2014 REGISTRATION DOCUMENT

INCLUDING THE ANNUAL
FINANCIAL REPORT AND
THE MANAGEMENT REPORT

MEDICREA®
(IM)PROVE

A French corporation (société anonyme)
with share capital of €1,438,014
Registered office: 14 Porte du Grand Lyon
01700 NEYRON, France
Trade and company register:
393 175 807 RCS BOURG-EN-BRESSE

AUTORITÉ
DES MARCHÉS FINANCIERS

The French version of this Registration Document was filed with the Autorité des Marchés Financiers (AMF) on September 1, 2015 under registration number R-15-063 in accordance with the AMF's General Regulations and in particular with Article 212-13. It can only be used for the purposes of a financial tryearsaction if complemented by an issue prospectus approved by the AMF.
This document has been prepared by the issuer and is the responsibility of the signatories.
The registration, in accordance with Article L. 621-8-1-I of the French Financial and Monetary Code, was granted after the AMF verified that the document is complete and comprehensible, and that the information contained therein is consistent. It does not imply that the AMF has verified the accounting and financial information presented herein.

Pursuant to Article 28 of Regulation EC N° 809/2004, the following information is included by reference in this Registration Document:

- The IFRS consolidated financial statements for the year ended December 31, 2013 and the relevant report of the Statutory Auditors included on pages 20 to 70 of the 2013 Annual Report;
- The IFRS consolidated financial statements for the year ended December 31, 2012 and the relevant report of the Statutory Auditors included on pages 21 to 69 of the 2012 Annual Report.

Copies of this Registration Document are available free of charge on request from MEDICREA's head office:

14 Porte du Grand Lyon, 01700 NEYRON, France
and on the company's website at www.medicrea.com

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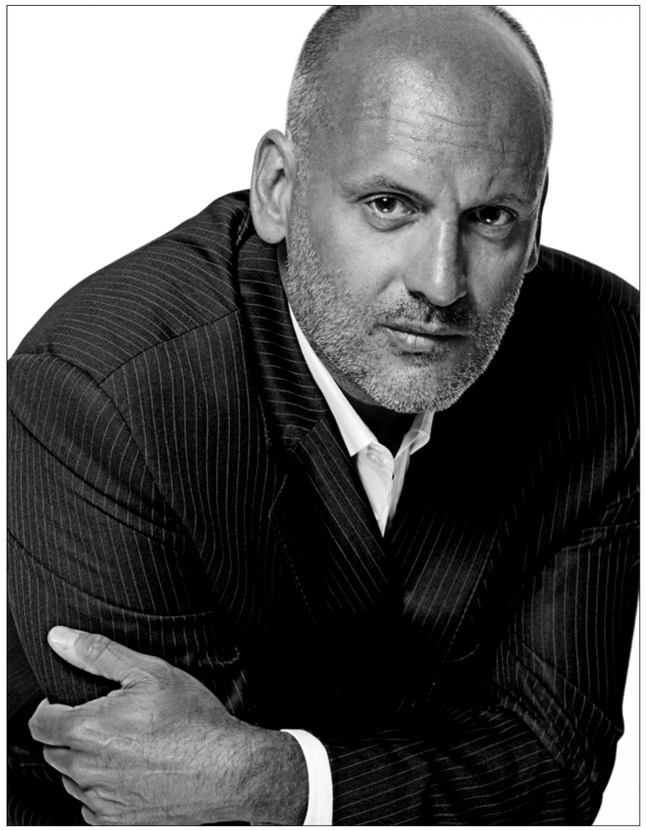
2014 REGISTRATION DOCUMENT

INCLUDING THE ANNUAL FINANCIAL REPORT AND THE MANAGEMENT REPORT

DREAM IT DO IT

photo Stéphane de Bourgies



Denys SOURNAC
Chairman and Chief Executive Officer
Co-founder of MEDICREA

A MESSAGE FROM THE CHAIRMAN

«With an aging population and the increase in degenerative spinal pathologies, spinal implants are becoming a real public health issue. Not only are pathologies evolving, but the medical model is also undergoing enormous change. Personalized treatment is an innovative concept that is becoming one of the biggest challenges facing medicine in the 21st century. A better understanding of each patient and their pathologies, thanks to increasingly accurate diagnoses, meyears they can be guided toward personalized individual treatment. What makes each patient unique is analyzed in greater detail in order to identify the treatment with the best chance of success.

The adventure that we set off on 20 years ago is still driven by the same vision – in order to improve the operative comfort of the practitioner, reduce the intervention time, offer long-term relief to patients, even for the most complicated indications, we have developed unique expertise and a business unlike any other. Independent and people-friendly, we combine the spirit of a start-up with the tools and processes of a Fortune 500 company.

Listed on Alternext Paris since 2006, we invest 10% of our sales in research & development. Our flexibility meyears we have the best responsiveness in the industry. We go where others don't, using new materials and processes that have never been used before.We offer alternatives to techniques that previously set the standard. We control the entire chain, from design and manufacture by our French factory to distribution on five continents. Placing creativity above any other consideration, believing in the power of invention of our engineers and surgeon partners, MEDICREA is recognized as a development laboratory that is ahead of its market.

The advent of personalization in spinal surgery was long awaited. With progress in scientific knowledge regarding sagittal balance, better understanding of spinal deformities, improvements in imaging, increased capabilities in terms of individual patient analysis and the emergence of new manufacturing technologies from digital files, it became clear that patients and surgeons could be offered patient-specific implants. To understand this challenge, and bring together and integrate all the pieces of the puzzle, a complex process combining research and development with industrial aspects had to be undertaken. We had to bet on the future and have a pioneering vision. That is what we have done.

With our patient-specific rods in 2013 and morphologically adapted implants in 2014, we have shown our expertise and we are developing a new relationship with our customers. We are positioning ourselves as a genuine partner to surgeons from operation planning onwards and we offer an unrivalled mix of innovative products and comprehensive pre- and post-operative services. Improving is a never-ending process. We are working tirelessly to make surgery simpler, safer and quicker, and less invasive.

We are a young business, but we are also bold, and we aim to see far into the future of the industry. We dream, but most of all, we act.»

Denys SOURNAC

NO
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DREAM IT DO IT

PATIENT-SPECIFIC IMPLANTS ARE A REALITY

"Personalized Spine" is not only the ability to create patient-specific implants for patients, but also provides surgeons with an intuitive tool dedicated to streamlining the process of pre-operatively planning the case based on the unique profile of the patient, visually confirming and ordering of the patient-specific implant, and analyzing post-operative imaging against the case plan.

Building upon the unique partnership in each case, Medicrea is leading the way in personalized surgery in the spine market.

medicrea.com | **leading** personalized spine

MEDICREA®
(IM)PROVE

1 OVERVIEW OF THE COMPANY AND ITS OPERATIONS

MEDICREA (IM)PROVE

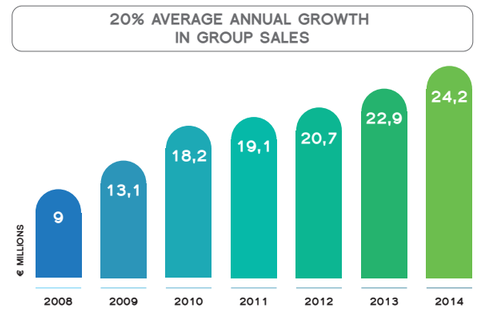
1.1. Selected financial information

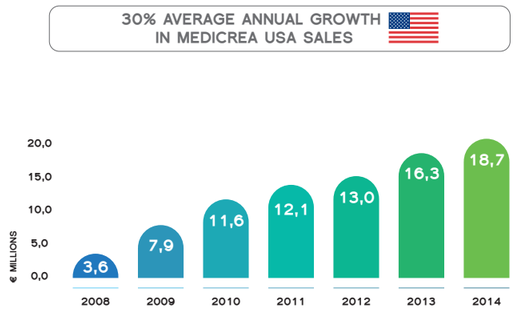
1.1.1. Key performance indicators and figures

The selected financial information presented below is taken from the consolidated audited financial statements in accordance with International Financial Reporting Standards which are included in Chapter 4.1.

Sales

Change in sales

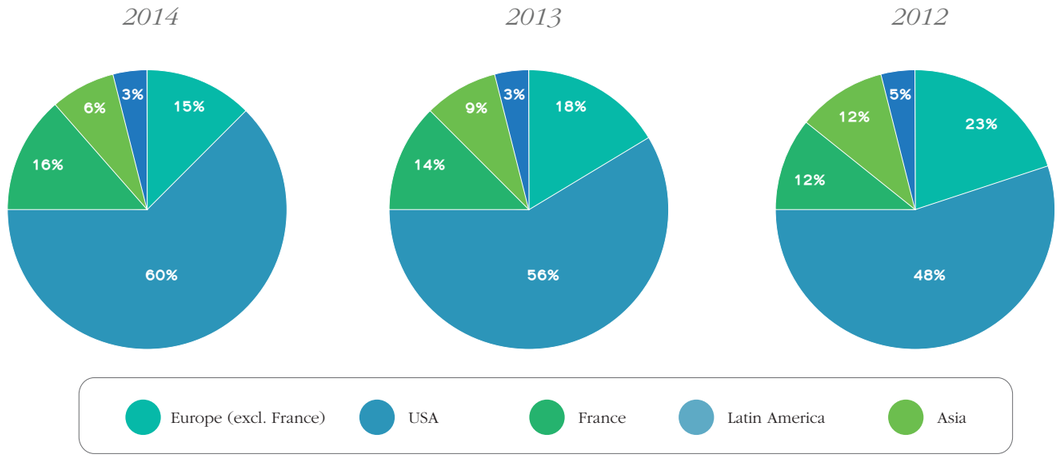




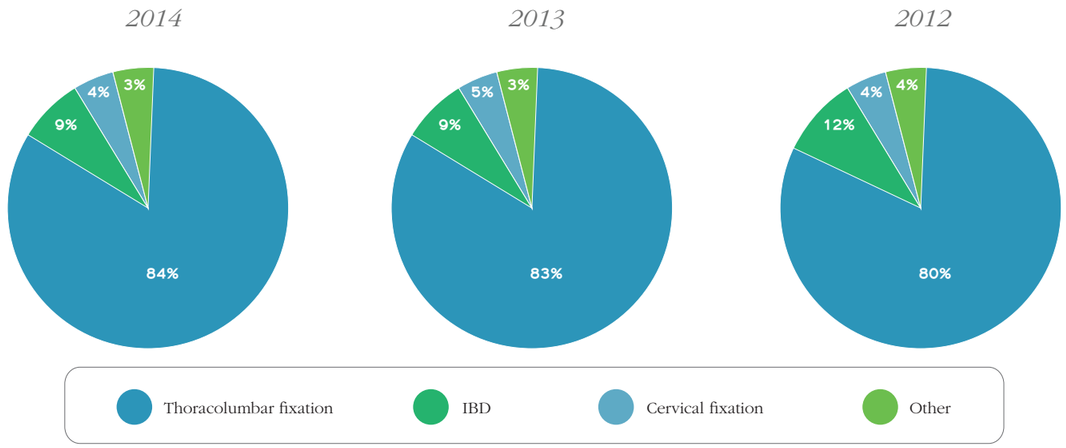
Currency fluctuations

Although a significant proportion of its sales are generated in foreign currencies (primarily USD, and to a lesser extent, in GBP), changes in exchange rates have not had a significant impact on sales trends during the last three fiscal years, with the average conversion rate between the euro and the dollar (see Paragraph 1.4.1) remaining virtually stable over this period. At constant exchange rates between the years 2012 and 2013, and 2013 and 2014, sales for the 2013 and 2014 fiscal years are €23.2 million and €24.1 million respectively.

Sales by geographic region

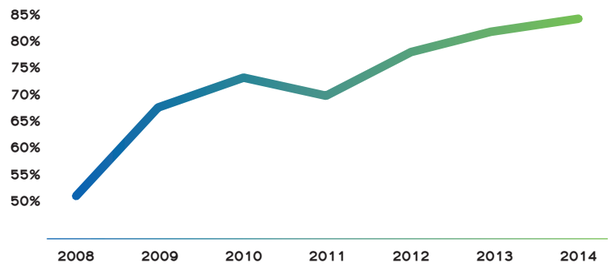


Sales by product type



Gross margin

CONTINUED IMPROVEMENT
IN THE GROSS MARGIN RATE



Financial debt

(€ millions)	2014	2013	2012
Gross financial debt - short-term	3,1	1,7	2,8
Gross financial debt - long-term	4,3	2,8	2,2
Total gross financial debt (*)	**7,4**	**4,5**	**5,0**
Cash and cash equivalents	(1,2)	(1,8)	(1,4)
Net financial debt	**6,2**	**2,7**	**3,5**

(*): including conditional advances

To strengthen its cash flow and equity capital, the Group completed two financial tryearsactions during the first half of the 2015 fiscal year: firstly, the setting up of a bond issue for €2 million in April 2015, repayable over five years and secondly, a capital increase within MEDICREA INTERNATIONAL for €3.5 million in June 2015 through a private placement. At the date on which the Registration Document was filed, based on the expected developments in terms of sales (see Paragraph 1.1.3 – Recent events) and the growth in its workforce, the Group is not faced with a short-term liquidity risk.

Key figures

EBITDA: Earnings Before Interest, Taxes, Depreciation, and Amortization. Operating income before share-based payments, interest, taxes, depreciation, and amortization.
EBIT: Earnings Before Interest and Taxes. Operating income before share-based payments.

Consolidated financial statements

Consolidated income statement

(€ MILLIONS)	2014	2013	2012
Net sales	**24,2**	**22,9**	**20,7**
Gross margin	19,6	18,3	16,1
Gross margin as % of sales	81%	80%	78%
Operating income before share-based payments	**(0,2)**	**1,5**	**(0,5)**
Income before tax	(0,3)	1,4	(0,8)
Net income (Group share)	**(1,0)**	**0,4**	**(1,2)**
Net earnings per share	(0,12)	0,06	(0,14)

Consolidated balance sheet

(€ MILLIONS)	2014	2013	2012
Goodwill	2,6	2,4	2,4
Intangible assets	4,0	3,6	3,6
Property, plant and equipment	5,5	3,5	3,3
Non-current financial assets	0,4	0,3	0,3
Deferred tax assets	(0,1)	0,0	0,8
Non-current assets	**12,4**	**9,9**	**10,5**
Trade receivables	4,4	3,4	3,0
Inventories	6,3	5,1	5,5
Trade payables	(4,2)	(2,3)	(2,3)
Other receivables / (payables)	(0,1)	(0,5)	(0,5)
Working capital requirement	**6,5**	**5,7**	**5,7**
as % of sales	**27%**	**25%**	**27%**
Shareholders' equity	**12,7**	**12,9**	**12,7**
Net financial debt	**6,2**	**2,7**	**3,5**
Capital employed	**18,9**	**15,6**	**16,2**

Cash flow statement

(€ MILLIONS)	2014	2013	2012
Self-financing capacity	**1,6**	**3,8**	**1,5**
Cash flow from operating activities	1,6	3,9	0,8
Cash flow from investment activities	(5,2)	(3,0)	(2,3)
Cash flow from financing activities	2,8	(0,5)	1,9
Cash and cash equivalents - beginning of year	1,5	1,1	0,8
Cash and cash equivalents - end of year	0,6	1,5	1,1
Change in cash and cash equivalents	**(0,9)**	**0,4**	**0,3**

1.1.2. 2014 fiscal year highlights

Sales

In 2014, sales growth was characterized by two distinct periods of activity. Over the 1st half of the year, the buoyant growth recorded on the American and French markets was offset by the temporary import problems encountered in Brazil. As a result, sales were stable in comparison with the same period of 2013 at €11.9 million. Over the 2nd half, thanks to the continued expyearsion in the United States and the initial effects of the deployment of the new international sales teams, revenue increased by 12% compared with the same period of 2013. In total, sales stood at €24.2 million in 2014, an increase of 7% in relation to the previous year. Sales growth was 28% on the French market and 14% on the US market, which now represents almost 60% of total sales. The Group recorded a new invoicing record with sales for the fourth quarter of 2014 passing the €6.5 million milestone.

Products and innovations

In 2014, the Group became the pioneer and world leader in the manufacture of patient-specific implants for personalized spinal surgery. The fiscal year was punctuated by the following announcements:

- June 2014: First implantation anywhere in the world, into a French patient, of an ALIF lumbar interbody osteosynthesis fusion cage, custom 3D printed in PEKK (Polyether ketone ketone), exactly reproducing the anatomical details of the end plates in the area that was operated on.
- September 2014: Receipt by NEMARIS® Inc. of FDA 510(k) approval for the software platform SURGIMAP™ 2.0., including the plug-in UNiD®, developed in conjunction with MEDICREA, which offers surgeons a rapid and effective solution for organizing and ordering UNiD® patient-specific rods.
- November 2014: Receipt of FDA 510(k) approval for UNiD®, the first patient-specific osteosynthesis rod in the world. The first surgical procedures took place on American patients in December 2014.

The Group also secured FDA approval for the cervical compression staple K-JAWS® and CE marking for numerous PASS LP® technology platform components, and launched the anterior lumbar plate STABOLT® and the lumbar cage DLIF®. The X-JAWS® staple and the ALIF S/A® anterior cage also underwent a sales pre-launch on the French market.

Strengthening of teams

In 2014, the Group strengthened its teams and adjusted its structure. In this way, 18 people joined the various subsidiaries, taking the overall workforce to 128 at December 31, 2014. The Mayn developments involved:

- The sales teams across all markets: the United States, France and Export. An International Sales Director and four regional managers took up their positions during the first half of the year with the aim of ensuring export sales growth and overseeing the distributor network;
- The introduction of a 3D printing cell with the arrival of an engineer dedicated to innovative processes and the purchase of a latest generation 3D printer;
- The recruitment of an IT Systems Director particularly responsible for the introduction of a new information system.

Gross margin and operating income

Gross margin continued to improve and reached 81.2% for the 2014 fiscal year. This performance was related to three major factors: the steady increase in the proportion of sales generated in the US, a market where prices are high, the ongoing reduction in manufacturing costs resulting from the return to internal control of operations that were previously subcontracted, and the renewal of industrial equipment leading to an improvement in productivity.

In early 2014, the Group launched a phase of aggressive expyearsion. In combination with significant investments in production facilities to control new manufacturing technologies in-house, most of the gross margins generated by the business meant that a high and necessary level of spending on research and development could be Mayntained and the resources devoted to scientific marketing and the commercialization of new implants in all the countries in which the Group operates could be strengthened.

Against this backdrop, a €0.2 million operating loss was recorded in 2014, while there was a substantial net income during the previous fiscal year.

Other financial items

Medium-term loans totaling €3 million were set up in 2014 for the purpose of strengthening the financial structure and financing working capital requirements, research and development costs, and the implementation of a new information system.

1.1.3. Recent events

The start of 2015 confirmed the trend seen during the second half of 2014 with the continuation of the aggressive expyearsion policy:

- The ALIF S/A® interbody cage was approved by the FDA;
- The LigaPASS® 2.0 system was launched in the US;
- Sales momentum was confirmed on the various markets with growth of 16% during the first half of 2015;
- Investments continued with the delivery of new production equipment on the Neyron and La Rochelle sites to improve operational efficiency and to further control production costs;
- The in-house prototyping cell in Neyron was set up in February 2015 with the arrival of two dedicated engineers. In this way, MEDICREA has the necessary resources to strengthen what it is known for – its ability to innovate and its responsiveness;
- Bonds of €2 million were issued in April 2015;
- A €3.5 million capital increase (issue premium included) via private placement was carried out in June 2015 through the issue of 485,438 new shares at €7.30 per share;
- The distribution subsidiary in Germany, MEDICREA GmbH, was created in July 2015

1.1.4. Stock market activity

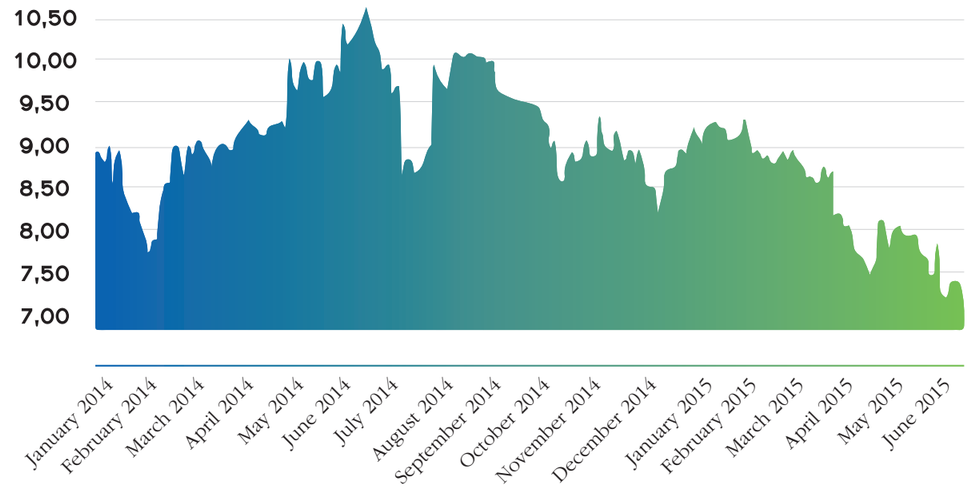
MEDICREA INTERNATIONAL has been listed on Alternext Paris since June 26, 2006, under the ISIN code FR 004178572 and the ticker ALMED.

The share was launched at €7.94 and has been listed continuously since February 2007.

The MEDICREA share is eligible for the 2015/16 PEA-PME SME equity savings plan, in accordance with Decree n°2014-283 of March 4, 2014 published within the framework of the application of Article 70 of the 2014 Finance Act n° 2013-1278 of December 29, 2013, which defines the conditions for companies to be eligible for the PEA-PME SME savings plan. In this way, investors can continue to add MEDICREA shares to their PEA-PME accounts, which are plyears dedicated to small and medium value investments enjoying the same tax benefits as traditional PEA savings plyears.

Stock market performance

Since January 1, 2014, the share price has evolved as follows:



The key figures related to the MEDICREA share over the past three fiscal years are summarized in the table below *(source Gilbert Dupont)*.

	2014	2013	2012
Share price at 12/31	8,70 €	8,88 €	7,92 €
Market capitalization at 12/31	73,8 M €	75,2 M €	67,0 M €
High price	10,60 €	9,49 €	12,00 €
Low price	7,05 €	6,00 €	7,14 €
Average price	9,10 €	8,20 €	9,13 €
Year-on-year change	(2,02)%	12,12%	(6,60)%
Number of tryearsactions	20 512	16 687	7 297
Number of shares traded	3 609 057	2 218 600	1 061 244
Trading value	32,5 M €	18,2 M €	9,5 M €
Capital turnover rate	42,6%	26,2%	12,7%

Since January 1, 2012, the share price has evolved as follows:

(€)	HIGH PRICE	LOW PRICE	CLOSING PRICE	AVERAGE PRICE	TRADING VOLUME
June 2015	8,00	7,10	7,35	7,55	69 565
May 2015	8,20	7,50	8,00	7,96	57 669
April 2015	8,74	7,52	7,57	8,16	124 128
March 2015	8,90	8,46	8,65	8,75	122 416
February 2015	9,34	8,68	8,95	8,95	297 671
January 2015	9,25	8,57	8,04	9,04	146 734
2014	**10,60**	**7,05**	**8,7**	**9,1**	**3 609 057**
December 2014	8,90	8,07	8,70	8,61	90 141
November 2014	9,72	8,6	8,90	9,00	142 831
October 2014	9,45	8,36	8,85	8,82	157 718
September 2014	9,92	9,1	9,27	9,69	195 244
August 2014	10,27	9,05	9,86	9,76	125 684
July 2014	9,97	8,42	8,89	8,91	135 036
June 2014	10,60	9,25	9,75	10,18	357 646
May 2014	9,87	8,97	9,46	9,53	179 199
April 2014	9,39	8,51	9,13	9,10	947 472
March 2014	9,16	8,36	9,07	8,95	367 109
February 2014	9,08	7,65	8,95	8,43	475 046
January 2014	9,09	7,05	8,04	8,51	435 931
2013	**9,49**	**6,00**	**8,88**	**8,2**	**2 218 600**
December 2013	9,10	8,02	8,88	8,76	162 749
November 2013	9,49	8,60	8,96	9,12	162 866
October 2013	9,39	7,96	8,96	8,73	342 523
September 2013	8,35	7,81	8,02	7,99	176 795
August 2013	8,10	7,70	7,92	7,91	79 857
July 2013	8,28	7,60	7,88	7,96	211 897
June 2013	8,80	7,65	8,12	8,27	94 555
May 2013	8,73	6,62	8,73	7,96	197 689
April 2013	8,03	6,00	6,94	6,85	264 098
March 2013	8,50	7,41	7,69	7,94	209 287
February 2013	8,85	7,25	7,7	8,26	76 742
January 2013	8,87	7,93	8,52	8,50	239 542
2012	**12,00**	**7,14**	**7,92**	**9,13**	**1 061 244**
December 2012	8,00	7,17	7,92	7,58	114 907
November 2012	7,92	7,15	7,18	7,42	87 996
October 2012	9,98	7,14	7,87	8,39	174 651
September 2012	9,98	9,05	9,89	9,58	56 414
August 2012	10,45	9,10	9,85	10,19	44 910
July 2012	10,50	9,40	10,22	10,09	71 125
June 2012	9,90	9,20	9,45	9,45	48,311
May 2012	9,65	8,80	9,2	9,25	53 421
April 2012	10,06	8,48	9,3	9,33	74 266
March 2012	10,13	9,11	10,02	9,79	80 104
February 2012	12,00	8,54	9,54	9,95	170 074
January 2012	9,40	7,50	8,94	8,41	85 065

Liquidity contract and listing sponsor

In order to stimulate trading, the security has since May 2009 been covered by a contract operated by the brokerage firm Gilbert Dupont, renewable annually by tacit agreement and compliant with the French Financial Markets Association (AMAFI) ethics code. Initially concluded with ORCHARD INTERNATIONAL, MEDICREA INTERNATIONAL's majority shareholder, which at the time had contributed 3,283 shares and €8,224 in cash, this contract was terminated in June 2014 and replaced by a new contract concluded directly between the firm Gilbert Dupont and MEDICREA INTERNATIONAL and €50,000 in cash was allocated to the liquidity account.

At the end of the past three fiscal years, the liquidity account contained the following resources:

	NUMBER OF MEDICREA SHARES	CASH
12/31/2014	2 722	€23 817
12/31/2013	1 074	€10 644
12/31/2012	1 236	€9 815

The Company reports to the AMF on a monthly basis regarding the purchase and sale of securities under this contract, publishes half-year balance sheets and makes them available on its website.

Gilbert Dupont also acts as Listing Sponsor under an annual contract renewable by tacit agreement.

Financial analysis

Both the brokerage firms Gilbert Dupont and Invest Securities track the share.

Financial communication calendar

The following information has been or will be published in 2015/16:

- 2015 First Quarter Sales
  Wednesday April 8, 2015
- 2015 Half-Year Sales
  Wednesday July 8, 2015
- 2015 Half Year Results
  Wednesday September 9, 2015
- 2015 Third Quarter Sales
  Thursday October 8, 2015
- 2015 Annual Sales
  Wednesday January 13, 2016

1.2. Company presentation and development

1.2.1. Overview of operations

Sales

The MEDICREA Group specializes in the design, manufacture and distribution of innovative proprietary technologies devoted exclusively to spinal surgery. It has a wide range of spinal implants designed to treat all spinal pathologies, from cervical to lumbar vertebrae, in line with spinal fusion and non-fusion techniques.

