MEDIAN Technologies SA

Summary half-year consolidated financial statements
June 30, 2015

This is a free translation into English of the summary half-year consolidated financial statements issued in French and it is provided solely for the convenience of English speaking users.

Condensed consolidated Statement of financial position

(in thousands of euros)	*Notes*	June 30, 2015	June 30, 2014	December 31, 2014*
Intangible assets	3.1	64	12	13
Tangible Assets	3.2	129	107	94
Non-current financial assets		72	58	71
Total non-current Assets		**266**	**176**	**178**
Inventories		3	12	6
Trade and other receivables	3.3	1 387	355	670
Current financial assets	3.4	55	54	58
Other current assets	3.5	1 667	655	1 125
Cash and cash equivalents	3.6	12 720	1 093	15 718
Total current assets		**15 832**	**2 169**	**17 577**
TOTAL ASSETS		**16 097**	**2 345**	**17 755**
Share capital	3.7	413	302	413
Share premiums	3.7	47 655	29 413	47 630
Consolidated reserves		(35 951)	(31 662)	(31 539)
Unrealized foreign exchange differences		(9)	91	13
Net result		(2 475)	(2 267)	(4 480)
Total shareholders' equity		**9 633**	**(4 124)**	**12 037**
Of which the group share		**9 633**	**(4 124)**	**12 037**
Long- and medium-term borrowings	3.9	835	1 045	1 074
Employee benefits liabilities	3.8	328	297	334
Deferred tax liabilities	3.10	448	502	437
Total non-current liabilities		**1 611**	**1 844**	**1 845**
Short-term financial debts.	3.9	844	2 597	1 083
Trade and other payables	3.11	3 975	1 995	2 757
Current provisions		34	34	34
Total current liabilities		**4 853**	**4 625**	**3 873**
TOTAL LIABILITIES		**16 097**	**2 345**	**17 755**

* Restated - See note 2.5

Consolidated income statement

(in thousands of euros)	*Notes*	June 30, 2015 (6 months)	June 30, 2014 (6 months)	December 31, 2014* (12 months)
Revenue	**3.12**	1 436	716	1 541
Other income		0	0	3
Revenue from ordinary activities		**1 436**	**717**	**1 544**
Purchases consumed		(18)	(27)	(52)
Staff costs	**3.13**	(2 632)	(1 951)	(3 852)
External costs	**3.14**	(1 268)	(819)	(1 971)
Taxes		(42)	(38)	(74)
Allowances net of amortization, depreciation and provisions		(31)	(57)	(90)
Other operating expenses		0	(1)	(1)
Other operating income		3	6	6
Operating result		**(2 553)**	**(2 170)**	**(4 492)**
Cost of net financial debt		(12)	(38)	(61)
Other financial charges		(52)	(3)	(111)
Other investment income		150	14	194
Net financial result	**3.15**	**86**	**(26)**	**22**
Income tax (expense)	**3.16**	(8)	(71)	(11)
Net result		**(2 475)**	**(2 267)**	**(4 480)**
Net result, group share		(2 475)	(2 267)	(4 480)
Net result , non-controlling interests' share		0	0	0
Net result , Group share of basic and diluted earnings per share in euros	**3.17**	**(0,30)**	**(0,38)**	**(0,54)**

* Restated - See note 2.5

Consolidated statement of Other Comprehensive Income (OCI)

(in thousands of euros)	*Notes*	June 30, 2015 (6 months)	June 30, 2014 (6 months)	December 31, 2014* (12 months)
Net result		**(2 475)**	**(2 267)**	**(4 480)**
Unrealized foreign exchange differences		(22)	(7)	(86)
Total items that may be reclassified		**(22)**	**(7)**	**(86)**
Actuarial gains and losses on defined benefits plans		31	(65)	(82)
Deferred taxes on actuarial gains and losses		(10)	22	27
Total items that will not be reclassified		**21**	**(44)**	**(55)**
Overall result		**(2 476)**	**(2 318)**	**(4 621)**

* Restated - See note 2.5

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Consolidated statement of changes in equity

Group shareholders Equity (in thousands of euros)	Note	Share capital	Share premiums			Consolidated reserves				Translation reserves -Other comprehensive income	Consolidated result	Total
			Share issue premium	Equity warrants	Total share premiums	Treasury stock	Consolidated reserves	Other comprehensive income.	Total consolidated reserves			
January 1, 2014		**302**	**29 333**	**80**	**29 413**	**(79)**	**(26 815)**	**(1)**	**(26 896)**	**98**	**(4 714)**	**(1 797)**
Appropriation of the result prior period							(4 714)		(4 714)		4 714	0
Change in unrealized foreign exchange differences									0	(7)		(7)
Attribution of equity warrants							9		9			9
Capital increase									0			0
Result for current period									0		(2 267)	(2 267)
Share-based payments							63		63			63
Variation in actuarial differences net of deferred taxes								(44)	(44)			(44)
Treasury shares						(80)			(80)			(80)
June 30, 2014		**302**	**29 333**	**80**	**29 413**	**(159)**	**(31 458)**	**(45)**	**(31 662)**	**91**	**(2 267)**	**(4 124)**
Capital increase (1)	**3.7.1**	111	18 217		18 217							18 328
Allocation of warrants									0			0
Change in unrealized foreign exchange differences									0	(78)		(78)
Variation in actuarial differences net of deferred taxes								(10)	(10)			(10)
Result for current period									0		(2 213)	(2 213)
Share-based payments							129		129			129
Treasury shares						5			5			5
December 31,2014*		**413**	**47 550**	**80**	**47 630**	**(154)**	**(31 329)**	**(56)**	**(31 539)**	**13**	**(4 480)**	**12 037**
Appropriation of the result prior period N-1							(4 480)		(4 480)		4 480	0
Capital increase (2)	**3.7.1**	0	25		25				0			25
Allocation of warrants									0			0
Change in unrealized foreign exchange differences									0	(22)		(22)
Variation in actuarial differences net of deferred taxes								21	21			21
Result for current period									0		(2 475)	(2 475)
Share-based payments							51		51			51
Treasury shares						(3)			(3)			(3)
June 30, 2015		**413**	**47 575**	**80**	**47 655**	**(158)**	**(35 758)**	**(35)**	**(35 951)**	**(9)**	**(2 475)**	**9 633**

