



**MEDIAN<sup>®</sup>**

# **Half-Year Financial Report**

## **June 30, 2015**

**MEDIAN Technologies SA**

**This is a free translation into English of the Half-Year  
Financial Report issued in French and it is provided solely  
for the convenience of English speaking users.**

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# 1. Half-year Activity Report

## a. Ordinary activities for the 1<sup>st</sup> half 2015

The Company's turnover in the first half 2015 totalled €1,436k compared with €697k in the first half 2014, an increase of 106%. This take-off in the 1<sup>st</sup> half of 2015 validates the management's objectives through the continuation of current contracts, and the start of contracts signed late last year and early 2015, with pharmaceutical groups as part of clinical trials. "Clinical trials" activity reported an increase of over 189% compared with the 1<sup>st</sup> half of 2014.

Since the January 1, 2015, the company's order taking, integrating project allocation and signing of contracts, totalled €9,806k compared with €1,753k in the 1<sup>st</sup> half of 2014. During the entire year of 2014, orders totalled €9,011k. Again, the company is in line with the objects that it has set.

REVENUE	ORDERS BOOKED
€ 1,435,585	€ 9,805,994
 106%	 459%

To manage the huge increase in "clinical trials" activity in the coming years, one of MEDIAN Technologies' new market targets, the Company initiated its strategic sizing, by restructuring as of now, all its service lines (Marketing, Sales, Project Management, R & D, General Administration Services), in France and the United States. Therefore, as at the June 30, 2015, the company has 54 employees compared with 45 as at December 31, 2014 (France). Recruitment should continue in the second half 2015.

The final operating loss for the 1<sup>st</sup> half of 2015 stood at -€3,019k compared with a loss of -€2,220k in the 1<sup>st</sup> half of 2014. This increase is partly the result of the restructuring initiated by the company, and partly due to the integration of all the costs of MEDIAN Technologies' US subsidiary, from the financial statements at December 31, 2014. The company has established a contract to charge the subsidiary's costs back to the parent company. Previously, due to the

absence of a contract, the US subsidiary's costs were impacting MEDIAN Technologies SA's financial statements due to a provision for current account depreciation appearing in financial losses. As at June 30, 2015 this charge back amounted to €623k.

The net result for the 1<sup>st</sup> half of 2015 totalled -€2,437k compared with -€2,221k for the first half of 2014.

## b. Financial activities for the 1<sup>st</sup> half of 2015

At the end of the 1<sup>st</sup> half of 2015, cash available totalled €12,691k. The company is still waiting to receive €978k from the national treasury in respect of the 2014 research tax credit (received in September 2015).

At the end of June 2015, the Company issued 6,000 category E shares, following the exercise of 25,000 BSPCEs. These shares were issued at a price of €4.20 per share representing a nominal value of €0.05 and €4.15 of share premium, giving a total of €25k.

## c. Events after the end of the reporting period

MEDIAN Technologies has completed a new round of financing with the involvement of seven foreign institutional investors led by Abingworth, including four existing MEDIAN Technologies shareholders, to subscribe for a total amount of €19,800k in 1,650,000 shares at a subscription price of €12 each, of which €11.95 is the issue premium, as part of a capital increase through a private placement without preferential subscription rights.

On July 2, 2015, in order to proceed with this capital increase, MEDIAN Technologies' Board of Directors used their delegated authority, granted by the Extraordinary General Meeting of June 18, 2015, whereby the Board of Directors to issue the Company's shares without preferential subscription rights in the context of tenders referred to in Article L.411-2 II of the Monetary and Financial Code (resolution No. 20). Final completion of the capital increase was recorded on July 15, 2015.

The new shares were combined with 8,256,671 existing common shares, representing a 19.97% stake in MEDIAN Technologies, a dilution for existing shareholders of 16.65%.

To achieve this capital increase, MEDIAN Technologies has written up a securities subscription agreement with each of these investors. Under the terms of this agreement, and as it previously did with the September 29, 2014 capital increase, MEDIAN Technologies has notably undertaken vis-à-vis investors to proceed, in a two-year period as from September 29, 2014, with a possible admission to listing the Company's shares on NYSE or NASDAQ in the United States or, if they are transferred, on the Euronext market of Euronext Paris.

As part of a possible listing on the US market, the "Registration Right Agreement" entered into in 2014 with investors from the previous round has been modified and updated, notably to also include private investors from 2014 and 2015. This amended and updated version of the "Registration Right Agreement" contains materially similar terms to those in the "Registration Right Agreement" signed in 2014.

In addition, as Abingworth is the main investor of this new round, members of the Board are committed to appoint an Abingworth representative as a Company administrator. Accordingly, each member of the Board of Directors and the major shareholders have entered into a voting agreement pursuant to which the signatories have committed to vote in favour of this appointment at the next general meeting and as long as Abingworth holds 5% of the Company's share capital.

They have also pledged to make their best efforts to ensure that Abingworth can participate in proportion to its stake, in any new capital increase that could take place by July 2, 2017, and that Abingworth can participate in the initial public offering initiated by the Company on NASDAQ or NYSE, subject to legal and regulatory provisions in force.

In July 2015, the Company issued 55,555 new shares following the exercise of 111,110 subscription warrants. These shares were issued at a price of €9 per share with a par value €0.05 and €8.95 issue premium, a total of €500k including €3k of Capital and €497k of issue premium.