Mission

MEDICREA's mission is to offer long-term relief to patients undergoing spinal surgery.

MEDICREA places creativity and the power of invention above any other consideration by constantly improving its products and by proving it every day, in its relationships with surgeons, in operating theaters and in the lives of patients.

This mission is built around the design and manufacture of new generation spinal implants, superior functionality and proven quality, for more effective and less invasive treatments across all spinal pathologies, with a view to restoring patients' quality of life over the long-term.

The range of spinal implants has been designed to treat spinal pathologies at every level, from cervical to lumber vertebrae and sacrum, irrespective of the cause, scoliosis, malformations, degenerative diseases, trauma and tumors and is adapted to all traditional and cutting-edge surgical procedures, such as minimally invasive surgery for example.

MEDICREA enjoys the support of the most renowned surgeons, who are closely connected with the design of implants, and health agencies.

History

1990: Creation of MEDICREA, based in the Parisian region and subsequently in La Rochelle. At the time, the company manufactures implants and instruments for orthopedic surgery.

1993: Creation of ORSCO INTERNATIONAL, spinal implant distribution company, in Lyon.

1997: First generation thoraco-lumbar fixation system PASSMED® receives CE marking.

2001: ORSCO INTERNATIONAL acquires a 46% stake in MEDICREA.

2002: Launch of an LBO alongside investors enabling the purchase of the balance of the shares in MEDICREA (then renamed MEDICREA TECHNOLOGIES) by ORSCO INTERNATIONAL. ORSCO INTERNATIONAL becomes MEDICREA INTERNATIONAL

2005: Creation of MEDICREA TECHNOLOGIES UK, in Cambridge.

2006: Landmark year with several major events:
- MEDICREA IPO on Alternext;
- Creation of MEDICREA USA Corporation, in New York;
- Creation of MEDICREA EUROPE FRANCOPHONE, in Neyron;
- PASS LP® thoraco-lumbar fixation system receives CE marking, and in 2008 receives FDA approval.

2007: FDA approval of the cervical compression staple C-JAWS®.

2009: CE Marking of the cervical disc prosthesis GRANVIA-C®.

2010: The threshold of €15 million in annual sales is exceeded.

2011: CE Marking of the LigaPASS® system, and receipt of FDA approval in 2012.

2013: The threshold of €20 million in annual sales is exceeded. CE Marking and FDA approval of the PASS OCT® fixation system.
First fitting worldwide of the patient-specific rod, UNiD®, in Lyon.

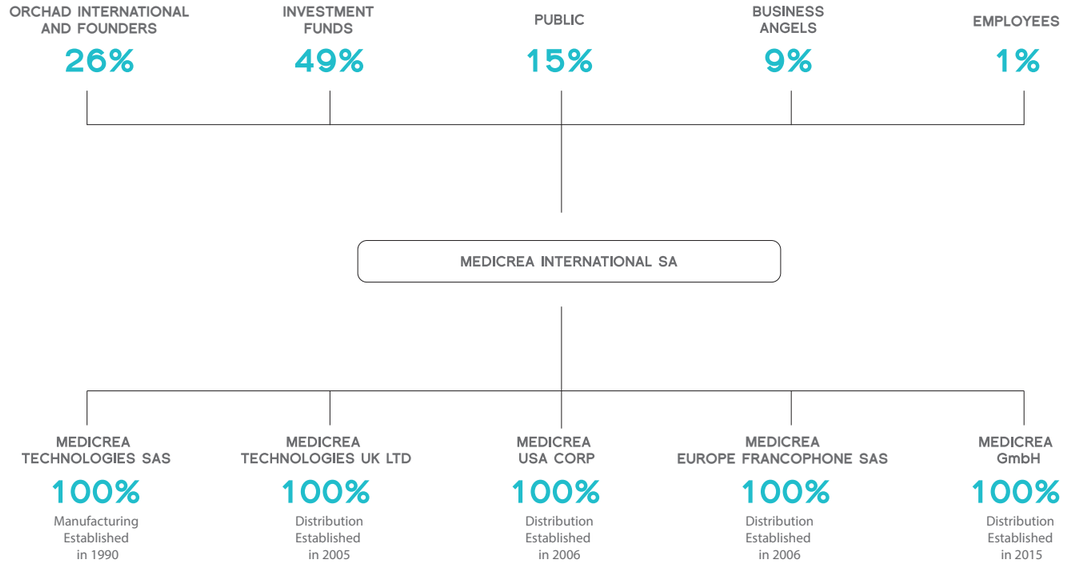
2014: FDA approval for UNiD®.
FDA approval for the cervical compression staple K-JAWS®.
First fitting worldwide of a lumbar interbody osteosynthesis fusion cage custom 3D-printed in PEKK.

2015: Creation of MEDICREA GmbH, in Germany.

1.2.2. Group organizational structure

Legal organization chart

The organization chart below is based on the share capital held by each shareholder (excluding potential share capital) according to the TPI (identifiable bearer securities procedure) of March 6, 2015.



MEDICREA INTERNATIONAL is owned by:

- ORCHARD INTERNATIONAL (20.4%) and the founders of MEDICREA Group (5.3%). ORCHARD INTERNATIONAL is a holding company owned by founders Denys SOURNAC and Mr. CAFFIERO, which owns 20% of the share capital and 30% of the voting rights in MEDICREA INTERNATIONAL and which is its majority shareholder;

- Investments funds, in the amount of 49%. The main equity funds are Grandeur Peak Advisors (6%), OTC Asset Management (5.5%) and Odyssée Venture (5.2%). No other investment fund holds more than 5% of the share capital at March 6, 2015;

- Individual investors, business angels and employees hold 25% of the share capital.

MEDICREA Group is structured as follows:

- MEDICREA INTERNATIONAL, Parent company, based in Neyron, near Lyon, houses the following activities - executive management, export distribution, marketing, research and development, and clinical and scientific trial monitoring, as well as the administrative and financial functions for the Group's various entities;

- MEDICREA TECHNOLOGIES, based in La Rochelle, oversees the exclusive manufacture of spinal implants and instruments distributed by marketing companies. It also exercises an ancillary activity from the Neyron site repairing motors for surgical devices. It is wholly owned by MEDICREA INTERNATIONAL;

- MEDICREA TECHNOLOGIES UK, based in Cambridge, distributes the Group's products in the United Kingdom. It is wholly owned by MEDICREA INTERNATIONAL;

- MEDICREA USA, based in New York, distributes the Group's products in the United States. It is wholly owned by MEDICREA INTERNATIONAL;

- MEDICREA EUROPE FRANCOPHONE, based in Neyron, markets the Group's products in France and certain European countries. It has been wholly owned by MEDICREA INTERNATIONAL since June 2014 (previously 70% owned).

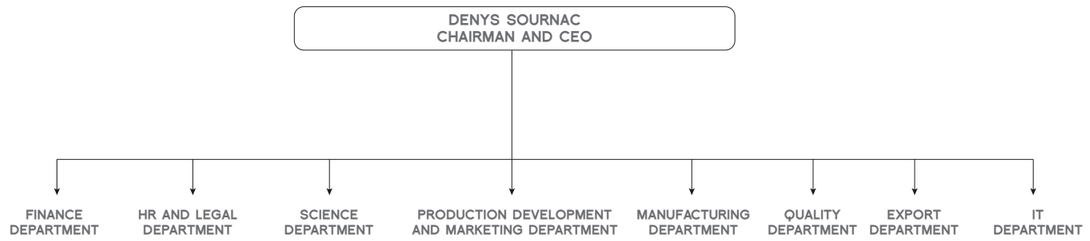
- MEDICREA GmbH, based in Cologne, has marketed the Group's products in Germany since July 2015.

The main financial information relating to the Group's companies at December 31, 2014 is detailed below:

Entities (€ K)	TOTAL SHARE-HOL-DERS' EQUITY	SHARE CAPITAL OWNER-SHIP (%)	BOOK VALUE OF SHARES OWNED		LOYEARS AND ADVANCES GRANTED AND OUTSTANDING	GUARANTEES AND SURETIES GIVEN BY THE COMPANY	NET SALES FOR LAST FISCAL YEAR	NET INCOME FOR LAST FISCAL YEAR	DIVIDENDS PAID TO THE PARENT COMPANY
			Gross	**Net**					
Parent company									
MEDICREA INTERNATIONAL SA	20 640						14 336	242	
French subsidiaries									
MEDICREA TECHNOLOGIES SAS	4 326	100 %	11 946	11 946	-	-	7 923	789	-
MEDICREA EUROPE FRANCOPHONE SAS	26	100%	150	-	1 772	300	3 873	491	-
International subsidiaries									
MEDICREA TECHNOLOGIES UK LTD	1 182	100 %	2 465	965	-	-	1 163	(23)	-
MEDICREA USA CORP	8 708	100 %	7 395	7 395	-	-	13 996	443	-

Operations structure

In order to provide the distribution subsidiaries with high quality products as soon as possible and offer them the necessary support on a daily basis to best ensure their promotion, the parent company MEDICREA INTERNATIONAL is structured as follows:



In 2014, in order to support the Group's rapid growth and structure it to meet future challenges, the teams were strengthened at several levels and some new departments were created, as follows:

- Creation of a Scientific division with the recruitment of several engineers;
- Creation of an extended Export division with the recruitment of a new International Sales Director and four regional managers sharing the prospection and organization of sales via distributors in South America, Asia, Africa/Middle East and Europe;
- Strengthening of Marketing teams to best support the different subsidiaries' sales representatives;
- Strengthening of the Industrial Management team with the arrival of a Production Manager, the introduction of a prototyping cell at the Neyron site and the recruitment of an engineer responsible for innovative procedures, specialized in 3D printing techniques by additive manufacturing;
- Recruitment of an IT Director, particularly responsible for the rollout of a new information system operational since July 1, 2015.

1.2.3. Property, plant and equipment

The Group does not own its real estate and therefore leases premises for its various subsidiaries, the main features of which are as follows:

	ADDRESS	FLOOR AREA	ANNUAL RENT,EXL. VAT	LESSOR	LEASE TERM	START DATE	END DATE
MEDICREA INTERNATIONAL	14 Porte du Grand Lyon 01700 Neyron France	1 568 m²	€ 228 800	SCPI Notapierre	9 years	6/11/2010	6/10/2019
MEDICREA TECHNOLOGIES	ZI Chef de baie 17000 La Rochelle France	2 237 m²	€ 142 300	SCI Cyclone	9 years	7/1/2009	12/31/2018
MEDICREA TECHNOLOGIES UK	Granary Barn, Park End, Swaffham Bulbeck, Cambridgeshire CB25 ONA UK	170m²	GBP 10 500	Rayner's Children Trust	3 years	1/1/2012	12/31/2014 renewed on 01/01/2015 for 3 years
MEDICREA USA	50 Greene street, 5th floor New York, NY10013 - USA	600m²	USD 355 100	Grand Greene LLC	5 years	4/1/2011	3/31/2016

The Group has identified premises for its new subsidiary in Germany and the corresponding lease is currently being negotiated.

The lease concerning MEDICREA INTERNATIONAL provides for possible early termination at June 30, 2016, which the Company will in all likelihood take advantage of to move, in late 2016, to a new building currently under construction in Vancia (69), near its current headquarters, and of which the Company will be a tenant. There is no risk to MEDICREA regarding completion of a large-scale construction project.

The nature of the Company's activities involves no significant risk to the environment.

1.3. Overview of operations

Note regarding the Group's activity:

MEDICREA specializes in the design, manufacture and distribution of innovative proprietary technologies devoted exclusively to spinal surgery. Operating in a $10 billion market, MEDICREA is an SME with 140 employees, including 40 at its MEDICREA USA Corp. subsidiary based in New York City.

The Group enjoys a growing reputation, and develops unique scientific partnerships with some of the most visionary and creative spine surgeons in France, the UK, and the US. The products developed and patented by MEDICREA provide neurosurgeons and orthopedic surgeons specialized in the spine with new and less invasive surgical solutions that are faster and easier to implement than traditional techniques.

MEDICREA has also become a pioneer and global leader in the manufacture of patient-specific implants for personalized spinal surgery, with the development of a comprehensive process incorporating the software analysis of each patient, the pre-operative planning of the surgical strategy, and the production of patient-specific spinal osteosynthesis rods (UNiD™ rod) and lumbar interbody osteosynthesis cages (UNiD™ ALIF cage) that are made to measure by a 3D printer.

The Group's headquarters are based in Neyron, near Lyon, France, and it also has an implant and surgical instrument manufacturing facility in La Rochelle as well as four distribution subsidiaries in the US, UK, France and Germany.

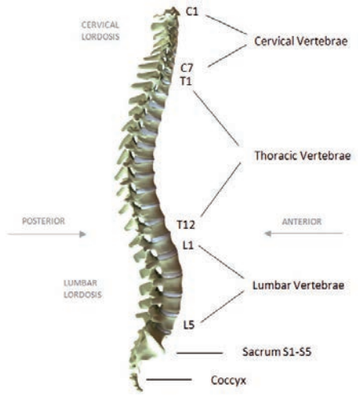
1.3.1. The spinal treatment market

1.3.1.1. The spine

The spine, or spinal column, is a skeletal structure made up of 33 vertebrae superimposed on one another. The spine begins at the base of the skull and extends to the pelvis. Its role is to maintain the upright position of a human and to protect the spinal cord which is located inside the spinal column.

The 33 vertebrae which make up the spinal column comprise five spinal sections:

- The cervical spine:section of the spine in the neck region and made up of seven vertebrae (C1 to C7);
- The dorsal or thoracic spine: section of the spine in the thoracic cage region and made up of 12 vertebrae around which revolve the ribs which make up the thoracic cage (T1 to T12);
- The lumbar spine: section of the spine in the lumbar region and made up of five vertebrae (L1 to L5);
- The five fused vertebrae of the sacrum:bone that connects with the ilium to form the pelvis and constitutes the posterior part of the pelvis (S1 to S5);
- The coccyx: bone formed when naturally atrophied vertebrae fuse, located at the bottom of the sacrum and made up of four fused caudal vertebrae.



Sagittal view (profile) of the spine

In a healthy body, between each vertebrae is located a disc made up of glycoproteins with a band of fairly thick cartilage that is fibrous in nature (annulus fibrosus), which surrounds a far softer central core that is elastic in nature called the nucleus pulposus, made up of 80% water and whose function, in normal circumstances, is to act as a hydraulic shock absorber.

The job of intervertebral discs is to perform a cushioning and pressure distributing function for each movement of the spinal column, especially during strenuous efforts.

A vertebra is made up of a cylinder shaped vertebral body behind which a band called a posterior arch is fused. The vertebral bodies are therefore connected to one another by a disc, the posterior arches by two articular facets. There are therefore three "columns" for weight distribution – one anterior disc "column" and two posterior facet "columns".

At the center of this structure, the stacked vertebrae make up the spinal canal, where the spinal cord is located and terminates at the first lumbar vertebra, giving rise to nerve roots known as the ponytail.

Although it can be distorted by bending, the spine must remain rigid. The vertebrae must be held together by ligaments, which are both strong and flexible, and which wrap around the entire spinal column, both in front and behind. This allows the various movements of the spinal column (forward flexion, lateral flexion known as inclination, backward flexion known as extension). Mobility primarily exists in the cervical and lumbar regions, and less so in the thoracic region. Moreover, numerous muscles are connected to the vertebrae, thereby ensuring their stability, mobility and the strength of the entire spinal system.

a. Spinal pathologies

In general, four major pathologies affect the spinal column:

Deformities

These deformities constitute an imbalance in the general mapping of the spinal column. They are known as kyphosis when they are strictly related to the profile and scoliosis when they affect the front plane. The combination of both is common and known as kyphoscoliosis. These deformities can either appear during a child's growth (infantile and idiopathic scoliosis), or in elderly individuals due to arthritis or osteoporosis (degenerative scoliosis). These deformities may also be secondary to other pathologies – inflammatory diseases (ankylosing spondylitis), infectious diseases (vertebral tuberculosis), neurological damage (fetal distress, Friedreich's Ataxia) and polymalformative syndromes (myopathies, neurofibromatosis).

Arthritic, also known as degenerative, pathologies

The spinal column goes through several stages of remodeling as a result of aging. The ligaments loosen and no longer play their supporting role. The intervertebral disc loses both moisture and its stability. Joints are the site of arthritis, producing growths (osteophytes) through contact with the cord and the roots.

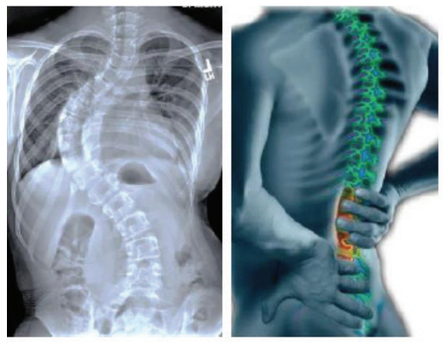
Traumatic pathologies

Traumatic spinal pathology is very varied and can affect any part of the spine. It affects both young (sport and road accidents) and elderly individuals (osteoporosis) in equal measure. All these fractures are now well known and match numerous classifications according to their stability and neurological impact. Fractures often have serious consequences. They significantly change the balance of the spinal column (malunion) or cause neurological structure problems (paraplegia, tetraplegia, sphincter and bladder dysfunction).

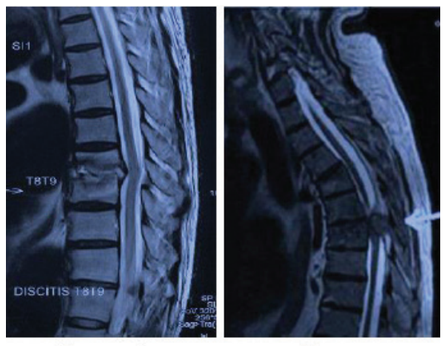
Tumor pathologies

The spine is made up of connective and bone tissue, and is therefore not immune to primitive tumor pathologies (osteosarcoma, myeloma, etc.). Moreover, they are extremely common sites for secondary tumor locations (metastases). They result in multiple consequences, from the destruction of vertebrae to the compression of neurological structures.

Illustration of spinal pathologies



Deformity *Degenerative*



Traumatic *Tumor*

b. Medical treatment

In most cases, a patient consults a doctor in relation to spinal and/or neurological pain, loss of control or impaired physical performance.

The law requires that not only the future development of their spinal pathology but also the benefits, risks and constraints related to surgical or non-surgical treatment is disclosed to the patient. The therapist must clearly weigh up on a case-by-case basis the risk / benefit balance of the various options which will be offered to the patient.

Non-surgical treatment

In the case of vertebral deformities, in conjunction with functional rehabilitation, the practitioner uses orthotics, also called braces, with the aim of reducing the angular aggravation and relieving pain.

For vertebral tumors, or fractures, braces do not however constitute optimal treatment since the fracture of the cancerous vertebra can only be healed through external radiotherapy which is not always effective according to the type of tumor. Therefore, in certain cases, percutaneous cementing (injection of methyl methacrylate cement) is the correct indication in this context. This cementing or vertebroplasty technique was improved and renamed kyphoplasty. It involves re-inflating the vertebrae concerned using a balloon device and then stabilizing the simple lesion caused by the tumor or the fracture by using an injection of cement.

In addition to the medical analgesic therapeutic armory (WHO levels 1 to 3 i.e. exclusively morphine based analgesics, including steroid-free and steroid based anti-inflammatories), antidepressants, anxiolytics, anticonvulsants and muscle relaxants are also used.

The place of physical medicines such as osteopathy is being discussed and is undergoing evaluation. In specific indications, their efficacy is evident but it must also be ensured that serious progressive diseases for which physical medicines do not have significant therapeutic effect are not neglected.

Lastly, functional re-education programs involving physiotherapists, occupational therapists, and physical and psychological trainers play a fundamental role in recovery and the prevention of relapses.

Surgical treatment

If all the scientifically recognized decision-making criteria legitimizing a surgical procedure are brought together, an operation can be planned. Often synonymous with efficacy, surgery is also synonymous with taking risks. Surgical treatment comes down to two types of surgery – non-instrumented surgery and instrumented surgery.

Non-instrumented surgery

Non-instrumented surgery means that no medical device remains implanted in the patient's spine following the surgical procedure.

The most significant in terms of the number of procedures, most often it involves releasing a cervical or lumbar nerve root and freeing the content of the medullary canal into one or more sections. This surgery is performed using a minimally invasive approach so that the stability of the area already affected is not compromised, muscular damage is minimized and the risk of hemorrhage or infection is limited.

Instrumented surgery

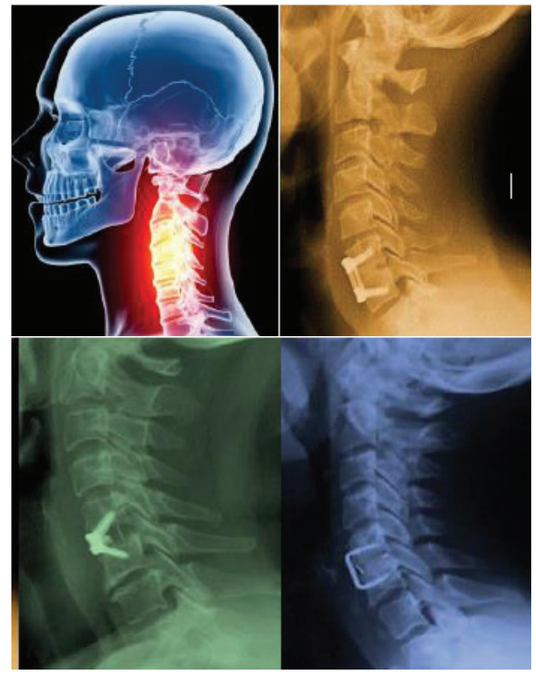
Cervical region:

The most common procedure is transdiscal root decompression which involves, via an anterior cervical approach, the removal of the disc and reconstruction, most often using an interbody cage to which a fixation can be added. This type of procedure has long been scientifically validated as effective and is characterized by a very low mortality rate.

More extensive anterior surgery for decompression and/or reconstruction in relation to extended compressions or tumors, uses cage type reconstructive implants and plate-based osteosynthesis, which are also recognized for its efficacy.

Posterior approach cervical surgery, which is far more invasive, is unavoidable when the compression is posterior and affects several levels of vertebrae, or if the tumor or degenerative pathology requires it. "Fusion" implants are used in this case. The efficacy of this type of procedure is proven, but it has a higher mortality rate.

Illustration of cervically-fitted implants

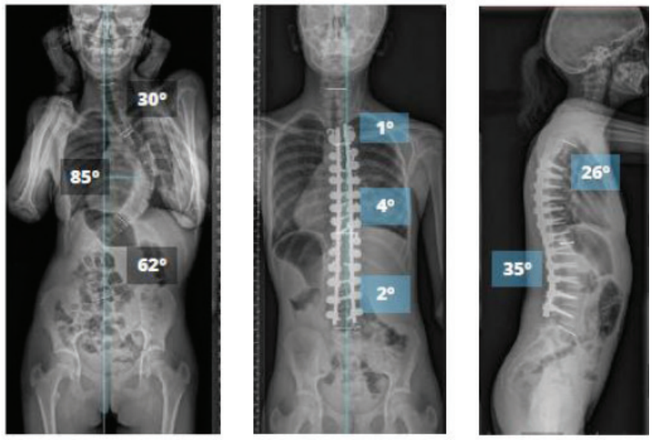


Thoracic, lumbar and lumbosacral regions:

Procedures on deformities, degenerative diseases, tumors and fractures are performed using the anterior, lateral or posterior route.

The aim of surgery is to restore the spinal column to normal alignment in all three dimensions thanks to constructs made up of implants fixed to the bone sections followed by a fusion of the affected vertebrae. Fusion implants are used in this case - vertebral reconstruction cages, rods, plates, screws and hooks enabling the spine to be supported and remodeled.

To correct frontal alignment, two rods are fixed along the spine by screws and hooks. To correct sagittal alignment (in profile) and achieve the patient's specific spinal curvature, two rods are fixed along the spine by screws and hooks. This second stage is the most complex as, in the case of poor execution, the patient will not benefit from long-term relief.



Deformity before surgery | *Correction of frontal alignment* | *Correction of sagittal alignment*

Most spinal pathologies affect the thoraco-lumbar and sacral spine, which explains why most innovation is focused on this area.

Two operating strategies exist: the so-called "fusion" strategy, which is well established and mainly used, and the "non-fusion" strategy, the use of which is increasing. However, combined "fusion / non-fusion" options exist, such as for example at the junction of a rigid construct with a healthy spinal column.

MEDICREA offers a wide range of implants and instruments to treat every spinal pathology using instrumented surgery, and works in both the fusion and non-fusion spinal segments.

1.3.1.2. History of spinal surgery

It was in 1960 that the first major event in spinal surgery took place, with the publication by Harrington of his first 19 cases of scoliosis operated on using instrumentation which performed traction on the concave deformity. It involved fixing hooks to the extremities of a ratcheting bar, which reduced the deformity and increased the rate of fusion while limiting both the time spent in plaster and post-operative confinement.

In 1961, the Frenchman R. Roy-Camille described the first "pedicular screw fixation", meaning the rear fixing of the vertebra by means of a metal implant screwed from back to front in the entire vertebra. This finally offered the potential for stable vertebral segmental grip, without opening the medullary canal and without unstable hooks.

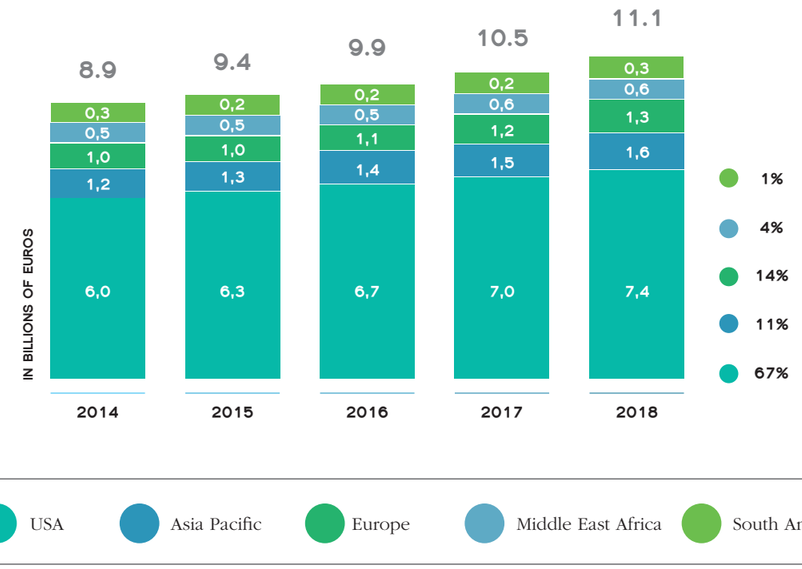
From 1973 to the early 1980s, devices and techniques evolved steadily but without any major innovation.

In 1983, the practice of spinal surgery changed decisively thanks to the presentation of the "Cotrel-Dubousset" (C.D.) procedure. These two French surgeons, in collaboration with the French company SOFAMOR, developed a new segmental and universal posterior vertebral instrumentation. All of today's current systems are based on these principles in one way or another. It is by taking into account the three-dimensional aspect of the deformity, of the existence of strategic areas to be instrumented and by using the principle of derotation enabled by the two rods connected to the spine via pedicular screwed implants or specific hooks that this technique stands out.

