LOSSES

	Provisions at start of period	Additions: expensed during the period	Subtractions: reversals utilised	Subtractions: reversals not utilised	Provisions at the close of period
Provisions for warranties	348,750	302,500	147,500		503,750
Provisions for unrealised foreign exchange losses	21,355		19,232		2,123
TOTAL	**370,105**	**302,500**	**166,732**		**505,873**
portion for operations:		*302,500*	*147,500*		
portion for finance:			*19,232*		

REGULATED GOVERNMENT SUBSIDIES

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 €822 K.
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.

REVENUE BREAKDOWN

	2013			2012
	France	***Export***	***Total***	
Sales of manufactured goods	4,666,990	7,654,889	12,321,879	7,672,904
Service revenues	672,321	356,224	1,028,545	638,962
TOTAL	**5,339,311**	**8,011,113**	**13,350,424**	**8,311,866**

RESEARCH AND DEVELOPMENT EXPENSES

The Company continued to develop new functionalities for EOS equipment and related applications. Research and development expenses totalled €2,946 K compared with €2,141 K in 2012. These costs were expensed in their entirety over the period.

EXPENSES AND REVERSALS FOR DEPRECIATION, AMORTISATION, IMPAIRMENT AND PROVISIONS - TRANSFERRED EXPENSES

	Position at start of period	**Additions: expensed during the period**	**Subtractions: reversed during the period**	**Position at end of period**
Impairment	13,497,944	5,491,747	2,948,834	16,040,857
Provisions for contingencies and losses	370,105	380,000	166,732	583,373
Sub-Total	**13,868,049**	**5,871,747**	**3,115,566**	**16,624,230**
Amortisation	2,050,315	326,559		2,376,874
TOTAL		**6,198,306**	**3,115,566**	
portion for operations:		*706,559*	*147,500*	
portion for finance:		*5,491,747*	*2,968,066*	

NET FINANCIAL INCOME

	2013	2012
Financial revenue		
Other receivables related to shares in associates	41,804	35,407
Other interest income	595,596	681,874
Foreign exchange gain/loss	34,215	7,622
Provision reversal	2,968,066	401,991
Sub-total	*3,639,682*	*1,126,894*
Financial expenses		
Interest expense	17,355	11,357
Foreign exchange gain/loss	56,009	16,754
Provision for impairment	5,491,747	4,874,040
Sub-total	*5,565,111*	*4,902,152*
TOTAL	**(1,925,429)**	**(3,775,258)**

NET NON-RECURRING ITEMS

	0	0
Extraordinary income		
Disposal of non-current assets	97,919	62,862
Sub-total	*97,919*	*62,862*
Extraordinary expense		
Disposal of non-current assets	35,734	173,158
Miscellaneous	*970*	333
Sub-total	*36,704*	*173,491*
TOTAL	**61,215**	**(110,629)**

Income and expense on the disposal of non-current assets refer to treasury shares.

Note 5: OTHER INFORMATION

UNREALISED OR DEFERRED TAX ITEMS

At 31 December 2013, total losses carried forward stood at €37,906 K and included €4,547 K in tax losses for the period.

AVERAGE HEADCOUNT

The average workforce breaks down as follows:

Paid employees	2013	2012
Executives	51	42
Non-executives	7	5
TOTAL	**58**	**47**

OFF-BALANCE SHEET OBLIGATIONS

- ***Retirement bonuses***

In accordance with French law, the Company fulfils its obligations to fund the retirement of its personnel in France by making payments to organisations that manage retirement plans, calculated on the wage base. There is no other obligation with respect to these payments.

French law also requires, where appropriate, the one-time payment of a lump sum pension. This payment is set as a function of the individual's seniority and compensation level at the time of retirement. Only employees working at the company at the time they retire are entitled to this pension.

The payments required by law and contracts are calculated for each person employed by the Company at the close, based on his or her theoretical seniority on the day they retire. The euro amount of the obligation is measured using the projected unit credit method, which is a method that looks backward from the employee's final compensation. The method consists of prorating projected retirement benefits to seniority during the time period when the entitlement was earned.

The assumptions used in determining retirement benefits were therefore the following:

	2012 Assumptions	2013 Assumptions
Retirement methods	- *For all employees*: voluntary retirement at 65	- *For all employees*: voluntary retirement at 65
Application of a social security factor	52%	48%
Discount rate	2.80%	3.40%
Mortality tables	INSEE 2007-2009 tables	INSEE 2007-2009 tables
Rate of salary increase (including inflation)	3%	3%
Turnover rate	Average rate of 25%, smoothed by age group using a decreasing function	Average rate of 12%, smoothed by age group using a decreasing function

At 31 December 2013 obligations for retirement benefits amounted to €180 K.

- ***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 2013:

	Total	Payments due per period		
		Within 1 year	Over 1 year and within 5 years	Over 5 years
Operating lease contracts	577,359	212,864	319,136	45,359
TOTAL	**577,359**	**212,864**	**319,136**	**45,359**

The lease payments recognised as expenses during the financial year ended on 31 December 2013 amounted to €270 K.

- ***Individual entitlement to training***

At 31 December 2013 the total volume of training hours to which Company employees were legally entitled under French law was 3,256 hours.

To the Company's knowledge there are no other significant off-balance sheet obligations or ones that might become so in the future.

MARKET RISK

Liquidity risk

Liquidity is held to meet short-term cash commitments rather than for investment or other purposes. It is readily convertible into a known amount of cash and is subject to an insignificant risk of a change in value.

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 these subsidiaries.

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. Liquidity includes cash and cash equivalents and current financial instruments held by the Company (basically term deposits). As at 31 December 2013, the Company's cash and cash equivalents were essentially invested in products maturing in less than 24 months.

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

As a final point, the credit risk with customers is limited, given that a significant fraction of the Company's customers are government bodies or distributors of satisfactory financial size. The risk presented by private customers is also limited, by the financing solutions that the Company generally identifies beforehand with leasing companies.

Interest rate risk

The company's exposure to interest rate risk primarily concerns liquidities. These largely consist of term deposits. Changes in interest rates have no impact on the earnings of deposit accounts whose return is fixed.

As at 31 December 2013 the Company's financial liabilities were not subject to interest rate risk with respect to the zero-rate loan and the advance repayable at a fixed rate. The €5 million overdraft authorisation is subject to a limited interest rate risk in that it matures in less than one year.

COMPENSATION PAID TO MEMBERS OF SUPERVISORY AND MANAGEMENT BODIES

The amount of compensation paid in respect of FY2013 to the Company's supervisory and management bodies was €365 K.

Hervé Legrand resigned from his position as "Directeur Général Délégué" as of 8 July 2013. Accordingly the compensation shown in the following table refers to compensation paid from 1 January to 8 July 2013.

		2012	**2013**
Marie Meynadier	Fixed compensation paid	€161,535	€166,381
	Benefits in kind	€13,680	€13,020
	Variable compensation paid	€91,291	€73,710
	Total compensation paid	**€266,506**	**€253,111**
	No. of stock options granted	360,000	
	Fair value of stock options granted	**€1,854,000**	**€-**
Hervé Legrand	Fixed compensation paid	€172,550	€64,563
	Benefits in kind		€4,517
	Variable compensation paid	€14,360	€47,461
	Total compensation paid	**€186,910**	**€116,541**
	No. of stock options granted	37,648	
	Fair value of stock options granted	**€60,613**	**€ -**

FEES PAID TO THE STATUTORY AUDITORS

The fees paid to the statutory auditors and recognized in respect of FY2013 were €91 K.

(in thousands of euros)	**31/12/2013**	
	Deloitte	Fi Solutions
Auditing		
Independent audit, certification & examination of the parent and consolidated statements - EOS Imaging SA - Fully consolidated subsidiaries (Eos Imaging Inc, Eos Image Inc, Eos Imaging GmbH, Onefit Medical)	50	25
Other investigations and services directly related to the audit engagement - EOS Imaging SA - Fully consolidated subsidiaries (Eos Imaging Inc, Eos Image Inc, Eos Imaging GmbH, Onefit Medical)	16	
Sub-Total	**66**	**25**
Other services rendered by partner firms to fully consolidated subsidiaries		
Legal, tax, employment		
Other		
Sub-Total		
Total	**66**	**25**

SUBSEQUENT EVENTS

There were no material events after the reporting period.

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75017 Paris

Deloitte & Associés
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92524 Neuilly-sur-Seine Cedex

EOS Imaging

Société Anonyme

10, rue Mercœur
75011 Paris

Rapport des Commissaires aux comptes sur les comptes annuels

Exercice clos le 31 décembre 2013

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 2013, 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 : la société évalue annuellement la valeur d'inventaire de ses immobilisations financières et participations selon les modalités décrites dans la note 3.2.3 « Immobilisations financières » de l'annexe aux comptes annuels. Nous avons, dans le cadre de notre appréciation des règles et principes comptables suivis par votre société, examiné les modalités de mise en œuvre des tests de dépréciation et les hypothèses utilisées, et nous avons vérifié que les notes 2 et 3 de l'annexe aux comptes annuels donnent une information appropriée.

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 aux prises de participation et de contrôle et à l'identité des détenteurs du capital et des droits de vote vous ont été communiquées dans le rapport de gestion.

Paris et Neuilly-sur-Seine, le 9 avril 2014

Les Commissaires aux comptes

Fi.Solutions	Deloitte & Associés
Jean-Marc PETIT	Fabien BROVEDANI

EOS Imaging

Société Anonyme

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75011 Paris

Rapport spécial des Commissaires aux comptes sur les conventions et engagements réglementés

Assemblée générale d'approbation des comptes de l'exercice clos le 31 décembre 2013

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Rapport des Commissaires aux comptes sur les conventions et engagements réglementés

Assemblée générale d'approbation des comptes de l'exercice clos le 31 décembre 2013

Aux actionnaires,

En notre qualité de Commissaires aux comptes de votre société, nous vous présentons notre rapport sur les conventions et engagements réglementés.

Il nous appartient de vous communiquer, sur la base des informations qui nous ont été données, les caractéristiques et les modalités essentielles des conventions et engagements dont nous avons été avisés ou que nous aurions découverts à l'occasion de notre mission, sans avoir à nous prononcer sur leur utilité et leur bien-fondé ni à rechercher l'existence d'autres conventions et engagements. Il vous appartient, selon les termes de l'article R.225-31 du Code de commerce, d'apprécier l'intérêt qui s'attachait à la conclusion de ces conventions et engagements en vue de leur approbation.

Par ailleurs, il nous appartient, le cas échéant, de vous communiquer les informations prévues à l'article R.225-31 du Code de commerce relatives à l'exécution, au cours de l'exercice écoulé, des conventions et engagements déjà approuvés par l'assemblée générale.

Nous avons mis en œuvre les diligences que nous avons estimé nécessaires au regard de la doctrine professionnelle de la Compagnie nationale des commissaires aux comptes relative à cette mission. Ces diligences ont consisté à vérifier la concordance des informations qui nous ont été données avec les documents de base dont elles sont issues.

CONVENTIONS ET ENGAGEMENTS SOUMIS A L'APPROBATION DE L'ASSEMBLEE GENERALE

Conventions et engagements autorisés au cours de l'exercice écoulé

Nous vous informons qu'il ne nous a été donné avis d'aucune convention ni d'aucun engagement autorisés au cours de l'exercice écoulé à soumettre à l'approbation de l'assemblée générale en application des dispositions de l'article L.225-38 du Code de commerce.

CONVENTIONS ET ENGAGEMENTS DEJA APPROUVES PAR L'ASSEMBLEE GENERALE

Conventions et engagements approuvés au cours d'exercices antérieurs

A. dont l'exécution s'est poursuivie au cours de l'exercice écoulé

En application de l'article R.225-30 du Code de commerce, nous avons été informés que l'exécution des conventions et engagements suivants déjà approuvés par l'assemblée générale au cours d'exercices antérieurs, s'est poursuivie au cours de l'exercice écoulé.