## d. History of fundraising since the Company's stock exchange floatation

Date	Historical record	Number of shares	Share capital (in €)	Fund raising (in €)
	<b>Share capital prior to listing</b>	<b>4,349,482</b>	<b>€ 217,474.10</b>	
<b>May-2011</b>	Capital increase in cash and current account conversion by issuing 1,239,356 shares at €8.05 per share, of which €0.05 of nominal value and €8.00 of share premium. Following this capital increase, <b>the Company's shares were admitted on the NYSE Alternext in Paris</b> according to the principles of a direct listing with a reference price of €8.05 per share.	<b>1,239,356</b>	<b>€ 61,967.80</b>	<b>€ 9,976,815.80</b>
<b>Jul-2011</b>	The Company issued 3,515 shares following the exercise of 17,575 founder's share warrants. These shares were issued at a price of €6.50 per share representing a nominal value of €0.05 and €6.45 of share premium.	<b>3,515</b>	<b>€ 175.75</b>	<b>€ 22,847.50</b>
<b>Jul-2011</b>	Canon Inc. took a 15% stake (fully diluted) in the Company through the subscription of 223,464 new shares and the purchase of 738,361 shares from the original shareholders at a price of €8.95 per share. This acquisition is subject to signing a strategic agreement to co-develop and market new products and services.	<b>223,464</b>	<b>€ 11,173.20</b>	<b>€ 2,000,002.80</b>
<b>Sep-2011</b>	The Company issued <b>1 B preference share</b> , at a price of €8.95 representing €0.05 nominal value and €8.90 share premium, this preference share entitles the subscriber to be represented on the Company's Board of Directors in particular as he holds at least 10% of the Company's undiluted share capital.	<b>1</b>	<b>€ 0.05</b>	<b>€ 8.95</b>
<b>Sep-2011</b>	The Company issued 2,000 shares following the exercise of 10,000 founders' share warrants. These shares were issued at a price of €6.50 per share representing a nominal value of €0.05 and €6.45 of share premium.	<b>2,000</b>	<b>€ 100.00</b>	<b>€ 13,000.00</b>
<b>Feb-2012</b>	The Company issued 1,000 shares following the exercise of 5,000 founders' share warrants. These shares were issued at a price of €6.50 per share representing a nominal value of €0.05 and €6.45 of share premium.	<b>1,000</b>	<b>€ 50.00</b>	<b>€ 6,500.00</b>
<b>Jun-2012</b>	Two Mutual Funds for Innovation managed by OTC Asset Management were subscribed totalling 80,000 new shares at a price of €10.00 per share with a nominal value of €0.05 and €9.95 share premium.	<b>80,000</b>	<b>€ 4,000.00</b>	<b>€ 800,000.00</b>
<b>Jun-2012</b>	The Company issued 3,500 shares following the exercise of 22,100 founders' share warrants. These shares were issued at a price of €4.20 per share representing a nominal value of €0.05 and €4.15 of share premium.	<b>3,500</b>	<b>€ 175.00</b>	<b>€ 14,700.00</b>
<b>Aug-2013</b>	Six Mutual Funds for Innovation were signed totalling 132,132 new shares at €10.60 per share.	<b>132,132</b>	<b>€ 6,606.60</b>	<b>€ 1,400,599.20</b>
<b>Sep-2014</b>	The Company carried out a capital increase in cash and conversion of the two current accounts mentioned above, through the issue of 2,222,222 shares with attached equity warrants priced at €9 per share, of which €0.05 is nominal value and €8.95 share premium.	<b>2,222,222</b>	<b>€ 111,111.10</b>	<b>€ 19,999,998.00</b>
<b>Oct-2014</b>	The Company issued 4,420 <b>E preference shares</b> following the exercise of 22,100 founder's share warrants. These shares were issued at a price of €4.20 per share representing a nominal value of €0.05 and €4.15 of share premium.	<b>4,420</b>	<b>€ 221.00</b>	<b>€ 18,564.00</b>
<b>Jun-2015</b>	The Company issued 6,000 <b>E preference shares</b> following the exercise of 30,000 founder's share warrants. These shares were issued at a price of €4.20 per share representing a nominal value of €0.05 and €4.15 of share premium.	<b>6,000</b>	<b>€ 300.00</b>	<b>€ 25,200.00</b>

## 2. Individual half-year financial statements

### a. Balance sheet as at June 30, 2015

ASSETS (in thousands of euros)	Notes	June 30, 2015	Dec 30, 2014	June 30, 2014
Intangible assets	2	64	13	12
Property, plant and equipment	3	124	88	101
Financial assets	4	292	288	275
<b>Total non-current assets</b>		<b>480</b>	<b>389</b>	<b>387</b>
Inventories	5	3	6	12
Advances and supplier prepayments		-	3	-
Trade receivables	6	1,179	304	269
Other receivables	6	1,699	1,366	546
Cash and cash equivalents	7	12,691	15,675	1,061
<b>Total current assets</b>		<b>15,573</b>	<b>17,354</b>	<b>1,887</b>
Miscellaneous assets	8	163	127	154
<b>TOTAL ASSETS</b>		<b>16,216</b>	<b>17,870</b>	<b>2,429</b>