* Restated - See note 2.5

(1) The capital increase carried out in September 2014 includes €1,000k made by incorporating shareholder's current accounts, as indicated in Note 3.9, associates current account section.

(2) In June 2015, the Company issued 6,000 category E shares, following the exercise of 30,000 founder’s share warrants. These shares were issued at a price of €4.20 per share representing €4.15 share premium and €0.05 nominal value.

Consolidated statement of cash flows

(in thousands of euros)	June 30, 2015 (6 months)	June 30, 2014 (6 months)	December 31, 2014* (12 months)
CONSOLIDATED NET RESULT	**(2 475)**	(2 267)	(4 480)
Allowances net of amortization, depreciation and provisions	**38**	85	125
Gains and losses on disposals	**0**	(4)	(4)
Cost of net financial debt	**13**	34	54
Other incomes and expenses calculated	**347**	35	449
Tax charge for the period , including deferred tax	**8**	71	10
OPERATING CASH FLOW	**(2 070)**	**(2 046)**	**(3 847)**
Changes in operating working capital requirement	**(345)**	**878**	**387**
Net cash flow from operating activities	**(2 415)**	**(1 168)**	**(3 460)**
CASH FLOWS FROM INVESTING ACTIVITIES			
Outflows on acquisitions of intangible assets	(58)		(6)
Outflows on acquisitions of tangible assets	(59)	(27)	(42)
Inflows on disposal of tangible and intangible assets		6	6
Outflows on acquisitions of financial assets	(9)	(82)	(15)
Inflows on disposal of financial assets	3	79	75
Net cash flow from investing activities	**(122)**	**(25)**	**16**
CASH FLOW FROM FINANCING ACTIVITIES			
Capital increase or contributions	25		17 328
Contribution to the current account		500	500
Repayment of loans	(486)	(309)	(762)
Net cash flow from financing activities	**(461)**	**191**	**17 066**
Net change in cash and cash equivalents	**(2 998)**	**(1 002)**	**13 623**
Cash and cash equivalents at start of the period	**15 718**	**2 095**	**2 095**
Cash and cash equivalents at end of the period	**12 720**	**1 093**	**15 718**

* Restated - See note 2.5

NOTES ANNEXED TO THE SUMMARY HALF YEAR CONSOLIDATED FINANCIAL STATEMENTS
(Unless otherwise mentioned in this annex note amounts are in thousands of euros)

Table of contents

1 Presentation of the core business and major events

1.1 Information on the Company and its business

MEDIAN Technologies ("the Company") is a limited company with a Board of Directors created in 2002 and based in France. The Company's registered office is located at Les Deux Arcs - 1800 route des Crêtes - 06560 Valbonne.

The main areas of activity of the Company and its subsidiary (together referred to as "the Group") are software publishing and supply of services in the field of medical imaging in oncology. The Group develops and markets software solutions and provides services to optimise the operation of medical images for diagnosis and monitoring of cancer patients.

The Company has been listed on the Paris Alternext market since 2011.

1.2 Major events of the first half of 2015

At the end of June 2015, the Company issued 6,000 category E shares, 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, giving a total of €25,200, €300 in capital and €24,900 in share premium.

2 Accounting principles, valuation methods, adopted IFRS options

2.1 Summary half-year consolidated financial statement preparation principles

The Group's consolidated accounts were prepared voluntarily in accordance with "IFRS" (International Financial Reporting Standards) as adopted by the European Union, which are available on the European Commission's website:
(http://ec.europa.eu/finance/company-reporting/index_en.htm).

These half-year consolidated financial statements have been prepared in accordance with IAS 34 "Interim financial reporting", as adopted by the European Union. They do not include all the information necessary for a complete set of consolidated financial statements under IFRS. They include however a selection of notes explaining the significant events and operations in order to give an understanding of the changes in financial position and performance of the Group since the last annual consolidated financial statements for the year ended December 31, 2014.

The euro was retained as the Group's presentation currency. The consolidated financial statements are presented in thousands of euros; all values are rounded to the nearest thousand unless otherwise indicated.

These summary consolidated financial statements were prepared under the responsibility of the Board of Directors as at October 1, 2015.

2.2 Main accounting methods

The accounting methods applied in the summary half-year consolidated financial statements are identical to those used by the group in the consolidated financial statements in "IFRS" for the year ended December 31, 2014, with the exception of the standards, amendments and interpretations applicable for the first time from January 1, 2015:

Main standards, amendments and interpretations with mandatory application from January 1, 2015

- IFRIC 21, Levies;

This interpretation has no significant impact on the summary half-year consolidated financial statements of June 30, 2015.