1.3.1.3. The spinal surgery market

The market was estimated at approximately $11.5 billion (€8.9 billion) in 2014, based on current exchange rates. Representing 23% of the total orthopedic market, it is one of its most dynamic segments and is increasing once again following a period of virtual stability (2010-2013), with annual growth estimated at more than 5.5% until 2019 when it should reach $14 billion. The United States, where prices are significantly higher than in other geographic regions, represents the main market and accounts for almost 70% of sales.

Market development outlook and geographic breakdown:
(source - Technavio Insights)



Several factors favor the sustainable growth of the Healthcare sector generally and the momentum of the market for spinal surgery in particular.

Changing demographics are contributing to the development of spinal pathologies by:

- The aging of the population. Degenerative pathologies appear naturally with age and life expectancy has continued to rise in recent decades. These changes particularly affect developing countries where healthcare systems are being set up;
- Lifestyles that are changing – becoming more sedentary in particular - increase the likelihood of certain pathologies;
- The increase in cases of obesity. There is a correlation between being overweight (body mass index above 25) and joint problems, excess weight contributing to the crushing of discs and their accelerated aging.

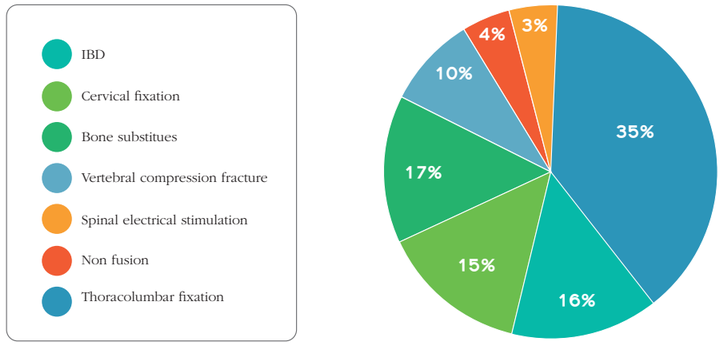
These changing demographics are combined with an access to healthcare in emerging countries of a middle class whose demands are increasing sharply. An ever-greater percentage of the population enjoys access to healthcare of a similar quality to western levels. The market share of these countries should therefore logically increase over the next few years and contribute to market growth.

Lastly, surgical treatment of spinal pathologies is changing:

- With an increasing share of instrumented operations (over 3 million worldwide in 2013), which should grow at a rate of 5% annually in the coming years;
- And the development of surgical procedures thanks to the reduction in operating times, the growth of minimally invasive operating techniques and the advent of **personalized medicine.**

In the United States, demographic factors should develop in proportions that will support the growth of the market. The number of people over the age of 65 should reach 50 million in 2017. The number of obese Americans will be 96 million in 2017, according to a projection based on a relatively conservative annual growth assumption for this population of 2%.
(Source: 2013 MILLENNIUM RESEARCH GROUP, INC.)

The spinal treatment market breaks down as follows:



The surgery practiced to treat spinal column pathologies may be either non-instrumented or instrumented. Instrumented surgery employs two types of techniques:

► Spinal fusion

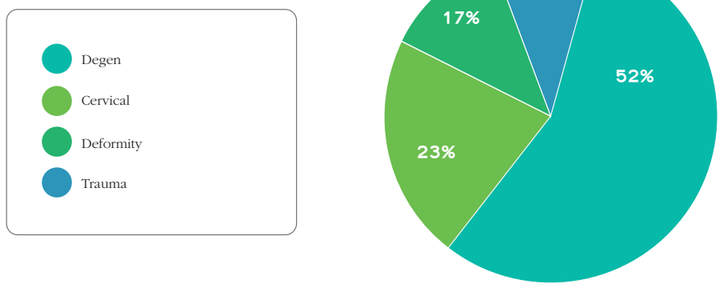
Spinal fusion involves correcting the unstable section of the spine by connecting the vertebrae to each other using implants (screws, rods, hooks) and in some cases removing the damaged cervical or lumbar disc to replace it with cages held between the vertebrae by plates.

Fusion implants allow the treatment of all spinal pathologies – deformities, degenerative pathologies, trauma-induced conditions and tumor pathologies.

Known as "fusion" products, they belong to four major categories:

- Thoraco-lumbar fixation implants, primarily represented by pedicle screw, sacral plate and hook fixation systems, connected by rods;
- Intervertebral cervical or lumbar interbody devices or "cages";
- Cervical fixation implants;
- Bone substitutes used as a bone void filler and/or to facilitate fusion between the vertebrae.

The breakdown of the fusion market according to pathology is as follows: (source: Technavio Insights):
(source: Technavio insights)



► Spinal non-fusion

Spinal non-fusion means a certain amount of mobility can be preserved by avoiding recourse to irreversible fusion of the vertebrae, notably in the event that the damaged intervertebral discs are replaced by artificial discs or prostheses.

Known as "non-fusion" products, they belong to four major categories:

- Lumbar disc prostheses;
- Posterior dynamic stabilization systems;
- Cervical disc prostheses;
- Tissue engineering (bio-artificial disc).

Fusion implants represent approximately 75% of sales within the spinal treatment market. The promising non-fusion segment represents a market share that is still limited (around 5%) but should see significant growth rates. Other technologies (vertebral stimulation, heat therapies, etc.) represent the remainder of the market, at about 20%.

1.3.1.4. Trends and market players

The spinal column market is highly concentrated: the leading eight companies, all American, control almost 80% of the global market (Medtronic, DePuy / Synthes, Stryker, Nuvasive, Globus Medical, Zimmer-Biomet, Orthofix and Alphatec). These major players offer a wide range of products marketed throughout the world thanks to large sales forces. They are nevertheless facing erosion of their market share in favor of medium-sized competitors primarily focused on the United States (K2M, LDR, SeaSpine) and well-placed to penetrate specific segments, or in favor of smaller independent companies, such as MEDICREA, that are making innovation the core of their strategy.

Companies at the forefront of spinal surgery are making the US a priority. Most of the market is located in North America since price levels are very high there. An implant whose basic reimbursement rate is set at €174 in France by Social Security may be sold for up to $1,000 (around €900, at current exchange rates) in the United States.

Since 2010, the market, particularly in the US and Europe, has been suffering the after-effects of the financial and economic crisis, within a general context of reform of health policies specifically aimed at reducing the budgets of both public and private healthcare facilities. Pressure on prices orchestrated by hospitals, reductions of basic reimbursement rates made by governments, social security bodies, health insurance companies and funds, and the tightening up of certification procedures for medical devices have all impacted the development of the market. Manufacturers have also been asked to contribute via the introduction of specific taxes on sales of medical devices, such as in the United States since 2013 where this tax based on 2.3% of sales is used to finance health coverage for people on low incomes. Lastly, rules on the transparency of benefits granted to healthcare professionals have been strengthened with the Sunshine Act and the Loi Bertrand coming into force in the United States and France respectively.

Despite these temporarily detrimental factors, financial transactions have picked up again since 2013 with the merging of several mid-sized players in the US, and several companies active in highly specialized sectors of the spinal column market going public (on NASDAQ and Alternext).

Major financial transaction

In April 2014, Zimmer initiated the purchase of Biomet for €11 billion. This acquisition was authorized in March 2015 by the European Commission and in June 2015 by the Federal Trade Commission (US competition authority).

In November 2014, the Federal Trade Commission also approved the purchase of Covidien by Medtronic, in a transaction worth €34 billion.

Initial Public Offerings

In October 2013, French company LDR Médical was floated on NASDAQ raising more than €60 million.

In May 2014, the American company K2M made its IPO on NASDAQ, raising approximately €100 million. In February 2015, it launched an additional capital increase worth €28 million.

In February 2015, the French company Safe Orthopaedics was floated on compartment C of Euronext, thereby raising €10 million.

Further transactions are expected during the second half of 2015 with SeaSpine, the spinal column division of Integra LifeSciences Group, being floated on NASDAQ, and Swiss company SpineArt being listed on Euronext.

A market dominated by US giants:

Medtronic
Medtronic is one of the global leaders in the medical technology sector and is specialized in the research, design, manufacture and distribution of medical materials and equipment. The Group operates in the cardiac and vascular field, in the treatment of diabetes and also in restorative therapies, including spine related. Medtronic achieved sales of €13 billion in 2014, including €2.3 billion for spine-related business.

DePuy Synthes – Johnson & Johnson Group:
DePuy Synthes is one of the global leaders in the manufacture of medical devices. In relation to the spine, it offers implants for both traditional and minimally

invasive surgery. Synthes was bought by the Johnson & Johnson Group in 2011 and merged with the company Depuy. DePuy Synthes sales totaled approximately €7.5 billion for the 2014 fiscal year, including €1.5 billion for spine-related activities.

Nuvasive
Nuvasive, founded in 1999, is a pure player specialized in medical devices for spinal column surgery. It achieved sales of €586 million in 2014, an increase of 11% in relation to the previous fiscal year.

Stryker
Stryker, created in 1941, is one of the global leaders in the orthopedics market. This American company offers a wide range of implants for the spinal column. Stryker's total sales were €7.5 billion in 2014, including €570 million for spine related activities.

Globus Medical
Founded in 2003, Globus Medical is a company that produces and markets a comprehensive range of spinal implants. It achieved sales of approximately €365 million in 2014, an increase of 9% in relation to 2013.

Rapidly growing medium-sized companies:

LDR Médical
LDR Médical is a French company created in 2000 specializing in the design, production and marketing of surgical implants exclusively for the treatment of spinal pathologies. It has been listed on NASDAQ since October 2013 and its operations are focused in the United States where it generates over 80% of its sales. LDR Médical's sales totaled €110 million in 2014, an increase of 27% in relation to 2013.

K2M
K2M is an American company created in 2004. It designs, develops and markets implants for use in both complex and minimally-invasive spinal column surgery. K2M was floated on NASDAQ in May 2014. It generated sales of approximately €145 million in 2014, equating to an 18% increase in relation to the previous fiscal year.

Several growing French companies:

Vexim
Created in 2006, Vexim is specialized in the creation and marketing of minimally-invasive solutions for the treatment of trauma-related spinal pathologies. Vexim markets SpineJack®, an implant that can restore a fractured vertebra to its original condition. The company achieved sales of €10.3 million in 2014.

Implanet
Founded in 2007, Implanet is a medical technology company that manufactures implants for use in orthopedic surgery. In relation to the spine, its JAZZ implant is intended for the treatment by ligamentoplasty of spinal pathologies requiring a vertebral fusion procedure. Implanet achieved sales of €7 million in 2014.

Spineway
Founded in 2005, Spineway designs and markets generic surgical implants and ancillary instruments for the treatment of serious spinal column pathologies. Its 2014 sales stood at €5.1 million.

Spineguard
Created in 2009, Spineguard designs, develops and markets single-use medical instruments intended to improve safety in back surgery. Its 2014 sales stood at €4.4 million.

Safe Orthopaedics
Created in 2010, Safe Orthopaedics designs, manufactures and markets implants and instruments intended to improve safety in spinal column surgery using arthrodesis (fusion). The company provides a patented single-use sterile instrument technology. It achieved sales of €2.1 million in 2014.

(Sources: financial communications of cited companies)

1.3.1.5. Regulation of medical devices

Medical devices for spinal column surgery are subject to different regulations and registration procedures that are specific to each country. These regulations and procedures provide for the preparation of regulatory files for each device marketed collating all the technical elements describing the design and manufacture of the products. These files are prepared based on the requirements of each country, and more specifically on the European directive and the US regulations.

In Europe

The medical devices category is covered by European Directive 93/42/EEC, which sets the essential safety requirements and defines the ways in which compliance is assessed. The application of this directive results in the product being issued with CE marking, thereby authorizing its marketing.

The medical devices covered by Directive 93/42/EEC are divided into four classes according to the degree of risk to patients, as described below:

Class I	Low potential risk (reusable surgical instruments, non-invasive medical devices, temporary use invasive medical devices)
Class IIa	Moderate potential risk (invasive medical devices for short-term use, surgically invasive medical devices)
Class IIb	High potential risk (long-term implantable medical devices)
Class III	Critical potential risk (long term implantable medical devices in contact with the heart, the central circulatory system or the central nervous system, resorbable implantable medical devices, breast implants, hip, knee and shoulder joint implants, etc.)

All marketed medical devices must be assessed in accordance with the provisions of the European directive according to the device's class. Medical devices specific to the spinal column fall under Classes I, IIa, IIb and III.

The assessment method is determined according to the requirements detailed below:

- The European requirements included in Annex VII of Directive 93/42/EEC for Class I devices;
- The European requirements included in Annex II(excluding Annex II.4) of Directive 93/42/EEC for Class IIa and IIb devices;
- The European requirements included in Annex II(including Annex II.4) of Directive 93/42/EEC for Class III devices.

Moreover, in France, certain companies, including MEDICREA, are registered with the health authority ANSM as manufacturers of patient-specific medical devices. These devices are designed, manufactured and distributed in line with the essential requirements detailed in Annex I of European Directive 93/42/EEC and according to the specifications contained in Annex VIII relating to patient-specific devices.

In France, receiving CE marking is the first step toward registering the medical device on the Liste des Produits et Prestations Remboursables (LPPR, or LRPS - List of Reimbursable Products and Services) and being covered by health insurance. The LRPS is a list of medical devices for personal use and, if applicable, the service required for their correct usage. Inclusion on this list lasts for a period of five years, and is renewable.

Two registration procedures coexist:

- The general principle involves registration in the form of a generic description. This application procedure identifies a type of product according to its indications and technical specifications without mention of the brand or company name. If the product corresponds to the title of one of the LRPS's generic lines, the manufacturer labels its product according to this classification and it will be covered by Health Insurance according to the tariff set for the line. The product is not subject to a specific assessment but the initial registration must nevertheless be declared to the ANSM;
- The registration may be done in the form of a brand or trade name. This procedure is implemented in the case of products that are innovative or require specific monitoring (public health requirements, etc.). In this case, the manufacturer submits a reimbursement application, the product is assessed and a specific tariff may be set.

At European level, procedures are country specific.

In the United States

In the American market, the Code of Federal Regulation (CFR) - Title 21 - Food and Drugs governs the marketing of medical devices by setting the pre and post-marketing requirements. These regulations are established by the FDA.

The marketing of products can, depending on the class of device in question, be subject to 510(K) Premarket

Notification (for devices with an equivalent already on the US market) or PMA (Premarket Approval) (for products without equivalent) procedures, governed by the FDA-established regulations.

In recent years, the FDA has been tightening the conditions under which any new medical device can be marketed. The procedures can therefore be lengthy, expensive and require significant resource mobilization within the Group to successfully complete marketing authorization.

When the FDA has approved the marketing of the product, a reimbursement application must be submitted to the payers (public organizations, private health insurance). The steps are as follows:

- Coverage: This term refers to the procedure and criteria that determine whether or not a product will be reimbursed. An application for coverage must be made if the medical procedure or technology is new. Clinical data must then be provided;
- Coding: Many codes are defined according to the product, the location of the medical procedure, the healthcare professional performing it and the equipment required. The coding that best matches the product concerned is then identified;
- Payment: Once the coverage has been approved and the code ascertained, the amount paid to the hospital for the product or the medical procedure is determined. This can be done in accordance with other similar products already on the market.

1.3.2. Products and strategy

MEDICREA stands out as a result of its dynamism and capacity for innovation. Enjoying a growing reputation and maintaining close relationships with visionary and innovative surgeons, the products patented and developed by the Company offer new functionalities and less invasive surgical solutions while being quicker and easier to implement than traditional techniques, particularly for all types of complex spinal column surgery in adolescents and adults.

The Company's development is driven by the following threefold objective: offering long-term relief to patients, improving operating comfort for surgeons and reducing procedure time thanks to unique expertise.

1.3.2.1. A wide range of products treating all pathologies

MEDICREA has an extensive range of spinal implants designed to treat spinal pathologies at every level, from cervical to lumber vertebrae and sacrum, irrespective of the cause, scoliosis, malformations, degenerative diseases, trauma and tumors and which are compatible with all traditional and cutting-edge surgical procedures, such as minimally-invasive surgery for example. MEDICREA offers both fusion and non-fusion spinal implants, across several ranges, as follows:

PASS range

THORACO-LOMBAR range

CERVICAL range

LUMBAR AND THORACO-LUMBAR

PASS® range

The PASS® range is characterized by a comprehensive and very versatile polyaxial spinal system, known as Low Profile. Its unique concept enables the rod to be connected at distance from the spine, minimizing the strain applied and the pressure thanks to a unique surgical technique, irrespective of the indication or the surgical approach.

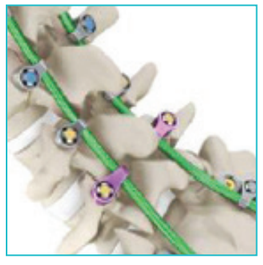
a. PASS LP®: MEDICREA's flagship product

The PASS LP® range represented 73% of the Group's sales in 2014. To date, almost 15,000 PASS LP® surgical procedures have been performed worldwide.

A standard for the treatment of spinal column deformities (scoliosis, traumatology, spondylisthesis, etc.), PASS LP® is the thoraco-lumbar fixation system that uses the lowest profile on the market and enables 3 dimensional correction according to the ST2R (Simultaneous Translation on 2 Rods) technique. It is particularly indicated for the reduction of adolescent idiopathic scoliosis and is ideally suited to pediatric indications. The product offers numerous benefits:

- Connection to the spine at distance: the connection of the rod is facilitated as it is performed using anchorages with threaded extension and flexible guides, without the need for complicated rod persuaders;
- Load distribution: the ST2R technique enables pressure to be distributed across the entire structure, and as such, correction to take place gradually;
- Optimum safety: there is a lower risk of the device breaking off or tearing away due to the reduced pressure at the interface with the bone, thanks to the innovative design of the implants and the surgical technique;
- User friendliness: Use by the surgeon in the operating room is made easy thanks to compact, optimized and tailored instrumentation. One container of implants and two of instruments allow all the various indications to be covered.

PASS LP® is CE-marked and FDA-approved.



b. LigaPASS®

The LigaPASS® 2.0 range provides fixation systems using flexible bands in thoraco-lumbar posterior position, with a wide variety of connectors specifically tailored to meet clinical requirements. LigaPASS® offers the assurance of secure fixation no matter how complex the surgical case with the following benefits:

- Stability comparable to that offered by a pedicle screw;
- Capacity to perform derotation / translation by following the ST2R technique;
- Optimum bone/implant contact surface;
- Secure technique with single and dual band options;
- Additional fixation point on existing constructs;
- Ideal component for cases of deformity and revision.

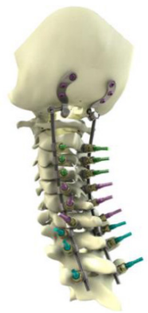
LigaPASS® is CE-marked and FDA-approved.

c. PASS OCT®

MEDICREA has developed a occipito-cervico-thoracic (OCT) fixation system for the posterior surgical treatment of traumatic and degenerative pathologies of the upper cervical and thoracic column.

PASS OCT® was developed to offer surgeons posterior stabilization of the upper section of the spinal column and to promote the fusion of the occipito-cervical junction.

The range is comprised of polyaxial screws and hooks, modular occipital plates, rods, and occipital rods and connectors.



d. PASS Antérieur®

As an extension of the PASS LP® system, MEDICREA has also developed a range of specific implants enabling surgery using an anterior approach. In this way, PASS Antérieur® offers all the advantages of PASS LP®, high quality anchoring and polyaxiality, minimal profile and connection of the rod at distance from the spinal column for this type of fitting. Specific connectors are tailored to single and dual rod constructs.

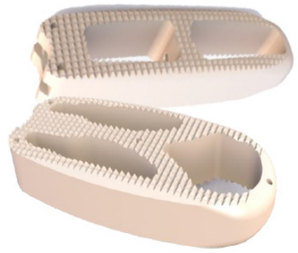
PASS Antérieur® is CE-marked and FDA-approved.

THORACO-LOMBAR range

MEDICREA offers a wide range of implants for the thoracic and lumbar spine: interbody cages, lumbosacral plates and bone substitutes.

a. IMPIX® Lumbar Cages

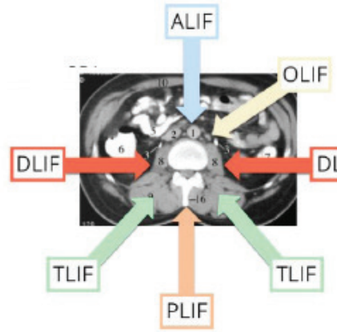
The role of these interbody cages is to replace damaged intervertebral discs in the lumbar region. Their purpose is to perform interbody fusion and restore disc height. MEDICREA offers a range of lumbar cages that enable compatibility with patients' different anatomies as well as the various surgical techniques, with post-operative visualization of the bone fusion process.



The types of IMPIX® cages include:

- Anterior Lumbar Interbody Fusion, lumbar interbody fusion cage for anterior approach
- Trans Lumbar Interbody Fusion, lumbar interbody fusion cage for transforaminal approach
- DLIF / OLIF (Direct Lateral / Oblique Lumbar Interbody Fusion), lumbar interbody fusion cage for lateral / oblique approach
- PLIF (Posterior Lumbar Interbody Fusion), lumbar interbody fusion cage for posterior approach

The IMPIX® lumbar cages are CE-marked and FDA-approved.



b. STABOLT® anterior lumbosacral plate

STABOLT® is an anatomically shaped L5-S1 anterior plate allowing an angled insertion of screws and benefiting from an integrated screw locking system. This system offers a range of triangular and low profile designs to ensure perfect compatibility in different anatomies, thereby respecting the lumbosacral angle specific to each patient as well as the surrounding vascular structures.

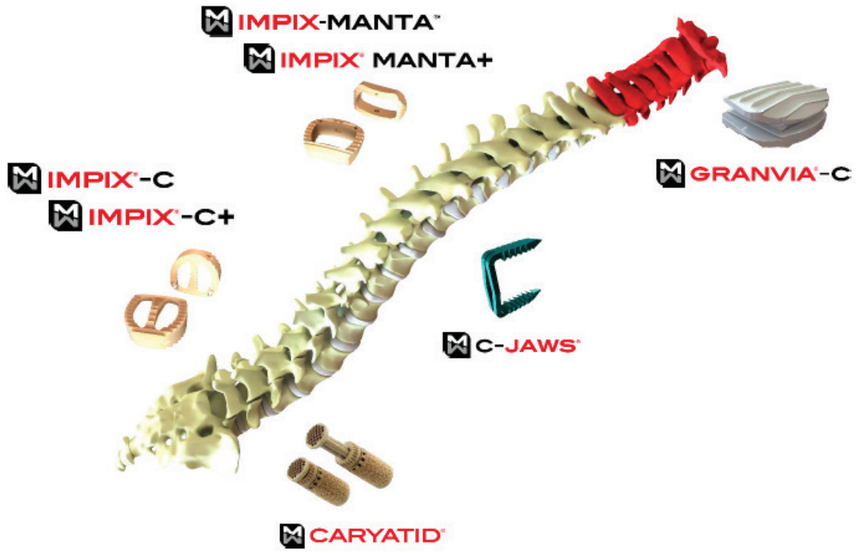
The implant is CE-marked and FDA-approved.

c. Osmosys®

Osmosys® is a highly macroporous bone substitute made up of 60% HAP (hydroxyapatite) for its excellent mechanical properties and 40% βTCP (tricalcium phosphate) for good resorption.

Osmosys® is CE-marked and FDA-approved.

CERVICAL



CERVICAL range

MEDICREA offers a wide range of implants for the cervical spine:

a. IMPIX-C® and IMPIX MANTA® Cervical Cages

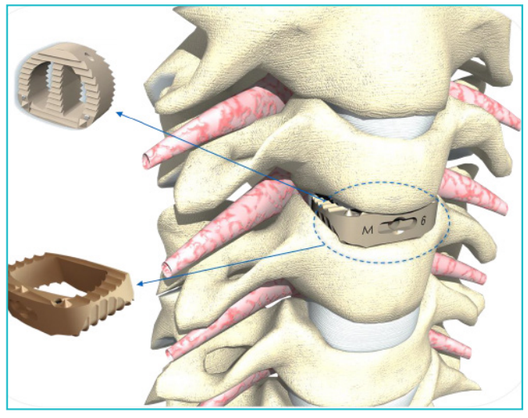
The role of these interbody cages is to replace damaged intervertebral discs in the cervical region. MEDICREA offers two types of anatomical design:

- IMPIX-C® dome-shaped cages with a central rail;
- IMPIX-MANTA® cages with a beveled profile.

Both these ranges allow disc height and lordosis to be restored and offer very good stability within the intervertebral area. The cages are supplied sterile, with single-use instrumentation, and exist in a version pre-filled with a synthetic bone substitute under the names IMPIX-C+® and IMPIX-MANTA+®.

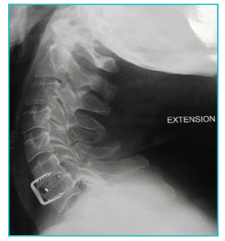
More than 14,500 IMPIX® cervical cages have been implanted to date.

All standard cages are CE-marked and FDA-approved. The pre-filled cages as CE marked.



b. C-JAWS® and K-JAWS® compression staples

C-JAWS® is a unique cervical osteosynthesis system allowing interbody implants to be fully stabilized. The compression then applied by the staple stimulates and accelerates bone fusion. Easy to use, its fitting reduces operating time by up to 90% in comparison with the fitting of a traditional cervical plate.

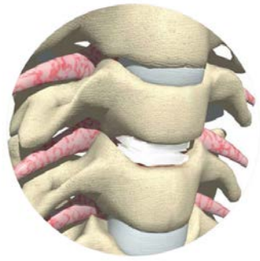


K-JAWS® is made up of a C-JAWS® staple and an IMPIX-C® interbody fusion cage. The K-JAWS® implant is less invasive and quicker to fit than any other cervical plate on the market. Its principle of fixation by the compression of two adjacent vertebrae, around the previously inserted interbody fusion cage, provides excellent stability thanks to the axial location of the compressive forces, in the vertebral bodies of the cervical spine.

C-JAWS® and K-JAWS® are CE marked and FDA approved.

c. GRANVIA® C disc prosthesis (non-fusion)

GRANVIA® C is the only cervical prosthesis on the market that respects the physiological differentiated centers of rotation and is entirely designed in ceramic thereby meaning it is fully MRI compatible. The spinal column's natural mobility is preserved and shocks are absorbed thanks to this prosthesis. Highly resistant and completely stable, it is very easy for surgeons to use.



GRANVIA® C is CE-marked.

1.3.2.2. Personalized medicine: a strategic development priority

Personalized medicine: a new era in the treatment of pathologies

Personalized medicine is an innovative concept which is gradually becoming one of the biggest challenges of tomorrow's medicine. Better understanding of the pathologies of each patient thanks to increasingly accurate diagnostic testing means that patients can be guided toward using this or that treatment, and to avoid others, all in relation to identical clinical symptoms. For the first time, each patient is considered to be unique and can receive the treatment with the best chance of being effective.
There are many different definitions of personalized medicine - "Providing the right treatment to the right patient at the right dose at the right time," according to the European Union, or "Healthcare that is informed by each person's unique clinical, genetic and environmental information," according to the American Medical Association, but in every case it is about finding the ideal diagnostic / patient combination.