LIABILITIES / SHAREHOLDERS' EQUITY (in thousands of euros)	Notes	June 30, 2015	Dec 30, 2014	June 30, 2014
Share capital and share premium		48,068	48,043	29,715
Retained losses		(35,642)	(30,798)	(30,798)
Net loss for the period	22	(2,437)	(4,844)	(2,219)
<b>Total shareholders' equity</b>	9	<b>9,989</b>	<b>12,401</b>	<b>(3,302)</b>
Other equity	10	1,056	1,375	1,781
Provision for risks and charges	11	361	368	140
SOFIRED		96	133	168
PACA Region local government loan		12	23	34
COFACE		515	626	626
Shareholders' current accounts		-	-	1,030
<b>Financial liabilities</b>	12	<b>623</b>	<b>782</b>	<b>1,858</b>
Trade payables	13	770	656	322
Taxes and social liabilities	13	1,397	1,177	934
Other debts	13	80	75	9
<b>Other liabilities</b>		<b>2,247</b>	<b>1,908</b>	<b>1,264</b>
Deferred income	14	1,940	1,037	687
<b>TOTAL LIABILITIES / SHAREHOLDERS' EQUITY</b>		<b>16,216</b>	<b>17,870</b>	<b>2,429</b>

## b. Income Statement at June 30, 2015

INCOME STATEMENT (in thousands of euros)	Notes	June 30, 2015 (6 months)	Dec 31, 2014 (12 months)	June 30, 2014 (6 months)
Services	15	1,436	1,518	697
Other income	16	46	1,764	32
<b>Operating income</b>		<b>1,482</b>	<b>3,282</b>	<b>728</b>
Purchases net of change in inventories		3	14	5
Other purchased goods and services	17	1,695	4,384	754
Duties and taxes		42	80	38
Payroll expenses		2,692	4,144	2,069
Depreciation, amortization and provision charges		29	318	58
Other expenses		39	69	24
<b>Operating expenses</b>		<b>4,501</b>	<b>9,008</b>	<b>2,948</b>
<b>OPERATING PROFIT (LOSS)</b>		<b>(3,019)</b>	<b>(5,725)</b>	<b>(2,220)</b>
Financial income (expense)	19	74	(102)	(486)
<b>Current profit (loss) before tax</b>		<b>(2,945)</b>	<b>(5,827)</b>	<b>(2,706)</b>
Exceptional income (expense)	20	4	5	7
Income tax	21	504	978	480
<b>NET PROFIT (LOSS)</b>	<b>22</b>	<b>(2,437)</b>	<b>(4,844)</b>	<b>(2,219)</b>
<i>Services for clinical pharmaceutical trials</i>		1,348	1,062	466
<i>Services for X-ray and other tests</i>		88	456	230

### c. Statement of cash flows

STATEMENT OF CASH FLOWS (in thousands of euros))	Notes	June 30, 2015 (6 months)	Dec 31, 2014 (12 months)	June 30, 2014 (6 months)
Net profit (loss) *	<b>22</b>	(2,437)	(4,844)	(2,219)
Allowances net of amortization and depreciation	<b>2,3,4</b>	29	86	56
Change in operating working capital		(864)	569	780
Other items		862	781	177
<b>Net cash flow from operating activities</b>		<b>(2,410)</b>	<b>(3,408)</b>	<b>(1,205)</b>
Acquisitions	<b>2,3,4</b>	(120)	(55)	(26)
Change in non-operating working capital		(1)	-	-
Other items		-	-	-
<b>Net cash flow from investing activities</b>		<b>(121)</b>	<b>(55)</b>	<b>(26)</b>
Issue of loans		-	-	-
Repayment of loans	<b>12</b>	(48)	(93)	(46)
OSEO advances repayable	<b>10</b>	(319)	(612)	(206)
COFACE	<b>12</b>	(111)	(58)	(58)
Shareholders' current accounts		-	(500)	530
Share capital increase	<b>9</b>	25	20,018	-
Share capital increase (expenses)		-	(1,690)	-
Dividend paid		-	-	-
Other items		-	-	-
<b>Net cash flow from financing activities</b>		<b>(452)</b>	<b>17,066</b>	<b>220</b>
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>	<b>7</b>	<b>(2,983)</b>	<b>13,603</b>	<b>(1,011)</b>
Cash and cash equivalents at start of period	<b>7</b>	15,675	2,072	2,072
Cash and cash equivalents at end of period	<b>7</b>	12,692	15,675	1,061
<i>* Of which research tax credit:</i>	<b>21</b>	504	978	480



## d. Notes to the individual half-year financial statements

MEDIAN Technologies SA is a limited company under French law, subject to all laws governing commercial companies in France, and in particular the provisions of the French Commercial Code. The Company's registered office is at 1800 route des crêtes, Valbonne and it is listed on the Paris Alnext stock market. The financial statements have been subject to a limited review by the company's external auditor, at the request of the company's management.

The balance sheet total for the period ended June 30, 2015 amounted to EUR 16,215,979. The financial result for the accounting period shows a loss of EUR 2,437,239. The accounting period is for the six months from January 1, 2015 to June 30, 2015.

### NOTE 1 ACCOUNTING PRINCIPLES, RULES AND METHODS

The half-year financial statements at June 30, 2015 were prepared under the provisions of the French Commercial Code, and the General Accounting Plan (NCA Regulation 2014-03). General accounting conventions were applied in compliance with the principle of prudence, in accordance with the basic assumptions: going concern, consistency of accounting methods from one accounting period to the next, independence of fiscal years, according to the general rules of preparation and presentation of annual financial statements.

#### 1 –INTANGIBLE ASSETS

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

Amortization is recognised when an asset's current value is less than the carrying value.

##### Development expenses

Under a management decision, software development costs are not accounted for as assets on the balance sheet.

##### Amortization

Intangible Assets	BASIS	DURATION
Patents, licences, brands	Straight-line	1-5 years

#### 2 –TANGIBLE ASSETS

Tangible assets are stated at acquisition cost, net of discounts, rebates and cash discounts or their production cost.

Depreciation: is recognised when an asset's current value is less than the carrying value.