1. Elaboration d'un plan d'action interne et externe entre votre société et M. Philippe Whitehead

Personne concernée

M. Philippe Whitehead, administrateur de votre société.

Nature et objet

Fixation de la rémunération de M. Whitehead relative au développement commercial et de recherche de partenaires en vue du développement de vos activités.

Modalités

Cette convention a été conclue pour une durée de dix-huit mois moyennant une rémunération fixée à 60 000 euros. Elle a pris effet le 1er juillet 2012. Elle peut se terminer à tout moment sous réserve d'en informer l'une ou l'autre des parties par écrit.

Au titre de ce contrat, votre société a enregistré une charge de 40 000 euros correspondant aux deux-tiers du montant fixé, le premier tiers ayant été comptabilisé en charge de l'exercice 2012.

2. Avec la société EOS Imaging Inc., filiale à 100% de votre société

2.1 Fixation du prix de transfert

Nature et objet

Fixation du prix de transfert relatif à la vente, distribution et maintenance d'équipements, marketing et ventes des équipements produits par votre société à sa filiale.

Modalités

Cette convention fixe le prix de cession interne à votre filiale au prix de revente final, minoré de 25%.

Cette convention a été conclue pour une durée indéterminée le 3 janvier 2012 et mise à jour le 3 octobre 2012. Elle a pris effet le 1er janvier 2012 et peut être résiliée par l'une ou l'autre des parties à la fin d'une année comptable en respectant un préavis de six mois.
Au titre de cette convention, votre société a enregistré un produit de 2 691 565 euros.

2.2. Prestations de services et d'assistance

Nature et objet

Votre société met à la disposition de ses filiales des personnes permettant d'assurer des prestations de direction générale et financière, d'assistance dans le domaine administratif, ressources humaines, comptabilité et contrôle de gestion.

Modalités

Ces prestations sont rémunérées sur la base d'une quote-part des coûts administratifs de votre structure, après un abattement de 30% représentant les charges non refacturables, et après prise en compte d'une marge de 5%.

La clé de répartition correspond à la contribution de la filiale au chiffre d'affaires consolidé du groupe.

Cette convention a été conclue pour une durée indéterminée le 3 janvier 2012 et mise à jour le 3 octobre 2012. Elle a pris effet le 1er janvier 2012 et peut être résiliée par l'une ou l'autre des parties à la fin d'une année comptable en respectant un préavis de six mois.

Au titre de cette convention, votre société a enregistré un produit de 447 402 euros.

2.3. Gestion de trésorerie

Nature et objet

Votre société et ses filiales ont convenu de se consentir entre elles des avances en comptes courants rémunérés ou des prêts en fonction de leurs besoins respectifs de trésorerie.

Modalités

Le remboursement peut être demandé ou effectué à tout moment sous réserve d'un préavis de huit jours.

Les avances de trésorerie sont consenties moyennant un taux d'intérêt égal à Euribor 3 mois plus 0,5%. Les intérêts sont payables au 31 décembre de chaque année.

Cette convention a été conclue pour une durée indéterminée le 3 janvier 2012 et mise à jour le 3 octobre 2012. Elle a pris effet le 1er janvier 2012 et peut être résiliée par l'une ou l'autre des parties à la fin d'une année comptable en respectant un préavis de six mois.

Au titre de cette convention, votre société a enregistré un produit financier de 33 727 euros.

3. Avec la société EOS Image Inc., filiale à 100% de votre société

3.1 Fixation du prix de transfert

Nature et objet

Fixation du prix de transfert relatif à la vente, distribution et maintenance d'équipements, marketing et vente des équipements produits par votre société à sa filiale.

Modalités

Cette convention fixe le prix de cession interne à votre filiale au prix de revente final, minoré de 15%.

Cette convention a été conclue pour une durée indéterminée le 3 janvier 2012 et mise à jour le 3 octobre 2012. Elle a pris effet le 1er janvier 2012 et peut être résiliée par l'une ou l'autre des parties à la fin d'une année comptable en respectant un préavis de six mois.

Au titre de cette convention, votre société a enregistré un produit de 742 186 euros.

3.2 Prestations de services et d'assistance

Nature et objet

Votre société met à la disposition de ses filiales des personnes permettant d'assurer des prestations de direction générale et financière, d'assistance dans le domaine administratif, ressources humaines, comptabilité et contrôle de gestion.

Modalités

Ces prestations sont rémunérées sur la base d'une quote-part des coûts administratifs de votre structure, après un abattement de 30% représentant les charges non refacturables, et après prise en compte d'une marge de 5%.

La clé de répartition correspond à la contribution de la filiale au chiffre d'affaires consolidé du groupe.

Cette convention a été conclue pour une durée indéterminée le 3 janvier 2012 et mise à jour le 3 octobre 2012. Elle a pris effet le 1er janvier 2012 et peut être résiliée par l'une ou l'autre des parties à la fin d'une année comptable en respectant un préavis de six mois.

Au titre de cette convention, votre société a enregistré un produit de 111 450 euros.

3.3. Gestion de trésorerie

Nature et objet

Votre société et ses filiales ont convenu de se consentir entre elles des avances en comptes courants rémunérés ou des prêts en fonction de leurs besoins respectifs de trésorerie.

Modalités

Le remboursement peut être demandé ou effectué à tout moment sous réserve d'un préavis de huit jours.

Les avances de trésorerie sont consenties moyennant un taux d'intérêt égal à Euribor 3 mois plus 0,5%. Les intérêts sont payables au 31 décembre de chaque année.

Cette convention a été conclue pour une durée indéterminée le 3 janvier 2012 et mise à jour le 3 octobre 2012. Elle a pris effet le 1er janvier 2012 et peut être résiliée par l'une ou l'autre des parties à la fin d'une année comptable en respectant un préavis de six mois.

Au titre de cette convention, votre société a enregistré un produit financier de 7 124 euros.

4. Avec la société EOS Imaging GmbH, filiale à 100% de votre société

4.1 Fixation du prix de transfert

Nature et objet

Fixation du prix de transfert relatif à la vente, distribution et maintenance d'équipements, marketing et vente, des équipements produits par votre société à sa filiale.

Modalités

Cette convention fixe le prix de cession interne à votre filiale au prix de revente ou de location final, minoré de 15%.

Cette convention a été conclue le 3 janvier 2012 pour une durée indéterminée. Elle a pris effet le 1er janvier 2012 et peut être résiliée par l'une ou l'autre des parties à la fin d'une année comptable en respectant un préavis de six mois.

Au titre de cette convention, votre société a enregistré un produit de 773 500 euros.

4.2. Prestations de services et d'assistance

Nature et objet

Votre société met à la disposition de ses filiales des personnes permettant d'assurer des prestations de direction générale et financière, d'assistance dans le domaine administratif, ressources humaines, comptabilité et contrôle de gestion.

Modalités

Ces prestations sont rémunérées sur la base d'une quote-part des coûts administratifs de votre structure, après un abattement de 30% représentant les charges non refacturables, et après prise en compte d'une marge de 5%.

La clé de répartition correspond à la contribution de la filiale au chiffre d'affaires consolidé du groupe.

Cette convention a été conclue le 3 janvier 2012 pour une durée indéterminée. Elle a pris effet le 1er janvier 2012 et peut être résiliée par l'une ou l'autre des parties à la fin d'une année comptable en respectant un préavis de six mois.

Au titre de cette convention, votre société a enregistré un produit de 103 690 euros.

4.3. Gestion de trésorerie

Nature et objet

Votre société et ses filiales ont convenu de se consentir entre elles des avances en comptes courants rémunérés ou des prêts en fonction de leurs besoins respectifs de trésorerie.

Modalités

Le remboursement peut être demandé ou effectué à tout moment sous réserve d'un préavis de huit jours.

Les avances de trésorerie sont consenties moyennant un taux d'intérêt égal à Euribor 3 mois plus 0,5%. Les intérêts sont payables au 31 décembre de chaque année.
Cette convention a été conclue pour une durée indéterminée le 3 janvier 2012 et mise à jour le 3 octobre 2012. Elle a pris effet le 1er janvier 2012 et peut être résiliée par l'une ou l'autre des parties à la fin d'une année comptable en respectant un préavis de six mois.
Au titre de cette convention, votre société a enregistré un produit financier de 953 euros.

B. sans exécution au cours de l'exercice écoulé

Par ailleurs, nous vous informons qu'il ne nous a été donné avis d'aucune convention ni d'aucun engagement déjà approuvés par l'assemblée générale d'exercices antérieurs qui se seraient poursuivis sans exécution au cours de l'exercice écoulé.

Paris et Neuilly-sur-Seine, le 9 avril 2014

Les Commissaires aux comptes

Fi.Solutions	Deloitte & Associés
Jean-Marc PETIT	Fabien BROVEDANI

EOS Imaging

Assemblée générale d'approbation des comptes de l'exercice clos le 31 décembre 2012

Rapport spécial des commissaires aux comptes sur les conventions et engagements réglementés

Aux Actionnaires,

En notre qualité de commissaires aux comptes de votre société, nous vous présentons notre rapport sur les conventions et engagements réglementés.

Il nous appartient de vous communiquer, sur la base des informations qui nous ont été données, les caractéristiques et les modalités essentielles des conventions et engagements dont nous avons été avisés ou que nous aurions découverts à l'occasion de notre mission, sans avoir à nous prononcer sur leur utilité et leur bien-fondé ni à rechercher l'existence d'autres conventions et engagements. Il vous appartient, selon les termes de l'article R. 225-31 du Code de commerce, d'apprécier l'intérêt qui s'attachait à la conclusion de ces conventions et engagements en vue de leur approbation.

Par ailleurs, il nous appartient, le cas échéant, de vous communiquer les informations prévues à l'article R. 225-31 du Code de commerce relatives à l'exécution, au cours de l'exercice écoulé, des conventions et engagements déjà approuvés par l'assemblée générale.

Nous avons mis en œuvre les diligences que nous avons estimé nécessaires au regard de la doctrine professionnelle de la Compagnie nationale des commissaires aux comptes relative à cette mission. Ces diligences ont consisté à vérifier la concordance des informations qui nous ont été données avec les documents de base dont elles sont issues.

Conventions et engagements soumis à l'approbation de l'assemblée générale

Conventions et engagements autorisés au cours de l'exercice écoulé

En application de l'article L. 225-40 du Code de commerce, nous avons été avisés des conventions et engagements suivants qui ont fait l'objet de l'autorisation préalable de votre conseil d'administration.

Convention d'aide à l'élaboration d'un plan d'action interne et externe entre votre société et
M. Philippe Whithead

Personne concernée

M. Philippe Whithead, administrateur de votre société.

Nature et objet

Fixation de la rémunération de M. Whithead relative au développement commercial et de recherche de partenaires en vue du développement de nos activités.

Modalités

Cette convention a été conclue pour une durée de dix-huit mois moyennant une rémunération fixée à
€ 60.000. Elle a pris effet le 1er juillet 2012. Elle peut se terminer à tout moment sous réserve d'informer l'une ou l'autre des parties par écrit.

Au titre de ce contrat, votre société a enregistré une charge de € 20.000 correspondant aux 6/18ème
du montant fixé.

Conventions et engagements non autorisés préalablement

En application des articles L. 225-42 et L. 823-12 du Code de commerce, nous vous signalons que les conventions et engagements suivants n'ont pas fait l'objet d'une autorisation préalable de votre conseil d'administration.

Il nous appartient de vous communiquer les circonstances en raison desquelles la procédure d'autorisation n'a pas été suivie.

1. Avec la société EOS Imaging Inc., filiale à 100 % de votre société

a) Nature et objet

Fixation du prix de transfert 2012 relatif à la vente, distribution et maintenance d'équipements, marketing et vente, des équipements produits par votre société à sa filiale.

Modalités

La présente convention fixe le prix de cession interne au prix de revente finale minoré de 25 %.
Cette convention a été conclue le 3 janvier 2012 pour une durée indéterminée. Elle a pris effet le
1er janvier 2012 et peut être résiliée par l'une ou l'autre des parties à la fin d'une année comptable en respectant un préavis de six mois.