The development of patient-specific medicine is primarily related to the scientific advances made possible by modern calculation software and technologies. Personalized medicine will continue to transform the practice, starting with the personalization of treatment and progressing toward better prevention. Against this backdrop, the role of manufacturers of therapeutic solutions is changing, and they are becoming genuine partners in the research of products and services that will be tailored to the personalized care of each patient. Manufacturers and healthcare professionals will be able to define a rational treatment strategy that will produce better clinical success rates and greater satisfaction thanks to a better understanding of the patient and the factors contributing to their condition. The cost incurred for the treatment will then be reduced.

In recent years, navigation techniques have been developed in the field of spinal surgery in order to assist surgeons during pedicle navigation, resulting in the improved reliability of the operating procedure by taking into account the specific anatomy of the patient. Despite these advances, no specifically designed and manufactured device was implanted.

MEDICREA decided to integrate this policy with a patient-specific approach. With its patient-specific rods and 3D implants, the Group has become a leading player in personalized medicine and is a pioneer in the spinal field, offering surgeons a previously unseen mix of innovative products and comprehensive services for spinal surgery that is perfectly tailored to the patient. MEDICREA has developed a complete process integrating the software analysis of each patient, the advance planning of the operating strategy and the production of patient-specific spinal osteosynthesis rods (UNiD® rod), lumbar interbody fusion osteosynthesis cages (UNiD® ALIF cage) and corpectomy implants (CARYATID®).

UNiD®, the first patient-specific rod

Spinal deformities in adults are increasingly common globally where they affect millions of patients. Not only do they affect function and self-esteem, but they can also become quite debilitating and cause serious pain. Originally reserved for serious pathologies, the term “deformity” now refers to an abnormality of the spino-pelvic alignment in the sagittal plane: degenerative indications in pediatric conditions such as adolescent idiopathic scoliosis or spondylolisthesis, and including a wide range of adult spinal deformities.

These deformities are corrected thanks to the fitting of, among other components, a rod that acts as a support to the spinal column. The curvature of this rod according to a specific angle and shape will be key to the success of the patient’s surgery and treatment.

Keen to optimize post-operative spino-pelvic realignment, several authors have suggested mathematical formulae to help in surgical planning. Despite well-documented techniques, in a significant number of adult patients, the correction following surgery has proved to be insufficient and can require further intervention.

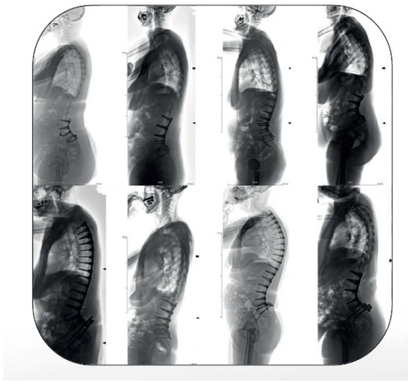
A study carried out on patients who underwent a transpedicular lumbar osteotomy shows that 42% of them have an insufficient correction in relation to an optimum restoration of their vertical axis. Similarly, for 22% of patients who underwent a thoracic pedicular subtraction osteotomy, post-operative spino-pelvic recovery did not give the best results.

From a practical viewpoint, there are two main reasons for the failure of the realignment: poor surgical planning and poor execution. An analysis shows that, even with the correct planning, in over 75% of cases, the correction achieved on the patients is insufficient. Not only is it almost impossible to manually contour a rod to the appropriate curvature (what the surgeon must do in the operating room when using a traditional rod) but the available tools contribute to a reduction in the rod’s resistance.

In order to address this problem that is faced by the majority of surgeons, MEDICREA’s research and development teams have worked to provide the most appropriate solution possible and in this way have developed UNiD® patient-specific rods. These rods are a unique and innovative solution and are perfectly tailored to the problems encountered during the procedure by surgeons. With an easy to use software package, the surgeon plans their operation and simulates the sagittal parameters of their patient. MEDICREA receives the order from the surgeon and produces a patient-specific rod that is perfectly tailored to the patient. The implantable support designed and manufactured for a given patient forms part of the treatment plan specific to the surgeon.

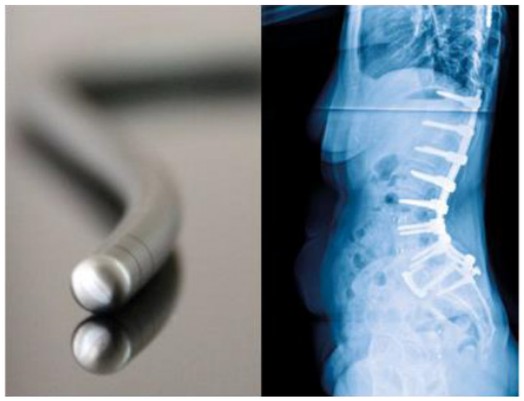
UNiD® is a comprehensive solution including a software application and a real-time support unit allowing surgeons to analyze, plan, design and order ahead of surgery, pre-contoured patient-specific rods enabling the surgical plan to be carried out and the sagittal balance specific to each patient to be restored extremely accurately. This technology means the final, manual and approximate step, which involves the surgeon contouring the rods by hand in the operating room during surgery, can be eliminated. The pre-contoured patient-specific UNiD® rod is a universal implant available in the two alloys and in the global market’s two standard diameters. It is part of the range of implants that makes up the thoraco-lumbar fixation system, PASS LP®. UNiD® rods represent a major innovation offering numerous benefits:

- Likelihood of realigning the sagittal plane is maximized;
- Risk of the rod breaking is minimized;
- Operating time is reduced.



UNiD® is a comprehensive service rather than a product, which favorably replaces non pre-contoured standard rods, with the price set on markets that value innovation strongly, such as the United States, at a significantly higher price than traditional rods. It also allows working capital requirements to be better optimized primarily in its inventory index, since rods are specifically produced and contoured on demand.

By the end of June 2015, UNiD® patient-specific rods had been fitted in patients in the US, France, Belgium and the UK. UNiD® adoption by surgeons has been swift – since FDA approval on November 10 2014, almost 100 surgical procedures have been completed in the United States using a MEDICREA patient-specific rod. In France, almost 200 patients have received this particular implant. Training surgeons in the use of this unique product is a priority for 2015.



Patient-specific 3D printed corpectomy cages and implants

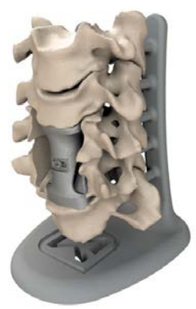
Among the implants offered that are intended for use in spinal surgery are interbody cages, whose role is to replace the damaged intervertebral disc in the cervical or lumbar region, and corpectomy implants, whose role is to replace one or more vertebral bodies (at least one vertebra and two vertebral discs).

These two types of implant are now available on the market, in either titanium or PEEK (Polyether ether ketone), but only in standard sizes. The specific anatomy of the patient operated on is therefore only partially taken into account when the size is selected. Driven by the same objective as for the patient-specific UNiD® rods, namely providing a solution that is perfectly tailored to the uniqueness of every human body, MEDICREA is working on the development of patient-specific corpectomy cages and implants.

To date, MEDICREA is the only company in the world that has achieved the feat of designing, producing and implanting in several patients interbody cages and corpectomy implants that were custom designed and produced from 3D printing technology. The first patient-specific cage manufactured in PEKK via a 3D printer was thus implanted on May 28, 2014 at Jean Mermoz Hospital in Lyon.

The patient-specific implant, designed from the 3D reconstruction of the patient’s scans, is then adjusted to the anatomical parameters of the area to be operated on (morphology of the vertebral endplates and angulation of the spinal column), which offers two major benefits:

- A reconstruction of the spinal column taking account of the overall sagittal parameters;
- Improved bone/implant contact thanks to optimum support on the vertebral endplates reducing the risk of the implant subsiding.



MEDICREA's aim is to produce implants with a trabecular porous structure. Integration of the porosity will lead to ever closer replication of the specifics of the human body – the interior of vertebrae has an alveolar type structure. Regrowth and therefore bone adhesion will thus be facilitated and patient recovery following the operation will be accelerated. The material used will be titanium as it is extremely well tolerated by the human body, is already widely used in the manufacture of spinal implants, and is requested by surgeons.

MEDICREA will not only supply a product, but also an analysis, imaging and expert service that supports the surgeon in the design of the corpectomy cage or implant, which is perfectly tailored to their patient thanks to a specific software package and a process developed by the Company's research and development team.

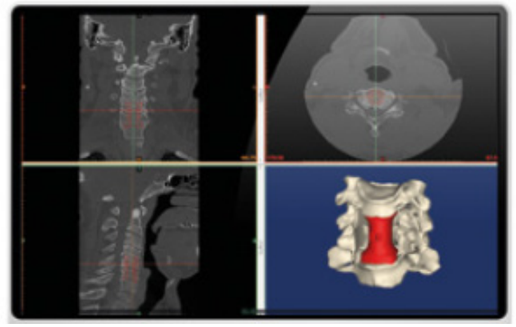
The production of these implants can only be done using traditional resources (machining, turning, etc.) but requires the use of an innovative technology: additive manufacturing, i.e. three dimensional printing. This technology is the only one which enables:

- Specific shapes and pieces whose internal structure is porous to be produced;
- The shape to be changed each time it is produced and therefore unique pieces to be produced without the entire manufacturing process needing to be modified;
- Production within a very short space of time.

From an operational standpoint, this production technique should also enable implant inventory levels to be reduced. Production in smaller batches immediately becomes possible, rendering a buffer inventory unnecessary, and design modifications have no impact on production times and costs.

In order to successfully complete it, the Group invested significant resources in the project and bought a 3D printer during the 2014 fiscal year with the aim of launching these new implants in late 2015.

By investing in production using 3D printing, MEDICREA is developing an expertise that to date none of its rivals possesses, and is therefore leading the field. In this way, the Group is bringing a totally innovative solution to the corpectomy implant market and aims to become a leader in this niche segment. It is also offering major developments on the far larger interbody cage market.



1.3.2.3. Development and marketing strategy

Pricing policy

The Group markets instruments and implants for use in spinal surgery. As is the case for numerous medical devices, the price and whether they are covered by health insurance organizations are decisive factors when healthcare facilities choose the implants used. MEDICREA's pricing policy is therefore specific to each geographic region, and even to each country. It takes into account the market pricing level and the reimbursement rates applied by the health authorities or private insurance schemes in order to not jeopardize the product's listing. MEDICREA also aims to maximize its gross margin via this market specific pricing policy.

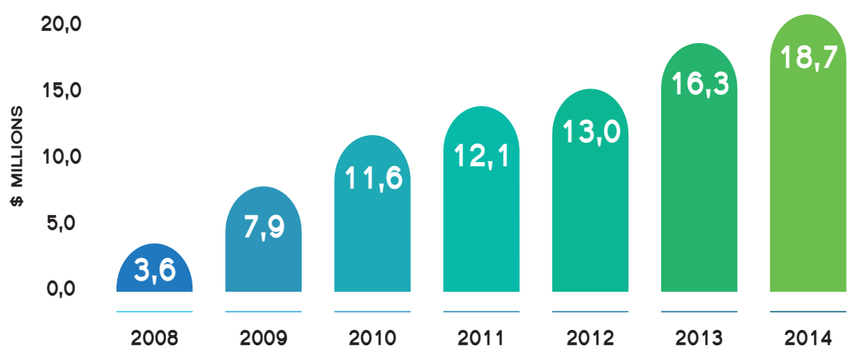
Priority market: the United States

Present on American soil since 2006 with the subsidiary MEDICREA USA, the Group has made the United States its priority market. This strategic choice is related to two factors:

- The US population is particularly affected by spinal pathologies by virtue of the proportion of older people and people suffering from obesity. The United States therefore represents almost 70% of the total spinal market;
- Price levels are far higher than in other markers (France in particular). Innovation, the heart of MEDICREA's everyday business, is particularly well rewarded there.

The Group recorded 15% growth in the US in 2014 in relation to the previous year, with sales thereby reaching almost $19 million. They are primarily comprised of sales of the PASS LP® thoraco-lumbar fixation system and its various components for use in complex surgeries in adults and adolescents, which made up over 95% of revenues. MEDICREA USA is therefore continuing its expansion in a market that has been subject to significant reforms since 2012 (price pressure, tightening up of reimbursement conditions, introduction of specific taxes on sales of medical devices, tightening of market authorization procedures for products) by posting some of the best growth in the sector. Since 2008, MEDICREA's average annual growth rate in the United States has exceeded 30% as seen in the graphic below.

SALES GROWTH IN THE US

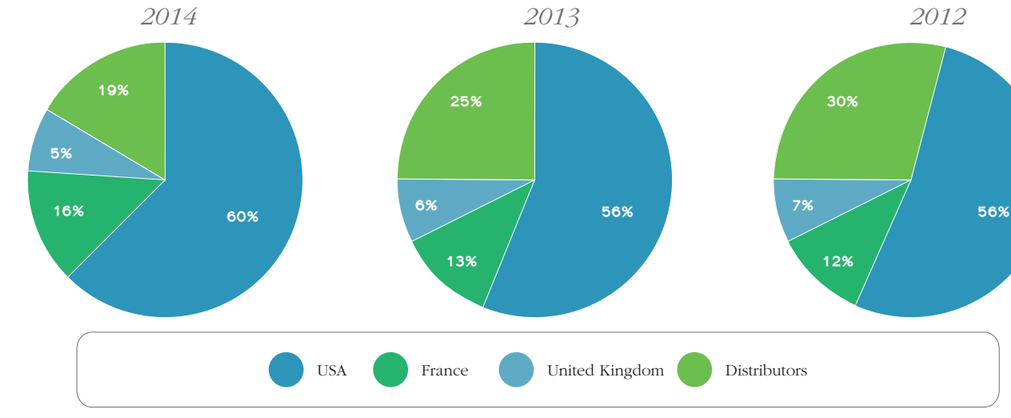


The marketing of UNiD® patient-specific rods is a major factor in ensuring growth in MEDICREA's sales on the American market. Informing and training surgeons in relation to this innovation is the priority for sales teams in 2015.

In order to achieve the growth targets that MEDICREA has set itself over the coming years, the structure of the subsidiary and more specifically sales force numbers were strengthened in 2014 and this will continue over 2015.

Distribution channels

MEDICREA distributes its products via three distribution subsidiaries (US, France and UK) and a new subsidiary in Germany created in July 2015, and uses distributors for the other markets in which the Company operates. The percentage of sales generated by the subsidiaries has increased over the years and reached 81% in 2014, an increase of 6 percentage points in relation to 2013.



Indirect sales

The Group distributes its products in more than 25 countries via an external distribution network made up of companies and exclusive independent distribution agents. The distributors buy the products from the Group and then sell them to their customers, made up of healthcare facilities.

The contracts are mainly put in place for a term of three years. They determine the minimum quantity that the distributors agree to purchase over the term and set the purchase prices. Discounts and sliding scales can be applied depending on the volumes ordered.

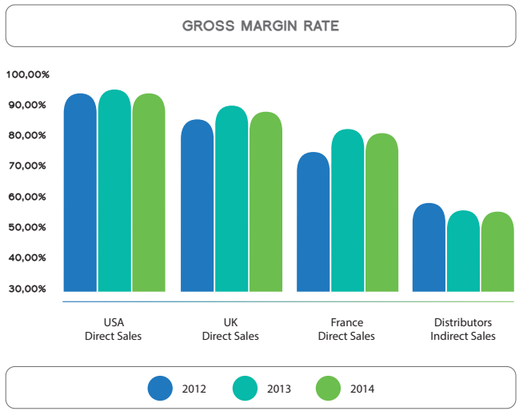
In order to ensure the Group's international sales grow, a dedicated sales team was recruited in 2014. An International Sales Director specialized in the spinal field joined the workforce in May, and four sales representatives each responsible for a specific region have also joined the Group.

Direct sales

Distribution by marketing subsidiaries allows the Group to control the entire supply chain, from on-site production in La Rochelle to delivery to customer healthcare facilities.

The Company has been marketing its products in the United States since 2011 both via a network of independent agents covering the entire country and via a sales force dedicated to looking after surgeons offering high potential.

Opting for direct distribution without an intermediary allows the Group to optimize its gross margin, as the following graph shows:



Selling direct means that the technical, medical and marketing messages conveyed to surgeons can be controlled.

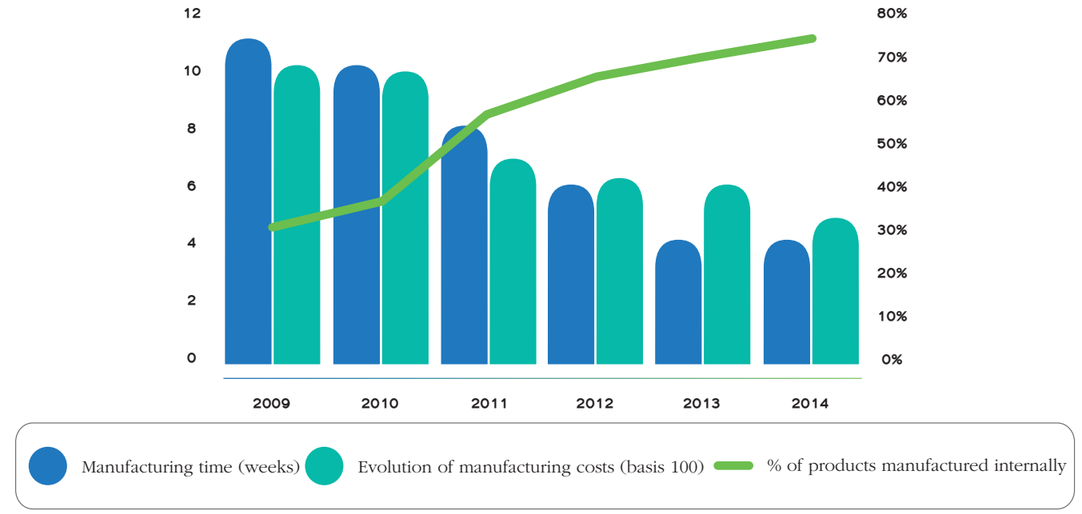
Insourcing production

In order to control its product manufacturing process and to improve the responsiveness by which it is characterized, MEDICREA is investing in the insourcing of its production. This strategy offers several benefits. Firstly, it means it can be free of the dependence inherent in the use of subcontracting. The Company is then entirely responsible for controlling production times and costs. Secondly, managing production cycles internally facilitates the optimization of inventories.

For MEDICREA, the insourcing of production activities goes hand in hand with automation of processes. It is the combination of these two elements that leads to a reduction in production costs, which thereby fall below the costs involved in purchasing from external suppliers.

The optimization of processes is characterized by the acquisition of latest generation high quality industrial equipment capable of large scale production, by the development of specific equipment to generate time savings on production lines and by improvements in production programs to reduce the number of man and machine hours required.

Over the past six fiscal years, manufacturing times and production costs have been significantly reduced in this way (divided by 3 and halved respectively) when the percentage of products manufactured internally has more than doubled. These changes are shown in the graph below:



MEDICREA intends to continue this strategy over the course of the 2015 fiscal year and invested in new machines during the first half-year.

Provision of instrument sets

For carrying out surgery, the Group provides its customers with sets made up of implants and the instruments required for their handling and fitting. On the markets managed by independent distributors, the instruments are sold. On the markets where marketing is done direct (US, France and UK), they are held on consignment at healthcare facilities and are then covered by consignment contracts or are available in the form of loans according to public and private hospitals' requirements. The instruments are recognized as property, plant and equipment. These investments are essential for ensuring the MEDICREA's activity expands and the number of user establishments and surgeons increases.

The growing use of implants led the Group to increase the number of sets deployed in the field and to renew the existing sets in order to offer surgeons instruments that are ever more innovative and tailored to their needs. In this way, in 2014, the instruments in the PASS LP® range were redesigned and renewed specifically for the American market, representing a €1.5 million investment over the year just ended.

The Group regularly analyzes the use of the sets in order to optimize their cost-effectiveness.

Training

The training of both its sales teams and healthcare professionals throughout the world is a priority for the Group. It is essential for MEDICREA to offer surgeons innovations but also to accompany them in the use of these new techniques by providing them with high quality support. As part of the treatment of complex spinal column pathologies, surgeons are required to manage challenging situations; the Group therefore seeks to ensure that all its employees who are in regular contact with surgeons have a comprehensive understanding of the challenges related to spinal surgery.

The Group has therefore created a Learning Center which is in charge of all the professional training programs. Its aim is to design and implement training courses on the treatment of complex pathologies of the spinal column, intended for sales teams. It operates on the principles of adult learning: the programs are not only made up of distance learning but also of on-site courses offering interactive exercises using role-play. The main aim of the Learning Center is for every sales representative to learn how best to cater to surgeons' requirements.

The Group is also actively involved in the in-service training of surgeons with the aim of optimizing patient wellbeing and promoting the transmission of surgical best practices. In this way it has created an international network of reference centers where visiting surgeons can communicate directly with their peers, discuss surgical techniques and instantly improve their knowledge within a clinical setting.

1.3.3. Research and development, patents and licenses

MEDICREA's research and development in a few figures

R&D is at the heart of the value creation strategy. The Group has made extending its range of products a key priority and for several years has dedicated a significant amount of its financial resources to research and development activities. Spending has progressed as follows:

(€ K)	2014	2013	2012	2011	2010
Capitalized R&D costs	1 069	1 017	845	866	807
Expensed R&D costs *(excl. patent and trademark costs, before research tax credit)*	1 893	1 729	1 741	1 553	1 134
- of which amortization charges	(904)	(842)	(717)	(569)	(402)
Total R&D costs	2 058	1 904	1 869	1 850	1 539
R&D costs as % of sales	9%	8%	9%	10%	9%

MEDICREA has a comprehensive range of implants covering all spinal column pathologies: 34 patents have been filed since 2008 and 25 new product ranges have been developed. 31 FDA authorizations have been received since the company was first listed on the stock exchange in 2006.

In 2014, two FDA authorizations were secured (UNiD® patient-specific rod and K-JAWS® cervical compression staple) and 843 product listings have been CE marked, including 285 PASS LP® components and 208 PASS OCT® components. The ALIF S/A® interbody fusion cage was approved by the FDA in early 2015 and two 510k procedures are ongoing.

The team

The R&D team represents a significant proportion of MEDICREA's workforce, and is made up of 15 people, including:

- 9 development engineers;
- 3 clinical affairs project managers;
- 2 prototype designers.

These employees are organized into three centers of excellence:

- one team is dedicated to UNiD® patient-specific implants;
- one unit specializes in the manufacture of prototypes;
- one cell is in charge of developing innovative products and production processes.

In 2015, several new employees will be recruited to strengthen the research team and the science division.

Research and Development focus

The major strategic research and development focus for the Group is personalized medicine which is the medical model for the 21st century. The Group's aim is to make the products and services allowing treatment that is perfectly tailored, and therefore specific and customized for each patient, available to surgeons, by committing to a complex process combining research and development with the industrial dimension and by using innovative technologies and manufacturing processes such as additive manufacturing via 3D printing.

Utilizing scientific knowledge of the sagittal balance, the understanding of spinal deformities, progress in imaging, increased analysis capabilities in relation to each patient and the advent of new manufacturing technologies based on digital files, the Group has become a pioneer in the field of patient-specific implants for the treatment of spinal column pathologies. The teams are working every day to assist surgeons in their strategy of the personalized treatment of each patient by sharing their expertise and their support in technical, clinical and logistical fields and by giving them access to new technologies.

The Group is focusing its product development on the techniques known as vertebral "fusion" techniques which remain the benchmark standard in spinal surgery, by prioritizing the optimization of the prosthetic volume through the provision of minimally-invasive implants. However, so called "non-fusion" techniques should represent significant development potential over the next few years. These technologies will allow both intervertebral disc and spinal pathologies to be treated at an earlier stage or prevented in order to preserve or extend their functionality. The Group believes that the "fusion" and "non-fusion" approaches are often complementary and seldom in competition with each other, and that the development of the vertebral implant market from "fusion" to "non-fusion" will be gradual. As such, the new "non-fusion" technologies which in all likelihood will see significant growth will be those that will allow surgeons to combine a vertebral "fusion" on the sections requiring it with a cushioned "non-fusioned" stabilization on the sections whose movement can be preserved.

Interaction with surgeons

Ever since its creation, MEDICREA has opted to involve surgeons in the development of its products in order to build close relationships with the scientific community. Integrated into the development teams, surgeons bring their expertise in terms of treating the pathologies with which they are faced and are involved in carrying out the validation testing of implants and instruments until they are finalized.

The Group constantly assesses the opportunity for partnerships with surgeons or companies that have developed technologies or projects relevant to thoracic and lumbar spinal surgery, and may acquire patents or businesses having led such developments. In this way, the idea for the first patient-specific osteosynthesis spinal rod (UNiD®) made specifically for each patient was born.

MEDICREA operates a policy of concluding agreements for the assignment of inventions and/or for the assignment of copyright with the surgeons appointed as inventors giving them the right to be paid royalties on the revenues generated through the fitting of the products on which they have collaborated, with the exclusion from the sum of any fittings carried out by them.

Ongoing projects

During the 2014 fiscal year, the work of the research and development teams more specifically focused on the following products:

- **UNiD®:** Osteosynthesis rod custom contoured for a given patient according to the pre-operative planning defined by the surgeon;
- **LIGAPASS®:** Vertebral anchoring system using flexible bands, and LIGAPASS®LP for adolescent idiopathic scoliosis indications, launched on the US market as of the second half of 2013;
- **PASS OCT®:** occipito-cervical fixation system allowing thoracic spinal constructs to be extended to the base of the skull, approved by the FDA in 2013, and subject to a sales soft launch in the United States, France and the UK during the second half of 2013;
- **IMPIX ALIF S/A®:** standalone anterior cage for use in the treatment of degenerative lumbar pathologies;
- **PASS® DEGEN TOPLO:** top loading polyaxial screw allowing surgeons to pre-operatively set the polyaxiality to a given value in order to control the correction applied;
- **STABOLT®:** anterior lumbar plate which optimizes the anatomically shaped lumbosacral design and biomechanical stabilization of the area being operated on;

- **CARYATID®:** First radio transparent corpectomy implant resulting from additive manufacturing technology.

Prototyping activity

In late 2014, MEDICREA initiated the transfer of its prototyping unit from the La Rochelle site to the Neyron site, investing in suitable machinery (five machines were ordered for a total investment of €1.3 million) and recruiting new employees – one production manager and two experienced prototype designers.

Interaction with the research and development team will be facilitated due to its proximity to the new prototyping team that has been created. The aim is to be able to produce prototypes and specific products in a few days and thereby further encourage innovation thanks to significant responsiveness.

Clinical studies

MEDICREA is investing in clinical trials. In 2014, several large scale studies on the following products were ongoing:

- **PASS LP® thoraco-lumbar fixation system:**
  - French register enabling the analysis of long-term efficacy in the treatment of adolescent scoliosis;
  - Forward-looking multicentric international adult study aimed at correlating the correction of the spinal deformity with an improvement in quality of life;
  - Forward-looking multicentric pediatric study in France aimed at correlating the correction of the scoliosis and it being maintained over time with the pathology's etiology;
  - Forward-looking multicentric international pediatric study aimed at quantifying the derotation obtained by the ST2R (simultaneous translation on 2 rods) technique.