##### Depreciation

Tangible Assets	BASIS	DURATION
Developments on land not owned	Straight-line	10 years
Vehicles	Straight-line	5 years
Office equipment	Straight-line	1-5 years
Office furniture	Straight-line	8-10 years

### 3 - INVENTORIES

Computer hardware inventory is valued at cost of purchase net of tax. The purchase price consists of the purchase price and delivery costs.

### 4 – RECEIVABLES

Receivables are stated at their nominal value. A provision for impairment is recognised when the carrying value is less than the nominal value.

### 5 - TRANSLATION OF FOREIGN CURRENCY DENOMINATED ITEMS

The translation of foreign currency denominated items is performed as follows:

Translation of all debts, receivables and cash denominated in foreign currencies at the rates prevailing at the balance sheet date (Bank of France);

Changes from the original values are accounted for in the asset or liability regulation accounts (currency translation adjustment);

A provision for foreign exchange losses is recorded in respect of unhedged unrealised exchange losses.

### 6 – PENSION OBLIGATIONS

The commitment for retirement benefits was estimated on the basis of the provisions of the applicable collective agreement, namely the SYNTEC collective agreement.

The assumptions used in determining this commitment are:

Employee benefits (Actuarial assumptions)	June 30, 2015	Dec 31, 2014
Discount rate	2.20%	1.80%
Inflation rate	2.00%	2.00%
Salary increase rate	2.50%	2.50%
Social security costs	46%	46%
Mortality table	INSEE TH-TF 2008-2010	INSEE TH-TF 2008-2010
Retirement ages	Between 62 and 67 years	Between 62 and 67 years
Basis of retirement	Voluntary retirement	Voluntary retirement
Turnover (average staff by age band)	See Table 1	See Table 1

Retirement benefits (table 1)	June 30, 2015	Dec 31, 2014
Less than 25 years	7.15%	7.15%
25-29 years	4.52%	4.52%
30 -34 years	3.63%	3.63%
35-39 years	2.99%	2.99%
40-44 years	2.42%	2.42%
45-49 years	1.38%	1.38%
50-54 years	0.60%	0.60%
55 years and above	0.00%	0.00%

The calculation of pension obligations is performed using the projected unit credit method.

The present value of the obligation is determined by discounting the estimated future cash payments based on the interest rate of high-quality corporate bonds denominated in the currency in which the debt is to be paid and having similar maturity terms to those of the related pension liability. The calculation incorporates mortality factors, staff turnover and projected future salaries as well as payroll taxes related to retirement bonuses.

#### 7 - REVENUE RECOGNITION

Service sales to the pharmaceutical industry are recognized as and when services are performed.

## NOTE 2 INTANGIBLE ASSETS

### FIXED ASSETS AND AMORTIZATION

ASSET (in thousands of euros)	Dec 31, 2014	Acquisitions	Sales / Disposals	June 30, 2015
R&D software	698	13	-	711
Software excluding R&D	23	45	-	68
Licences	17	-	-	17
<b>Total</b>	<b>739</b>	<b>58</b>	-	<b>797</b>

AMORTIZATION (in thousands of euros)	Dec 31, 2014	Provision	Recovered	June 30, 2015
R&D software	(695)	(3)	-	(698)
Software excluding R&D	(14)	(3)	-	(17)
Licences	(17)	-	-	(17)
<b>Total</b>	<b>(726)</b>	<b>(6)</b>	-	<b>(732)</b>

Net intangible assets totalled €64k on June 30, 2015.

## NOTE 3 TANGIBLE ASSETS

### FIXED ASSETS AND DEPRECIATION

ASSET (in thousands of euros)	Dec 31, 2014	Acquisitions	Sales / Disposals	June 30, 2015
Developments on land not owned	58	-	-	58
Office equipment	19	-	-	19
Transport equipment	14	-	-	14
Computer equipment R&D	175	6	-	181
Computer equipment excluding R&D	222	42	-	264
Office furniture	35	10	-	45
<b>Total</b>	<b>522</b>	<b>59</b>	-	<b>581</b>

DEPRECIATION (in thousands of euros)	Dec 31, 2014	Provision	Reversal	June 30, 2015
Developments on land not owned	(35)	(3)	-	(38)
Office equipment	(10)	(1)	-	(11)
Transport equipment	(14)	-	-	(14)
Computer equipment R&D	(161)	(4)	-	(164)
Computer equipment excluding R&D	(185)	(14)	-	(199)
Office furniture	(28)	(2)	-	(30)
<b>Total</b>	<b>(434)</b>	<b>(23)</b>	-	<b>(457)</b>

Net tangible assets totalled €124k on June 30, 2015.

## NOTE 4 FINANCIAL ASSETS

### 1 - FIXED ASSETS AND DEPRECIATION

ASSET (in thousands of euros)	June 30, 2015	Dec 31, 2014	Variation
Shareholdings	8	8	-
Other fixed securities	166	159	7
Loans	38	38	-
Other financial assets	88	92	(3)
<b>Total</b>	<b>300</b>	<b>296</b>	<b>4</b>

DEPRECIATION (in thousands of euros)	June 30, 2015	Dec 31, 2014	Variation
Shareholdings	(8)	(8)	-
Other fixed securities	-	-	-
Loans	-	-	-
Other financial assets	-	-	-
<b>Total</b>	<b>(8)</b>	<b>(8)</b>	<b>-</b>

Changes during the period due to the accounting positions related to the liquidity agreement at June 30, 2015 are:

- ✓ 20,066 Treasury shares at a purchase price of €166k (accounted for using the FIFO method), and valued at June 30, 2015 stock market prices at €175k.
- ✓ Unavailable mobilised cash amounted to €55k (for an initial liquidity agreement of €250k).