Main standards, amendments and interpretations published by the IASB with non-mandatory application in the EU from January 1, 2015

The Group has not applied these standards, amendments and interpretations in advance in the summary half-year consolidated financial statements of June 30, 2015 and considers that they should not have a significant impact on the results and financial position.

- IFRS 9, *Financial instruments;*
- IFRS 15, *Revenue from contracts with customers.*

The impact of these standards and amendments on the results and the financial position of the group are being evaluated.

2.3 Use of judgments and estimates

To prepare the half-year consolidated financial statements the Group has made estimates, judgments and assumptions; these could affect the reported amounts of assets and liabilities and contingent liabilities at the date of preparation of the half-year consolidated financial statements and the reported amounts of revenues and expenses for the year.

Significant judgments exercised by management to apply the Group's accounting policies and the main sources of uncertainty for estimates are similar to those affecting the consolidated financial statements for the year ended December 31, 2014.

2.4 Scope of consolidation

There were no significant changes in the scope of consolidation in the first half of 2015.

2.5 Restatement of income statement, other comprehensive income, statement of cash flows, financial position and change in equity published as at December 31, 2014

Repayment of the advance that MEDIAN S.A. made to its U.S. subsidiary MEDIAN Inc. is neither planned nor likely in the foreseeable future and therefore constitutes, in substance, a share of the entity's net investment in that foreign operation. Exchange differences, gains or losses, recorded in the subsidiary, MEDIAN Inc.'s individual accounts, when converted in advance to its functional currency (USD), must be treated in accordance with IAS 21 (IAS 21.32) and be classified under other comprehensive income (OCI) on the line “unrealized foreign exchange differences.”

The Group has therefore restated the consolidated financial statements for the year ended December 31, 2014, (including the opening balance sheet as at January 1, 2014) as if this accounting treatment had been adopted since the date of transition to IFRS (January 1, 2013).

The impact of this correction due to exchange rate effects, on equity for the year ended December 31, 2014, is as follows:

Group shareholders Equity (in thousands of euros)	*Share capital, share premiums and consolidated reserves*	*Translation reserves -Other comprehensive income*	*Net result*	*Total shareholders' equity*
January 1, 2014 pubished	**2 819**	**255**	**(4 870)**	**(1 797)**
Restatement	0	(157)	157	0
January 1, 2014 restated	**2 819**	**98**	**(4 714)**	**(1 797)**

December 31, 2014 published	**16 348**	**(280)**	**(4 031)**	**12 037**
Restateement	157	293	(449)	0
December 31, 2014 restated	**16 504**	**13**	**(4 480)**	**12 037**

The impact of this correction due to exchange rate effects on the net result for the year ended December 31, 2014 is a reduction of "other financial products", and of the net result of € (449) k in comparison to the financial figures published under IFRS.

3 Additional information for some items on the consolidated statement of financial position and the consolidated income statement

3.1 Intangible assets

	June 30, 2015			December 31, 2014			June 30, 2014
	Gross Value	Depreciation and amorization	Net value	Gross Value	Depreciation and amorization	Net value	Net value
Patents, licencces, brands	797	(732)	64	739	(726)	13	12
Other intangible assets	5	(5)	0	4	(4)	0	0
Consolidated total	**801**	**(737)**	**64**	**743**	**(730)**	**13**	**12**

Intangible assets consist primarily of purchased software licenses.

The changes in the balances of the period were as follows:

	June 30, 2015			December 31, 2014			June 30, 2014
	Gross Value	Depreciation and amorization	Net value	Gross Value	Depreciation and amorization	Net value	Net value
Opening Balance	**743**	**(730)**	**13**	**736**	**(713)**	**23**	**23**
Additions	58		58	6		6	
Terminated, discarded							
Changes in depreciation and amortization		(6)	(6)		(16)	(16)	(11)
Effects of exchange fluctuations							
Closing balance	**801**	**(737)**	**64**	**743**	**(730)**	**13**	**12**

3.2 Tangible assets

	June 30, 2015			December 31, 2014			June 30, 2014
	Gross Value	Depreciation and amorization	Net value	Gross Value	Depreciation and amorization	Net value	Net value
Construction, planning	58	(38)	19	58	(35)	22	25
Tanglible assets under construction	564	(455)	109	502	(430)	72	81
Consolidated total	**622**	**(493)**	**129**	**560**	**(465)**	**94**	**107**

The changes in the balances of the period were as follows:

	June 30, 2015			December 31, 2014			June 30, 2014
	Gross Value	Depreciation and amorization	Net value	Gross Value	Depreciation and amorization	Net value	Net value
Opening Balance	**560**	**(465)**	**94**	**519**	**(392)**	**127**	**127**
Additions	59		59	42		42	27
Terminated, discarded				(5)	4	(1)	1
Changes in depreciation and amortization		(25)	(25)		(74)	(74)	(46)
Effects of exchange fluctuations	3	(3)	1	4	(3)	1	
Closing balance	**622**	**(493)**	**129**	**560**	**(466)**	**94**	**107**

3.3 Trade and other receivables

Trade and other receivables were as follows:

	June 30, 2015	June 30, 2014	December 31, 2014
Customers	1,163	284	273
Other receivables	224	71	397
Consolidated total	**1,387**	**355**	**670**

The fair value of trade and other receivables is equivalent to the carrying value as they are due within less than one year.