- **GRANVIA® C cervical disc prosthesis:** Forward-looking multicentric international study aimed at demonstrating the preservation of disc mobility after two years of follow-up as well as improved quality of life for patients;

- **LIGAPASS® ligament based fixation system:** monocentric French study aimed at demonstrating the performance of sub-laminar bands in the adolescent neuromuscular scoliosis indication;

- **MANTA® interbody cages:** Forward-looking and multicentric study in France aimed at quantifying the fusion rate and quality of life of patients following a cervical arthrodesis after two years of follow-up;

- **PASS MIS® minimally-invasive polyaxial system:** study in New Caledonia aimed at demonstrating the efficacy of the technique in the treatment of fractures using kyphoplasty;

- **UNiD® osteosynthesis patient-specific rod:** record began in France in 2014 but open to other centers, enabling the restoration of sagittal alignment thanks to patient-specific rods to be measured, as well as improvements in quality of life in the treatment of deformities in adults.

The Group has made the following publications available in relation to its products over the past three fiscal years:

PRODUCT	DATE	COMMUNICATION MEDIA	TITLE	REFERENCE
C-JAWS	2012	Publication	New Cervical Compressive Staple - In Vitro Testing and Early Clinical	J Spinal Disord Tech 2012
GRANVIA-C	2012	Poster	Metal free cervical prosthesis: first clinical results and MRI	
LigaPASS	2014	Publication	Restoration of thoracic kyphosis by simultaneous tryearslation on two rods for adolescent idiopathic scoliosis	Eur Spine J - 2014 - 23 (Suppl 4): S438-S445
LigaPASS	2013	Publication	Surgical advances in the treatment of neuromuscular scoliosis	World J Orthop 2014 April 18; 5(2): 124-133
PASS	2013	Publication	Relationship between thoracic hypokyphosis, lumbar lordosis and sagittal pelvic parameters in adolescent idiopathic scoliosis	Eur Spine J (2013) 22:2414–2420
PASS LP	2012	Poster	Can kyphosis type be a predictor for axial plane correction in AIS	
	2012	Poster	Does rod material affect correction?: titanium versus cobalt-chromium?	
	2012	Poster	Hooks versus screws at the UIL of the construct: what is the impact on sagittal and axial correction	
	2012	Poster	Restoring thoracic kyphosis by simultaneous tryearslation on 2 rods and the impact on spinal alignment	
	2012	Publication	Influence of screw type on initial coronal and sagittal radiological correction with hybrid constructs in adolescent idiopathic scoliosis. Correction priorities.	Orthopaedics and traumatology: Surgery and research
	2014	Publication	Restoration of thoracic kyphosis by simultaneous tryearslation on two rods for adolescent idiopathic scoliosis	Eur Spine J - 2014 - 23 (Suppl 4): S438-S445
PASS Med	2012	Publication	Simultaneous tryearslation on two rods to treat adolescent idiopathic scoliosis	SPINE Volume 37, Number 3, pp 184–192

Other publications are planned, with the products concerned and the provisional dates listed below. They are provided for information purposes only and may be amended according to the progress of the clinical studies in particular.

PRODUCT	PLANNED PUBLICATION DATE		
C-JAWS		2016	
GRANVIA-C		2016	2017
LigaPASS	2015	2016	
PASS		2016	
PASS LP		2016	2017
PASS MIS	2015		
Stabolt			2017
UNiD	2015	2016	2017
VBR Patient specific	2015	2016	2017

Other intellectual property

In regard to patents, the Group initially files a patent application in France. During a second phase, 12 months later, it registers international extensions under the Patent Cooperation Treaty (PCT). Finally, 18 months later, it files national extensions in the markets considered to be strategic for the development of the product concerned.

Patent applications are generally extended to the main European countries, the United States, Brazil, Japan and Australia.

The patents and patent applications owned and used by MEDICREA are aimed at accurately covering the product ranges that the Group has developed. They are directly used and to date no license has been granted in relation to the Company's intellectual property rights, with the exception of patents relating to C-JAWS®, which are also used by the company Integra Life Sciences in the manufacture of implants for bone fractures of the hand and foot.

The patents and patent applications covering the Group's products are summarized in the following tables:

Fusion Device range:

PRODUCT	TITLE	APPLICATION DATE	COUNTRY	ISSUE NUMBER
FUSION DEVICE	Anti-backward slippage screw in cage, offset sphere design	05/17/2010	Europe United States Australia Brazil Canada	EP2571434 US20130053967 2011254256 BR 11 2012 028240-9/12 CA2797811
	MANTA cervical cage	05/27/2009	Europe United States	EP2303194 US8506632
	TLIF Impix	07/27/2009 07/23/2010	France United States	FR 09 55238 US 13/383,030
	Corpectomy implant	02/21/2012	Europe United States	EP 12 704314.9 US 13/982,794
	Accolade implant	11/05/2008	Europe United States	EP2211786 US8377137

Non-fusion device range:

PRODUCT	TITLE	APPLICATION DATE	COUNTRY	ISSUE NUMBER
NON-FUSION DEVICE	Ball and socket disc prosthesis	10/08/2013	Europe	EP13187656.7
	Cervical disc prosthesis	12/02/2008	Europe United States Australia	EP2222251 US8246685 2008334348
	GRANVIA-C disc prosthesis	03/25/2009	Europe United States Australia Brazil Chine Japan	EP2259756 US8828083 AU2009229316 (PCT/IB2009/051236) CN101980672 JP5425178
	TOFUA prosthesis	09/28/2012	Europe United States	EP 12 784341.5 US 14/344,832
	Growth rod	04/05/2012	Europe United States	EP 13723244.3 US 14/501,956

Osteosynthesis Plate range:

PRODUCT	TITLE	APPLICATION DATE	COUNTRY	ISSUE NUMBER
OSTEOSYNTHESIS PLATE	Plate with mobile lobes	04/27/2006	Europe United States	EP2010083 US8114139
	Lumbo-sacral plate	02/01/2012	Europe United States	EP 12 704313.1 US 13/979,386

Osteosynthesis Staple range:

PRODUCT	TITLE	APPLICATION DATE	COUNTRY	ISSUE NUMBER
OSTEOSYNTHESIS STAPLE	L-JAWS staple with expandable branches	09/22/2009	Europe United States	EP2326268 US8801786
	JAWS staple	05/10/2006	Europe United States	EP1890611 US20080167666
	X-JAWS lumbar staple	04/26/2010	Europe United States Australia Brazil	EP2424469 US8956416 AU2010243237 20110109311
	C-JAWS	08/04/2004	Europe	EP1504723
	Lamino JAWS	10/19/2011	Europe United States Japan	EP 11 778982.6 US 13/879,654 2013-535552

Cervical Osteosynthesis range:

PRODUCT	TITLE	APPLICATION DATE	COUNTRY	ISSUE NUMBER
CERVICAL OSTEOSYNTHESIS	Anchoring base with controlled articulation	07/20/2012	Europe United States Australia Brazil Japan	EP 12 758620.4 US 14/131,041 AU2012288513 BR 112013031676 4 JP 2014-522185

Dynamic Osteosynthesis Range:

PRODUCT	TITLE	APPLICATION DATE	COUNTRY	ISSUE NUMBER
DYNAMIC OSTEOSYNTHESIS	Dynamic design screw	01/21/2005	Europe	EP1708630
	Dynamic ring design screw	06/24/2004	Europe United States	EP1653873 US7731734

Thoraco-lumbar Osteosynthesis range:

PRODUCT	TITLE	APPLICATION DATE	COUNTRY	ISSUE NUMBER
THORACO-LUMBAR OSTEOSYNTHESIS	Polyaxial bar	11/07/2000 11/05/2001	United States Europe	US7189236 EP1940304
	Vertebral rotation clip	06/24/2004	Europe United States	EP1638470 US7763054
		06/08/2010	United States	US 12/795,926
	Sacral anchoring connector	04/02/2013	Europe United States	EP 13723245.0 US 14/510,538
	Multiaxial iliax connector	04/17/2014 04/10/2015	France PCT	FR1453465 PCT/IB2015/052629
	PASS LP open connector	04/17/2014 04/17/2014	France PCT	FR1453464 PCT/IB2015/052822
	Ligament hook	05/27/2009	Europe United States	EP2278930 US8465527
	Clamp hook	11/05/2001	United States	US7033358
	LP clamp hook	03/25/2009	Europe United States	EP2259737 US8926673
	LigaPASS	06/13/2012	Europe United States Australia Brazil	EP 12 731734.5 US 14/123,626 AU2012275009 BR 11 2013 030066 3
	Single-locking LigaPass	04/24/2015	France	FR1553858
	Extension equipment	06/24/2004	Europe United States	EP1638471 US7862593
		11/26/2010	United States	US 12/954,718
	Threaded anchor restoration equipment	04/19/2013 04/10/2014	France PCT	FR1353592 PCT/IB2014/060614
	Isthmic fracture treatment equipment	10/14/2013 10/09/2014	France United States	FR1359987 US 14/511,130

PRODUCT	TITLE	APPLICATION DATE	COUNTRY	ISSUE NUMBER
THORACO-LUMBAR OSTEOSYNTHESIS	MIS equipment	08/30/2011	Europe United States	11 764307.2 13/817,895
	Vertebra correcting symbol	10/13/2009	United States	US8308775
	PASS	06/03/1998	Japan	JP 11-501728
	PASS offset correction method	06/03/1998	United States	US6267765
	PASS setting design	06/03/1998	Europe	EP1415602
	PASS generation 2	06/24/2004	Europe	EP1638472
	Rod with eye	10/15/2014	France	FR1459906 FR1459907
	Patient specific rod	09/18/2013 10/18/2013 09/17/2014 10/08/2014	France France PCT PCT	FR1358988 FR1360208 PCT/IB2014/064586 PCT/IB2014/065150
	Disengageable screwdriver	11/05/2008	Europe	EP2219541
	Tulip head screw	04/24/2015	France	FR1553722

The Group owns all the patents necessary for the development of its activity. It is therefore not dependent on any external or structuring intellectual property that may be owned by a third party. As previously mentioned, MEDICREA operates a policy of concluding agreements for the assignment of inventions and/or for the assignment of copyright with the surgeons appointed as inventors for products that they have helped to develop, and to register directly in its own name the corresponding patents.

The Group is not involved in any ongoing patent infringement litigation.

MEDICREA also owns 61 domain names.

1.3.4.Investments

Investments during the fiscal year

Gross asset value over the past three years changed as follows:

(€ MILLIONS)	2014	2013	2012
Research & development costs	6,4	5,4	4,3
Patents and similar rights	3,5	3,3	3,2
Computer licenses and software	0,5	0,2	0,2
Brands	0,0	0,0	0,0
Intangible assets *	**10,4**	**8,9**	**7,7**
Buildings	0,0	0,0	0,0
Plant & equipment	3,9	2,6	2,6
Demo equipment	0,7	0,6	0,5
Instrument sets	4,6	3,5	3,4
Computer hardware and office equipment	1,0	0,7	0,7
Other non-current assets	1,2	1,1	1,1
Property, plant and equipment	**11,5**	**8,6**	**8,3**
Guarantees and deposits	0,3	0,2	0,2
Escrowed units in mutual funds (SICAV)	0,2	0,2	0,2
Non-current financial assets	**0,4**	**0,3**	**0,3**
Total gross values	**22,3**	**17,8**	**16,4**

** excluding goodwill*

Intangible assets – Research and development costs

As detailed in the previous paragraph, research and development is a major investment item. R&D activity is structurally important and constitutes a key differentiator. Capitalized expenditure is amortized over five years.

Property, plant and equipment – Instrument sets

For performance of surgery, the Group provides its customers with sets made up of instruments and implants. This equipment, which mainly concerns the United States and France, is kept in healthcare facilities or is available in the form of loans. The instruments are recorded under property, plant and equipment and amortized over a period of three years.

In 2014, the development of its operations led the Group to, firstly, renew the sets used by its customers and, secondly, increase the number of sets provided to public and private hospitals to support the growth in the number of surgical procedures. Thus, in the United States, instruments from the PASS LP® range have been completely updated, costing €1.5 million, and in France, approximately €0.5 million was invested in sets.

Property, plant and equipment – Plant and machinery

In 2014, the Group made significant investments in industrial equipment with the acquisition in particular of a five axis turning machine with numerical control, an automatic cleaning line, a measuring machine and a compressor, aimed at improving and increasing the production capacities of the La Rochelle factory. MEDICREA has also invested in a latest generation 3D printer. Most of the investments in plant and machinery and industrial equipment were financed by lease purchasing.

Property, plant and equipment and intangible assets – Computer licenses and software / IT hardware

In 2014, the Group decided to introduce a new information system and the project was launched during the second quarter. The system will be rolled out from

July 1 2015, initially in the French subsidiaries before being extended to international subsidiaries over the following months.

This project therefore impacts investments on two levels:

- In terms of licenses and software, for the implementation of the system and the acquisition of user rights;
- In terms of IT equipment, with the purchase of the necessary servers and hardware.

Details of changes in property and amortization are provided in Chapter 4.1, Note 6 to the consolidated financial statements.

Ongoing investments

Since the start of 2015, the Group has been ramping up its investments on its two French sites. In this way, eight machines have been added to the setup costing approximately €1.8 million, including the equipment exclusively for prototyping referred to in the previous paragraph. €0.7 million has been financed by lease-purchasing and the remainder by medium-term bank loans.

Upcoming investments

With the exception of the items detailed above, the Group has not made any firm investment commitments at the date of this Registration Document.

1.4. Analysis of and comments on the Group's activities during the fiscal year

1.4.1. Information on the Group's activities

Innovations during 2014

In 2014, the Group became the pioneer and world leader in the manufacture of patient-specific implants for personalized spinal surgery.

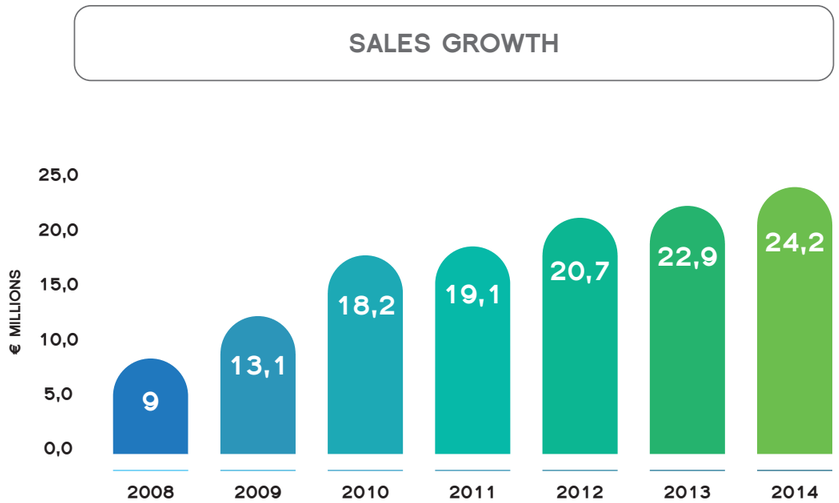
The year was characterized by the launch of two major innovations in spinal column surgery with, on the one hand, the UNiD® rods specifically pre-contoured to each patient and, on the other hand, the world's first implanting of a lumbar interbody cage (ALIF cage) made to measure in PEKK by a 3D printer and precisely reproducing the anatomic details of a patient's vertebral endplates.

UNiD® is a comprehensive solution including a software application and a real-time support unit allowing surgeons to analyze, plan, design and order ahead of surgery, pre-contoured patient-specific rods enabling the surgical plan to be carried out perfectly and the sagittal balance specific to each patient to be restored extremely accurately. This technology means the final, manual and approximate step, which involves the surgeon contouring the rods by hand in the operating room during surgery, can be eliminated. The pre-contoured patient-specific UNiD® rod is a universal implant available in the global market's two alloys and two standard diameters. It is part of the range of implants that makes up the thoraco-lumbar fixation system, PASS LP®.

The UNiD® ALIF cages are developed from 3D digital files created from the extraction and processing of preoperative scanner images using a process developed internally by the research teams. The company's design, recording and production methods implemented open the door to the future development of implantable devices that can exactly reproduce the elements of the spine that need to be reinforced or replaced by artificial components printed in 3D on implantable polymers or titanium.

The Group also obtained FDA approval to market its K-JAWS® cervical compression staple in the United States. Given this technology's highly innovative aspect and its unique design on the market, this approval process by the US authorities took much longer than normal. This approval therefore gave rise to the creation of a new product code in the FDA's internal classification, giving the product a unique position on the spinal column fixation devices market. The K-JAWS® implant is significantly less invasive and much quicker to fit than any other cervical plate on the market. Its principle of fixation by the compression of two adjacent vertebrae, around the previously inserted interbody fusion cage, provides excellent stability thanks to the axial location of the compressive forces, in the vertebral bodies of the cervical spine.

Analysis of sales for the year



MEDICREA continued its growth in 2014 with sales of €24.2 million, up 6% compared with 2013. Since 2008, the Company's sales have increased at an average annual rate of 18%.

The 2014 performance was characterized by two distinct periods of activity.

(€ MILLIONS)	2014	2013	CHANGE
H1	11,9	11,9	-
H2	12,3	11,0	+ 12%
TOTAL	**24,2**	**22,9**	**+ 6%**

During the first half of the year, sales in MEDICREA's priority markets increased significantly compared with the previous year, with sales in the United States up by 15% and sales in France up by 36%. The substantial interest in the concept of UNiD® patient-specific implants has enabled the Group to acquire as customers further prestigious hospitals in France. This growth was, however, offset by the temporary problems concerning imports in Brazil and at €11.9 million, sales for the first half remained in line with those of the first half of 2013.

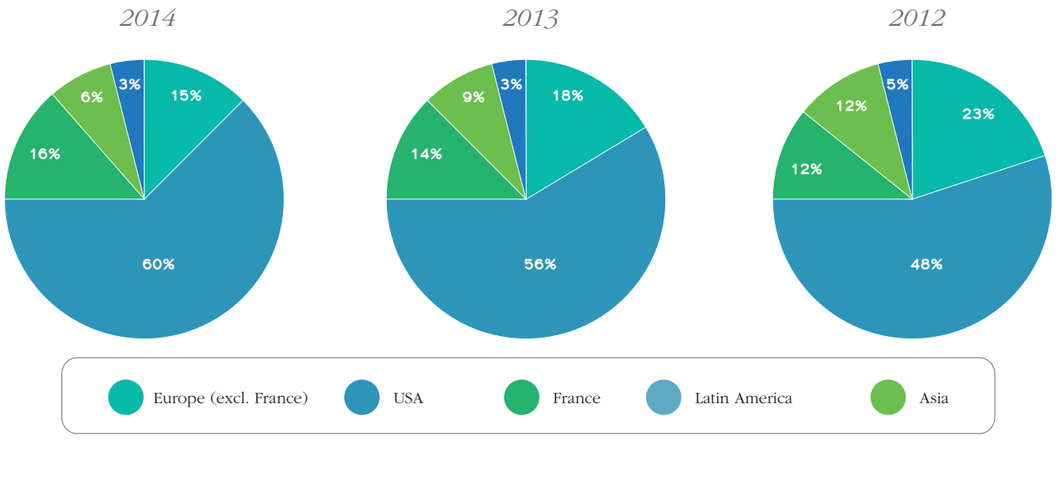
The Group returned to growth in the second half with sales totaling €12.3 million, up 12% compared with the second half of 2013. The continued expansion in the United States and the deployment of new international sales teams together with the recruitment of a new vice president of international sales and a four-person team responsible for export sales helped to boost sales growth.

The United States, MEDICREA's priority market, now accounts for 60% of the Group's sales. In the United States, MEDICREA is focusing on complex spinal column surgery through its PASS LP® thoraco-lumbar fixation system, which generates more than 85% of its sales. The range was expanded at the beginning of the year following approval by the FDA of PASSOCT®, an occipital-cervical fixation system extending the structures to the base of the skull. During 2014, MEDICREA USA prepared for the strategic launch of the UNiD® patient-specific rods and was able to offer this innovation to surgeons at the end of the year once it had obtained FDA approval.

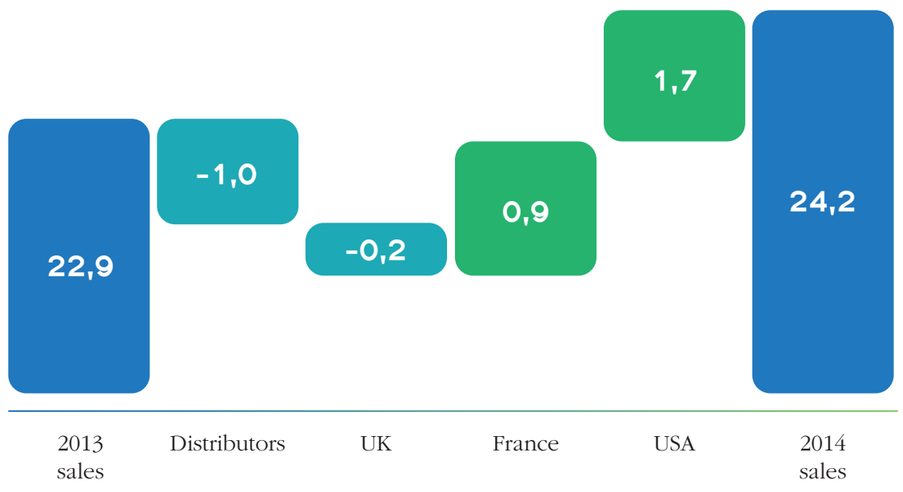
In France, the decrease in tariffs imposed by the health authorities was limited to 1% as of October 1, 2014. Most of the sales in France were generated by the PASS®LP thoraco-lumbar fixation system (70%) and by the interbody cages (25%). The UNiD® patient-specific rods were very enthusiastically received by surgeons with more than 100 being implanted during the year.

In 2014, the contribution to Group sales by the three distribution subsidiaries (in the United States, United Kingdom and France) was 81%, compared with 75% in 2013. Brazil and Belgium, the main countries covered by distributors, accounted for 5% and 4.5% of total sales respectively in 2014.

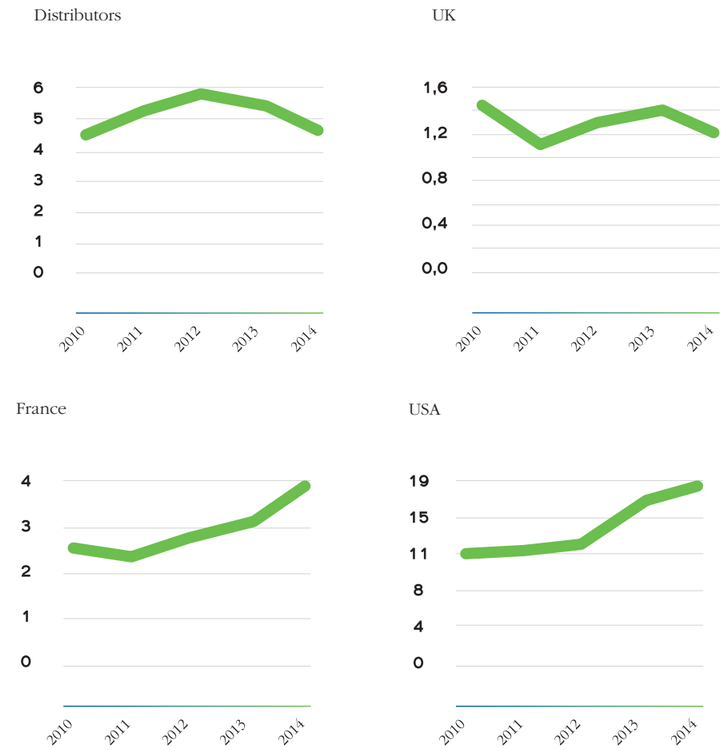
The following charts provide a breakdown of changes in the business by geographic region:



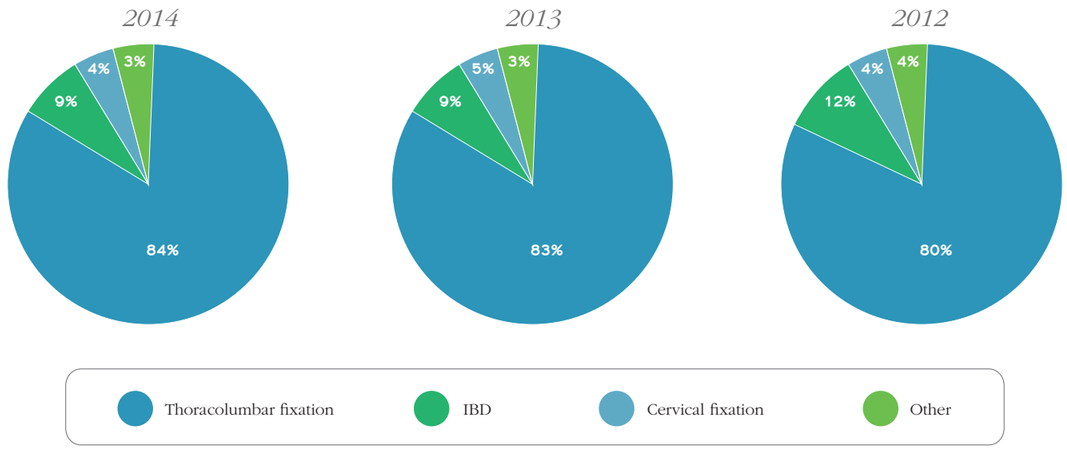
The United States and France are the most dynamic markets. Whilst in 2012 they accounted for 60% of sales, they represented 76% of the amount billed in 2014. The subsidiaries and distributors contributed as shown below to changes in the Group's sales between 2013 and 2014:



Sales by distribution channels have changed as shown below since 2010 (in € millions):



More than 80% of the Group's sales were generated by the PASS LP® thoraco-lumbar fixation system. These sales have been supplemented recently by the commercial launch of a mini-invasive version, an implant allowing the fixing of rods on vertebrae using a lacing technique and an occipital-cervical fixation system. The following charts provide a breakdown of sales by product: the contribution of the launch of two new innovations in personalized spinal surgery had an impact that was still relatively minor in 2014:



(€ millions)	2014	2013	2012	2014/2013	2013/2012
Thoraco-lumbar fixation devices	20,5	19,0	16,6	+ 7%	+ 15%
Interbody devices	2,2	2,1	2,4	+ 6%	- 13%
Cervical prostheses and fixation devices	0,9	1,0	0,9	-17%	+18%
Other	0,7	0,7	0,9	+ 1%	- 19%
Total sales	**24,2**	**22,9**	**20,7**	**6%**	**11%**

Although a significant portion of the Group's sales is in US dollars, fluctuations in exchange rates did not have a material impact on changes in sales during the last three fiscal years. During this period, movements in the average EUR/USD exchange rate were as follows:

	2014	2013	2012
Average EUR/USD exchange rate	1,335	1,326	1,291

A portion of the Group's sales is in pounds sterling, but these sales represent less than 5% of consolidated sales. Currency fluctuations between the Euro and the Pound Sterling did not have a material impact on changes in the Group's sales.