Au titre de cette convention, votre société a enregistré un produit de € 2.888.288.

b) Nature et objet

Convention de prestations de services et d'assistance.

Modalités

Votre société met à la disposition de ses filiales des personnes permettant d'assurer l'assistance et les services de direction générale, administrative et financière et comptables.

La rémunération de ces prestations est fixée à une quote-part des coûts administratifs de votre structure, après un abattement de 30 % représentant les charges non refacturables, et après affectation d'une marge de 5 %.

La clé de répartition correspond à la contribution de la filiale au chiffre d'affaires consolidé du groupe. Conclue pour une durée indéterminée, cette convention a pris effet le 1er janvier 2012.

Au titre de cette convention, votre société a enregistré un produit de € 750.543.

c) Nature et objet

Convention de gestion de trésorerie.

Modalités

Votre société et ses filiales ont convenu de se consentir entre elles des avances en comptes courants rémunérés ou des prêts en fonction de leurs disponibilités et de leurs besoins respectifs de trésorerie.

Le remboursement peut être demandé ou effectué à tout moment sous réserve d'un préavis de huit jours.

Les avances de trésorerie sont consenties moyennant un taux d'intérêt égal à EURIBOR 3 mois plus
5 %. Les intérêts sont payables au 31 décembre de chaque année.

Cette convention, conclue pour une durée indéterminée, a pris effet le 1er janvier 2012. Elle peut être résiliée en fin d'année comptable en respectant un préavis de six mois.

Au titre de cette convention, votre société a enregistré un produit financier de € 28.601.

2. Avec la société Eos Image Inc., filiale à 100 % de votre société

a) Nature et objet

Fixation du prix de transfert 2012 relatif à la vente des équipements produits par votre société à sa filiale.

Modalités

La présente convention fixe le prix de cession interne au prix de revente final minoré de 15 %.

Cette convention a pris effet le 1er janvier 2012 et peut être résiliée par l'une ou l'autre des parties à la fin d'une année comptable en respectant un préavis de six mois.

Au titre de cette convention, votre société a enregistré un produit de € 397.153.

b) Nature et objet

Convention de prestations de services et d'assistance.

Modalités

Votre société met à la disposition de ses filiales des personnes permettant d'assurer l'assistance et les services de direction générale, administrative et financière et comptables.

La rémunération de ces prestations est fixée à une quote-part des coûts administratifs de votre structure, après un abattement de 30 % représentant les charges non refacturables, et après affectation d'une marge de 5 %.

La clé de répartition correspond à la contribution de la filiale au chiffre d'affaires consolidé du groupe. Conclue pour une durée indéterminée, cette convention a pris effet le 1er janvier 2012.

Au titre de cette convention, votre société a enregistré un produit de € 120.611.

c) Nature et objet

Convention de gestion de trésorerie.

Modalités

Votre société et ses filiales ont convenu de se consentir entre elles des avances en comptes courants rémunérés ou des prêts en fonction de leurs disponibilités et de leurs besoins respectifs de trésorerie.

Le remboursement peut être demandé ou effectué à tout moment sous réserve d'un préavis de huit jours.

Les avances de trésorerie sont consenties moyennant un taux d'intérêt égal à EURIBOR 3 mois plus
5 %. Les intérêts sont payables au 31 décembre de chaque année.

Cette convention, conclue pour une durée indéterminée, a pris effet le 1er janvier 2012. Elle peut être résiliée en fin d'année comptable en respectant un préavis de six mois.

Au titre de cette convention, votre société a enregistré un produit financier de € 6.575.

3. Avec la société EOS Imaging, filiale à 100 % de votre société

a) Nature et objet

Fixation du prix de transfert 2012 relatif à la vente des équipements produits par votre société à sa filiale.

Modalités

La présente convention fixe le prix de cession interne au prix de revente final minoré de 15 %.

Cette convention a pris effet le 1er janvier 2012 et peut être résiliée par l'une ou l'autre des parties à la fin d'une année comptable en respectant un préavis de six mois.

Elle a pour but de permettre à votre filiale de réaliser une marge nette bénéficiaire dans les délais comparables aux vôtres.

Au titre de cette convention, votre société a enregistré un produit de € 260.869.

b) Nature et objet

Convention de prestations de services et d'assistance.

Modalités

Votre société met à la disposition de ses filiales des personnes permettant d'assurer l'assistance et les services de direction générale, administrative et financière et comptables.

La rémunération de ces prestations est fixée à une quote-part des coûts administratifs de votre structure, après un abattement de 30 % représentant les charges non refacturables, et après affectation d'une marge de 5 %.

La clé de répartition correspond à la contribution de la filiale au chiffre d'affaires consolidé du groupe. Conclue pour une durée indéterminée, cette convention a pris effet le 1er janvier 2012.

Au titre de cette convention, votre société a enregistré un produit de € 66.750.

c) Nature et objet

Convention de gestion de trésorerie.

Modalités

Votre société et ses filiales ont convenu de se consentir entre elles des avances en comptes courants rémunérés ou des prêts en fonction de leurs disponibilités et de leurs besoins respectifs de trésorerie.

Le remboursement peut être demandé ou effectué à tout moment sous réserve d'un préavis de huit jours.

Les avances de trésorerie sont consenties moyennant un taux d'intérêt égal à EURIBOR 3 mois plus
5 %. Les intérêts sont payables au 31 décembre de chaque année.

Cette convention, conclue pour une durée indéterminée, a pris effet le 1er janvier 2012. Elle peut être résiliée en fin d'année comptable en respectant un préavis de six mois.

Au titre de cette convention, votre société a enregistré un produit financier de € 232.

En raison d'une omission de votre conseil d'administration, les conventions et engagements ci-dessus n'ont pas fait l'objet d'une autorisation préalable prévue à l'article L. 225-38 du Code de commerce.

Conventions et engagements déjà approuvés par l'assemblée générale

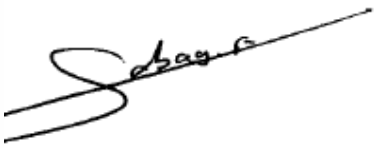
Nous vous informons qu'il ne nous a été donné avis d'aucune convention ni d'aucun engagement déjà
approuvés par l'assemblée générale dont l'exécution se serait poursuivie au cours de l'exercice écoulé.

Paris et Paris-La Défense, le 23 mai 2013

Les Commissaires aux Comptes

Lydia BOURGEOIS

ERNST & YOUNG Audit



Franck Sebag

EOS Imaging
Assemblée générale d'approbation des comptes de l'exercice clos le 31 décembre 2011

Rapport spécial des commissaires aux comptes sur les conventions et engagements réglementés

Aux Actionnaires,

En notre qualité de commissaires aux comptes de votre société, nous vous présentons notre rapport

sur les conventions et engagements réglementés.

Il nous appartient de vous communiquer, sur la base des informations qui nous ont été données, les caractéristiques et les modalités essentielles des conventions et engagements dont nous avons été avisés ou que nous aurions découverts à l'occasion de notre mission, sans avoir à nous prononcer sur leur utilité et leur bien-fondé ni à rechercher l'existence d'autres conventions et engagements. Il vous appartient, selon les termes de l'article R. 225-31 du Code de commerce, d'apprécier l'intérêt qui

s'attachait à la conclusion de ces conventions et engagements en vue de leur approbation.

Par ailleurs, il nous appartient, le cas échéant, de vous communiquer les informations prévues à l'article R. 225-31 du Code de commerce relatives à l'exécution, au cours de l'exercice écoulé, des conventions et engagements déjà approuvés par l'assemblée générale.

Nous avons mis en œuvre les diligences que nous avons estimé nécessaires au regard de la doctrine professionnelle de la Compagnie nationale des commissaires aux comptes relative à

cette mission. Ces diligences ont consisté à vérifier la concordance des informations qui nous ont été données avec les documents de base dont elles sont issues.

Conventions et engagements soumis à l'approbation de l'assemblée générale

Conventions autorisées au cours de l'exercice écoulé

Nous vous informons qu'il ne nous a été donné avis d'aucune convention autorisée au cours de l'exercice écoulé à soumettre à l'approbation de l'assemblée générale en application des dispositions de l'article L. 225-38 du Code de commerce.

Conventions des exercices antérieurs non soumises à l'approbation d'une précédente assemblée générale

Nous avons été avisés de la convention suivante, autorisée au cours de l'exercice 2010 et qui n'a pas été soumise à l'approbation de l'assemblée générale statuant sur les comptes 2010.

Convention d'aide à l'élaboration d'un plan d'action interne et externe entre votre société et M. Philippe Whithead, administrateur de votre société

Nature et objet

Rémunération de M. Philippe Whithead sur une période de dix-huit mois relative à l'élaboration d'un plan d'action interne et externe, visant à préparer l'évolution du capital de votre société nécessaire à sa croissance, et assister votre société dans la mise en place de ce plan.

Modalités

Facturation trimestrielles des prestations exécutées donnant rémunération sous forme d'honoraires de

€ 10.000 hors taxes par trimestre.

Cette convention étant intervenue le 13 décembre 2010, une rémunération complémentaire de

€ 1.870 sera allouée pour couvrir la période échue en 2010.

Au titre de cette convention, votre société a enregistré une charge de € 41.870.

Conventions déjà approuvées par l'assemblée générale

En application de l'articleR. 225-30 du Code de commerce, nous avons été informés que l'exécution des conventions suivantes, déjà approuvées par l'assemblée générale au cours d'exercices antérieurs, s'est poursuivie au cours de l'exercice écoulé.

1. **Avec la société EOS Image lnc. (anciennement Biospace radiologie Quebec lnc)**

Nature et objet

La présente convention a pour objet de définir les modalités applicables aux opérations suivantes :

- refacturation de frais de prestations d'animation, de gestion politique, commerciale et administrative, fournies par votre société à EOS Image lnc.

- gestion de la trésorerie disponible des deux sociétés entre elles.

- copropriété de la convention de recherche signée avec ETS Montréal et la SERAM au titre de laquelle ces deux sociétés développent ensemble une techno logie de reconstruction tridimensionnelle du système ostéo-articulaire à partir de vues planes, votre société et EOS Image lnc. ayant sur cette copropriété un droit d'exploitation exclusif. Co titulaire de la licence d'exploitation, EOS Image lnc. a cédé au profit de votre société les droits qu'elle détient au titre de la licence, en sorte que votre soc iété devienne seule licenciée à titre principal sur la technologie développée, et en contrepartie votre société a concédé à EOS Image lnc. une sous-licence du droit d'exploitation de cette technologie pour le territoire canadien.

Modalités

Durée : cette convention a été conclue pour une durée indéterminée

Prestations de service et d'assistance : refacturation aux coûts directs engagés (salaires et charges sociales inclus au prorata du temps passé) plus 5 %.

Gestion de la trésorerie : les avances de trésorerie seront consenties et acceptées moyennant un taux d'intérêt légal (EURIBOR 3 mois plus 0,5 %), payables au 31 décembre de chaque année et non capitalisables. Le remboursement de ces avances pourra être demandé à tout moment par le prêteur sous réserve du respect d'un préavis de huit jours.

Votre société a enregistré au titre de cette convention un produit de € 11.834 au titre des management fees et de € 18.555 correspondants aux intérêts sur l'exercice 2011.

2. Avec la société EOS lmaging lnc. (anciennement Biospace USA)

Nature et objet

La présente convention a pour objet de définir les modalités applicables aux prestations d'animation, de gestion politique, commerciale et administrative, fournies par votre société à EOS lmaging lnc.:

- Les prestations de direction générale et/ou financière, d'assistance dans le domaine administratif, comptable et/ou en matière de contrôle de gestion seront facturées au coût direct (coût du personnel, salaires et charges soc iales) auquel sera affectée une majoration de 5 %.

- La gestion de la trésorerie dont la rémunération des avances se fera au taux d'EURIBOR 3 mois plus 0,5 %.