The increase in trade receivables at June 30, 2015 compared with the balance of trade receivables at December 31, 2014, was mainly due to the increase in the volume of activity in the first half of 2015 and the increase in the volume of billing.

No risk of non-payment of the receivables has been identified at June 30, 2015. There is no provision for impairment of trade receivables.

Other receivables as at June 30, 2015 consisted primarily of deductible value added tax.

The maturity of trade receivables as at June 30, 2015 was as follows:

	Total	Not yet due	1 to 30 days	30 to 60 days	60 to 90 days	+ 90 days
At June 30, 2015	1,163	399	146	580	9	29

The maturity of trade receivables as at December 31, 2014 was as follows:

	Total	Not yet due	1 to 30 days	30 to 60 days	60 to 90 days	+ 90 days
At December 31, 2014	273	160	70	24	14	5

3.4 Current financial assets

Current financial assets were as follows:

	June 30, 2015	June 30, 2014	December 31, 2014
Cash mobilized as part of the liquidity contract	55	54	58
Consolidated total	**55**	**54**	**58**

The Group has implemented a liquidity contract since its listing on the stock exchange for a maximum of €250k. This contract allows the share price to be regulated. The mobilised cash is immediately available if the service provider agreement is terminated. The cash matures within one year.

3.5 Other current assets

Other current assets were as follows:

	June 30, 2015	June 30, 2014	December 31, 2014
Research tax credit	1,481	480	978
Prepaid expenses	168	158	130
Miscellaneous	18	17	17
Consolidated total	**1,667**	**655**	**1,125**

The research tax credit eligible at June 30, 2015 is:

- ✓ The proceeds from research tax credit on expenses in the first half of 2015 amounted to €503k.
- ✓ The proceeds from research tax credit on expenses in the 2014 financial period amounted to €978k. The company received payment of this receivable from the Public Treasury in the second half of 2015.

The receivable recorded as at June 30, 2014 was the income from research tax credit expenditure for the first half of 2014.

The Company has benefited from the research tax credit since its inception and this receivable is subject to reimbursement by the tax authorities in the following fiscal period.

3.6 Cash and cash equivalents

Cash and cash equivalents were as follows:

	June 30, 2015	June 30, 2014	December 31, 2014
Short term deposits	11 090	0	14 018
Liquid assets	1 630	1 093	1 700
Consolidated total	**12 720**	**1 093**	**15 718**

At June 30, 2015 short term deposits have varying maturity. Although they have maturity dates exceeding three months, they are easily convertible to known amounts of cash and subject to insignificant risk of changes in value.

3.7 Capital and reserves

3.7.1 Share capital and share premiums

As at June 30, 2015 the capital of the Company was made up of 8,267,092 shares distributed between 8,256,671 ordinary shares with a nominal value of €0.05, 10,420 Class E preference shares with a value of €0.05 and one Class B preference share with a value of €0.05.

The Class B preference share is reserved for an industrial investor shareholder it entitles the latter to be represented at all times by a director on the Company's Board of Directors. It is automatically converted into a common share if certain statutory clauses are met.

Class C preference shares are non-voting but have the same financial rights as ordinary shares.

Changes that took place in the 2014 financial year and in the first half of 2015 are as follows:

In Euros (apart from number of shares)

Date	Transaction	Capital	Share premium	Total	Number of shares forming the share capital
	Total at January 1, 2014	**301,723**	**29,332,756**	**29,634,479**	**6,034,450**
	Increase in capital				
	Costs of increase in capital				
	Total at June 30, 2014	**301,723**	**29,332,756**	**29,634,479**	**6,034,450**
Sep-14	Increase in capital	111,111	19,888,887	19,999,998	2,222,222
	Costs of increase in capital		(1,690,140)	(1,690,140)	
Oct-14	Increase in capital	221	18,343	18,564	4,420
	Total at December 31, 2014	**413,055**	**47,549,846**	**47,962,901**	**8,261,092**
Jun-15	Increase in capital	300	24,900	25,200	6,000
	Costs of increase in capital				
	Total at June 30, 2014	**413,355**	**47,574,746**	**47,988,101**	**8,267,092**

In September 2014, the Company launched a capital increase in cash by issuing 2,222,222 shares with equity warrants attached, at a subscription price of €9 euros (issuing premium inclusive). The total amount of the capital increase amounts to €19,999,998 (issuing premium inclusive). Capital increase costs of €1,690,140 were charged to the share issue premium.

In October 2014, the Company issued 4,420 preference shares 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.

In June 2015, the Company issued 6,000 shares 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.

3.7.2 Treasury shares

Under the liquidity contract, implemented following the stock exchange listing, the Group holds control shares and makes gains or losses on disposal and redemption of the shares. These shares, and the effect of the gains and losses on disposal and redemption of treasury shares, are deducted from consolidated reserves.

On June 30, 2014, 19,837 shares were cancelled and deducted from the consolidated reserves at a total value of €159k.

On December 31, 2014, 19,529 shares were cancelled and deducted from the consolidated reserves at a total value of €154k.

On June 30, 2015 20,066 shares were cancelled and deducted from the consolidated reserves at a total value of €158k.

These treasury shares are not intended to be allocated to employees within the framework of the free share allocation plan but are intended to regulate the share price under the liquidity contract.