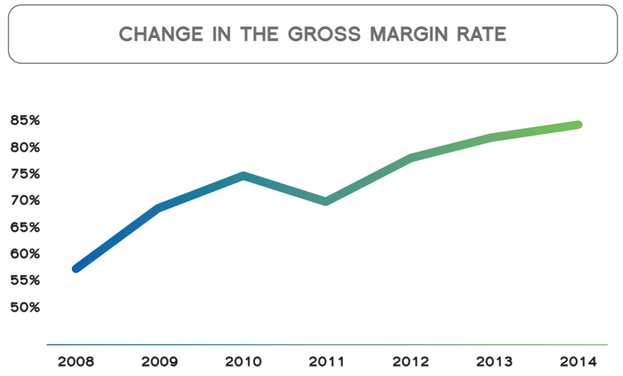
1.4.2. Analysis of Group earnings and consolidated financial position

Income statement

(€ millions)	2014	2013	2012
Net sales	**24,2**	**22,9**	**20,7**
Cost of sales	**(4,6)**	**(4,6)**	**(4,6)**
Gross margin	**19,6**	**18,3**	**16,1**
%	**81%**	**80%**	**78%**
Research & development costs	(1,4)	(1,3)	(1,3)
Sales & marketing expenses	(10,8)	(8,8)	(8,5)
Sales commissions	(2,6)	(2,4)	(2,3)
General & administrative expenses	(5,0)	(4,3)	(4,1)
Other operating income and expenses	(0,1)	(0,0)	(0,4)
Operating income before share-based payments	**(0,2)**	**1,5**	**(0,5)**
Operating income after share-based payments	**(0,3)**	**1,4**	**(0,8)**
Cost of net financial debt	(0,2)	(0,2)	(0,2)
Other financial income / (expenses)	(0,2)	0,0	0,1
Tax income / (expenses)	(0,4)	(0,9)	(0,3)
Net income	**(1,0)**	**0,4**	**(1,2)**
Net income (Group share)	**(1,0)**	**0,5**	**(1,2)**
Net earnings per share	(0,12)	0,06	(0,14)
EBITDA	**2,5**	**4,3**	**2,2**

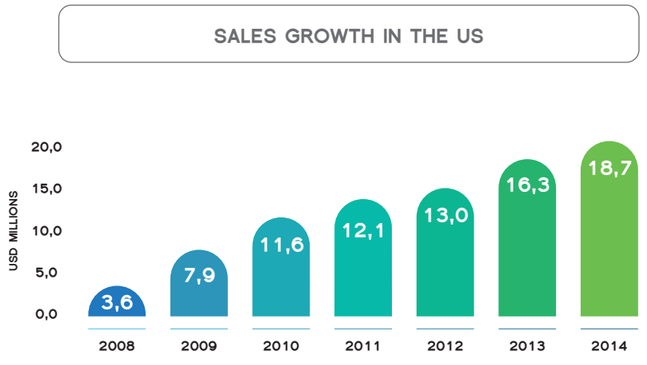
Net sales for 2014 totaled €24.2 million, an increase of 6% compared with the previous year. The impact of exchange rate fluctuations during the period was negligible.

The gross margin continued to increase in 2014 and represented 81.2% of sales, 1.2 percentage points higher than in 2013. The gross margin rate has changed as follows since 2008:

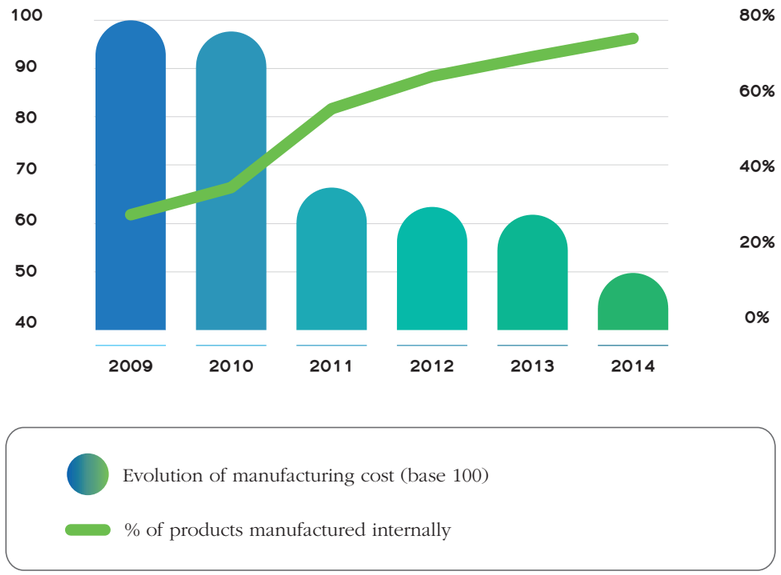


This underlying trend is the result of two factors:

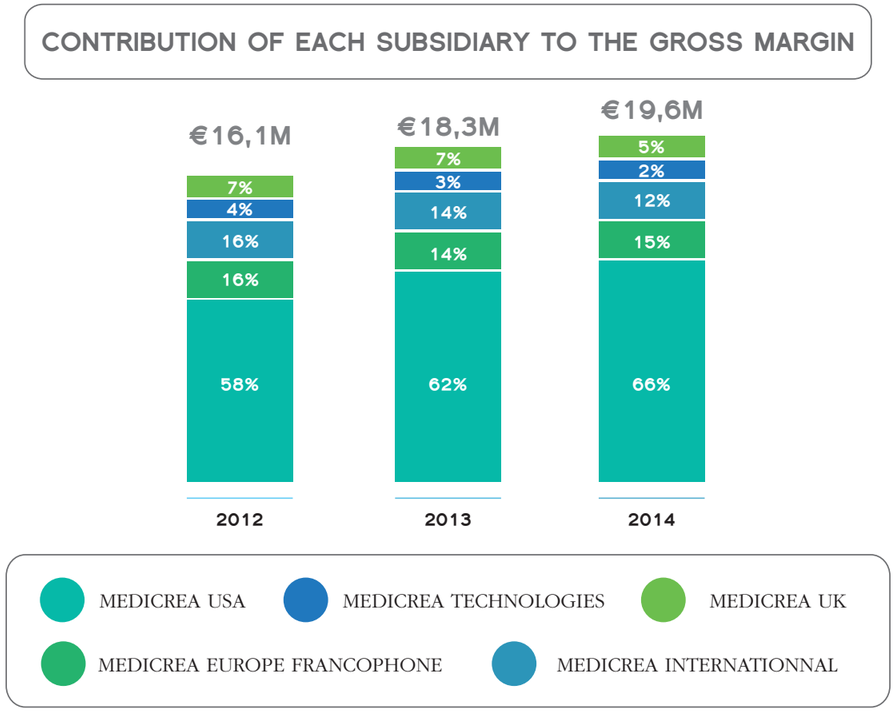
- The steady growth in sales in the United States where the selling price is significantly higher than on other markets, which had a direct impact on the margin generated, thus resulting in a margin rate of over 92%.



- The continuing decrease in manufacturing costs made possible by the growing insourcing of production, which has increased in five years from 35% to 75%, and by process automation which, together with insourcing, has facilitated production at costs lower than those proposed by sub-contractors. Process automation requires the acquisition of high-performance industrial equipment capable of mass production, the development of specific tools and the ongoing optimization of production programs. The combination of these factors explains the structural decrease in production costs, as shown in the following chart.



Gross margin stood at €19.6 million in 2014, an increase of 7.4% in relation to the previous year. Of this total margin, 66% was generated by MEDICREA USA, 15% by MEDICREA EUROPE FRANCOPHONE and 12% by MEDICREA INTERNATIONAL's distribution business. MEDICREA USA's contribution to the Group's gross margin increased in line with the increase in sales in the United States.



The 2014 loss from recurring operations amounted to €0.2 million, versus an income of €1.5 million in 2013. The growth in sales and improvement in the gross margin was not sufficient to offset in full the increase in operating expenses linked mainly to the rise in the number of employees.

Payroll expenses (other than those relating to the production staff) totaled €9 million in 2014, up by 17% compared with the previous year. This increase in expenses was due to the bigger workforce: 16 new employees joined the Group in 2014 representing a 19% rise in the number of employees. The following table provides a breakdown of the change in payroll expenses by type of expense:

				2014 /2013		2014 /2013	
(€ millions)	2014	2013	2012	change	% change	change in workforce	% change in workforce
Research & development	21,0	0,8	0,9	0,2	19%	2	15%
Sales & marketing	5,7	4,8	4,7	0,9	19%	9	18%
General & administrative	2,3	2,1	1,9	0,3	12%	5	24%
Total payroll express	**9,0**	**7,7**	**7,5**	**1,3**	**17%**	**16**	**19%**

Research and development costs have increased steadily and constitute a significant element of the Group's expenditure. Expenses recognized during the year, after capitalizing those expenses that qualify to be capitalized (€1.1 million) and after deducting the Research Tax Credit (€0.5 million), totaled €1.4 million, an increase of €0.1 million compared with 2013. This figure includes an amortization charge of €0.9 million in respect of the capitalized research costs.

Sales and marketing expenses came to €10.8 million in 2014, up by €2 million compared with 2013. Payroll expenses represented 52% of these costs. The strengthening of its sales teams in the French, US and export markets has resulted in the recruitment of nine employees, a €0.9 million increase in payroll expenses and a €0.3 million increase in relocation expenses. Expenses associated with intensified marketing initiatives, attendance at a number of international conferences and the consultancy fees paid to partner surgeons increased by €0.8 million.

Sales commissions rose by €0.2 million to €2.6 million in 2014. They related mainly to MEDICREA USA. They are in proportion to that company's sales and are compensation for the marketing efforts of the agents the Company appoints to represent it vis-à-vis hospitals and surgeons using the Group's products.

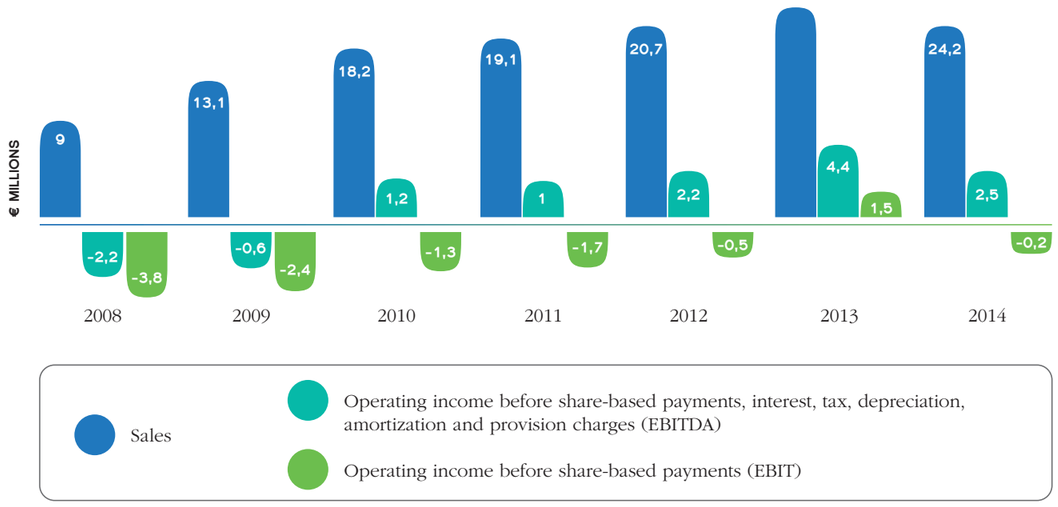
General and administrative expenses totaled €5 million in 2014, i.e. an increase of €0.7 million compared with 2013, comprising €0.4 million of additional payroll expenses and €0.3 million of insurance expenses, professional fees and charges for other additional services.

The larger workforce and intensified research and development and marketing expenditure in 2014 increased the operating breakeven point to quarterly sales of €6.1 million (compared with €5.3 million in 2013).

Charges to amortization and impairment provisions are recognized in respect of the large number of instrument sets and implants provided to public and private hospitals and necessary for the expansion of the Group's business and therefore such equipment has a significant impact on the Group's earnings. Before taking these charges into account, the 2014 operating income (EBITDA) was €2.5 million compared with €4.3 million in 2013. EBITDA is calculated as follows:

(€ MILLIONS)	2014	2013	2012
Operating income before share-based payments (EBIT)	(0,2)	1,5	(0,5)
Amortization, depreciation and provision charges	2,7	2,8	2,7
EBITDA	**2,5**	**2,8**	**2,7**

The main financial indicators have changed as follows since 2008:

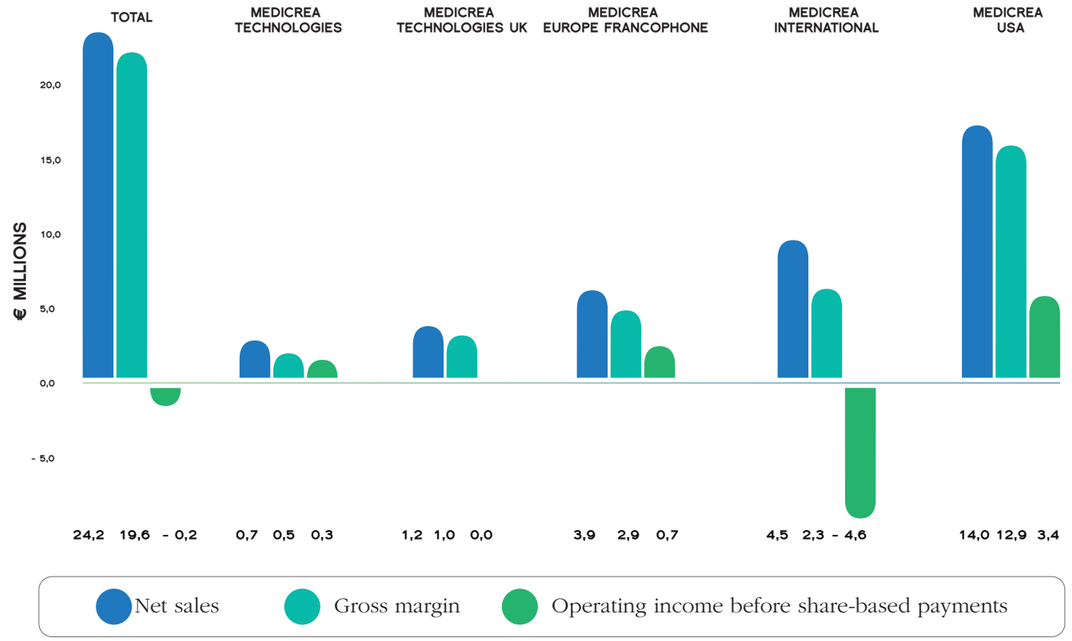


Cost of net financial debt was €0.2 million in 2014, slightly higher than in 2013. Its main components were interest on borrowings, redeemable bonds and finance leases. The average interest rate was 4.24% in 2014, compared with 5.21% in 2013.

As regards other financial income/expenses, the Group generated net expenses of €0.2 million in 2014, consisting mainly of exchange rate losses.

The Group made a **consolidated net loss** of €1 million after the recognition of a €0.35 million tax charge. In 2013, it made a consolidated net income of €0.4 million after a €0.9 million tax charge. An analysis of the tax rate is provided in Note 12 to the consolidated financial statements in Section 4.1. The Group does not yet pay any corporate tax and, for its fiscally-consolidated French subsidiaries, has substantial reserves of tax losses carried forward not recognized in its financial statements.

The contribution of all the subsidiaries to the Group's performance is shown in the following chart:



MEDICREA INTERNATIONAL, the parent company, bears all the costs of the central and support functions, which accounts for its significant negative contribution to operating income.

Financial position

The following table provides a breakdown of changes in the Group's assets during the last three years:

(€ MILLIONS)	2014	2013	2012
Non-current assets	**13,1**	**10,1**	**10,7**
Goodwill	2,6	2,4	2,4
Intangible assets	4,0	3,6	3,6
Property, plant and equipment	5,5	3,5	3,3
Non-current financial assets	0,4	0,3	0,3
Deferred tax assets	0,6	0,2	1,0
Current assets	**14,2**	**11,8**	**11,4**
Inventories	6,3	5,1	5,5
Trade and other receivables	4,4	3,4	3,0
Other current assets	2,3	1,4	1,5
Cash and cash equivalents	1,2	1,8	1,4
TOTAL ASSETS	**27,3**	**21,9**	**22,1**

Non-current assets

Non-current assets, which had increased by €3 million, represented 48% of total assets. They comprised:

- goodwill totaling €2.6 million (up by €0.2 million compared with 2013) which related mainly to the acquisition by LBO of MEDICREA TECHNOLOGIES in 2002. The increase in this item was due to the buyback in 2014 of 30% of the share capital of MEDICREA EUROPE FRANCOPHONE, which is now fully-owned by the Group;
- intangible assets, consisting mainly of research and development costs, licenses and software, which increased by €0.4 million to €4 million. A breakdown of expenditure on intangible assets is provided in Section 1.3.4. of this document;
- property, plant and equipment, which amounted to €5.5 million, an increase of €2 million compared with 2013 following the renewal of instrument sets in the United States and France and the expansion of the stock of equipment. A breakdown of expenditure on property, plant and equipment is provided in Section 1.3.4. of this document;
- financial assets totaling €0.4 million;
- deferred tax assets totaling €0.6 million, up by €0.4 million compared with 2013 due to consolidation adjustments.

Current assets

Current assets were €14.2 million at December 31, 2014 compared with €11.8 million in 2013. They comprised:

- net inventories totaling €6.3 million, which increased by €1.2 million during the year following the launch of new product ranges and the rise in sales. The inventory impairment provision, the aim of which is to take into account the risks of obsolescence on slow-moving products, was €0.2 million lower;
- trade and other receivables, which totaled €4.4 million compared with €3.4 million as of December 31, 2013. The average collection period was 56 days during the year ended December 31, 2014, compared with 49 days one year earlier. The deterioration was due mainly to one isolated instance of a trade receivable being paid late in December in the United States;
- other current assets which totaled €2.3 million, an increase of €0.8 million, and comprised tax receivables (Research Tax Credit, VAT receivable and Tax Credit for Competitiveness and Employment) of €1.4 million, other receivables consisting mainly of advances paid on orders totaling €0.5 million and prepaid expenses totaling €0.4 million;
- cash and cash equivalents totaling €1.2 million, a decrease of €0.6 million, reflecting the capital expenditure policy implemented by the Group in 2014.

(€ MILLIONS)	2014	2013	2012
Shareholders' equity	**12,6**	**12,9**	**12,7**
Non-current liabilities	**5,4**	**3,4**	**3,9**
Conditional advances	0,5	0,6	0,7
Non-current provisions	0,3	0,2	0,3
Deferred tax liabilities	0,7	0,2	0,2
Long-term financial debt	3,9	2,4	2,7
Current liabilities	**9,2**	**5,5**	**5,5**
Current provisions	0,0	0,1	0,2
Short-term financial debt	3,0	1,6	1,6
Other current financial liabilities	0,0	0,0	0,0
Trade and other payables	4,2	2,3	2,3
Other current liabilities	2,0	1,6	1,5
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	**27,3**	**21,9**	**22,1**

Shareholders' equity

Shareholders' equity was €12.6 million at December 31, 2014 compared with €12.9 million at December 31, 2013. This change was due mainly to the comprehensive net loss for 2014.

Non-current liabilities

Non-current liabilities totaled €5.4 million, €2 million higher than as of the end of the previous fiscal year and comprised:

- conditional advances granted by BPI of €0.5 million: the change as compared with 2013 was due to the gradual repayment of the advances;
- non-current provisions of €0.3 million. In 2014, these provisions consisted only of the value of the rights acquired by the employees of the French subsidiaries in connection with retirement benefit schemes. In 2013, this heading also included a €0.1 million provision for litigation which was written back in full during 2014 following the signing of a settlement agreement;
- deferred tax liabilities of €0.7 million, the increase in which was due mainly to consolidation adjustments concerning leases;
- long-term financial debt, which totaled €3.9 million, an increase of €1.5 million. The balance on this account changed due to repayments of outstanding borrowings and new borrowing taken out to finance the implementation of a new information system, research and development costs, new production equipment and working capital requirements.

Current liabilities

Current liabilities totaled €9.2 million at December 31, 2014, an increase of €3.7 million, and comprised:

- short-term financial debt of €3 million compared with €1.6 million as of December 31, 2013. It comprised mainly bank loans, a bond loan, bank overdrafts and installments payable under finance leases;
- trade and other payables of €4.2 million, of which the €2 million increase as compared with 2013 was due to the increased activity in the second half year;
- other current liabilities of €2 million, including social security liabilities of €1.5 million and tax liabilities of €0.3 million.

1.4.3. Foreseeable developments, future prospects and significant post-balance sheet events

The aggressive development phase implemented by the Group since the start of 2014 will be extended through 2015, with the high level of investments in research & development being maintained and the means devoted to the scientific marketing and commercialization of new implants intensified.

The bulk of the margins generated by the Group's activity will therefore continue to be reinvested in the launch of new generations of products that have already been granted the CE mark and FDA approval, notably including the UNiD® patient-specific rods, the PASSOCT® occipital-cervical fixation system and the STABOLT® lumbosacral anterior plate system.

To support and drive this development phase, the Group intends to increase its workforce in 2015 by around a further 20 employees to be located in France, Europe and the United States.

The Group recorded total sales of €13.8 million in the 1st half of 2015, up 16% on the previous year and a new record high. The increase was driven in part by a particularly dynamic 2nd quarter (up 23%) reflecting the first positive effects of the aggressive international strategy instigated in 2014 with the deployment of a new export sales team. The Group is continuing to expand its distribution network in certain geographical regions, notably in Eastern Europe, Gulf states and Southeast Asia. The Group has had a presence in Germany, the leading market for spinal surgery, since July 1 when the distribution subsidiary MEDICREA GmbH began operations. In the United States, sales recorded during the 2nd quarter by the MEDICREA USA integrated subsidiary reached a new high, with sales of $2.5 million generated in June 2015 alone.

On June 29, 2015, the Group carried out a capital increase totaling €3.5 million (including issue premium) by means of a private placement, authorized and approved by the Board of Directors at its meeting on June 3, 2015. Precise details of the capital increase are as follows:

- The issue of 485,438 new shares at the price of €7.30, corresponding to the weighted average of the prices of the last three stock exchange trading sessions prior to the Board of Directors' decision of June 3, 2015, reduced by a discount of 0.8%;
- The cancelation of the preferential subscription right of qualified investors and a restricted circle of investors within the meaning of Article L411-2 of the French Monetary and Financial Code as amended by Order 2009-80 of January 22, 2009;
- A 5% dilution caused by the issue of these new shares.

The aims of this issue were to strengthen the Group's commercial resources in the United States to enable it to accelerate its expansion in this strategic market, to launch the new distribution subsidiary in Germany and to rebalance the "debt to equity" ratio after significant capital expenditure on plant and equipment during the last six months.

There have been no significant changes in the Group's financial or commercial position since the end of the last fiscal year that need to be disclosed.

1.4.4. Cash and cash equivalents, financing and capital

Capital

Information about the Group's shareholders' equity is provided in the consolidated financial statements and in Note 14. to the consolidated financial statements in Section 4.1. of this document. Information about the shareholders' equity of the parent company MEDICREA INTERNATIONAL is provided in the parent company's financial statements and in Note 11 to the parent company's financial statements in Section 4.3. of this document.

Financing

Share capital

Since its IPO in 2006, the Group has carried out the following fundraising transactions:

DATE	NATURE OF TRANSACTION	GROSS FUNDRAISING	NUMBER OF NEW ORDINARY SHARES ISSUED
June 2006	Share capital increase by means of a public offrering	€11 587 604	1 459 396
December 2007	Share capital increase	€7 000 002	1 166 667
November 2008	Share capital increase	€1 155 928	212 878
April 2009	Issue of new shares with share warrants	€1 176 000	245 000
May 2009	Issue of new shares with share warrants	€767 621	159 921
June 2009	Share capital increase	€621 942	103 657
December 2009	Share capital increase	€1 395 608	218 405
December 2009	Exercise of share warrants	€582 831	404 744
May 2010	Issue of bonds redeemable in new shares	€1 928 624	299 842
June 2010	Share capital increase	€594 740	92 351
November 2011	Issue of new shares with share warrants	€1 534 500	170 500
August 2012	Share capital increase	€762 000	76 200
June 2015	Share capital increase through private placement	€3 543 697	485 438

Repayable advances

BPI granted the Group advances for the development of innovative products repayable if the products are commercially successful. During 2014, two advances were repaid in full. During the period covering the fiscal years 2015 to 2019, the Group will repay two advances received in 2011, totaling €454,000, in the installments shown in the following table:

(€ K)	2015	2016	2017	2018	2018
Repayment of BPI advances	51	86	121	96	100

French Research tax credit (CIR)

The following table provides a breakdown of the tax credits in respect of research and development received by the Group during the last three fiscal years:

(€ MILLIONS)	2014	2013	2012
Research Tax Credit	0,54	0,46	0,43

Financial debt

The Group increased its financial debt in 2014 to finance the capital expenditure during the period. It totaled €7 million as of December 31, 2014 compared with €4 million as of December 31, 2013. Its main components were:

- a €0.55 million bond loan scheduled for repayment in 2015;
- fixed-rate bank loans totaling €4.3 million;
- commitments in respect of finance leases totaling €1.4 million;
- bank overdrafts totaling €0.4 million;
- factoring liabilities totaling €0.15 million.

The maturities of financial liabilities at December 31, 2014 are broken down as follows:

- financial debt due in less than one year: €3 million, i.e. 43.7%;
- financial debt due in more than one year: €3.9 million, i.e. 56.3%, including €0.3 million due in over five years.

As of December 31, 2014, net financial debt (after deducting cash) totaled €6.2 million compared with €2.7 million as of December 31, 2013. The amount of the net financial debt is calculated as follows:

(€ MILLIONS)	2014	2013	2012
Short-term financial debt	3,0	1,6	1,6
Long-term financial debt	3,9	2,4	2,7
Conditional advances	0,5	0,6	0,7
Cash and cash equivalents	1,2	1,8	1,4
Net financial debt	**6,2**	**2,7**	**3,5**

The gearing ratio (net financial debt/equity) as of December 31, 2014 represented 49.6% of consolidated shareholders' equity compared with 20.9% as of December 31, 2013. The increase in this ratio reflects the capital expenditure during the period, including, in particular, the rollout of a new information system, the intensification of research and development operations, the renewal of instrument sets made available to public and private hospitals and the acquisition of plant and equipment.

Cash and cash equivalents

Consolidated cash flow statement

(€ MILLIONS)	2014	2013	2012
Self-financing capacity	**1,6**	**3,8**	**1,5**
Cash paid for income taxes	(0,3)	(0,1)	0,2
Change in WCR	0,2	0,3	(0,9)
Cash flow from operating activities	**1,6**	**3,9**	**0,8**
Cash flow from investment activities	**(5,2)**	**(3,0)**	**(2,3)**
Cash flow from financing activities	**2,8**	**(0,5)**	**1,9**
Cash and cash equivalents - beginning of year	1,5	1,1	0,8
Cash and cash equivalents - end of year	0,6	1,5	1,1
Change in cash and cash equivalents	**(0,9)**	**0,4**	**0,3**

The Group's **operating activities** in 2014 generated net cash inflows of €1.5 million including a positive change in the working capital requirement of €0.2 million, significantly lower than in 2013 due to the substantial marketing and sales investments.

Net cash flows from investment activities represented net outflows of €5.2 million and included, in particular:

- €1.7 million: acquisition of new machines (3D printer, sliding headstock machine and cleaning line);
- €1.7 million: expenditure on instrument sets (in the US mainly) and demonstration equipment;
- €1.2 million: expenditure on intangible assets representing the capitalization of research and development costs and patent expenses;
- €0.3 million: acquisition of licenses and software in connection with the implementation of a new information system.

Net cash flows from financing activities represented net inflows of €2.8 million and comprised:

- €3 million: cash receipts under the terms of new borrowings taken out to strengthen the financial structure (€0.3 million) and to finance the working capital requirement (€1.9 million), 2014 research and development costs eligible for the Research Tax Credit (€0.5 million) and the implementation of a new information system (€0.35 million);
- €1 million: inflows resulting from the implementation of new finance leases for industrial and IT equipment;
- €1.1 million: loan repayments;
- €0.2 million: repayment of finance lease liabilities.