### 2 - SHARES IN SUBSIDIARIES AND EQUITY INVESTMENTS

Companies (+50% subsidiaries) (in thousands of dollars)	Equity as at June 30, 2015 (\$)	% Capital held	Net book value of shares held (\$)	Net revenue for the period (\$)	Net result for the period (\$)	Dividends received during the period (\$)
MEDIAN Technologies Inc.	(4 889)	100%	10	683	365	-

### 3 - RELATED COMPANIES

(in thousands of euros)	Related companies	Undertakings in which the Company has a participating interest
Financial holdings	-	8
Provision for equity interest	-	(8)
Other receivables : current account €	-	3,653
Other receivables : current account \$	-	701
Provision on the current account	-	(4,355)
Trade payables	-	61
Trade receivables	-	16

Note that the subsidiary's current account and equity are subject to a 100% provision for depreciation.

## NOTE 5 INVENTORIES

Depreciation on inventories as at June 30, 2015 amounted to €10.6k. There was no provision or reversal of provision during the period.

(In thousands of euros)	Gross value	Depreciation	Net value at June 30, 2015	Net value at Dec 31, 2014
Computer equipment	14	(11)	3	6
<b>Total</b>	<b>14</b>	<b>(11)</b>	<b>3</b>	<b>6</b>

## NOTE 6 RECEIVABLES TRADE AND OTHER RECEIVABLES

### 1 - CLASSIFICATION BY MATURITY

(In thousands of euros)	June 30, 2015	Within one year	Within more than one year
Trade and other receivables	1,179	1,179	-
Employee-related receivables	1	1	-
Social organisations	17	17	-
State institutions	1,681	1,681	-
Group companies and shareholders	4,355	-	4,355
Sundry debtors	-	-	-
<b>Gross Total</b>	<b>7,233</b>	<b>2,878</b>	<b>4,355</b>
Group companies and shareholders (Provision)	(4,355)	-	-
<b>Total</b>	<b>2,878</b>		

(In thousands of euros)	Dec 31, 2014	Within one year	Within more than one year
Trade and other receivables	304	304	-
Employee-related receivables	1	1	-
Social organisations	19	19	-
State institutions	1,345	1,345	-
Group companies and shareholders	4,300	-	4,300
Sundry debtors	2	2	-
<b>Total</b>	<b>5,970</b>	<b>1,670</b>	<b>4,300</b>
Group companies and shareholders (Provision)	(4,300)	-	-
<b>Total</b>	<b>1,670</b>		

## 2 - STATE RECEIVABLES

These include:

- ✓ The right to a research tax credit for the year 2014 totalling €977k.
- ✓ The right to a research tax credit estimated for the 1<sup>st</sup> half of 2015 totalling €504k.
- ✓ A VAT refund claim for the sum of €75k.
- ✓ A receivable of €61k relating to reverse charged VAT.

## 3 - ACCRUED INCOME

(In thousands of euros)	June 30, 2015	Dec 31, 2014	Variation
Clients, invoices to raise	233	103	130
Accrued interest receivable	90	17	73
Social organisations	17	19	(2)
State institutions	504	-	504
Other	3	3	-
<b>Total</b>	<b>847</b>	<b>142</b>	<b>704</b>

## NOTE 7 TREASURY

This relates mainly to term deposits totalling €11,090k and two bank current accounts amounting to €1,601k. Interest recorded as receivable totalled €90k. The bank account currency is valued at the Bank of France month-end rate at the closing date of the half-year financial statements.

(In thousands of euros)	June 30, 2015	Dec 31, 2014	Variation
Short term deposits	11,090	14,017	(2,927)
Liquid assets	1,601	1,657	(56)
<b>Total</b>	<b>12,691</b>	<b>15,675</b>	<b>(2,983)</b>

## NOTE 8 OTHER ASSETS

(In thousands of euros)	June 30, 2015	Dec 31, 2014	Variation
Prepaid expenses	163	127	36
<b>Total</b>	<b>163</b>	<b>127</b>	<b>36</b>

Prepaid expenses totalled €163k on June 30, 2015 and relate to operating expenses. At December 31, 2014 they totalled €127k.

## NOTE 9 EQUITY

### 1 - STATEMENT OF CHANGES IN EQUITY

(In thousands of euros)	Dec 31, 2014	Increase	Decrease	June 30, 2015
Share capital	412	-	-	412
Share premium, reserves	47,550	25	-	47,575
2009 Warrants	16	-	-	16
2013 Warrants	64	-	-	64
Retained earnings	(30,796)	(4,844)	-	(35,640)
Result	(4,844)	(2,437)	(4,844)	(2,437)
<b>Total</b>	<b>12,401</b>	<b>(7,256)</b>	<b>(4,844)</b>	<b>9,989</b>

### 2 - MOVEMENTS DURING THE PERIOD

(In thousands of euros)	Number of shares	Capital value	Share premium
Position at December 31, 2014	8,261,092	413	47,550
Capital increase in cash *	6,000	0	25
<b>Position at June 30, 2015</b>	<b>8,267,092</b>	<b>413</b>	<b>47,575</b>

The share capital comprises 8,256,671 ordinary shares with a nominal value of €0.05 per share, 10,420 E preference shares with a nominal value of €0.05 per share and one B preference share with a nominal value of €0.05. The following changes occurred during the accounting period:

In June 2015, the Company issued 6,000 shares following the exercise of 30,000 BSPCEs. These shares were issued at a price of €4.20 per share representing a nominal value of €0.05 and €4.15 of share premium.