Modalités

Durée : elle se renouvellera annuellement pour une durée de un an par tacite reconduction. Votre société a enregistré au titre de cette convention un produit de € 56.287 au titre des

management fees et de € 76.735 correspondants aux intérêts sur l'exercice 2011.

3. Avec la société EOS lmaging GmbH (anciennement Biospace Med GmbH)

Nature et objet

La présente convention a pour objet de définir les modalités applicables aux prestations d'animation et de gestion politique, commerciale et administrative, fournies par votre société à EOS lmaging GmbH, étant entendu que chacune de ces deux sociétés conservera la pleine et entière liberté et responsabilité de la direction, de la gestion et de l'exploitation de son entreprise.

Pour so n exécution, cette convention prévoit la mise à disposition de Mme Marie Meynadier, d'une personne qui assurera les prestations de direction administrative et financière, de Mme Jessica Rivoal celles d'assistance administrative et de secrétariat et de Mme Sabrina Ferrand pour les prestations comptables.

En outre, la présente convention organise la gestion de la trésorerie disponible des deux sociétés entre elles.

Modalités

Cette convention est conclue pour une durée indéterminée et a pris effet au 1er janvier 2010. Elle pourra être résiliée par l'une des parties à la fin d'une année comptable, en respectant un préavis de six mois.

En contrepartie des prestations effectuées par les personnes mentionnées ci-dessus, votre société percevra une rémunération s'élevant aux coûts directs engagés par ladite société pour l'exécution desdites prestations (coût du personnel, sala ires et charges sociales inclus, affecté à la réalisation de cette mission au prorata du temps effectivement passé).

Pour l'exercice 2011, ce temps est estimé à 1%du temps total.

Gestion de trésorerie : les avances de trésorerie seront consenties et acceptées moyennant un taux d'intérêts légal (EURIBOR 3 mois plus 0,5 %). Les intérêts sont payables au 31 décembre de chaque année et ne sont pas capitalisables.

Votre société a enregistré au titre de cette convention un produit de € 5.917 au titre des prestations refacturées et un produit de € 665 correspondants aux intérêts relatifs à la gestion de trésorerie.

4. Avec M. Stéphane Sallmard

Nature et objet

Utilisation des compétences de M. Stéphane Sallmard en qualité de conseiller dans les domaines suivants:

- participation à des réunions et échanges avec les partenaires financiers de votre société ;
- conseil auprès de l'équipe de direction et du conseil d'administration sur les opérations et la stratégie de votre société ;
- discussion et négociation avec les sociétés potentiellement partenaires de votre société ;
- préparation et suivi des réunions du conseil d'administration.

Modalités

Durée : cette convention a été conclue pour une durée indéterminée et a débuté le 1er juin 2008.

En contrepartie de la réalisation des prestations et de l'engagement de non concurrence, votre société versera à M. Sallmard € 4.000 hors taxes par mois calendaire (mois d'août exclu) correspondant à, au minimum, quatre journées de consultance par mois, et € 24.000 hors taxes pour les prestations associées aux réunions du conseil d'administration durant l'année calendaire (une dizaine par an).

Au titre de cette convention, votre société a enregistré une charge de € 66.000 hors taxes sur

l'exercice.

Paris et Paris-La Défense, le 6 juin 2012

Les Commissaires aux Comptes

Lydia BOURGEOIS

ERNST & YOUNG Audit
Franck Sebag

French Public Limited Company (*Société Anonyme*), with share capital of €183,778.78
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 8 April 2014.

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 to hold corporate offices while covered by employment contracts, in view of the size of the Company and the risks incurred by said executive.

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 were discussed by the Board and resulted in an action plan, which included among other things the creation of a Strategy Committee.

2. BOARD OF DIRECTORS

2.1. Composition of the Board of Directors as at 31 December 2013

Name	Office	Main position within the Company	Nationality	Length of term
Michael J Dormer 10 rue Mercoeur 75011 Paris, France	Director	Chairman of the Board of Directors	British	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, France	Director	None	French	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, France	Director	CEO	French	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. Reappointed director by the General Meeting of 13 June 2013 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 2015.
NBGI Private Equity represented by Aris Constantinides Old Change House 128 Queen Victoria Street, EC4V 4BJ, London, U.K.	Director	None	British	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.

Name	Office	Main position within the Company	Nationality	Length of term
CDC Entreprises represented by Marie-Laure Garrigues 137, rue de l'Université, 75007 Paris, France	Director	None	French	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.
Edmond de Rothschild Investment Partners represented by Raphaël Wisniewski 47, rue du Faubourg Saint Honoré 75008 Paris, France	Director	None	French	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 2014.
Philip Whitehead Dairy Cottage Upton Grey RG25 2RE Hants, UK	Director	None	British	Appointed by the General Meeting of 6 December 2010 for a term of three years. Reappointed director by the General Meeting of 16 January 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.
Eric Beard Drève du Caporal 9 1180 Brussels, Belgium	Director	None	British	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.

The Board of Directors strives to ensure that male and female representation is balanced. Women held 25% of the director positions as at 31 December 2013.

2.2. Other current offices

	Other current offices	
Name	Nature of the office	Company
Michael J Dormer	Chairman of the Board of Directors and CEO	Neoss Ltd
Stéphane Sallmard	Director Director Director	Crescent Diagnostics Ltd Imagine Eyes SARL i-Optics B.V.
Marie Meynadier	Senior Manager Senior Manager Senior Manager Chairman Director	EOS Imaging Inc. EOS Imaging GmbH EOS Image Inc. OneFit Medical SAS Stentys SA
NBGI Private Equity represented by Aris Constantinides	Director Director Director Director Director Director Director	Supersonic Imagine SA Dysis Medical Limited Reverse Medical Corporation Advanced Cardiac Therapeutics Inc Cellnovo Limited Quanta Fluid Solutions Limited 20/10 Perfect Vision AG Endoscopic Technologies Inc
CDC Entreprises represented by Marie-Laure Garrigues	Director Non-voting director Manager	Cytheris Tx Cell Bio-Thema Consulting
Edmond de Rothschild Investment Partners represented by Raphaël Wisniewski	Director Member, Supervisory Board Director	Poxel Genticel Implanet
Raphaël Wisniewski	Director Director	Cellnovo Limited Regado Biosciences
Philip Whitehead	Director Director Vice-President Vice-President Director Director Director	Time Spent Property Developments Ltd Danaher UK Industries Ltd Tektronix UK Holdings Ltd Tektronix UK Ltd Hoddington Inns Ltd Lauchchange Holding Company Lauchchange Operations Limited
Eric Beard	Chairman	Cellnovo Limited

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 2013 financial year

During the financial year ended on 31 December 2013, the Company's Board of Directors met eight times and the average attendance rate of the Board members was 91%.

2.6. Specialised committees

2.6.1. Audit Committee

2.6.1.1. Composition

The Audit Committee was established by the Board of Directors on 30 August 2012.

As of the date of writing this report, it consists of Eric Beard, Raphaël Wisniewski and Marie-Laure Garrigues.

Mr. Eric Beard chairs the 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 2013 financial year

During the financial year ended on 31 December 2013, the Company's Audit Committee met twice, notably in order to examine the 2012 annual financial statements and the 2013 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.

Mr. Stéphane Sallmard chairs the committee.

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 2013 financial year

The Compensation Committee met once during the 2013 financial year, primarily to examine and validate the compensation plan for the Management team.

2.6.3. Strategy Committee

2.6.3.1. Composition

The Strategy Committee was established by the Board of Directors on 15 January 2013.

On the publication date of this report, the members of the Strategy Committee were:
- Michael J Dormer, Chairman of the Board of Directors;
- Marie Meynadier, director and CEO;
- Edmond de Rothschild Investment Partners, represented by Raphaël Wisniewski, director;
- NBGI represented by Aris Constantinides, director;
- Eric Beard, director;

and
- Philip Whitehead, director.

Mr. Michael J Dormer chairs this committee.

2.6.3.2. Powers

The Strategy Committee is responsible, in particular, for:
- studying all strategic questions that are of concern to the Group in the areas of R&D, manufacturing and alliances and partnerships of all kinds;
- studying all significant proposals for capital investment, alliance or partnership; and
- providing the Board with any and all reports, opinions and recommendations on any and all questions that fall within its purview.

Generally, the Strategy committee provides advice and makes appropriate recommendations in the aforementioned areas.

2.6.3.3. Operating procedures

The Strategy Committee meets at least twice a year on a schedule set by its chairperson, who also prepares the agendas.

The Strategy 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 Strategy 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.

2.6.3.4. Reports

The Chairman of the Strategy 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.

2.6.3.5. Report on the Strategy Committee's activities during the 2013 financial year

The Strategy Committee met once during 2013, with principal aim of reviewing the Group's various strategic options and to approve the plan to acquire OneFit Medical.

2.7. 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 2013

As far as the Company is aware, the company's capital was distributed as follows at 31 December 2013:

	Number of shares	% of capital and voting rights*
Founders	**953,217**	**5.31%**
COFA Invest	302,117	1.68%
EDRIP	2,478,761	13.8%
UFG Siparex	906,055	5.04%
NBGI	1,358,143	7.56%
FCID	1,395,697	7.77%
Investment funds	**6,440,773**	**35.8%**
Floating	**10,486,587**	**58.4%**
Management & employees	**86,955**	**0.48%**
Treasury shares	**38,046**	**0.00%**
Total	**18,005,578**	**100.00%**

*Own shares have no voting rights attached to them.

In accordance with the provisions of Article L. 233-13 of the French Commercial Code, 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 31 December 2013 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		
	2013 financial year	2012 financial year
Marie Meynadier – CEO		
Compensation paid for the financial year	€237,634	€298,925
Valuation of stock options and bonus shares granted during the financial year	-	€1,854,000
Total	€237,634	€2,152,925
Hervé Legrand – deputy managing director		
Compensation paid for the financial year	€71,371	€221,611
Valuation of stock options granted during the financial year	-	€60,613
Total	€71,371	€282,225
Michael J Dormer		
Directors' fees due for the current financial year	€65,000	€9,791
Valuation of stock options granted during the financial year		-
Total	€65,000	€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 2012 and 2013 and the remunerations received by these same people during these same financial years.

	2013 financial year		2012 financial year	
	amounts due[(1)]	amounts paid[(2)]	amounts due[(1)]	amounts paid[(2)]
Marie Meynadier – CEO				
Fixed remuneration*	€166,381	€166,381	€161,535	€161,535
Variable remuneration*	€58,233	€73,710	€73,710	€41,291
Exceptional remuneration*			€50,000	€50,000
Directors' fees				
Benefits in kind*	€13,020	€13,020	€13,680	€13,680
TOTAL	€237,634	€253,111	€298,925	€266,506

	2013 financial year		2012 financial year	
Hervé Legrand - Deputy managing director	amounts due[1]	amounts paid[2]	amounts due[1]	amounts paid[2]
Fixed remuneration*	€64,563	€64,563	€172,550	€172,550
Variable remuneration*	€2,290	€47,461	€49,062	€14,360
Exceptional remuneration*				
Directors' fees				
Benefits in kind*	€4,518	€4,517		
TOTAL	€71,371	€116,541	€221,611	€186,910
2. Michael J Dormer – chairman of the board of directors				
Fixed remuneration*	-	-	-	-
Variable remuneration*	-	-	-	-
Exceptional remuneration*	-	-	-	-
Directors' fees	€65,000	€58,541	€9,791	-
Benefits in kind*	-	-	-	-
TOTAL	€65,000	€58,541	€9,791	-

*gross, before tax

[1]For the financial year
[2]During the financial year

The benefits in kind allocated to Marie Meynadier corresponded to a company car. The benefit extended to Hervé Legrand was a housing allowance.