3.7.3 Stock options

Using the authorisation granted by several general meetings, the Board of Directors issued the following option plans:

Date of the general meeting	Number of authorised securities	date of securities allocation	number of securities allocated	Exercise limit date	Number of unexercised valid securities at Dec 31, 2014	Number of unexercised/ cancelled securities in the first half of 2015	Number of securities exercised in the first half of 2015	Number of securities attributed in the first half of 2015	Number of unexercised valid securities	Number of corresponding shares	Exercise price per share	Potential increase in capital (nominal)
BSPCE												
March 10, 2009	186,256	20/05/2010	170,000	09/03/2019	120,000	0	0	0	120,000	24,000	6.50	1,200.00
December 7, 2009	1,061,309	07/12/2009	1,061,309	06/12/2019	779,329	0	30,000	0	749,329	149,866	4.20	7,493.29
April 1, 2011	100,000	01/04/2011	99,950	31/03/2021	79,950	0	0	0	79,950	15,990	6.50	799.50
May 18, 2011	200,000	08/06/2011	149,952	17/05/2016	132,452	0	0	0	132,452	132,452	8.05	6,622.60
TOTAL BSPCE	**1,547,565**		**1,481,211**		**1,111,731**	**0**	**30,000**		**1,081,731**	**322,308**		**16,115.39**
Stock options												
April 1, 2011	100,000	01/04/2011	5,000		0	0	0	0	0	0	0.00	0.00
		15/12/2011	60,000	14/12/2018	60,000	0	0	0	60,000	60,000	9.00	3,000.00
		05/07/2012	34,000	04/07/2019	31,000	0	0	0	31,000	31,000	10.00	1,550.00
April 5, 2012	200,000	05/07/2012	5,970	04/07/2019	5,970	0	0	0	5,970	5,970	10.00	298.50
		03/10/2013	10,000	02/10/2020	10,000	0	0	0	10,000	10,000	10.60	500.00
TOTAL Stock options	**300,000**		**114,970**		**106,970**	**0**	**0**		**106,970**	**106,970**		**5,348.50**
Warrants												
March 10, 2009	24,609	10/03/2009	24,609	10/03/2019	24,609	0	0	0	24,609	24,609	6.50	1,230.45
April 5, 2012	1,145,196	05/04/2012	1,145,196	31/12/2018	1,145,196	0	0	0	1,145,196	1,145,196	11.875	57,259.80
April 5, 2012	1	05/04/2012	ND	31/12/2018	ND	ND	ND	ND	ND	ND	11.875	ND
June 6, 2013	60,000	06/06/2013	60,000	31/12/2020	60,000	0	0	0	60,000	60,000	8.04	3,000.00
June 6, 2013	20,000	06/06/2013	20,000	31/12/2020	20,000	0	0	0	20,000	20,000	8.04	1,000.00
December 24, 2013	117,508	24/12/2013	117,508	31/12/2016	117,508	0	0	0	117,508	117,508	8.51	5,875.40
29/09/2014	2,222,222	30/09/2014	2,222,222	29/09/2021	2,222,222	0	0	0	2,222,222	1,111,111	9.00	55,555.55
TOTAL WARRANTS	**3,589,536**		**3,589,535**		**3,589,535**	**0**	**0**	**0**	**3,589,535**	**2,478,424**		**123,921**

The impact on the overall result of share-based payments is presented in note 3.13.1. The financial securities concerned by the share-based payment plans are stock options and warrants allocated on April 5, 2012.

The April 5, 2012 warrants were awarded free of charge to a service provider (Quintiles). These warrants have been treated in accordance with IFRS 2 "Share-based Payments". The service provider's share of trade payables was reclassified to equity. The cumulative amount reclassified to equity amounted to €67k as at June 30, 2014, and €167k as at December 31, 2014 and €212k as at June 30, 2015.

3.8 Employee benefit liabilities

3.8.1 Defined benefit pension plan

The employee benefits are entirely composed of post-employment benefits.

In France, the Company makes contributions to the national pension plan and its commitments to employees in terms of retirement are limited to a lump sum based on seniority which is paid as soon as the employee reaches retirement age. This retirement benefit is determined for each employee according to seniority and anticipated final salary. A provision was made for the obligation under the defined benefit plan.

No hedging assets have been established by the Company for the defined benefit plan.

Amounts recognised in the balance sheet for defined benefit obligations are as follows:

	June 30, 2015	June 30, 2014	December 31, 2014
Provisions for employee benefits	328	297	334

Changes in accrued liabilities on the balance sheet

Variations of these commitments can be analysed as follows:

	June 30, 2015	June 30, 2014	December 31, 2014
Opening provision	**334**	**212**	**212**
Current service cost	*22*	*16*	*32*
Cost of interest	*3*	*4*	*7*
Charge in the period	**25**	**20**	**39**
Benefits paid	**0**	**0**	**0**
Net actuarial (gains) /losses	**(31)**	**65**	**82**
Closing provision	**328**	**297**	**334**

Actuarial assumptions

The main actuarial assumptions are as follows:

	June 30, 2015	June 30, 2014	December 31, 2014
Discount rate	2,20%	2,50%	1,80%
Inflation rate	2,00%	2,00%	2,00%
Salary increase rate	2,50%	2,50%	2,50%
Retirement ages	Between 62 and 67 years	Between 62 and 67 years	Between 62 and 67 years
Social security costs	46%	46%	46%

The assumptions relating to future mortality rates are determined on the basis of data from statistics published in France.