## NOTE 10 OTHER EQUITY

(In thousands of euros)	Dec 31, 2014	Increase	Decrease / Rebate	June 30, 2015
OSEO advance (LESIO Phase I)	900	-	(200)	700
OSEO advance(LESIO Phase II)	475	-	(119)	356
<b>Total</b>	<b>1,375</b>	<b>-</b>	<b>(319)</b>	<b>1,056</b>

Less than one year	756
Between 1 and 5 years	300
More than 5 years	-

Other equity totalled €1,056k including:

An OSEO advance relating to negotiations on May 28, 2008 (LEISO Phase I)

- ✓ The current liability amounts to €700k. The first repayments were made between April 2012 and June 2015 for a total amount of €800k. Under the addendum signed on July 11, 2013, seven quarterly repayments of €100k each are outstanding, the last of which will be payable on May 31, 2017.



An OSEO advance relating to negotiations on September 17, 2009 (LEISO Phase II)

- ✓ The current liability amounts to €356k. Quarterly repayments were due under this agreement between March 2012 and December 2015. The first repayments of €1,019k were made between April 2012 and June 2015. Three quarterly repayments are outstanding the last of which will be payable in December 2015.

## NOTE 11 PROVISIONS

### 1 – TABLE OF PROVISIONS FOR RISKS AND CHARGES

(In thousands of euros)	Dec 31, 2014	Provision	Used reversals	Unused reversals	June 30, 2015
Provision for risks	34	-	-	-	34
Provision for charges	334	-	-	6	328
<b>Total</b>	<b>368</b>	<b>-</b>	<b>-</b>	<b>6</b>	<b>362</b>

The provision for risks at June 30, 2015 relates to an industrial tribunal litigation of €34k provided at 100% according to the manager of the claim.

### 2 - PROVISIONS FOR CHARGES: PENSION OBLIGATIONS

(In thousands of euros)	Provided	Not provided	Total
At June 30, 2015	<b>328</b>	-	<b>328</b>

## NOTE 12 FINANCIAL LIABILITIES

### 1 - TABLE OF FINANCIAL LIABILITIES

(In thousands of euros)	Dec 31, 2014	Increase	Reduction/ Rebate	June 30, 2015
SOFIRED	133	-	(37)	96
PACA region local government loan	23	-	(12)	11
COFACE	626	-	(111)	515
Shareholders current accounts	-	-	-	-
Accrued interest payable	2	1	(2)	1
<b>Total</b>	<b>784</b>	<b>1</b>	<b>(162)</b>	<b>623</b>

Less than one year	88
Between 1 and 5 years	535
More than 5 years	-

## 2 - EQUITY LOAN SOFIRED

SOFIRED made a participating loan of €350k on the August 9, 2011. It has the following characteristics:

- ✓ The loan is for a period of 5 years starting from August 11, 2011;
- ✓ The sum lent bears interest at a rate of 5% calculated on the outstanding principal;
- ✓ The loan receives compensation indexed on the company's results. This applies only from the 4<sup>th</sup> year of the loan until the final repayment. It is effective only to the extent that it has been decided that profits for the year will be distributed.

At December 31, 2015, the capital outstanding is €96k.

## 3 – PACA REGION INTEREST FREE LOAN

The outstanding capital amounts to €11k and quarterly repayments of €5k continue until November 2015.

## 4 - COFACE INTEREST FREE LOAN

€515k of advanced compensation granted by Coface under a marketing insurance contract signed in March 2009. Reimbursements of 14% of the total export revenue for the year, in the area covered by the contract (henceforth "exports to all countries"), are made at the end of each of the six years of amortization starting from October 1, 2010.

## NOTE 13 OTHER PAYABLES

### 1 - STATEMENT OF AMOUNTS PAYABLE

(In thousands of euros)	June 30, 2015	Within one year	Within more than one year
Trade and other Payables	770	770	-
Employee-related liabilities	698	698	-
Social organisations	622	622	-
State institutions	78	78	-
Other liabilities	80	80	-
<b>Total</b>	<b>2,247</b>	<b>2,247</b>	-

(In thousands of euros)	Dec 31, 2014	Within one year	Within more than one year
Trade and other Payables	656	656	-
Employee-related liabilities	429	429	-
Social organisations	529	529	-
State institutions	219	219	-
Other liabilities	75	75	-
<b>Total</b>	<b>1,908</b>	<b>1,908</b>	-

## 2 - ACCRUED LIABILITIES

(In thousands of euros)	June 30, 2015	Dec 31, 2014	Variation
Suppliers and other payables	365	299	66
Accrued interest payable	1	2	(0)
Social organisations	1 036	679	357
State institutions	3	1	3
<b>Total</b>	<b>1 405</b>	<b>980</b>	<b>425</b>

## 3 - PASSIVE EXCHANGE DIFFERENCES

A translation difference of €80k was recorded in other liabilities. It concerns a supplier account payable in a foreign currency. This currency debt is evaluated using the Bank of France month-end rate on the closing date of the financial statements.

## NOTE 14 OTHER LIABILITIES

(In thousands of euros)	June 30, 2015	Dec 31, 2014	Variation
Deferred income	1940	1037	903
<b>Total</b>	<b>1,940</b>	<b>1,037</b>	<b>903</b>
Less than one year	1,926		
Between 1 and 5 years	14		
More than 5 years	-		

## DEFERRED INCOME

These totalled €1,940k and relate to:

- ✓ €100k for maintenance services on software recognised over the period but whose application periods relate to periods subsequent to June 30, 2015,
- ✓ €1,840 for services invoiced to pharmaceutical companies but the work will be carried out after June 30, 2015.