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 2013 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	€25,000	€27,500
	Other compensation	€30,000	€20,000
Eric Beard	Directors' fees	€30,000	€15,000
	Other compensation	None	None
Stephane Sallmard	Directors' fees	€20,000	€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 2012 and 2013

Share subscription options allocated by the Company to each director and corporate officer During the financial years ending on 31 December 2012 and 2013.					
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
Hervé Legrand	ESOP 2012 Board meeting 21 September 2012	€60,613	37,648	€4.07	20 September 2021
Total		€60,613	37,648	-	-

4.5. Share subscription or purchase options exercised by each director and corporate officer during the financial years ending 31 December 2012 and 2013

Share subscription options exercised by each director and corporate officer During the financial years ending on 31 December 2012 and 2013.			
Name	N° and date of the plan	Number 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 2012 and 2013

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 this report, in light of their terms and conditions, these 360,000 shares became vested 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	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 2012 and 2013

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	ESOP 2009	ESOP 2010	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 offering circular (*document de base*) was filled	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 2013	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
Term of office start date:	First appointment: 16 June 1998 Last renewal: 13 June 2013							
Term of office end date:	At the end of the general meeting called to approve the financial statements of the financial year ending 31 December 2015							
Hervé Legrand – deputy managing director	X			X		X	X	
Term of office start date:	First appointment: 7 July 2009							
Term of office end date:	1 July 2013							
Michael J Dormer – chairman of the board of directors		X		X		X		**X**
Term of office start date:	First appointment: 09 November 2012							
Term of office 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 financial year 2013, the premium for this was €10,959.
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, received 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;
- Formalised skills management: all employees receive an initial course of training tailored to the particular nature 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;
- Multifunction meetings: update across all functions concerning performance and product quality; and
- Half-yearly Quality Management Reviews: review of the company's quality control and assurance, of all quality indicators by business line, and identification of targeted actions to improve quality.

Tools

- ENNOV document database: electronic document management of all framework documents by activity;
- ENNOV process database: management of deficiencies that occur in the processes and of compliance issues in product quality, with action plans and monitoring; and
- Enterprise Resource Planning software to manage production.

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 following processes fall within this scope: design, product development, services (operation and maintenance) and production (efficiency of 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 error 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 CFR 820 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 2013 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 of three 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 four 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 eight 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 2013, the Company set itself the objective of continuing the analysis and improvement of the actions introduced with a view to reducing the Company's exposure to major operational risks.

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Michael J Dormer

Chairman of the Board of Directors

ANNEX 4.2

Statutory Auditors' Report pursuant to Article L. 225-235 of the French Commercial Code on the Chairman's report on internal control and risk management procedures

EOS Imaging

Société Anonyme

10, rue Mercœur
75011 Paris

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

Exercice clos le 31 décembre 2013

Fi.Solutions
8, rue Bayen
75017 Paris

Deloitte & Associés
185, avenue Charles-de-Gaulle
92524 Neuilly-sur-Seine Cedex

EOS Imaging

Société Anonyme

10, rue Mercœur
75011 Paris

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

Exercice clos le 31 décembre 2013

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. 225-68 du Code de commerce au titre de l'exercice clos le 31 décembre 2013.

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. 225-68 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 le rapport comporte les autres informations requises par l'article L. 225-68 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. 225-68 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. 225-68 du Code de commerce.

Paris et Neuilly-sur-Seine, le 9 avril 2014

Les Commissaires aux comptes

Fi.Solutions	Deloitte & Associés
Jean-Marc PETIT	Fabien BROVEDANI

2013

CORPORATE SOCIAL RESPONSIBILITY

ABOUT THE METHODOLOGY

Background on CSR reporting system

EOS imaging has begun reviewing the economic, social and environmental impact of its business. It is the goal of the Group to encourage responsible development that takes into account its current needs and the challenges of sustainable development.

Such development has three considerations besides the purely economic one: employment, society at large and the environment. This chapter surveys EOS imaging's activities with respect to these three components, in an effort to provide transparency with its stakeholders. This survey has a regulatory context: as a publicly traded company, EOS imaging is obligated to provide extra-financial disclosures in its management report, in accordance with Article L. 225-102-1 of the French Commercial Code, known as the Grenelle II Law.

In that context EOS imaging has had in place for the second consecutive year a reporting process that gathers and compiles at the Group level the information published in this chapter relating to employment, society and the environment.

Selection of published information

EOS imaging has selected extra-financial disclosures that are relevant to its business. The Group designs and markets medical imaging systems that produce x-ray images of a patient's full body in functional position and a 3D reconstitution of the skeleton. The systems are assembled by subcontractors; only the detectors (two per system) are made by EOS imaging. The Group's primary activities are therefore research and development, sales and maintenance.

Based on that fact, the following regulatory environmental issues are thought not to apply or pertain to us, and are therefore not addressed in this Section:

- measures for preventing, reducing or repairing discharges into the air, water or soil with a serious impact on the environment;
- mitigating noise pollution and any other form of pollution specific to an activity;
- land usage;
- adaptation to climate change;
- protection of biodiversity;
- other initiatives to promote Human rights.

Scope of information presented

The disclosures cover as far as possible all employees and all activities of the Group over the period 1 January to 31 December 2013. Some information, however, is presented only with respect to France and excludes OneFit, acquired in November 2013 for lack of consolidated reporting of this information at this time, although such reporting is planned for the upcoming period.

In regard to employment data:

- the total workforce, the breakdown of the workforce by gender, nationality and geographic area, hires, exits, and workplace and commuting accidents refer to the Group;
- work schedules, training, non-discrimination and working conditions refer to the Group with the exception of OneFit;
- the age pyramid, industrial relations and absenteeism only refer to the EOS France workforce and thus exclude OneFit and foreign subsidiaries.

Information as to civic responsibility refers to the whole Group.

In regard to environmental data:

- the general policy in terms of the environment and the management of waste are discussed at the Group level;
- the sustainable use of resources and building energy and paper consumption in particular are presented for EOS France and thus exclude OneFit and international subsidiaries;
- greenhouse gas emissions refer solely to business travel by train and airplane by EOS France employees and excludes travel by other employees, all travel by rental car and the emissions of the five company cars used by employees. Emissions from the transport of sold EOS systems are not currently tracked and so are not disclosed in this report.

The reporting system, software and verification

Disclosures are compiled by the Group's Finance department, which is in charge of writing the entire management report. As to the CSR reporting system, it relies principally on:

- the manager of Human Resources for the collection and verification of employment data;
- the Regulations & Quality department for certain environmental (waste management) and civic (supplier and subcontractor relationships) information;
- the Accounting department for information about the consumption of resources.

Extra-financial reporting makes use of existing data gathering and tracking software. No software specifically for CSR reporting was used. Employment data are reported monthly and compiled on a multi-year basis as part of the updating of the organisation chart, financial publications and management reviews. They are reconciled on a regular basis with payroll data. Civic and environmental data are compiled yearly for the sake of this report.

About the methodology

The published data are tracked, collected and compiled centrally. The limited number of people contributing to this reporting did not call for the creation of a reporting manual.
To make sure the data published are properly understood, we would point out that in calculating certain employment data they were rounded up to the nearest whole number. As a result, the totals specified in certain tables may not be the exact sum of the preceding numbers.

The definitions of the quantitative data published are as follows:

- total headcount as at 31 December 2013: includes all employees working at the end of the year, both temporary and permanent. Employees on maternity leave are counted. Substitutes, interns and part-time workers are excluded. Employees whose exit date was 31.12.2013 are excluded;

- average workforce: refers to the average headcount at the end of the month. Counted in this number are all temporary and permanent employees and those on maternity leave. Substitutes, interns and part-time workers are excluded. Employees whose exit date was the last day of the month are excluded from the end of month headcount;

- training: any course conducted by an outside organisation is considered training. Training hours are calculated using days of training taken by all temporary and permanent employees during 2013, multiplied by seven hours of training per day;

- additions/subtractions: we count all new hires and exiting employees during the year, both temporary (on closed-end employment contracts) and permanent (open-ended employment contracts). A move from temporary to permanent employment is treated as a subtraction

from the temporary number and an addition to the permanent. "Other reasons for leaving" include non-renewal of the trial period and reaching the end of closed-end contracts;

- percentage working part-time: equals the part-time headcount divided by the average headcount;
- rate of absenteeism equals the number of days absent recorded during the year divided by a theoretical total number of days present. The total number of theoretical days present is calculated by multiplying the average headcount by 218 days (the number of work days for supervisory personnel);
- percentage of women in supervisory positions: equals the number of female supervisors divided by the total supervisory personnel as at 31.12.2013;
- number of employees by nationality: equals the average headcount per nationality rounded up to the nearest whole number;
- electricity consumption: counts the local usage by the EOS imaging head office in Paris, based on invoiced data;
- paper consumption: the figure is calculated in metric tons based on the total number of reams purchased and invoiced, taking a ream as 500 pages of A4 format of 80g/m2;
- CO_2 emissions: includes the emissions of travel by EOS France employees whose departure date was in 2013, reserved by the travel agency and made by train or plane;
- Purchasing and subcontracting: subcontracting takes into account all of invoiced services by the assembler of the systems sold by EOS during the year as well as all research and development services. Expenditures made with outside companies are considered purchases. The indicators for subcontracting and purchasing are calculated by dividing the amount of expenditures by the total amount of sales.

Outside verification

In accordance with Article L. 225-102-1 of the French Commercial Code, known as the Grenelle II Law, EOS imaging appointed its statutory auditors (Deloitte) as the independent third-party organisation called for by the Decree of 13 May 2013 (published 14 June 2013 and codified in the French Commercial Code at Articles L. 225-1 *et seq*.), defining the ways in which the independent third-party organisation conducts its audit. The report issued by the independent third-party organisation relates to the disclosures made in this section of the 2013 management report in light of the requirements of Grenelle II law.

RESPONSIBILITY AS AN EMPLOYER

Aware that its employees are the main source of its growth, EOS imaging's policies for managing human resources are meant to help its employees to flourish. The Group strives to promote stable employment and equal opportunity, and to provide training that will enable the employees to hone and diversify their skills.

Employment

As of 31 December 2013, the Group had 101 employees. Women represented 37% of the total workforce and 50% of the management committee. EOS imaging is an international corporation: its employees work in five countries : France, Great Britain, the United States, Canada and Singapore.

As part of its development strategy, the Group continues to have an ambitious recruitment program. In 2013, 52 new employees joined EOS imaging, including 14 as part of the acquisition of OneFit (Besançon). Our use of temporary employment contracts is extremely limited: the Group strongly favours open-ended employment contracts, which represent 77% of the contracts for people hired in 2013. The Company dismissed two employees in 2013.