Information on any restrictions on the use of capital resources which had or could have had a significant influence, directly or indirectly, on Company operations.

Nil

1.4.5. Major contracts

During the 2014 fiscal year, the Group launched, in cooperation with a US IT firm, the development of software making it possible, from X-ray analyses, to design patient-specific spinal implants, subsequently intended to be manufactured and marketed on an exclusive basis by MEDICREA for an initial period of four years. Contractual terms provide for the payment by MEDICREA of royalties on products sales ordered via the software. The parties have agreed to the annual payment, by MEDICREA, of $400,000 in advances on royalties for the entire term of the contract. Royalties due by MEDICREA under the contract will be deducted, with no time limitation, from advances on royalties already received by the US partner. The IFRS treatment of these advances on royalties is described in Note 15.1.3. to the consolidated financial statements.

Apart from the existing agreements between ORCHARD INTERNATIONAL and MEDICREA INTERNATIONAL for the rebilling of the compensation paid to the corporate officers Denys SOURNAC (Chairman and Chief Executive Officer) and Jean Philippe CAFFIERO (Deputy Chief Executive Officer), details of which are provided in Section 2.2, there are no other material agreements in force, details of which would be required to be disclosed in accordance with section 22 of the General Regulations of the AMF.

1.4.6. Information on dividends

The Company has not paid dividends over the past three fiscal years.

1.5. Risk factors

The Group conducted a review of the risks that could have a significant negative impact on its sales, financial position and results. Apart from unforeseen events resulting from instances of force majeure, the Group considers there are no significant risks other than those set out in the following paragraphs.

1.5.1. Specific risks associated with the Company's business

Competition risks

The highly competitive spinal surgery market is valued at more than €8.9 billion, and is very responsive to the introduction of innovative new technology by its participants. Surgeons already have a wide range of solutions available for treating back conditions, and MEDICREA believes it has developed a breakthrough innovation with the launch in 2014 of UNiD® patient-specific osteosynthesis rods, completed by a range of implants and instruments providing solutions for all spinal pathologies.

With UNiD® patient-specific rods, surgeons can establish a surgical strategy using a rod perfectly suited to the patient. This solution limits sagittal realignment failures, lessening the risk of rod rupture and thus reducing operating time. Although the Group considers this product and service to be highly innovative, it cannot guarantee, firstly, that other competing spinal surgery-specific technology is not being developed by another company to be introduced onto the market in the near future, and secondly, the speed at which the Group will be able to deploy its innovation and make it the global standard of spinal surgery.

Furthermore, the spinal implant market is mainly located in the United States, and is highly concentrated with eight major players sharing almost 80% of the market. These large corporations benefit from competitive advantages such as:

- considerable financial resources allocated to product research and development, protection of intellectual and industrial property, and promotion of their products (sales force, marketing);
- important global distribution networks;
- a high profile and firmly established relations with specialized surgeons.

MEDICREA deploys all the investments it believes necessary to be competitive in its market: investment in R&D as well as industrial equipment, team strengthening, increased dialogue with surgeons, etc. However, the preceding issues could have a significant negative impact on the Group's business, financial position, and results.

Company commercial development risks

Surgeons' adoption of new products

The relationship between surgeons and manufacturer is key. The Group is highly attentive to health professionals to take better account of their product development requirements, thereby creating the improvements and innovations the market expects.

The Group's goal is to convince new surgeons of the interest of its products, but also have new products adopted by surgeons already using older ones. Convincing surgeons to adopt MEDICREA products requires:

- providing suitable implants and instruments;
- training surgeons in surgical techniques;
- technical assistance.

Training in surgical techniques may take longer than expected and slow the sales process. Additionally, a lack of training of surgeons could have significant negative impacts as it may result in misuse, discomfort, or harm to patients, even liability claims against the Group.

To ensure surgeons adopt our products and to guarantee successful business development, MEDICREA offers high-quality training and permanent assistance to answer all questions on a daily basis.

Development of the distribution network

Direct sales

In order to control product distribution and optimize its gross margin, the Group intends to expand its direct sales strategy in some countries by creating new distribution subsidiaries (in Germany for example). This strategy not only requires greater sales and marketing expenditure than for indirect sales, but its success also depends on the performance and experience of the sales teams deployed.

Indirect sales

To ensure product availability in countries where the Group does not have sales subsidiaries, MEDICREA has introduced an indirect sales network by signing distribution agreements with companies present in the target markets. The revenue generated by this activity represented almost 20% of the Group's total sales in 2014.

The distribution contracts signed by MEDICREA have a reciprocal exclusivity clause and minimum annual sales quota clauses to be met by the distributors.

Overall, the system of indirect sales keeps MEDICREA commercially dependent on these partners, particularly as regards the intuitu personae relationship these distributors or their sales representatives have with surgeons.

Additionally, these distributors may not do their job within the required time period or may not honor their commitments, particularly in terms of regulations and medical device vigilance. Thus, if a malfunction occurred with a distributor but the latter did not send information concerning real or potential incidents or accidents, MEDICREA's device vigilance procedures would be disrupted. A malfunction with a distributor could thus negatively affect the Company's business development.

Finally, a breach of contract for wrongdoing, at the initiative of either party, could lead to substantial damages being granted, generating an adverse effect on product distribution overall, which in turn would have a negative impact on financial position.

Risks associated with the importance of the PASS® range in sales

In 2014, the PASS® range accounted for more than 80% of the Group's sales. MEDICREA continues to invest in its development and endeavors to promote its use by surgeons. The PASS® Range consists of several products (PASS LP®, Liga PASS®, PASS OCT® etc.) and numerous components (rods, screws, connectors, etc.) allowing surgeons to have all the implants they need to operate. Our PASS® technology solution is perfectly suited to correcting spinal deformities, whatever their cause (major deformities or degenerative), for both adults and adolescents. Its indications are thus very extensive in a major market: representing 35%, thoracolumbar fixations are the leading segment of the spinal surgery market. The PASS® range is a highly versatile system which, thanks to its unique concept, has a competitive advantage allowing it to ensure the Group's growth without any negative impact on sales and financial position.

Risks associated with the concentration of sales in the US market

In the 2014 fiscal year, the United States, the world's largest market for spinal surgery, accounted for 60% of MEDICREA's sales. The expansion of business in the US market is a key growth driver for the Group's sales in the coming years. MEDICREA products are distributed there by representatives, but also directly by a dedicated sales force.

Sales teams have recently been strengthened, and investments in instrument sets and marketing actions substantially increased.

More resources are being allocated for sales development in the United States; the Group considers that it has all the necessary assets to secure its business there and can cope with any potential adverse events. However, it is unable to guarantee that a higher concentration of sales in the US market would not have a significant negative impact on its business and financial position.

Risks associated with the procurement and cost of raw materials

Product manufacture requires purchasing specific materials such as titanium, cobalt chromium and PEEKwhich the Group must source from third parties. There are limited suppliers of these raw materials:

- it is therefore difficult for the Group to diversify its supply sources, particularly for PEEK, which could affect its ability to produce medical devices if supplies were lacking;
- the Group may thus be subject to unpredictable and uncontrollable market price changes, bearing in mind that procurement of such raw material is not covered by hedging contracts.

However the risk would have a limited impact on profitability as raw material accounts for only a small part of manufactured products' cost price.

Supplier risks

Subcontractors may be used during product manufacturing processes. Even if the Group applies the strictest rules for both its internal and external production, it is unable to guarantee that its suppliers or subcontractors comply or will comply with applicable regulations at all times. Notified bodies, during certification or follow-up audits, or regulatory authorities, during an inspection or any other process, could pinpoint breaches to regulations or applicable standards, and request they be rectified by implementing corrective actions that could interrupt the manufacture and supply of the Group's products.

To limit such a risk, MEDICREA has opted to step up internalization of the design, prototyping and implant manufacturing processes, thereby reducing the use of subcontractors.

The Group is not committed to guaranteed annual or multiannual purchase volumes with its suppliers.

Risks associated with the malfunction of industrial processes

MEDICREA's quality system includes procedures to detect any non-compliant products, internally or externally, in accordance with regulatory requirements. These procedures are integrated into a non-conformity management system known as CAPA (Corrective Action & Preventive Action) which allows for:

- identification and notification of non-conformities;
- recording of all cause and risk analysis investigations;
- processing of non-conformities;
- measuring the efficiency of non-conformity corrective actions.

Non-conformities can be identified internally throughout design and manufacturing processes, as well as during inspections before a medical device is released, but also during (external or internal) audits or regulatory inspections, or even by clients.

Any incidents affecting patients and/or users are stipulated in the regulatory framework of medical device vigilance (Article R. 5212-1 of the French Code of Public Health), which describes how to report an incident to the competent authorities.

Each incident is analyzed using the CAPA system in order to reduce risks and prevent incidents recurring. The Company periodically conducts risk management reviews and assessments.

Pursuant to key recommendations in European Directive 93/42/CE and standard NF EN ISO 13485, MEDICREA has documented risk management requirements throughout the product creation process, taking into account the following elements: Risk analysis – Risk assessment – Risk control – Post-production information.

The Quality Management System developed by MEDICREA is certified pursuant to standard NF EN ISO 13485. ISO 13485 specifies the rules and procedures that a manufacturer of medical devices must respect to meet worldwide quality management system requirements, and to supply effective and secure devices.

This system is based on:

- a Quality policy, which details the Company's organizational guidelines and goals;
- an organizational system in which the responsibilities, functions, and skills of each Company employee are defined;
- a documentary system, which allows regulated procedures, instructions, and work documents to be managed;
- a recording system which ensures the traceability of all the Company's activities.

The Quality Management System is described in the Quality Manual that defines the roadmap of all the Company's processes.

Additionally, in accordance with the medical device regulations specified in European Directive 93/42/CEE and the French Code of Public Health, MEDICREA has implemented a post-market monitoring strategy allowing it to continually refresh its knowledge of changes in medical device regulations (regulatory, scientific and commercial monitoring), analyze client feedback through complaints, and introduce post-market clinical follow-up.

Nevertheless, a lack of compliance with these standards could result in suspension or withdrawal of CE certification and other accreditation, thus preventing the product concerned from being sold.

Product liability risks

MEDICREA is exposed to the risk of third party liability claims, particularly due to its products. Claims or legal proceedings may be filed or brought against the Company by patients, healthcare professionals regulatory authorities, or other third parties using or selling its products.

As of the date of this Registration Document, MEDICREA has never faced significant and serious complaints or allegations about its products from patients, surgeons, regulatory authorities, or any other third party.

Furthermore, in the United States the concept of medical risk is complex and specific risk coverage is required. The issue of 'product liability' is decisive there, and is subject to stringent methods adapted to the maturity of the market and the large number of claims, which explains the high cost of insurance policies.

At Group level MEDICREA has contracted product liability insurance, as well as specific policies suited to the markets where the Company operates, in the United States in particular, and considers the guarantees obtained are reasonable compared to the risks involved.

1.5.2. Legal and regulatory risks

Intellectual property risks

Protection not guaranteed by patents

The Company's commercial success depends on its ability to acquire, maintain and protect its patents and other intellectual property rights. Patent rights are constantly changing in the field of spinal surgery and are subject to uncertainties.

When a patent is filed, other patents may already have been filed but not yet published. Patent applications are generally not published until eighteen months after the priority applications and, in the United States, certain applications are not published before the patent is issued. Also in the United States patents may be granted according to the date of invention, which does not automatically mean the patent is awarded to the first to file. Thus, the granting of a patent guarantees neither validity nor applicability, which can both be challenged by third parties.

As a result, the Company cannot guarantee:

- that pending patent applications will actually result in patents being issued;
- that patents issued by the Company will not be challenged by others or invalidated;
- that the extent of the protection conferred by patents is sufficient to protect it from its competitors;
- that its products are not infringing patents owned by others.

Legal action may be required to enforce intellectual and/or industrial property rights, protect trade secrets, or determine the validity and scope of industrial and/or intellectual property rights. A dispute could result in considerable expenses for MEDICREA and fail to offer adequate protection.

Developments or changes in the interpretation of laws governing intellectual property in Europe, the United States, or in other countries, may allow competitors to use the Company's inventions, and develop or sell its products or technology without financial compensation.

In addition, the laws of certain countries, particularly in Asia and South America (China, Brazil, etc.), do not offer the same protection as that which exists in Europe or the United States. The procedures and rules required to defend the Company's rights may not exist in these countries.

Risk of infringement

The patents obtained by MEDICREA could be successfully infringed or bypassed by means of innovations or alterations. In order to prevent counterfeiting of its products, MEDICREA could have to engage in time-consuming and costly legal action. Protection regarding non-authorized use of intellectual property rights is difficult, and the Company cannot guarantee it would succeed in retaining it.

Similarly, any lawsuit brought against MEDICREA would incur substantial costs that could exceed its insurance coverage and would mobilize significant financial and human resources for its defense, possibly resulting in an adverse impact on its sales and financial position. If MEDICREA was sentenced in infringement proceedings, the Company may have to pay damages and royalties and/or be forced to remove the incriminated products from the market.

Insofar as MEDICREA's patents protect a large number of components, certain patents may cover derivative components that are protected by patents owned by others, and MEDICREA could have to pay royalties to use the components or be barred from using them.

Some inventions may only be published several months, or even years, after patent and inventions have been filed. As a result, MEDICREA is not certain that other companies have not already developed inventions covered by pending patent applications or have not been the first to file patent applications for these inventions; MEDICREA may have to obtain suitable licenses for these patents, interrupt or change certain activities or methods, or even develop or acquire alternative technology, which is liable

to have a significant negative impact on the development of these products, future income generation, and general financial position.

To limit intellectual property risks MEDICREA has implemented continuous monitoring of this activity, especially patents filed by its competitors.

Regulatory environment risks

In France

The Group's products are classified as medical devices and thus fall under amended European Directive 93/42/CEE, which harmonizes the sale and free movement of MEDICREA products within the European Economic Area. This European Directive specifies essential safety requirements, and defines the compliance assessment methods for medical devices which lead not only to the affixing of the CE mark on the product but also its marketing authorization.

The CE marking is valid for 3 years and must be revalidated through regular audits by certifying bodies, subject to there having been no major alteration to the medical device. When these certificates are renewed it is ascertained that there is continued compliance with the quality system, that European Directive requirements are met, risk management has been updated, and that any regulatory changes have been taken into account. A twofold risk should be taken into account here:

- the CE marking is not permanently acquired but is subject to revalidation. It may therefore be lost, which would mean product sales would be suspended;
- changes in regulations require the Company to be responsive and tailor resources and procedures to comply with them as soon as possible; this requires obtaining conformity certificates in time to ensure the continuity of product sales.

In the United States

In the US market all legislation pertaining to medical devices is grouped under the 'Code of Federal Regulation (CFR) Title 21 Food and Drug' which governs their sale by establishing the pre- and post-market requirements. These regulations are established by the FDA. According to the classification of the device concerned, the sale of products in this market can be subject to 510 (K) 'Pre-market notification' procedures, or to a PMA ('Premarket Approval') governed by FDA regulations.

The FDA authorization application process can be long and costly. Choosing the inappropriate procedure ('Premarket Notification' instead of 'Premarket approval' for example) could delay obtaining the required certificates and thus defer the launch of the Group's new products in its priority market.

MEDICREA's inability to comply with these regulations could result in injunctions, suspension of authorizations, or the loss of previously-acquired authorizations (an FDA authorization could also be withdrawn at a later date) as well as product recalls, prohibitions of sale, or seizures.

In other countries

MEDICREA has already been granted sales authorizations in certain Asian, Latin American, African and Middle Eastern countries, and has begun proceedings to obtain authorizations in other countries where the Group operates. However, as is the case for France and the United States, previously-obtained authorizations could potentially be withdrawn, and authorization requests denied.

The Group's inability to acquire and maintain the market authorizations required for its products could have a significant negative impact on its activities, financial position and results.

Risks associated with changes to medical device reimbursement policies

The products sold by MEDICREA are reimbursable. When clients select which products to use they will be sensitive to price, and to whether or not surgery costs are reimbursed by health authorities or insurance companies. It is therefore essential that the Group obtain, firstly, coverage for its products, and secondly, a reimbursement rate as high as possible. Otherwise patients will not receive adequate reimbursement and surgeons could favor competitors' products, no longer using MEDICREA products.

In France, medical devices are registered on the LRPS (List of Reimbursable Products and Services) and are therefore covered by Social Security according to a predefined rate.

In the United States, government-run insurance programs exist (Medicare, Medicaid, etc.) but most Americans have private insurance, typically through their employer.

Whichever reimbursement system exists, the lasting economic crisis encourages governments and other third party payers to actively reduce health expenditure or at least limit its increase. The medical device category is no exception: the coverage and reimbursement rates for these products are regularly revised downwards. The Group considers that the new measures aimed at regulating health reimbursement systems and further controlling expenditure could be integrated into governments' finance laws and legislative proposals in the coming years. The introduction of new taxes or the increase of existing taxes (e.g. the tax on medical device sales in the United States) may also be considered.

In France on October 1, 2014, the reimbursement basis for spinal medical devices was reduced by 1%. A further reduction of 3% has already been programmed for September 1, 2015.

The lack or inadequacy of reimbursements or coverage of Group products and the introduction of more restrictive reimbursement measures are liable to have a significant negative impact on the Company, its business, financial position, results, development, and prospects.

1.5.3. Other risks

Financial risks are not borne by the subsidiaries but are centralized as far as possible with the parent company. Assessment of these risks is carried out by means of detailed quarterly forecasts in particular, in order to incorporate all the new elements available. A business plan covering the next 3 years is also prepared once a year.

Monitoring of differences between forecasts and outturn allows identification of potential anomalies and risk zones, and enables necessary action to be taken.

Interest rate risk

On December 31, 2014, the variable rate debt consisted solely of a €1.125 million loan secured in December 2010, fully repaid by June 30, 2015.

Taking into account the current low interest rates, and the fact that only a small portion of the debt is variable-rate, the Group considers that it is not exposed to a significant rate risk.

Foreign exchange risk

Most of the Group's procurement is undertaken in Euros, the foreign exchange risk on this part of the business is therefore very limited.

As hospital sales are invoiced in USD by the American subsidiary, and in GBP by the British subsidiary, MEDICREA INTERNATIONAL has chosen to invoice both subsidiaries in local currencies. Subsidiaries are therefore not exposed to the risk of foreign exchange variation on their purchases. In accordance with the Group's risk management policy, it is MEDICREA INTERNATIONAL who centralizes the exchange rate variation risk.

MEDICREA INTERNATIONAL is mainly sensitive to variations in the EUR/USD exchange rate, as almost 60% of the Group's sales are in America, and to a lesser extent variations in the EUR/GBP exchange rate, with approximately 5% of sales generated by the British subsidiary. As one of MEDICREA's goals is to expand the US subsidiary's business, the exposure to EUR/USD variations is expected to increase. Foreign exchange hedges have been organized to cover this risk.

Dollar or pound sterling fluctuations, whether upward or downward, will thus impact the Euro conversion of foreign subsidiaries' accounts, thereby influencing the Group's results and the reading of various performance indicators. The analysis of sales variations will be more complicated.

A 15% appreciation of the dollar against the euro, applied to 2014 data, would automatically result in a €2.1 million increase in Group sales and an increase of approximately €1.1 million in operating income based on the results generated by the US subsidiary over the fiscal year 2014, as all its purchases and overheads are denominated in dollars.

Conversely, a 15% depreciation of the dollar against the euro, applied to 2014 data, would result in declines in both Group sales and Group operating income in the same proportions as those indicated above.

Liquidity risk

In previous fiscal years, the Group has faced temporary liquidity crises that have slowed down its development trajectory. The financial resources secured following fund raising transactions totaling more than €30 million have significantly curbed this liquidity risk and have given the Group the means to implement its expansion, subsidiary creation and new product launch strategy.

However, the Group may need to raise additional funds or take out new borrowings should opportunities for new product development or targeted technology or business acquisitions arise, or if the working capital requirements necessary to its expansion into markets it seeks to penetrate turn out to be greater than anticipated.

A five-year, €1.125 million bank loan taken out in June 2010 and two four-year bank loans totaling €1.5 million taken out in November 2014 are subject to certain clauses, including:

- Consolidated net financial debt to consolidated shareholders' equity ratio below 0.33 at December 31 of each year throughout loan repayment period;
- Ban on dividends if the consolidated net financial debt to consolidated shareholders' equity ratio at year-end is higher than 0.2 after taking account of the projected dividend payment.

At December 31, 2014, the consolidated net financial debt to consolidated shareholders' equity ratio exceeded 0.33. This situation does not raise any particular issue for the €1.125 million, which was repaid in full during the first half of 2015. Regarding the other two loans, the Group secured a waiver from the banking institution concerned, without any change to initial terms and at no additional cost.

The dividend covenant is not applicable since the Group has never paid dividends.

In order to better manage the liquidity risk, the Group has implemented daily monitoring of cash, and minimum monthly updates of cash receipts and payments over 12 rolling months. This ensures it will always have enough liquidity to honor maturing liabilities and, if difficulties are anticipated, necessary action can be taken to secure its cash flow.

The breakdown of financial debt by maturity is as follows:

(€ millions)	12.31.2014	within 1 year	1 to 5 years	more than 5 years
Bond issue	0,5	0,5	-	-
Loans from credit institutions	4,3	1,5	2,7	0,1
Operating leases	1,3	0,3	0,8	0,2
Finance leases	0,1	0,0	0,1	-
Bank overdrafts	0,4	0,4	-	-
Factoring	0,1	0,1	-	-
Accrued bank interest	0,0	0,0	-	-
Accrued loan interest	0,0	0,0	-	-
Other financial debt	0,1	0,1	-	-
TOTAL	**7,0**	**3,0**	**3,6**	**0,3**

The Group has conducted a specific review of its liquidity risk and believes it is in a position to meet its future maturities.

Financial debt can be analyzed as follows:

(€ millions)	2014	2013	2012
Gross financial debt - short-term	3,1	1,7	2,8
Gross financial debt - long-term	4,3	2,8	2,2
Total gross financial debt (*)	**7,4**	**4,5**	**5,0**
Cash and cash equivalents	(1,2)	(1,8)	(1,4)
Net financial debt	**6,2**	**2,7**	**3,5**

(*): including conditional advances

To strengthen its cash flow and equity capital, the Group completed two financial transactions during the first half of the 2015 fiscal year: firstly, the setting up of a bond issue for €2 million in April 2015, repayable over five years and secondly, a capital increase within MEDICREA INTERNATIONAL for €3.5 million in June 2015 through a private placement. At the date on which the Registration Document was filed, based on the expected developments in terms of sales (see Paragraph 1.1.3 – Recent events) and the growth in its workforce, the Group is not faced with a short-term liquidity risk.

Credit risk

The Group monitors its customers' average payment period on a monthly basis. This ratio was 56 days at December 31, 2014. For international clients not paying in advance, the Group puts in place coverage mechanisms, such as:

- an application for guarantee from Coface. At the end of December 2014, the maximum amount of trade receivables that may be guaranteed by Coface was €1 million;
- letters of credits (no amount outstanding at December 31, 2014).

The Group has no significant exposure to credit risk, as can be seen in the table below:

(€)	12.31.2014	12.31.2013	12.31.2012
Gross trade receivables	4 392 691	3 386 073	3 108 073
Outstanding for more than 6 months	8 001	141 085	109 418
% of trade receivables	0,18 %	4,17 %	3,52%
Total provision for doubtful receivables	11 358	2 500	98 917
% of trade receivables	0,26 %	Not material	3,18%
Bad debt losses	70	92 584	258

Receivables outstanding for more than 6 months at December 31, 2013 were all collected over the first quarter of 2014.

1.5.4. Insurance and risk coverage

The Group, through an insurance policy adapted to the risks and challenges of its business, aims to protect its assets and staff from any significant negative impact which may occur due to identified risks.

MEDICREA's insurance program is twofold:

- MEDICREA INTERNATIONAL has taken out international insurance programs. Centralizing at parent-company level allows MEDICREA to obtain the best guarantees on the market by offering insurers a single point of contact. The guarantees obtained in this manner are coherent and consistent for the various subsidiaries worldwide;
- in addition, subsidiaries organize local insurance to comply with specific local regulations in each country where MEDICREA operates.

The main insurance policies taken out by MEDICREA are as follows:

- Property damage and operating losses;
- Third-party liability including:
  - Product liability: €15 million per year of insurance;
  - Operational liability: €10 million per year of insurance; Accidental environmental damage is also covered by this policy;
  - Third-party liability of corporate representatives;
- Transported goods.

These policies have been taken out on the standard insurance market, without resorting to reinsurance or a captive company. Every year the Group reassesses the relevance of its policies and the associated amounts, depending on changes to regulations and identified risks.

1.5.5. Exceptional events and disputes

In the normal course of business, the Group may be involved in litigation, or be subject to fiscal and/or administrative checks.

During the first quarter of 2015, MEDICREA TECHNOLOGIES was subject to a tax audit covering the fiscal years 2012 and 2013, later extended to fiscal years 2006 to 2011. The Tax Authorities is of the opinion that royalties recognized as expenses and paid to surgeons in consideration for the acquisition by the Company of investor's rights following the signing of a contract for transfer of copyrights could not be treated as operating expenses within the meaning of Article 39-1 of the French General Tax Code and the French Conseil d'Etat case law, and consequently considered that acquired inventor's rights should be recognized as intangible assets amortized over the payment period of royalties. Essentially, the adjustments required by the authorities have determined royalties totaling €1,315,718 over the fiscal period 2006-2013, which may not be deducted from taxable income. These adjustments have no impact on the Company's and Group's financial position, as amortization charges for intangible assets for an equivalent amount will be recorded instead of operating expenses. Conversely, it will significantly change how such royalties are recognized in the financial statements from fiscal year 2015 onward.

At the present date, MEDICREA is not aware of any exceptional events, disputes, governmental, legal or arbitration procedures likely to have a significant negative impact on its business, financial position, or results.

2.1. The Company's administration and management bodies

2.1.1. Composition of the Board of Directors

As of the date this Registration Document was filed, there were eight members of the Board of Directors. Changes during 2014 were as follows:

- A new independent director, Pierre Burel, was appointed during the year, at the Shareholders' Meeting of June 25, 2014;
- The terms of office of five directors were renewed at that same Shareholders' Meeting.

The directors referred to as "independent" meet the criteria for classification as independent specified in the MIDDLENEXT Code, on which MEDICREA bases its governance procedures (see Section 2.3. of this Registration Document). The independence of the members of the Board is thus characterized by the absence of any material financial, contractual or family relationship that could affect the independence of the Board member's judgment.

The composition of the Board of Directors is as follows:

Denys SOURNAC, Chairman and CEO

A co-founder of MEDICREA, Denys SOURNAC has a scientific, medical and veterinary background and nearly 30 years' experience in the fields of orthopedics and the spinal column. He initiated the merger in 2002 of MEDICREA (which became MEDICREA TECHNOLOGIES) and ORSCO INTERNATIONAL (which became MEDICREA INTERNATIONAL), which gave rise to the MEDICREA Group in its current form, and is responsible for defining and implementing the Group's global strategy.