A sensitivity analysis was performed on the plan and the key assumption of the discount rate. Application of a rate change to the plan's current year would have the following impact on the Group's gross commitment under the defined benefit pension plan:

Sensitivity to the discount rate (2,20% +/- 0,25%)	
Actuarial debt at 1.95% on June 30, 2015	346
Actuarial debt at 2.2% on June 30, 2015	328
Actuarial debt at 2.45% on June 30, 2015	310
Estimated duration (years)	22

3.8.2 Defined contribution pension plan

In the USA, the subsidiary MEDIAN Inc. contributes to a defined contribution plan which limits its commitment to its contributions. The expenses recognised in the first half of 2015 were not material.

3.9 Long and short-term financial debt

Long and short term financial debts were as follows:

	June 30, 2015	June 30, 2014	December 31, 2014
Long-term financial debt (non-current liabilities)	835	1,045	1,074
Short-term financial debt (current liabilities)	844	2,597	1,083
Gross financial debt	**1,679**	**3,641**	**2,157**

The long and short term financial liabilities consist primarily of:

	June 30, 2015	June 30, 2014	December 31, 2014
OSEO advances	300	938	500
Interest free loan PACA region (Provence-Alpes-Côte d'Azur)	0	11	0
Participating loans	20	96	58
COFACE advances	516		516
Gross financial debt (long-term financial debt)	**835**	**1,045**	**1,074**

	June 30, 2015	June 30, 2014	December 31, 2014
OSEO advances	756	844	875
Interest free loan PACA region (Provence-Alpes-Côte d'Azur)	11	21	22
Participating loans	76	72	75
COFACE advances		627	111
Current account advances		1,032	
Gross financial debt (short-term financial debt)	**844**	**2,597**	**1,083**

✓ **OSEO advances:**

As part of its participation in the innovation project, the MEDIAN Group received three repayable advances from OSEO in 2009 totalling a maximum of €2,875k. The balance of advances at June 30, 2015 was €1,056k.

Repayments were planned on anticipated payment schedules when the contracts for the LESIO I and LESIO II projects were signed.

The advance was granted free of charge.

Pursuant to the exemption provided by IFRS 1 - "First Time Adoption of IFRS", (the date of transition to IFRS was January 1, 2013) these advances have not been subdivided into "grant" for the part relating to the advance payment obtained free of charge, and "financial debt" for the other part.

The amount of the advance repayable in less than one year was classified in current financial liabilities at a value of €756k as at June 30, 2015.

The Group repaid €318k during the first half of 2015. It did not receive other subsidies.

✓ **Participating loans**

Sofired made a participating loan of €350k on 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 4th year of the loan until final repayment. It is effective only to the extent that it has been decided that profits for the year will be distributed.

At June 30, 2015 the capital outstanding was €96k. €76k is due in less than one year and is classified as a current liability.

The Group repaid €37k during the first half of 2015.

- **COFACE advances:**

The COFACE advances represent 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.

This debt has been classified entirely as payable within one year at June 30, 2015 because the debt was likely to be due on that date, and the condition to maintain the Company's equity at over €1,200k was not respected.

Following the Company's equity improvement over the 2014 fiscal year, the amount of the advance due in more than one year was reclassified to non-current liabilities which amounted to €516k as at June 30, 2015. The amount due within one year as at June 30, 2015 was €0k.

Pursuant to the exemption provided by IFRS 1 - "First Time Adoption of IFRS", these advances have not been subdivided into "grant" for the part corresponding to the advance payment obtained free of charge, and "financial debt".

The Group repaid €111k during the first half of 2015.

- **Current account advances**

In late 2013 and early 2014 the MEDIAN Group benefited from €1,000k relating to the first current account agreement concluded in December 2013 and January 2014, with funds made available until June 30, 2014 and subject to 117,508 2013 warrants.

These current account advances were converted into capital during the capital increase in September 2014.

3.10 Deferred taxes

The deferred tax liability was as follows:

Origin of deferred tax	June 30, 2015	June 30, 2014	December 31, 2014
- charges temporarily non - deductible	0	0	0
- tax losses carried forward (2)	893	937	883
- consolidation of the following:			
. Retirement and pension	109	99	111
. Intragroup provisions (1)	(1 450)	(1 540)	(1 431)
. Miscellaneous	1	1	
Total deferred tax liabilities – net (3)	**(448)**	**(503)**	**(437)**

(1) A deferred tax liability was recognised on the provision recorded the Company's consolidated financial statements in respect of advances granted by the Company to its subsidiary. The provision for these advances has been deducted for tax purposes in the consolidated financial statements. These advances amounted to €4,355k on June 30, 2015 (€4,300k on December 31, 2014).

(2) In France, the allocation of tax losses is capped at 50% of taxable income for the year; this limitation is applicable to the portion of the profits in excess of €1 million. On June 30, 2015 a deferred tax asset on tax losses of €893k (€883k on December 31, 2014) was recognised as a deferred tax liability in view of French tax law. The Group has not offset all its tax losses which can be carried forward indefinitely in France. The balance tax losses not yet offset amounted to €43,787k as at June 30, 2015 (€43,815k as at December 31, 2014).

(3) Deferred tax assets and liabilities are only recognised by the Company, deferred tax assets and liabilities have been offset.