Workforce

During the periods under review, the Group's average workforce was as follows:

Average Group workforce	2013	2012
Number of employees	77	58

The workforce breaks down as follows:

By location:

Average Group workforce	2013	2012
EMEA employees	64	49
% of total workforce	*84%*	*84%*
non-EMEA employees	13	9
% of total workforce	*16%*	*16%*

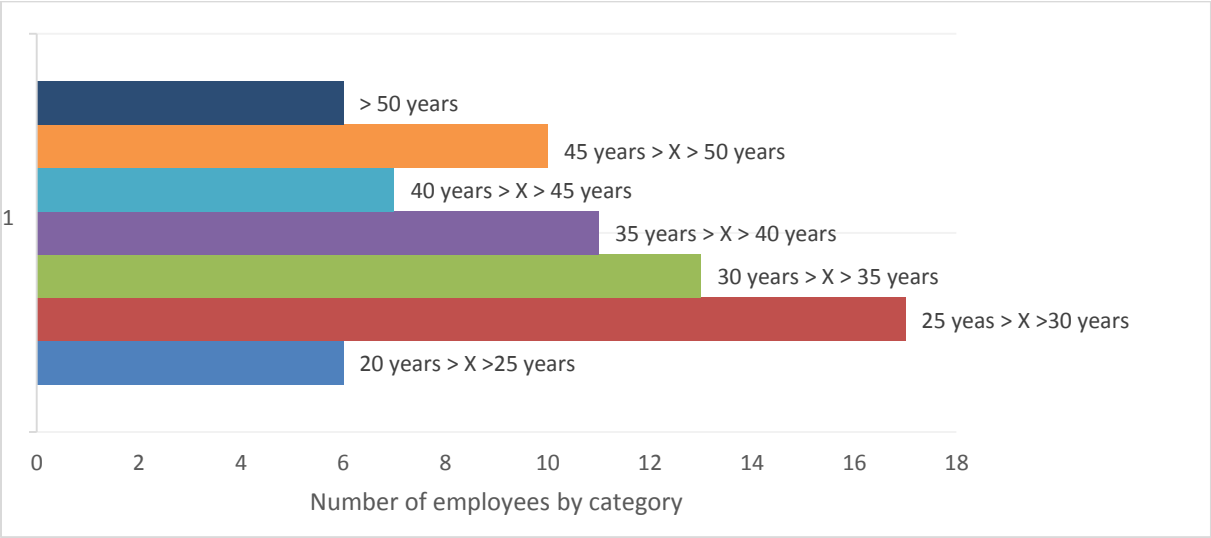
By gender:

Average Group workforce	2013	2012
Total	77	58
Men	49	35
Women	28	*22*

By type of contract:

Average Group workforce	2013	2012
Temporary	6	2
Permanent	71	*55*
Total	77	57

By age group:



New hires and dismissals

The headcount in 2013 was affected by the following changes:

Changes - entries by type of contract:

Number of entries	2013	2012
Permanent hires	29	8
Temporary hires	9	4
Consolidation of OneFit: permanent hires	11	
Consolidation of OneFit: temporary hires	3	
Total	52	12

Changes - reasons for departure:

Number of departures	2013	2012
Retirement/early retirement	0	1
Resignation	4	3
Dismissal	2	0
Negotiated termination	0	1
Other	8	3
Total	14	8

Compensation and changes over time

Its 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. Besides fixed salary, the Group gives variable compensation to a significant portion of its staff, and does so as a matter of course to all management.

The compensation of all Group employees is subject to annual review. Increases made in 2013 are reflected in personnel expenses, described in Note 16 to the consolidated financial statements.

As of the date of writing this report, the Group has awarded stock options to all of its permanent employees.

Organisation of working hours:

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 latitude in the choice of days off.

Accordingly, part-time schedules were granted to all those who requested them and represent 2.6% of the average headcount.

In France, executive staff works on an annualised contract (218 days). Employees in the United States, Canada and Singapore are mobile employees, distance workers who are especially independent in how they arrange their work hours.

Absenteeism figures are as follows:

Breakdown by cause:

Rate of absenteeism	2013	2012
Sickness	1.0%	1.1%
Workplace and commuting accidents		0.1%
Maternity, paternity, adoption leave	0.7%	2.3%
Other absences	0.1%	0.1%
Unpaid absences (unpaid leave, parental leave)	0.8%	0.6%
Total	2.6%	4.2%

Industrial relations

EOS imaging strives to maintain a constructive dialogue in order to preserve harmonious industrial relations within the company. In France the employees are represented by four staff representatives elected on 11 January 2010 (two representatives of non-supervisory personnel) and 14 September 2012 (two representatives of supervisory personnel). The staff representatives meet on average twice a year. They are consulted by top management and have an active voice in the company's important decisions.

In 2013, two meetings of staff representatives were held. These related to important decisions about work scheduling and coverage of employees' healthcare costs.

In light of the Group's growth, efforts are underway to set up a Works Council. EOS imaging has also been discussing extending staff representation throughout the Group.

No collective agreement was signed in 2013 with thestaff representatives either with respect to employment or occupational health and safety.

Health and safety

Guaranteeing the safety and promoting the health of every employee are priorities for EOS imaging. Given its operations, EOS imaging did an assessment of health and safety risks for the employees, formalised in its “Document Unique” (mandatory document to be kept on the premises regarding employee health and safety) created in 2008 and updated in 2012. The main risks identified are irradiation and electrocution in detector manufacturing, the testing of EOS systems and maintenance work. The means of prevention put in place limit such risks in the following ways:

- irradiation risks: training in radiation protection for the employees concerned, appropriate signage on the workstations, dosimetry on the personnel exposed and self-protective workstations;
- electrical risks: certification of the employees involved for low-voltage work appropriate signage on workstations and restriction of workstations to trained personnel.

EOS imaging's operations are carried out in a tightly regulated environment. The Group honours its obligations in terms of protecting the safety of employees who work in production and maintenance and are exposed to the aforementioned risks. EOS imaging pursues a proactive risk prevention policy

based on training and making all its employees aware of risk, from the time of the initial training of new hires. This policy will be strengthened in 2014 by the introduction of a risk prevention plan.

In 2013 the Company did not need to report one industrial accident or work-related illness. An accident on the way to work was reported, entailing eight lost work days.

Training

Focused on innovation, EOS imaging works to support the professional development of its employees and implements training initiatives to develop their skills in their current or future positions.

Every year EOS imaging draws up a training plan based on the occupational training courses necessary for employees' development and on requests that are made in the annual performance reviews. The execution of the training plan is monitored on a regular basis and evaluated each year. This training offered breaks down as follows:

- mandatory courses for specific activities that are essential to our safety policy (radiological protection and electrical certification);
- in-house occupational and product training;
- in-house courses on the quality management system and computer applications;
- out-sourced technical and language training.

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	2013	2012
Technicians	63 hrs	21 hrs
Executives	343 hrs	49 hrs
Total	406 hrs	70 hrs

Non-discrimination

Measures to promote gender equality

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 38.3% of executive staff as of 31 December 2013. The company strives to make no distinction based on gender in the way it treats its employees.

Measures to promote the employment and inclusion of disabled people

EOS imaging's workforce did not include any disabled employees as of 31 December 2013. 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.

Anti-discrimination policy

Similarly, EOS imaging pursues a policy of human resource management that promotes equal opportunity. The diversity of nationalities represented in the Group's workforce is a proof of this: 12 nationalities are represented.

Headcount by nationality:

Average Group workforce	2013	2012
France	58	7
United Kingdom	1	1
United States	11	8
Canada	2	1
Malaysia	1	0
India	1	0
Colombia	1	0
Algeria	1	0
Tunisia	1	1
Italy	1	1
Portugal	1	1
Czech Republic	1	1
Number of nationalities represented	**12**	**8**

Promoting And Complying With The Fundamental Conventions Of The International Labour Organisation

Through its human resource management policies, EOS imaging complies with all the provisions of these conventions, on every subject covered, *i.e.*:

- freedom of association and the right to collective bargaining;
- the elimination of discrimination in respect of employment and occupation;
- the elimination of forced or compulsory labour; and
- the abolition of child labour.

CIVIC RESPONSIBILITY

Local economic and social impact of the business

Given its size and where its facilities are located, EOS imaging has a limited impact on local communities. Nevertheless, where the Group is present it strives to hire from the local labour market. Whenever EOS imaging expands into a new geographic area, creating local jobs is a priority.

The Group also creates jobs indirectly through the use of subcontractors. The bulk of production is performed in France, with the assembly of EOS systems being handled by a subcontractor based in Orleans.

Subcontractors and suppliers

EOS imaging does use subcontractors and suppliers, primarily in its manufacturing operations. The Group purchases most of the components for EOS systems from suppliers located in Europe and North America. The assembly of EOS systems is subcontracted by the Group to a strategic supplier located in Orleans, France. EOS imaging also uses French suppliers for the purchase of office materials and services and of maintenance and cleaning services. Lastly, our R&D work uses French subcontractors, along with collaborative arrangements with universities, a significant portion of which are French.

Purchasing and subcontracting represent between 47% and 48% of revenues, and 40% to 41% of contractual services are performed in France.

To date there has been no special clause about employment or environmental issues in the contracts EOS imaging has signed with its service providers. Nonetheless, EOS imaging makes sure that its suppliers are in compliance with applicable regulations, particularly with respect to the environment. A programme will be established in 2014 to formalise and broaden the Group's requirements in these respects with its suppliers.

Considering the large part played by subcontracting and purchasing in the Group's strategic operations, EOS imaging has begun an auditing process among its service providers. Major suppliers are audited once a year. The main purpose of these audits is to keep a close relationship between EOS imaging and its suppliers, to evaluate their quality assurance, to assist them in efforts the Group has undertaken to obtain new regulatory approvals and to analyse whatever non-compliance there might be.

Relationships with persons or organisations who have a business interest with the company

Circumstances in which we interact with these persons or organisations

The principal outside stakeholders of EOS imaging, besides service providers (treated in the preceding paragraph) and patients (discussed in the next paragraph), are the customers who use the technology and the relevant governmental bodies. Relationships with these stakeholders have been structured by our quality management system, which has been ISO 13485 certified since 2006. In that connection EOS imaging is audited annually by a third-party organisation accredited by COFRAC (GMEDLNE).

In order to fully meet the expectations of its customers, the Group has implemented an ISO 13485 quality system that provides:

- a systematic identification of malfunctions and difficulties reported back by user locations, with such malfunctions being processed by the quality system;
- a systematic tracking by the maintenance department of the number of calls, of on-site help provided and uptime rate per user site (and the uptime rate is above 99%).

These quality indicators are reviewed twice a year by upper management.

In addition, EOS imaging personnel keep in touch with their customers and are available to them for any question or technical problem that arises.

The Group makes a point of being transparent vis-à-vis the oversight bodies in the countries where it markets its products. The management of governmental relations is folded into EOS imaging's quality management system and makes particular use of the following procedures:

- a procedure for monitoring regulations, which is the Group's main tool for compliance. Besides the written regulations, the Group also identifies non-regulatory recommendations so as to comply with those as well;
- a procedure for managing regulatory requirements as part of the market launches of EOS products;
- a procedure for post-market device surveillance and product recalls in the event of malfunction, including procedures for informing the authorities.

In France EOS imaging is also subject to regular monitoring of nuclear activities by France's Nuclear Safety Authority (*Autorité de sûreté nucléaire* - ASN).

Partnering or sponsoring undertaken

In 2013 EOS imaging made donations totalling €3,000 to ISFRI (a French institute to support training and research in diagnostic and therapeutic imaging).

Fair commercial practices

Measures taken to foster consumers' health and safety

A low-radiation technology

EOS technology fits well into the medical community's awareness of the need to limit radiation doses. The ALARA principle (As Low As Reasonably Achievable), which is part of the radiation protection standards established in the Euratom EU directives, the "image gently" recommendation in the USA and the EuroSafe campaign in Europe are three illustrations of this awareness.

Over the past two decades the levels of exposure to radiation from artificial sources-mainly medical imaging-have increased 600%. Children, and particularly those with diseases such as scoliosis, can be exposed to very high radiation levels. They can thus be faced with potential residual effects from excessive medical radiation, in particular a greater risk of developing a cancer later in life that was provoked by medical imaging radiation.

EOS offers a low-dose imaging solution for the diagnosis, the planning and the treatments follow-up for children, which exposes the child to radiation six to nine times less that standard radiography, obtaining an equal or superior quality of image. EOS' new Micro Dose feature, put on the market in 2013, delivers up to seven times less radiation that EOS' low-dose products.

The Micro Dose solution now lets practitioners use a practically non-irradiating technology for staying on top of paediatric pathologies, especially those requiring frequent monitoring.

EOS imaging joined in March 2014 the EuroSafe initiative, a European campaign for the prevention of medical radiation exposure.

Post-market surveillance of medical devices

Any malfunction identified at a user site that might have an impact on the patient is corrected at each and every user site.

Measures taken to prevent corruption

The Group is particularly vigilant and stringent when it comes to combating corruption. It demands exemplary conduct from all its employees and partners, and spells out what that means in its Code of Conduct and its appendices.

These documents lay out in particular the rules about expenses incurred by the Company with the medical profession, or gifts or invitations that would benefit the Group. They fit into a regulatory environment that is especially stringent in this regard: the Bertrand Law in France, the Anti-Bribery Act in the United Kingdom and the Sunshine Act in the United States.

ENVIRONMENTAL RESPONSIBILITY

General policy in environmental matters

The facilities of EOS imaging consist 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.