## NOTE 15 REVENUE

(In thousands of euros)	June 30, 2015	Dec 31, 2014	Variation (€k)
Services provided	1,430	573	856
Licence sales	1	107	(105)
Sale of goods	5	17	(12)
<b>Total</b>	<b>1,436</b>	<b>697</b>	<b>739</b>

## NOTE 16 OTHER INCOME

The amounts recorded correspond primarily to transfers of operating expenses totalling €40k related to personnel costs (benefit in kind and retrocession of social contributions).

## NOTE 17 OTHER PURCHASES AND EXTERNAL COSTS

Purchases and external expenses on June 30, 2015 totalled €1,695k compared with €754k on June 30, 2014. This €941k cost variation was mainly due to:

- ✓ Accounting for the €623k charge relating to the "Intercompany Service Agreement" in the first half of 2015. In November 2014, the agreement between Median Technologies SA and Median Technologies Inc. was concluded retroactively from January 1, 2014. Expenses relating to this agreement are recorded as operating expenses in the financial statements of Median Technologies SA. Before the implementation of this agreement, Median Technologies SA granted its subsidiary cash advances that were subject to impairment recognised in financial expenses. It should be noted that the half-year financial statements at June 30, 2014 were not impacted by the cost-plus agreement since it was concluded after approving the half-year financial statements.
- ✓ Increases in the use of outsourcing pharmaceutical projects up to €210k relates to developing this activity.

## NOTE 18 RESEARCH AND DEVELOPMENT EXPENDITURE

Research & Development expenses eligible for a research tax credit totalled €1,364k out of total operating expenses for the period of €4,295k.

## NOTE 19 FINANCIAL RESULT

The finance costs of €80k are justified primarily by:

- ✓ The additional provision of €55k for the subsidiary's financial current account,
- ✓ Interest costs on borrowing from SOFIREL totalling €3k,
- ✓ Exchange losses amounting to €16k.

The €154k financial income corresponds mainly to:

- ✓ Foreign exchange gains of €78k,
- ✓ Interest on term accounts of €76k.

## NOTE 20 EXTRAORDINARY RESULT

The extraordinary result totalled €3k.

## NOTE 21 COMPANY TAX

### 1 - THE AMOUNT OF RECEIVABLES AND DEFERRED TAX LIABILITIES

The decreases in future tax liabilities are based on losses carried forward at December 31, 2014 (not updated at June 30, 2015): €46,464k representing potential tax relief of €15,487k (at a rate of 33 1/3%).

## 2 - RESEARCH TAX CREDIT

Tax gains accounted for as at June 30, 2015 totalled €504k.

## 3 - CICE (COMPETITIVENESS AND EMPLOYMENT) TAX CREDIT

CICE recorded in the Company's financial statements at the close of the accounting period totals €17k.

In the Company's income statement it has been treated as a deduction from social contributions. This cash contribution will help finance the creation of new jobs within the Company.

## NOTE 22 NET RESULT

At June 30, 2015, the net result was €2,437k which gives a net result per share of -€0.29.

Securities giving access to capital, as issued on June 30, 2015, would give the right to 2,907,702 shares (see Note 24). Had all the above 2,907,702 shares giving access to capital been issued as at June 30, 2015, the net result per share would have been -€0.22.

## NOTE 23 AVERAGE EMPLOYEE NUMBERS

	June 30, 2015	Dec 31, 2014	Variation (nb)	Variation (%)
Executives	46	43	3	7%
Employees	1	1	0	0%
<b>Total</b>	<b>47</b>	<b>44</b>	<b>3</b>	<b>7%</b>

## NOTE 24 COMMITMENTS

### 1 - OPERATING LICENCES FOR PATENTS AND SOFTWARE

Under licencing agreements with the University of Chicago, the Company has the following liabilities not recognised as of June 30, 2015:

Royalties based on 1% of the Company's revenue from CAD-Lung software after the June 30, 2015. It should be noted that the contract provides that the Company pays the University of Chicago a minimum of \$15k in royalties for each calendar year from 2015 onwards (for which provision has been made on the balance sheet as at June 30, 2015).

\$45k when the Company has obtained the necessary administrative approval for selling CAD-Colon software in the United States, Japan, or Europe, and \$30k when cumulative sales of CAD-Colon software exceed \$1,000k. Note that, in early 2009, the Company decided not to continue marketing the CAD-Colon software.

Royalties of 1.5-2.0% of future revenue that the Company realises in respect of the CAD-Colon software after June 30, 2015. It should be noted that the contract provides that the Company shall, under all circumstances, pay the University of Chicago a minimum of \$15k in royalties each calendar year from 2015 onwards. Note that the Company decided not to continue marketing CAD-Colon software, and, in agreement with the University of Chicago, this commitment will not apply as long as the company does not resume marketing.