Deferred tax variations consist of the following:

Deferred tax liabilities	June 30, 2015	June 30, 2014	December 31, 2014
Opening balance	**(437)**	**(455)**	**(455)**
Deferred tax expense in profit or loss	(1)	(71)	(10)
Tax expense in other comprehensive income items	(10)	22	28
Closing balance	**(448)**	**(503)**	**(437)**

Deferred taxes in the result and in comprehensive income (OIC) consist of the following:

	June 30, 2015		June 30, 2014		December 31, 2014	
	Net result	OCI	Net result	OCI	Net result	OCI
- charges temporarily non- deductible			(1)		(1)	
- tax losses carried forward	9		77		23	
- consolidation of the following:						
. Retirement and pension	8	(10)	7	22	13	27
. Intragroup provisions	(18)		(155)		(47)	
. Miscellaneous	0		1		1	
Consolidated total	**(1)**	**(10)**	**(71)**	**22**	**(10)**	**27**

3.11 Trade and other payables

Trade and other payables are liabilities recorded at amortized cost.

The breakdown by type is as follows:

	June 30, 2015	June 30, 2014	December 31, 2014
Supplier accounts payable	513	260	448
Tax liabilities	83	16	219
Social security liabilities (1)	1,369	953	989
Advances and prepayments on orders	70	61	64
Deferred income (2)	1,940	705	1,037
Consolidated total	**3,975**	**1,995**	**2,757**

The full amount of trade payables and other liabilities are due within one year.

(1) Social security liabilities relate to wages, benefits and provisions for paid leave.

(2) The deferred income consists primarily of services (clinical trials) invoiced in advance. Revenue is recognised when the service is provided. The increase of €903k in deferred income at June 30, 2015 compared to December 31, 2014, was due to the increase in the volume of activity charged during the first half of 2015 for which services have not yet been provided. This provision of services has basically been invoiced to pharmaceutical companies but the work will be carried out after June 30, 2015. The deadline for the implementation of these services is in less than one year.

3.12 Revenue

Revenue by geographic area and nature of products

	June 31, 2015 (6 months)			June 30, 2014 (6 months)			December 31, 2014 (12 months)		
	France	Export	Total	France	Export	Total	France	Export	Total
Services	155	1,275	1,430	149	444	593	245	1,040	1,285
Sales of licenses	1	0	1	22	85	107	116	119	235
Sale of goods	5	0	5	3	14	17	7	14	21
Revenue split by geographic areas	**161**	**1,275**	**1,436**	**174**	**542**	**716**	**368**	**1,173**	**1,541**

Geographical areas are divided by destination.

To date, no one laboratory accounts for a significant share of sales and recurring business.

The Company's turnover in the first half 2015 totalled €1,436k compared with €716k in the previous first half year, an increase of 101%. This take-off in the first 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.

3.13 Staff costs

Details of the staff costs are as follows:

Staff costs	Note	June 30, 2015 (6 months)	June 30, 2014 (6 months)	December 31, 2014 (12 months)
Salaries		2,229	1,716	3,426
Social security costs		879	671	1,315
Research tax credit	**3.5**	(504)	(480)	(978)
Share-based payments	**3.13.1**	7	28	56
Employee benefits	**3.8.1**	22	16	32
Total staff costs		**2,632**	**1,951**	**3,852**
Average employee numbers		**49**	**47**	**47**

The research tax credit is a grant from the state based on expenses incurred in research and development. Expenses incurred by the Group in this area which are eligible for the research tax credit are mainly staff costs, which explains the recording of the research tax credit in staff costs.

Research & Development expenses eligible for the research tax credit amounted to €1,364k in the first half of 2015, compared with €1,401k in the first half of 2014.

3.13.1 Share-based payments

On June 30, 2015 share-based payment agreements in the Group, and ongoing as at June 30, 2015 were as follows:

- stock option programs;
- warrants attributed to the service provider, Quintiles; and
- founder's share warrants (BSPCE).

These agreements are all settled in the Group's own equity securities.

The impact of the warrants attributed to Quintiles, as stated in Note 3.7.3 was recognised as an external expense, in "Intermediate and fees" as presented in note 3.14. The financial impact of Quintiles amounted to €44k in the first half of 2015 compared with €36k in the first half of 2014.

As the founder's share warrants were allocated well before the IFRS transition date, their allocation had no impact on results in 2014 and 2015.

The residual charge corresponds mainly to stock option plans as described in note 3.13.2 below.

3.13.2 Stock option program

On April 1, 2011 and April 5, 2012, the Group implemented stock option programs, giving the company's key management and employees the right to acquire Company shares. In both General Meetings the board were delegated the ability to assign a maximum of 300,000 options to Group MEDIAN executives and employees.

The main characteristics and conditions relating to awards under these programs are as follows:

Plan no.	Grant date	Personnel involved	Number of options	Vesting conditions	Contractual life of the options
Plan n°1	December 15, 2011	Senior executives	60,000	3 years of service	7 years
Plan n°2	July 5, 2012	Employees	15,000	3 years of service	7 years
Plan n°2	February 5, 2012	Employees	22,970	4 years of service	7 years
Plan n°3	October 3, 2013	Senior executives	10,000	4 years of service	7 years
Total stock options			107,970		

The expense recognised in respect of stock options amounts to €6k for the first half of 2015 and €28k for the first half of 2014.