EOS imaging has no formalised environmental policy and in 2013 conducted no awareness programs or training of its employees in this regard.

However, EOS imaging actively monitors regulations to make sure that its products, its operations and the operations of its subcontractors are in compliance with current environmental regulations. The Group's activities are subject to environmental regulations on the use of certain hazardous substances, including the RoHS Directive (restriction of the use of certain hazardous substances in electrical and electronic equipment) (2011/65/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. Likewise, 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.

In 2013 EOS imaging made no accounting provisions and posted no bonds for environmental risk.

Pollution and waste management

The major impact of EOS imaging's business activities in terms of pollution and waste management involves the end-of-life of EOS systems sold by the Group.

To date the average age of units installed is two years, and all the units sold are in operating condition.

In France, in keeping with the broader responsibility of producers of electrical and electronic equipment, EOS imaging has contracted with the environmental organisation Recylum to take charge of end-of-life systems. In the United Kingdom and Germany EOS imaging has not yet identified a subcontractor able to potentially handle end-of-life equipments. Nevertheless, the risk at this point is limited, since the first equipment was sold in 2007 and none is at the end of life. Moreover, EOS imaging tracks all equipment installed, even when it is sold by distributors. The Group is currently

looking for a solution to disposing of discarded equipment in France. Outside of Europe and generally, the Group has been holding discussions to set a global policy for dealing with end-of-life systems.

The other major challenge concerns handling out-of-use components, particularly the x-ray tubes used in the equipment sold by EOS imaging. All damaged or empty tubes are taken back by EOS' supplier for re-use. It should be noted that all x-ray tubes used in EOS equipments are provided by EOS imaging exclusively, given their specific features. Apart from EOS equipment at end-of-life and out-of-use components, the only waste generated by the Group is office waste.

Sustainable use of resources

Water consumption

The Group's water consumption is largely limited to that of the main office, which is essentially for sanitary uses. This consumption, which is included in the co-ownership charges, are judged to be negligible and are not reported here. In addition, since it is located only in Paris, the Group does not use water in water-stressed areas.

Energy consumption

The Group's energy consumption is limited to its electricity usage in its Paris premises, the energy used in its logistics and the transportation of its employees when travelling on business.

In 2013 the electricity consumption at its Paris facilities equalled 174,336 kWh.

Raw materials consumption

The consumption of raw materials by the EOS imaging operations are judged to be negligible since production is limited to the manufacture of detectors. Here we report only the consumption of paper. In 2013 the Group consumed 500 reams of paper, or 1.2 tonnes, representing a cost of €15,300, including external consumption for marketing activities, which are not included in the tonnage.

Climate change

Business travel and logistics are the main sources of greenhouse gas emissions by the Group. To date, emissions from the transport of systems sold are not tracked. However, in order to limit the carbon footprint of the Group's logistical operations, EOS imaging primarily uses maritime transport to ship systems sold in North America and Asia.

Employee travel also represents a big source of greenhouse gas emissions. In 2013 the emissions associated with that could be computed only on the restricted scope of EOS France employees and their businesses travel by plane and train. This amounted to 216,054 kg CO_2 equivalent over a total of 2.26 million km of air travel and 172 thousand km of train travel. EOS imaging is in the process of expanding this scope include to employees in North America.

EOS Imaging

Société Anonyme

10, rue Mercoeur
75011 Paris

Rapport de l'un des Commissaires aux comptes, désigné organisme tiers indépendant, sur les informations sociales, environnementales et sociétales consolidées figurant dans le rapport de gestion

Exercice clos le 31 décembre 2013

EOS Imaging

Société Anonyme

10, rue Mercoeur
75011 Paris

Rapport de l'un des Commissaires aux comptes, désigné organisme tiers indépendant, sur les informations sociales, environnementales et sociétales consolidées figurant dans le rapport de gestion

Exercice clos le 31 décembre 2013

Aux actionnaires,

En notre qualité de l'un des Commissaires aux comptes de la société EOS Imaging SA désigné organisme tiers indépendant, accrédité par le COFRAC sous le numéro 3-1048[50], nous vous présentons notre rapport sur les informations sociales, environnementales et sociétales consolidées relatives à l'exercice clos le 31 décembre 2013, présentées dans le rapport de gestion intégré dans le rapport annuel (ci-après les « Informations RSE »), en application des dispositions de l'article L.225-102-1 du Code de commerce.

Responsabilité de la société

Il appartient au Conseil d'administration d'établir un rapport de gestion comprenant les Informations RSE prévues à l'article R.225-105-1 du Code de commerce, préparées conformément à la note méthodologique rédigée par la société (ci-après le « Référentiel »), qui figure dans le rapport de gestion.

Indépendance et contrôle qualité

Notre indépendance est définie par les textes réglementaires, le Code de déontologie de la profession ainsi que les dispositions prévues à l'article L.822-11 du Code de commerce. Par ailleurs, nous avons mis en place un système de contrôle qualité qui comprend des politiques et des procédures documentées visant à assurer le respect des règles déontologiques, des normes d'exercice professionnel et des textes légaux et réglementaires applicables.

[50] dont la portée est disponible sur le site www.cofrac.fr

Responsabilité du Commissaire aux comptes

Il nous appartient, sur la base de nos travaux :

- d'attester que les Informations RSE requises sont présentes dans le rapport de gestion ou font l'objet, en cas d'omission, d'une explication en application du troisième alinéa de l'article R.225-105 du Code de commerce (Attestation de présence des Informations RSE) ;
- d'exprimer une conclusion d'assurance modérée sur le fait que les Informations RSE, prises dans leur ensemble, sont présentées, dans tous leurs aspects significatifs, de manière sincère conformément au Référentiel (Avis motivé sur la sincérité des Informations RSE).

Nos travaux ont été effectués par une équipe de 4 personnes entre janvier 2014 et avril 2014 pour une durée d'environ 2 semaines. Nous avons fait appel, pour nous assister dans la réalisation de nos travaux, à nos experts en matière de RSE.

Nous avons conduit les travaux décrits ci-après conformément aux normes d'exercice professionnel applicables en France et à l'arrêté du 13 mai 2013 déterminant les modalités dans lesquelles l'organisme tiers indépendant conduit sa mission et, concernant l'avis motivé de sincérité, à la norme internationale ISAE 3000[51].

1. Attestation de présence des Informations RSE

Nous avons pris connaissance, sur la base d'entretiens avec les responsables des directions concernées, de l'exposé des orientations en matière de développement durable, en fonction des conséquences sociales et environnementales liées à l'activité de la société et de ses engagements sociétaux et, le cas échéant, des actions ou programmes qui en découlent.

Nous avons comparé les Informations RSE présentées dans le rapport de gestion avec la liste prévue par l'article R.225-105-1 du Code de commerce.

En cas d'absence de certaines informations consolidées, nous avons vérifié que des explications étaient fournies conformément aux dispositions de l'article R.225-105 alinéa 3 du Code de commerce.

Nous avons vérifié que les Informations RSE couvraient le périmètre consolidé, à savoir la société ainsi que ses filiales au sens de l'article L.233-1 et les sociétés qu'elle contrôle au sens de l'article L.233-3 du Code de commerce avec les limites précisées dans la note méthodologique présentée au premier paragraphe du chapitre Responsabilité sociale, environnementale et sociétale du rapport de gestion.

Sur la base de ces travaux et compte-tenu des limites mentionnées ci-dessus, nous attestons de la présence dans le rapport de gestion des Informations RSE requises.

[51] *Assurance Engagements Other Than Audits or Reviews of Historical Financial Information*

2. Avis motivé sur la sincérité des Informations RSE

Nature et étendue des travaux

Nous avons mené 3 entretiens avec les personnes responsables de la préparation des Informations RSE auprès des directions en charge des processus de collecte des informations et, le cas échéant, responsables des procédures de contrôle interne et de gestion des risques, afin :

- d'apprécier le caractère approprié du Référentiel au regard de sa pertinence, son exhaustivité, sa fiabilité, sa neutralité, son caractère compréhensible, en prenant en considération, le cas échéant, les bonnes pratiques du secteur ;
- de vérifier la mise en place d'un processus de collecte, de compilation, de traitement et de contrôle visant à l'exhaustivité et à la cohérence des Informations RSE et prendre connaissance des procédures de contrôle interne et de gestion des risques relatives à l'élaboration des Informations RSE.

Nous avons déterminé la nature et l'étendue de nos tests et contrôles en fonction de la nature et de l'importance des Informations RSE au regard des caractéristiques de la société, des enjeux sociaux et environnementaux de ses activités, de ses orientations en matière de développement durable et des bonnes pratiques sectorielles.

Pour les informations RSE que nous avons considérées les plus importantes[52] :

[52] Informations quantitatives sociales :

- Effectif total au 31 décembre, effectif moyen par genre et par tranches d'âges
- Nombre d'entrées et répartition CDI/CDD
- Nombre de départs et répartition par motif (licenciements, ruptures conventionnelles, démissions, retraites/préretraites et autres)
- Pourcentage de l'effectif à temps partiel
- Taux d'absentéisme total et par motif d'absence (maladie, accident de travail et de trajet, maternité/paternité/adoption, autres absences, absences non rémunérées)
- Nombre d'accidents du travail et de trajet
- Nombre de maladies professionnelles déclarées
- Nombre d'heures de formation total et répartition cadres / techniciens
- Pourcentage de femmes parmi le personnel cadre
- Effectif moyen par nationalité
- Nombre de nationalités représentées
- Nombre de salariés handicapés

Informations quantitatives environnementales :

- Consommation d'électricité
- Consommation de papier
- Emissions de CO_2

Informations quantitatives sociétales :

- Part que représentent les achats et la sous-traitance par rapport au chiffre d'affaires

Informations qualitatives :

- Santé et sécurité
- Egalité de traitement
- Pollution et gestion des déchets
- Sous-traitance et fournisseurs
- Relations entretenues avec les personnes ou les organisations intéressées par l'activité
- Loyauté des pratiques

- au niveau de l'entité consolidante, nous avons consulté les sources documentaires et mené des entretiens pour corroborer les informations qualitatives (organisation, politiques, actions), nous avons mis en œuvre des procédures analytiques sur les informations quantitatives et vérifié, sur la base de sondages, les calculs ainsi que la consolidation des données et nous avons vérifié leur cohérence et leur concordance avec les autres informations figurant dans le rapport de gestion ;
- au niveau d'EOS France, que nous avons sélectionnée en fonction de son activité, de sa contribution aux indicateurs consolidés, de son implantation et d'une analyse de risque, nous avons mené des entretiens pour vérifier la correcte application des procédures et mis en œuvre des tests de détail sur la base d'échantillonnages, consistant à vérifier les calculs effectués et à rapprocher les données des pièces justificatives. L'entité ainsi sélectionnée représente entre 50% et 100% des informations sociales et 100% des informations quantitatives environnementales.

Pour les autres informations RSE, nous avons apprécié leur cohérence par rapport à notre connaissance de la société.

Enfin, nous avons apprécié la pertinence des explications relatives, le cas échéant, à l'absence totale ou partielle de certaines informations.

Nous estimons que les méthodes d'échantillonnage et tailles d'échantillons que nous avons retenues en exerçant notre jugement professionnel nous permettent de formuler une conclusion d'assurance modérée ; une assurance de niveau supérieur aurait nécessité des travaux de vérification plus étendus. Du fait du recours à l'utilisation de techniques d'échantillonnages ainsi que des autres limites inhérentes au fonctionnement de tout système d'information et de contrôle interne, le risque de non-détection d'une anomalie significative dans les Informations RSE ne peut être totalement éliminé.

Conclusion

Sur la base de nos travaux, nous n'avons pas relevé d'anomalie significative de nature à remettre en cause le fait que les Informations RSE, prises dans leur ensemble, sont présentées, de manière sincère, conformément au Référentiel.

Neuilly-sur-Seine, le 9 avril 2014

L'un des Commissaires aux comptes

Deloitte & Associés

Fabien BROVEDANI

FEES PAID TO THE STATUTORY AUDITORS

The fees paid to the statutory auditors and recognized in respect of FY2013 were €91 K.