## 2 - ISSUE OF BSPCE, STOCK OPTIONS AND WARRANTS (IN €)

Date of the General Meeting	Number of authorised securities	Grant date of securities	Number of securities allocated	Exercise limit date	Number of securities cancelled non subscribed	Number of securities exercised	Number of securities valid not exercised	Number of corresponding shares	Exercise price per share	Potential increase in capital (nominal)
10/03/2009	186,256	20/05/2010	170,000	09/03/2019	30,000	20,000	120,000	24,000	6.50	1,200.00
07/12/2009	1,061,309	07/12/2009	1,061,309	06/12/2019	259,880	52,100	749,329	149,866	4.20	7,493.30
01/04/2011	100,000	01/04/2011	99,950	31/03/2021	20,000	-	79,950	15,990	6.50	799.50
18/05/2011	200,000	08/06/2011	149,952	17/05/2016	17,500	-	132,452	132,452	8.05	6,622.60
<b>BSPCE</b>	<b>1,547,565</b>		<b>1,481,211</b>		<b>327,380</b>	<b>72,100</b>	<b>1,081,731</b>	<b>322,308</b>		<b>16,115.40</b>
01/04/2011	100,000	01/04/2011	5,000	-	5,000	-	-	-	-	-
		15/12/2011	60,000	14/12/2018	-	-	60,000	60,000	9.00	3,000.00
		05/07/2012	34,000	04/07/2019	3,000	-	31,000	31,000	10.00	1,550.00
05/04/2012	200,000	15/12/2011	5,970	04/07/2019	-	-	5,970	5,970	10.00	298.50
		03/10/2013	10,000	02/10/2020	-	-	10,000	10,000	10.60	500.00
<b>Stock Options</b>	<b>300,000</b>		<b>114,970</b>		<b>8,000</b>	-	<b>106,970</b>	<b>106,970</b>		<b>5,348.50</b>
10/03/2009	24,609	10/03/2009	24,609	10/03/2019	-	-	24,609	24,609	6.50	1,230.45
05/04/2012	1,145,196	05/04/2012	1,145,196	31/12/2018	-	-	1,145,196	1,145,196	11.875	57,259.80
05/04/2012	1	05/04/2012	ND	31/12/2018	-	-	ND	ND	11.875	ND
06/06/2013	60,000	06/06/2013	60,000	31/12/2020	-	-	60,000	60,000	8.04	3,000.00
06/06/2013	20,000	06/06/2013	20,000	31/12/2020	-	-	20,000	20,000	8.04	1,000.00
24/12/2013	117,508	24/12/2013	117,508	31/12/2016	-	-	117,508	117,508	8.51	5,875.40
29/09/2014	2,222,222	29/09/2014	2,222,222	29/09/2021	-	-	2,222,222	1,111,111	9.00	55,555.55
<b>Warrants</b>	<b>3,589,536</b>		<b>3,589,535</b>		-	-	<b>3,589,535</b>	<b>2,478,424</b>		<b>123,921.20</b>
<b>Total</b>								<b>2,907,702</b>		<b>145,385.10</b>

Warrants	Historical record	Subscription Date	Expiry Date
"2009- A Warrant"	NVF Equity Limited signed a share warrant, for an amount of €16k, released in full by offsetting debt in 2009. The warrant is exercisable at any time after completion of the issue for a 10-year period ending March 10, 2019. The warrant entitles acquisition of 24,609 ordinary shares at an exercise price of €6.50.	mars 09	mars 19
"2012 warrants"	Quintiles subscribed to 1,145,196 share warrants. The life term of the warrants expires December 31, 2018 and may be exercised only by offsetting with liquid and collectable receivables from the Company that are due to Quintiles. Each warrant entitles the holder to acquire one ordinary share in the Company at a price of €11.875 including share premium.	avril 12	décembre 18
"Warrant-Adjustment"	Quintiles subscribed to one share warrant. The warrant may only be exercised once all 1,145,196 share warrants mentioned above, are exercised and if that exercise does not allow Quintiles to attain a 15% holding of the Company's fully diluted capital. This share warrant entitles Quintiles to subscribe to a number of shares allowing it to attain a 15% holding of the Company's fully diluted capital. Subscribing for shares will be made only by offsetting liquid and collectable receivables from the Company that are due to Quintiles. The warrant entitles acquisition of new ordinary shares in the Company at a price of €11.875 including share premium.	avril 12	décembre 18
"2013 warrants"	The General Meeting on June 6, 2013 decided to issue 80,000 securities giving access to capital having the characteristics of equity warrants (2013 warrants). Each 2013 warrant was subscribed at a price of €0.80. The funds for this subscription were released in the second half of 2013. The unit price of exercising the 2013 warrants is the average price during the 40 trading days preceding the June 6, 2013 General Meeting, or €8.04 per share. The life term of these warrants expires December 31, 2020.	juin 13	décembre 20
"BSA-2013"	The exercise of all 117,508 2013 warrants, decided by the Board of Directors in December 2013, will result in a capital increase totaling €6k corresponding to the issue of 117,508 new Company shares. These warrants are exercisable at any time after the completion of the issuance, expiring December 31, 2016.	décembre 13	décembre 16
"2014 - warrants"	The General Meeting of September 29, 2014 decided that the issue of 2,222,222 warrants would result in a capital increase of up to €56k by the issue of 1,111,111 ordinary Company shares, with a nominal value of €0.05 each at the rate of two warrants exercised for one new share. The exercise price per share is €9 issue premium included.	septembre 14	septembre 21

### 3. Declaration by the person responsible for the financial report of the individual half-year financial statements

PERIOD FROM JANUARY 1, TO JUNE 30, 2015

I hereby declare that the full financial statements for the previous half year have been prepared in accordance with applicable accounting standards and provide a true and fair view of the Company's financial position and financial performance, and that the half-year management report includes a fair review of important events that occurred during the first six months of the financial year and their impact on the financial statements, as well as the main transactions between related parties.

Signed in Valbonne, October 1, 2015

Chairman

MEDIAN Technologies

**Fredrik BRAG**