The key assumptions used for determining the resulting costs from share-based payments using the Black-Scholes model for the fair value valuation of these options were as follows:

	Plan n°1	Plan n°2	Plan n°3
Underlying market value at the date of allocation	9.94	7.54	8.5
Strike price	9.00	10.00	10.60
Expected volatility	40%	40%	40%
Maturity	5.0	5.0	5.0
Risk-free interest rate	3,33%	2,99%	2,15%
Dividend rate	0%	0%	0%
Fair value of the option	4.31	2.28	2.62

The expected volatility was estimated taking in account the historic volatility of the share price of a panel of comparable quoted corporations, notably on the compatible historic period with the expected term. The expected term of the securities was estimated based on experience and the general behaviour of option holders.

3.14 External costs

External costs are analysed as follows:

	June 30, 2015 (6 months)	June 30, 2014 (6 months)	December 31, 2014 (12 months)
Subcontracting	266	57	159
Rental and lease expenses	109	106	213
Repairs and maintenance	32	23	66
Insurance premiums	11	16	33
External services - various	75	49	101
External staff	10	0	2
Intermediate and fees	401	242	719
Advertisement	55	64	113
Transport	24	16	24
Travel, assignments and entertainment	204	174	371
Postal & telecommunications expenses	28	31	61
Banking services	11	5	17
Other services - various	3	11	23
Other operating expenses	39	24	69
External costs	**1,268**	**819**	**1,971**

3.15 Financial result

The financial result was as follows:

	June 30, 2015 (6 months)	June 30, 2014 (6 months)	December 31, 2014 (12 months)
Interest and financial charges paid	(9)	(34)	(54)
Loss on investments	(3)	(4)	(7)
Cost of net financial debt	**(12)**	**(38)**	**(61)**
Exchange Loss	(52)	(3)	(111)
Other financial charges	**(52)**	**(3)**	**(111)**
Exchange Gain	73	12	174
Other investment income	76	2	20
Other investment income	**150**	**15**	**194**
Total financial result	**86**	**(26)**	**22**

3.16 Tax on profit or loss

Tax on profit or loss was as follows:

	June 30, 2015 (6 months)	June 30, 2014 (6 months)	December 31, 2014 (12 months)
Payable tax - France	0	0	0
Payable tax - Abroad	7	1	1
Deferred taxes - net	1	70	10
Consolidated total	**8**	**71**	**11**

3.17 Earnings (loss) per share

The number of shares used for the calculation of earnings (loss) per share is the weighted average number of ordinary shares outstanding during the year less the treasury shares.

	June 30, 2015 (6 months)	June 30, 2014 (6 months)	December 31, 2014 (12 months)
Net result	(2,475)	(2,267)	(4,480)
Weighted average number of ordinary shares outstanding	8,256,671	6,034,449	8,256,671
Treasury shares	(20,066)	(19,837)	(19,529)
Total shares	**8,236,605**	**6,014,612**	**8,237,142**
Earnings / (loss) per share (in euros)	**(0.30)**	**(0.38)**	**(0.54)**
Number of potential shares	**11,144,307**	**7,830,122**	**11,150,844**

During the financial periods presented, securities giving deferred access to capital (Founder's share and other warrants, etc.) were considered to be anti-dilutive because they lead to a reduction in loss per share. Diluted earnings per share is, therefore, identical to the basic earnings per share.

3.18 Off-balance-sheet commitments and other potential liabilities

The main off balance sheet commitments and other contingent liabilities are shown below:

3.18.1 Rentals

The Company is a tenant if its headquarters in Valbonne. The lease is over a 9 year period and will end no later than March 31, 2017. The lease is a commercial lease and may be terminated three years from the effective date of the lease, which is June 1, 2008.

As at June 30, 2015 the total amount of the future minimum payments under this operating lease (non-cancellable period) was as follows:

	June 30, 2015
in less than one year	160
between one and five years	120
in more than five years	
Total	**280**

3.18.2 Contingent assets and liabilities

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

- ✓ Royalties based on 1% of the Company's revenue from CAD-Lung software after 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 was made 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.

3.19 Related party transactions

<u>Remuneration of senior directors</u>

The senior directors are members of the Company's Board of Directors.

Remuneration paid or payable to senior directors was as follows:

	June 30, 2015 (6 months)	December 31, 2014 (12 months)
Wages and salaries paid (including social security contributions)	226	499
Wages and salaries payable (including social security contributions)	398	128
Share-based payments	0	0
Pension obligations	31	30
Director’s fees	25	30
Total	**680**	**687**

The Group has no other transactions with senior directors.

The Group has no related parties other than members of the Board of Directors.

3.20 Dividends

No dividend was paid by the company in the first half of 2015 as with the financial year ended December 31, 2014.

3.21 Events after the end of the reporting period

In July 2015, MEDIAN Technologies' Board of Directors used the delegation of authority given by the extraordinary general meeting dated June 18, 2015, in order to carry out an increase of capital by private placement with removal of the preferential right of subscription, for an amount of €19,800k for 1.650.000 shares at a subscription price of €12 each, including €11.95 share premium. Final completion of the capital increase was recorded on July 15, 2015.

In July 2015, the Company issued 55.555 shares following the exercise of 111,110 warrants. These shares were issued at a price of €9 per share representing a nominal value of €0.05 and €8.95 of share premium, giving a total of €499,995.00, €2,777.75 in capital and €497,217.25 in share premium.