(in thousands of euros)	**31/12/2013**	
	Deloitte	Fi Solutions
Auditing		
Independent audit, certification & examination of the parent and consolidated statements	50	25
- EOS Imaging SA		
- Fully consolidated subsidiaries (Eos Imaging Inc, Eos Image Inc, Eos Imaging GmbH, Onefit Medical)		
Other investigations and services directly related to the audit engagement	16	
- EOS Imaging SA		
- Fully consolidated subsidiaries (Eos Imaging Inc, Eos Image Inc, Eos Imaging GmbH, Onefit Medical)		
Sub-Total	**66**	**25**
Other services rendered by partner firms to fully consolidated subsidiaries		
Legal, tax, employment		
Other		
Sub-Total		
Total	**66**	**25**

SUBSEQUENT EVENTS

There were no material events after the reporting period.

ANNEX 7

List of press releases issued by EOS imaging over the past 12 months

06/05/2013	EOS imaging Announces Harley Street Installation of 3D Orthopaedic Imaging System
16/05/2013	EOS® System Shown to offer Most Accurate Lower Limb Images with Lowest Radiation Dose in New Study
22/05/2013	EOS imaging Announces Sales Force Structure in Asia
12/06/2013	EOS® imaging System Installed at The Children's Hospital of Philadelphia
17/07/2013	EOS imaging First Half 2013 Sales More Than Double
25/07/2013	New Studies Highlight Benefits of EOS®3D Imaging in Assessing Corrective Bracing for Scoliosis
28/08/2013	EOS imaging Reports First Half 2013 Results
03/09/2013	EOS imaging Announces Installation of EOS® system in Klinikum Dortmund, a Leading German Hospital
24/09/2013	Benefits of Low Dose 3D Imaging with EOS System Highlighted at the 2013 Scoliosis Research Society Conference
15/10/2013	EOS imaging Reports 60% Revenue Growth for First Nine Months of 2013
17/10/2013	EOS imaging introduces breakthrough Micro Dose feature at JFR 2013
23/10/2013	EOS imaging obtains regulatory authorization to sell its products in Japan
28/10/2013	EOS imaging Announces Installation of EOS® system at Baylor Scott & White's Roney Bone and Joint Institute
05/11/2013	Acquisition of OneFit Medical, specialist in patient-specific orthopedics
26/11/2013	Frost & Sullivan Applauds EOS imaging for its Highly Innovative, X-ray-Based Imaging Modality for Orthopedics
02/12/2013	EOS imaging Announces First Installation of EOS® System in Japan
09/12/2013	EOS imaging Announces First Installation of EOS system in a Private German Medical Center
08/01/2014	EOS imaging Appoints Chief Medical Officer
16/01/2014	2014 Financial Calendar
22/01/2014	EOS imaging announces 61% revenue surge in 2013 to €15.2 million
06/02/2014	EOS imaging announces 61% revenue surge in 2013 to €15.2 million

13/02/2014	EOS imaging Announces System Installation at Shriners Hospital in Philadelphia
05/03/2014	EOS imaging partners with EuroSafe at ECR 2014
10/03/2014	EOS imaging Gains CE Mark for hipEOS, the first 3D Stereoradiographic Planning Software
08/04/2014	EOS imaging Announces Full Year 2013 Financial Results
14/04/2014	EOS imaging obtains regulatory authorization to sell its products in Taiwan
22/04/2014	EOS® Imaging System Installed at Meijo Hospital in Japan
30/04/2014	Filing of the 2013 Annual Financial Report
12/05/2014	EOS® Imaging System Installed at Friedrichsheim University Hospital in Frankfurt

Please refer to section 21.1.3 of this Registration Document

TABLE OF CROSS-REFERENCES WITH THE DATA REQUIRED IN THE ANNUAL FINANCIAL REPORT AND MANAGEMENT REPORT

Annual Financial Report

The Annual Financial Report required under Article L. 451-1-1 of the French Monetary and Financial Code and Article 222-3 of the General Regulation of the AMF and incorporating the data mentioned hereunder is included in this Registration Document.

Data required under the above-mentioned Articles	**Registration Document**
Consolidated Financial Statements (IFRS)	Annex 1.1 pages 199 to 242
Parent company financial statements (French standards)	Annex 2.1 pages 246 to 272
Management Report	See Management Report cross-reference table
Statement of responsibility with respect to the document	Chapter 1 page 8
Statutory Auditors' Report on the consolidated financial statements	Annex 1.2 page 243 to 245
Statutory Auditors' Report on the parent company financial statements	Annex 2.2 pages 273 to 275
Statutory Auditors' fees	Annex 6, page 344

Board of Directors' Management Report

The 2013 Management Report on the data mentioned hereunder is included in this Registration Document. It was approved by the Board of Directors of EOS imaging on 8 April 2014.

Data required under the French Commercial Code, French Monetary and Financial Code and French General Tax Code and the General Regulation of the AMF	**Registration Document**
Analysis of the Company's business, results and financial position during the year under review (L. 225-100 and L. 232-1 of the French Commercial Code)	Section 20.2.3 pages 170 to 172
Analysis of the Group's business, results and financial position during the year under review (L. 225-100-2 and L. 233-26 of the French Commercial Code)	Sections 9.1 and 9.2 pages 108 to 110 Section 10.1 pages 112 to 114
Results of subsidiaries and controlled companies per business line (L. 233-6 of the French Commercial Code)	Section 9.2 pages 108 to 110
Foreseeable developments and outlook	Section 12.2 page 131

(L. 232-1 and L. 233-26 of the French Commercial Code)	
Material events after the reporting date (L. 232-1 and L. 233-26 of the French Commercial Code)	Section 12.1 page 131 Section 20.5 page 172
Research and Development activities (L. 232-1 and L. 233-26 of the French Commercial Code)	Section 6. pages 47 to 101 Section 11 pages 119 to 129
Acquisition of stakes or controlling interests in companies registered in France (L. 233-6 of the French Commercial Code)	Section 5.2.1 page 45
Information concerning environmental issues and the environmental impacts of the company's activities (L. 225.100, L. 225-102-1 and R. 225-105 of the French Commercial Code)	Details in the table below
Information concerning employee-related issues and the social impacts of the company's activities (L. 225.100, L. 225-102-1 and R. 225-105 of the French Commercial Code)	Chapter 17 pages 154 to 163 and details in the table below
Description of main risks and uncertainties (L. 225-100 and L. 225-100-2 of the French Commercial Code)	Chapter 4 pages 15 to 41
Group policy concerning financial risk management (L. 225-100 and L. 225-100-2 of the French Commercial Code)	Chapter 4. pages 15 to 41 Section 10.5 page 116
Group exposure to risks concerning prices, credit, liquidity and cash flow (L. 225-100 and L. 225-100-2 of the French Commercial Code)	Chapter 4. pages 15 to 41 Section 10.5 page 116

Data required under the French Commercial Code, French Monetary and Financial Code and French General Tax Code and the General Regulation of the AMF	**Registration Document**
Summary of the current powers granted by the General Meeting to the Board of Directors concerning capital increases, and use made of these powers during the past financial year (L. 225-100 of the French Commercial Code)	Section 21.1 pages 174 to 181
Factors likely to have an impact in the event of a public offering (L. 225-100-3 of the French Commercial Code)	Chapter 15 pages 142 to 151 Chapter 18 pages 164 to 167 Chapter 21 pages 172 to 179
Employee shareholding on the last day of the financial year	Section 17.3 page 159

(L. 225-102 of the French Commercial Code)	
Information on supplier payment terms (L. 441-6-1 of the French Commercial Code)	Section 20.2.4 page 170
Company results over the past five financial years (R. 225-102 of the French Commercial Code)	Section 20.2.2 page 170
Shareholders with a stake of more than 5%; treasury shares (L. 233-13 of the French Commercial Code)	Sections 18.1.1 and 18.1.2 pages 165 and 166
Summary of transactions in the Company's shares by its executives (L. 621-18-2 of the French Monetary and Financial Code and 223-26 of the General Regulation of the AMF)	Section 14.1.3 page 135
Total compensation and other benefits paid to corporate officers (L. 225-102-1 of the French Commercial Code)	Chapter 15 pages 142 to 151
Corporate officers' duties and offices held in any companies during the financial year (L. 225-102-1 of the French Commercial Code)	Section 14.1.1 pages 135 to 140
Information on purchases and sales of treasury shares (L. 225-211 of the French Commercial Code)	Section 21.1.3 pages 174 to 179
Amount of dividends distributed in respect of last three fiscal years (243 bis of the French General Tax Code)	Section 20.3 page 172
Changes in the presentation of the annual financial statements (L. 232-6 of the French Commercial Code)	Annex 2.1, Note 3 to the parent company financial statements page 246

Detailed corporate social and environmental information required under the Grenelle 2 Act

The information required under Article R. 225-105-1 of the French Commercial Code is included in the Corporate Social Responsibility Report found in Annex 5.1 of this Registration Document.

1) Employment data	**Registration Document**
a) Employment	
Total headcount and breakdown of employees by gender, age and location	Section 1.1.1 Page 329
New hires and dismissals	Section 1.1.2 Page 330

	Pages
g) Promotion of and compliance with the stipulations of ILO fundamental conventions concerning:	
- freedom of association and the right to collective bargaining;	Section 1.6.4 Page 333
- the elimination of discrimination in respect of employment and occupation;	Section 1.6.4 Page 333
- the elimination of forced or compulsory labour.	Section 1.6.4 Page 334
- the abolition of child labour	Section 1.6.4 Page 334

2) Environmental data	**Registration Document**
a) General policy concerning environmental matters	
Measures taken by the company to address environmental issues and, where appropriate, environmental evaluation and certification procedures	Section 3.1 Page 337
Employee training and information concerning the protection of the environment	Section 3.1 Page 337
Resources dedicated to the prevention of pollution and environmental risks	Section 3.1 Page 337
Amount of provisions and guarantees for environmental risks, unless this information is liable to seriously compromise the Company's position in an ongoing dispute	Section 3.1 Page 337
b) Pollution and waste management	
Measures for preventing, reducing or repairing discharges into the air, water or soil with serious impact on the environment	Section 3.2 Page 337
Waste prevention, recycling and disposal measures	Section 3.2 Page 337
Mitigating noise pollution and any other form of pollution specific to an activity	Section 3.2 Page 337

c) Sustainable use of resources	
Water supply and consumption in accordance with local requirements	Section 3.3.1 Page 338
Consumption of raw materials and measures taken to optimise their use	Section 3.3.3 Page 338
Energy consumption and measures taken to improve energy efficiency and the use of renewable energy	Section 3.3.2 Page 338
Land usage	None Page 338
d) Climate change	
Greenhouse gas emissions	Section 3.4 Page 338
Adaptation to the consequences of climate change	Section 3.4 Page 338
e) Protection of biodiversity	
Measures taken to preserve or promote biodiversity	None Page 338

3) Corporate commitments in favour of sustainable development	Registration Document
a) Local economic and social impact of the Company's activities	
In terms of employment and regional development	Section 2.1 Page 335
On local populations	Section 2.1 Page 335
b) Relations with persons or organizations who have an interest in the company, including integration associations, educational institutions, associations for the protection of the environment, consumer associations and local residents	
Terms of dialogue with these persons or organizations	Section 2.3.1 Page 335
Partnership or sponsoring initiatives	Section 2.3.2 Page 335
c) Subcontractors and suppliers	
Integration of social and environmental criteria in the purchasing policy	Section 2.2 Page 335
Extent of subcontracting and integration of social and environmental responsibility criteria in relations with suppliers and subcontractors	Section 2.2 Page 335
d) Fair trading practices	
Actions undertaken to prevent corruption	Section 2.4.2 Page 336
Measures taken to foster consumer health and safety	Section 2.4.1 Page 336
e) Other initiatives to promote human rights	
Other initiatives to promote human rights	None