- First appointed on 03/29/2002 upon the conversion of the Company into an SA (French joint-stock company)
- Last re-appointed at the Shareholders' Meeting of 06/25/2014
- Term of office to expire at the end of the Shareholders' Meeting called to approve the financial statements for the year ended December 31, 2019

Business address:
14 Porte du Grand Lyon, 01700 Neyron, France

Other current appointments and duties:

WITHIN MEDICREA GROUP		
MEDICREA TECHNOLOGIES	ZI de Chef de Baie – 17000 La Rochelle	Chairman
OUTSIDE MEDICREA GROUP		
ORCHARD INTERNATIONAL	14, Porte du Grand Lyon – 01700 Neyron	Chairman*
DS Company	345, Montée de Bellevue – 01600 Reyrieux	Manager
Les Chalets Z	345, Montée de Bellevue – 01600 Reyrieux	Co-Manager
ID SOURNAC	345, Montée de Bellevue – 01600 Reyrieux	Co-Manager
SNC BDB Gestion Marine	345, Montée de Bellevue – 01600 Reyrieux	Co-Manager
SUM LAB	345, Montée de Bellevue – 01600 Reyrieux	Co-Manager

** DS Company is Chair of Orchard International, represented by Denys SOURNAC*

Appointments outside the Group having expired in the course of the last five years:

WITHIN MEDICREA GROUP		
PLC	1, Place Bellecour – 6 002 Lyon	Manager
Orsco Laboratoire Vétérinaire	14, Porte du Grand Lyon – 01700 Neyron	Chairman
Orsco Laboratoire Vétérinaire Participations	1, Place Bellecour – 69002 Lyon	Manager

Jean-Philippe CAFFIERO, Deputy CEO

A co-founder of MEDICREA, after studying medicine, Jean-Philippe CAFFIERO began his career with Howmedica before joining forces with Denys SOURNAC. He has nearly 30 years' experience in orthopedics, particularly in Asia, and is responsible for developing and coordinating MEDICREA's international distribution network.

- First appointed on 03/29/2002 upon the conversion of the Company into an SA
- Last re-appointed at the Shareholders' Meeting of 06/25/2014
- Term of office to expire at the end of the Shareholders' Meeting called to approve the financial statements for the year ended December 31, 2019

Business address:
14 Porte du Grand Lyon, 01700 Neyron, France

Other current appointments and duties:

OUTSIDE MEDICREA GROUP

ORCHARD INTERNATIONAL	14, Porte du Grand Lyon – 01700 Neyron	CEO*
PLG Invest	12, Rue de la Garenne – 69005 Lyon	Manager

** via PLG Invest*

Appointments outside the Group having expired in the course of the last five years: Nil

Patrick BERTRAND, Independent Director

A graduate of France's Polytechnique engineering school, Patrick BERTRAND spent 22 years working for the Crédit Lyonnais Group, where he was notably in charge of the Rhône Alpes Auvergne region. He then became Chairman of the Mescatiss Group, which specializes in the fire-risk aspect of nuclear safety. He now runs Euro PJB group, a holding company in which he is a majority shareholder and which is involved in agricultural activities and industrial venture capital.

- First appointed on 03/29/2002 upon the conversion of the Company into an SA
- Last re-appointed at the Shareholders' Meeting of 06/25/2014
- Term of office to expire at the end of the Shareholders' Meeting called to approve the financial statements for the year ended December 31, 2019

Business address: Montchalin, 38510 Courtenay

Other current appointments and duties:

SARL EURO-PJB	119, Bd Stalingrad – 69100 Villeurbanne	Manager
SCI PJB MONCHALIN	Montchalin – 38510 Courtenay	Manager
SCI LA TOUR ST JEAN		Manager
MARTINET SA	24 rue du Limousin - 38297 Saint-Quentin Fallavier	Director

Appointments outside the Group having expired in the course of the last five years:

SCI LES QUATRE VENTS	Rue du colombier – 38118 Hières sur Amby	Manager
WANIMO	14, Porte du Grand Lyon – 01700 Neyron	Director
SA IMMOBILIERE VALLEE DU RHONE	140, avenue de l'industrie – 69140 Rillieux la Pape	Director

Christophe BONNET, Independent Director

A graduate of the Ecole de Management de Lyon, Christophe BONNET was one of the founders of ORSCO INTERNATIONAL, which is now MEDICREA INTERNATIONAL. He has spent 12 years working in strategy and management consultancy. After previously working for Bossard Consultant, he is currently Secretary General and a partner of the consultancy firm Kea & Partners.

- First appointed on 03/29/2002 upon the conversion of the Company into an SA
- Last re-appointed at the Shareholders' Meeting of 06/25/2014
- Term of office to expire at the end of the Shareholders' Meeting called to approve the financial statements for the year ended December 31, 2019

Business address:
12 rue Gardenat Lapostol, 92150 Suresnes

Other current appointments and duties:

SAS BORNE	12 Rue Gardénat Lapostol – 92150 Suresnes	Chairman
SCI LES ESTABLES	12 Rue Gardénat Lapostol – 92150 Suresnes	Manager

Appointments outside the Group having expired in the course of the last five years:

SCI DERUMON	12, Allée des Tilleuls – 69300 Caluire	Manager

Pierre BUREL, Independent Director

Pierre BUREL began his career as an entrepreneur by setting up BUREL TRAVAUX, a company involved mainly in electrical engineering and telecommunications. At the same time, he also worked in the hotel sector. As from 1968, he was involved in the expansion of MEDICA France, a group of healthcare institutions which had 30 centers and 3,000 beds when it was sold in 2000. Pierre BUREL currently manages wineries.

Pierre BUREL was a director of MEDICREA INTERNATIONAL SA from 2002 to 2006, then a non-voting advisor from 2011 to 2014, before being reappointed as a director.

- First appointed on 03/29/2002 upon the conversion of the Company into an SA
- Re-appointed as a Director at the Shareholders' Meeting of 06/25/2014
- Term of office to expire at the end of the Shareholders' Meeting called to approve the financial statements for the year ended December 31, 2019

Business address:
Domaine de clapiers, 1800 chemin de Counillière, 83148 Bras

Other current appointments and duties:

SUD PARTICIPATION BUREL HOLDING	65A Route de Saint Maximin – 83149 Bras	Manager
SOGET	65A Route de Saint Maximin – 83149 Bras	Manager
PRIMULA	65A Route de Saint Maximin – 83149 Bras	Manager
RUMEX	65A Route de Saint Maximin – 83149 Bras	Manager
PETER'S	65A Route de Saint Maximin – 83149 Bras	Manager
SOCIETE HOTELIERE LA RESIDENCE	Saint Jean – 97133 Saint Barthélémy	Manager
ASPHODELE	65A Route de Saint Maximin – 83149 Bra	Manager
HYSOPE	65A Route de Saint Maximin – 83149 Bra	Manager
CHAMAN	65A Route de Saint Maximin – 83149 Bra	Manager
LES NOISETIERS	65A Route de Saint Maximin – 83149 Bra	Manager
SYCOMORE	65A Route de Saint Maximin – 83149 Bra	Manager
SAINT JEAN D'EST	65A Route de Saint Maximin – 83149 Bra	Manager
EGLANTINES	65A Route de Saint Maximin – 83149 Bra	Manager
COBAE	65A Route de Saint Maximin – 83149 Bra	Manager
BERGENIA	65A Route de Saint Maximin – 83149 Bra	Manager
LE ROYANNAIS	65A Route de Saint Maximin – 83149 Bra	Manager
XIMENIA	65A Route de Saint Maximin – 83149 Bra	Manager
ULMUS	65A Route de Saint Maximin – 83149 Bra	Manager
WISTARIA	65A Route de Saint Maximin – 83149 Bra	Manager
DAPHNEE	65A Route de Saint Maximin – 83149 Bra	Manager
FLORYAL	Saint Jean – 97133 Saint Barthélémy	Chairman
VITIS	65A Route de Saint Maximin – 83149 Bras	Manager

Jean-Joseph MORENO, Independent Director

Jean-Joseph MORENO initiated the setting up in France of a number of industrial companies (in the boiler-making and mechanical engineering sector), service companies and retail outlets. He has also founded a number of companies overseas, notably in Africa. He has held senior positions and sat on the boards of a number of administrative and management bodies including President of the Rhone branch of CGPME-URPMI and Vice-President of the national UTPMI-CGPME, Vice-President of CCI de Lyon and Vice-President of Expora, Member of the Rhône-Alpes Economic and Social Council and director and Deputy Vice-President of Olympique Lyonnais.

- First appointed on 03/29/2002 upon the conversion of the Company into an SA
- Last re-appointed at the Shareholders' Meeting of 06/25/2014
- Term of office to expire at the end of the Shareholders' Meeting called to approve the financial statements for the year ended December 31, 2019

Business address:
298 Côte de Chanve, 69360 Solaize

Other current appointments and duties:

SCI MC	298 Cote de Chanvre – 69360 Solaize	Manager
SCI SAGITTAIRE	298 Cote de Chanvre – 69360 Solaize	Manager
SCI MORAY	3 Chemin des verzières – 69110 Sainte-Foy-lès-Lyon	Manager
SAS MORE INVESTMENTS	298 Cote de Chanvre – 69360 Solaize	Chairman

Appointments outside the Group having expired in the course of the last five years: Nil

François-Régis ORY, Independent Director

The holder of a PhD in Pharmacy and a former intern at Hôpitaux de Lyon, François-Régis ORY was Scientific and Technical Director of SOFRADIM, which specializes in reinforcement surgical implants for parietal, vascular, urologic and gynecological surgery when he took the helm of that company in 1996 through an LBO. He then grouped together all SOFRADIM's activities (production and distribution) within Floréane Medical Implants, for which he instigated an IPO in June 1998 before selling it to the Tyco International Ltd Group in 2005.

- First appointed on 06/21/2007 (co-option)
- Last re-appointed at the Shareholders' Meeting of Wednesday, June 03, 2015
- Term of office to expire at the end of the Shareholders' Meeting called to approve the financial statements for the year ended Thursday, December 31, 2020

Business address: Chemin de la Ronze, 69480 Morancé

Other current appointments and duties:

L'AMELIANE	14 Chemin de la Pomme – 69160 Tassin	Chairman
LA FLORENTIANE	14 Chemin de la Pomme – 69160 Tassin	Chairman
LYPOLIANE	14 Chemin de la Pomme – 69160 Tassin	Chairman
SCI DE CHANAS	14 Chemin de la Pomme – 69160 Tassin	Manager
OLYMPIQUE LYONNAIS GROUPE	350, avenue Jean Jaurès – 69007 Lyon	Director
SCI L'AMAURY	600 chemin de la Ronze - 69480 Morance	Manager
SCI L'AMELAÏS	600 chemin de la Ronze - 69480 Morance	Manager
SOCIETE CIVILE FLORINE	14 Chemin de la Pomme – 69160 Tassin	Manager
SWORD GROUP SE	9 Rue Charles de Gaulles – 69370 St Didier	Director
ABM MEDICAL	2 Rue Gabriel Bourdarias – 69200 Vénissieux	Manager
ABM ILE DE FRANCE	2 Rue Gabriel Bourdarias – 69200 Vénissieux	Manager
ABM NORD	2 Rue Gabriel Bourdarias – 69200 Vénissieux	Manager
ABM RHONE-ALPES	2 Rue Gabriel Bourdarias – 69200 Vénissieux	Manager
ABM SUD	2 Rue Gabriel Bourdarias – 69200 Vénissieux	Manager

Appointments outside the Group having expired in the course of the last five years: Nil

Marc RECTON, Independent Director

After working for Union Financière de France and Compagnie France Finance Patrimoine, in 1990 Marc RECTON founded Marc Recton & Associés, an independent financial advisory company. Mr. RENTON is registered with the AMF as a Financial Investment Consultant. In 2003, he also founded ALAMA FINANCE, which specializes in investments in non-listed companies and in financial engineering for overseas companies.

- First appointed on 6/18/2003
- Last re-appointed at the Shareholders' Meeting of Wednesday, June 03, 2015
- Term of office to expire at the end of the Shareholders' Meeting called to approve the financial statements for the year ended Thursday, December 31, 2020

Business address:
Le Pigeonnier de la Grande Bastide, 84360 Lauris

Other current appointments and duties:

Marc RECTON & Associés	72 Rue du Faubourg Saint Honoré - 75008 Paris	Manager
SC MR Pierre 2	72 Rue du Faubourg Saint Honoré - 75008 Paris	Manager
SC MR Pierre 3	72 Rue du Faubourg Saint Honoré - 75008 Paris	Manager
SC MR Participations 1	72 Rue du Faubourg Saint Honoré - 75008 Paris	Manager
SC MR Participations 2	72 Rue du Faubourg Saint Honoré - 75008 Paris	Manager

Appointments outside the Group having expired in the course of the last five years:

ALAMA DEVELOPPEMENT	72 Rue du Faubourg Saint Honoré – 75008 Paris	Manager
ALAMA EUROPE	72 Rue du Faubourg Saint Honoré – 75008 Paris	Director

Jointly with the directors, IXO Private Equity represented by Jean Luc RIVIERE also attended Board meetings in 2014 as a non-voting advisor before resigning with effect from July 1, 2014.
The interests of senior executives and corporate officers in the Company's share capital changed as shown in the following table during the last three fiscal years:

	12.31.2014			12.31.2013			12.31.2012		
	Number of shares	**% share capital**	**% voting rights**	**Number of shares**	**% share capital**	**% voting rights**	**Number of shares**	**% share capital**	**% voting rights**
Executive corporate officers									
Orchard International (1)	1 727 490	20,33%	30,11%	1 727 490	20,40%	30,93%	1 727 490	20,42%	30,20%
Jean-Philippe CAFFIERO	246 089	2,90%	4,24%	247 589	2,92%	4,37%	247 589	2,93%	4,27%
Denys SOURNAC	202 054	2,38%	3,47%	202 054	2,39%	3,56%	188 000	2,22%	3,35%
Other directors									
François Régis ORY (2)	108 652	1,28%	0,97%	96 333	1,14%	0,88%	96 333	1,14%	0,86%
Patrick BERTRAND (2)	93 392	1,10%	0,96%	96 080	1,13%	1,14%	96 080	1,13%	1,01%
Pierre BUREL (2)	91 707	1,08%	1,48%						
Christophe BONNET	52 128	0,61%	0,91%	52 128	0,62%	0,93%	52 128	0,62%	0,91%
Jean Joseph MORENO	22 900	0,27%	0,34%	22 900	0,27%	0,35%	22 900	0,27%	0,34%
Marc RECTON	18 752	0,22%	0,28%	12 500	0,15%	0,23%	12 500	0,15%	0,22%
TOTAL	**2 563 164**	**30,17%**	**42,76%**	**2 457 074**	**29,02%**	**42,39%**	**2 443 020**	**28,88%**	**41,16%**

Since Pierre BUREL was appointed a director during 2014, details of the shares and voting rights he held during previous fiscal years are not disclosed.

(1) Shares held by Denys SOURNAC and Jean-Philippe CAFFIERO via the holding company ORCHARD INTERNATIONAL. The following table provides details of ORCHARD INTERNATIONAL's shareholding structure as of December 31, 2014:

- Société civile DS Company	57,15%
- Société civile PLG Invest	37.67%
- L'AMELIANE	5.00%
- Christelle LYONNET	0.15%
- Denys SOURNAC	0.03%

(2) Total of the shares which they hold directly and via a holding company

In accordance with the legal and regulatory requirements, a table is provided below which summarizes the transactions carried out in the Company's securities during the fiscal year 2014 by senior executives or by persons closely connected to them, prepared on the basis of information provided to the Company:

- Number of securities sold:	0
- Number of securities acquired:	0
- Number of securities subscribed:	0
- Number of shares exchanged:	0

In the course of the last five years, no member of the Board of Directors of the Company:

- has been found guilty of fraud, or found guilty of any offence and/or subjected to any public official sanction by any statutory or regulatory authority;
- has been subjected to proceedings for bankruptcy, sequestration and/or liquidation as a senior executive or corporate officer;
- has been subjected to any impediment to act as a member of an issuer's administration, management or supervisory body;
- has been found guilty of any offence and/or subjected to any public official sanction by any statutory or regulatory authority (including by the designated professional organizations);

There are no family connections between the Directors.

The Company is not aware of any potential conflict of interest between the duties of any member of the Board of Directors as regards the issuer and their own private interests.

2.1.2. Operation of the Board of Directors

Operation of the Board of Directors – Bylaws

Articles 15, 16, 17 and 18 reproduced below of the Bylaws, updated on April 2, 2015 and in force on the date this document was drafted, deal with the operation of the Board of Directors:

Article 15 – Board of Directors

The Company is managed by a Board of Directors comprising a minimum of three members and a maximum of 18 members, subject to the exemption granted by law in the event of merger.

During the Company's lifetime, the directors are appointed, reappointed or removed from office by the Ordinary Shareholders' Meeting. They are always eligible for re-election.

The term of office of the directors is six years, expiring at the end of the Ordinary Shareholders' Meeting called to approve the financial statements for the fiscal year just ended and held during the year in which their term of office expires.

Persons are ineligible for appointment as director if, having passed the age of 75, their appointment would increase to more than one half of the members of the Board the number of directors that had passed that age. Once this limit is exceeded, the oldest director is deemed to have resigned automatically at the end of the Ordinary Shareholders' Meeting called to approve the financial statements for the fiscal year during which the limit is exceeded.

The directors may be individuals or corporate bodies. If they are corporate bodies, when appointed, they must appoint a permanent representative, who will be subject to the same conditions and obligations and will incur the same liabilities as if he were a director in his own name, without prejudice to the joint and several liability of the corporate body that he represents.

In the event of one or more vacancies on the Board of Directors, the Board may, between two Shareholders' Meetings, make provisional appointments in accordance with the conditions laid down by Article L225-24 of the French Commercial Code. The director appointed to replace another performs his duties for the remainder of his predecessor's term of office.

Directors who are individuals may not be members simultaneously of more than five Boards of Directors or Supervisory Boards of corporations that have their registered office on French territory, except as permitted by law.

A Company employee may be appointed a director only if his contract of employment corresponds to an actual position within the Company. The number of directors bound to the Company by contracts of employment may not exceed one-third of the directors in office.

Non-voting advisors:

The Ordinary Shareholders' Meeting may appoint, on the recommendation of the Board of Directors, one or more non-voting advisors, who can be individuals or corporate bodies, and who can be but do not need to be shareholders, the maximum number of which is set at five.

Their term of office is set at three years, expiring at the end of the Shareholders' Meeting called to approve the financial statements for the fiscal year just ended and held during the year in which their term of office expires.

Non-voting advisors whose terms of office have expired are eligible for re-election.

They may be removed from office at any time by the Ordinary Shareholders' Meeting.

Non-voting advisors attend meetings of the Board of Directors when they are invited to attend under the same conditions as the directors. They may also sit on committees set up by the Board of Directors, if asked to do so by the Board.

They are given all the documents provided to the directors. They are bound to respect the confidentiality of the Board's deliberations.

During the Board of Directors' deliberations, they may participate in an advisory capacity but are not entitled to vote.

Article 16 – Organization of the Board

The Board of Directors elects from amongst its members a Chairman who must be an individual, failing which the appointment is null and void. The Board determines the Chairman's compensation.

The Chairman is appointed for a term that may not exceed that of his term of office as a director. The Chairman is eligible for re-election. The Board may remove the Chairman from office at any time.

Persons are ineligible for appointment as Chairman if they are aged over 75. If the Chairman reaches this age while in office, he is deemed to resign automatically.

In the absence of the Chairman, meetings of the Board of Directors are chaired by the director specially elected for this purpose by the Board members attending the meeting; in the event of a tie, the oldest of the candidates will chair the meeting.

Article 17 – Board's deliberations

The Board of Directors meets as frequently as the Company's interests require, when convened by its Chairman. If the Board has not met for more than two months, at least one-third of the members of the Board of Directors may request that the Chairman call a meeting to consider a specific agenda.

If the Company is managed by a Chief Executive Officer, he may ask the Chairman of the Board of Directors to convene a meeting of the Board to consider a specific agenda.

In either of the above circumstances, the Chairman is bound by the requests made to him.

Meetings may be convened by any means, and may even be convened verbally.

Meetings are held at the registered office, or at any other location indicated in the notice of the meeting.

The Board's proceedings are only valid if at least one-half of the directors are present. Resolutions are passed by a majority of the members present or represented.

In the event of a tie, the Chairman has the casting vote.

If applicable, two members of the Works Council, appointed from amongst its members, attend all meetings of the Board of Directors in an advisory capacity.

An attendance register is kept and signed by those directors who attend the Board meeting either in person or by proxy.

In accordance with the Internal Regulations drawn up by the Board of Directors, for the purposes of calculating the quorum and the majority, those directors are deemed to be present who attend the meeting via videoconference pursuant to the prevailing regulations.

This provision does not apply as regards the adoption of the following resolutions:

- The appointment, compensation or removal from office of the Chairman, Chief Executive Officer and Deputy Chief Executive Officers,
- The approval of the annual financial statements and consolidated financial statements and the drawing up of the management report and of the report on the Group's management.

The Board of Directors' proceedings are recorded in minutes drawn up in accordance with the prevailing legislation and signed by the meeting chairman and by at least one director. If the meeting chairman is unable to sign the minutes, they are signed by at least two directors.

Copies or extracts of these minutes are certified by the Chairman of the Board of Directors, the Chief Executive Officer, a Deputy Chief Executive Officer, the director temporarily delegated to carry out the duties of the Chairman or a duly authorized representative.

Article 18 – Powers of the Board of Directors

The Board of Directors determines the policies governing the Company's activities and monitors their implementation. Within the limits of its corporate purpose and subject to the powers expressly attributed by law to shareholders' meetings, it deals with all matters concerning the efficient running of the Company and by its deliberations settles any issues concerning the Company.

The Board of Directors carries out the inspections and checks that it considers appropriate.

Each director is provided with the information needed to carry out his duties and may request any documents he deems appropriate.

In its relations with third parties, the Company is bound even by an action of the Board of Directors that is not consistent with its corporate purpose, unless it can prove that the third party knew that the action was not consistent with the corporate purpose or could not have been unaware thereof given the circumstances, mere publication of the Bylaws not being sufficient to constitute such proof.

Operation of the Board of Directors – Internal Regulations

In 2006, the Board of Directors implemented Internal Regulations, the aim of which was to set guidelines governing its operation, in particular:

Article 1 of the Board's Internal Regulations – Strategic policies

The Board of Directors takes all the decisions relating to the Company's major strategic, economic, corporate, financial and technological policies and ensures that they are implemented.

The Company's medium-term business policies are defined each year in a strategic plan, a draft of which is prepared and presented by the Chairman and adopted by the Board of Directors. The Chairman of the Board of Directors presents an annual budget drafted in accordance with these policies.

The Chairman is responsible for implementing the policies set out in the strategic plan. The Chairman must obtain the Board of Directors' authorization to commit the Company to investments or divestments where the value of the transaction exceeds €150,000 and the transaction concerned is a corporate acquisition or disposal or any other investment not in line with the Company's strategic policy.

The Chairman brings to the Board's attention any problem or, more generally, any issue that might affect the implementation of any part of the strategic plan.

The Board of Director's work in 2014

In 2014, the Board of Directors met six times: on March 27, 2014, June 25, 2014, September 2, 2014, September 30, 2014, October 30, 2014 and December 17, 2014. The average attendance rate during the fiscal year exceeded 80%.

2.1.3. Executive Management

The Company's executive management is the responsibility of:

- Denys SOURNAC, Chairman and Chief Executive Officer;
- Jean-Philippe CAFFIERO, Deputy Chief Executive Officer.

Article 19 reproduced below of the Bylaws, updated on April 2, 2015 and in force on the date this Registration Document was drafted, deals with the Company's executive management procedures.

Article 19 – Management of the Company

19.1 – Organizational principles

In accordance with the legislation, the Company's executive management is the responsibility of either the Chairman of the Board of Directors or another individual appointed by the Board of Directors with the title of Chief Executive Officer.

The choice between these two executive management methods is made by the Board of Directors, in accordance with the rules of majority laid down in Article 16, and the Board must inform the shareholders and third parties of the decision in the manner laid down in the regulations.

The option selected by the Board of Directors must be for a period of at least six years. At the end of this period, the Board of Directors must reconsider the Company's executive management methods.

A change in the executive management methods does not require a change to be made to the Bylaws.

19.2 – First option: the Chief Executive Officer is responsible for executive management

19.2.1 – Appointment – Removal from office

If the Board of Directors chooses to separate the functions of Chairman and Chief Executive Officer, it appoints the Chief Executive Officer, sets the term of his appointment, determines his compensation and, where relevant, the limits of his powers.

If the Chief Executive Officer is a director, his term of office as Chief Executive Officer may not exceed his term of office as a director.

To hold the office of Chief Executive Officer, the person concerned must be less than 70 years old. If during his term of office the Chief Executive Office reaches this age, he is deemed to have resigned automatically and a new Chief Executive Officer is appointed.

The Chief Executive Officer may be removed from office at any time by the Board of Directors. If the Chief Executive Officer is not also the Chairman of the Board of Directors, his removal from office may give rise to damages and interest, if there is no just cause for the removal.

19.2.2. – Powers of the Chief Executive Officer

The Chief Executive Officer is vested with the broadest powers to act in the Company's name in any circumstances. He exercises these powers within the limit of the Company's corporate purpose and subject to the powers that the law expressly reserves for shareholders' meetings and for the Board of Directors.

He represents the Company in its dealings with third parties. The Company is bound even by an action of the Chief Executive Officer that is not consistent with its corporate purpose, unless it can prove that the third party knew that the action was not consistent with the corporate purpose or could not have been unaware thereof given the circumstances, mere publication of the Bylaws not being sufficient to constitute such proof.

The provisions of the Bylaws or the decision of the Board of Directors limiting the powers of the Chief Executive Officer are not enforceable against third parties.

The Chief Executive Officer has the right to delegate part of his powers to as many representatives as he deems necessary.

19.2.3. – Powers of the Chairman of the Board of Directors

The Chairman of the Board of Directors represents the Board of Directors. He organizes and oversees its work, on which he reports to the Shareholders' Meeting. He monitors the smooth running of the Company's managing bodies and ensures, in particular, that the directors are in a position to perform their tasks.

19.3. – Second option: the Chairman of the Board of Directors is responsible for executive management

If the Board of Directors chooses not to separate the functions of Chairman and Chief Executive Officer, the Company's executive management is the responsibility of the Chairman of the Board of Directors who exercises, at the same time, all the powers defined in Articles 19.2.2 and 19.2.3 of the Bylaws.

However, in these circumstances, the removal from office of the Chairman with no just cause may not give rise to damages or interest.

19.4 – Deputy Chief Executive Officers

Upon the recommendation of the Chief Executive Officer or of the Chairman of the Board of Directors responsible for the Company's executive management, the Board of Directors may appoint one or more individuals responsible for assisting the Chief Executive Officer, to be known as Deputy Chief Executive Officers. The maximum number of Deputy Chief Executive Officers is set at five.

In conjunction with the Chief Executive Officer or the Chairman of the Board of Directors responsible for the Company's executive management, the Board of Directors sets the scope and duration of the powers granted to the Deputy Chief Executive Officers.

The Deputy Chief Executive Officers have the same powers as the Chief Executive Officer or the Chairman of the Board of Directors responsible for the Company's executive management vis-à-vis third parties.

The Deputy Chief Executive Officers must be individuals. They may be chosen from amongst the directors or from elsewhere.

Persons are ineligible for appointment as Deputy Chief Executive Officer if they are aged over 75. If a Deputy Chief Executive Officer reaches this age while in office, he is deemed to resign automatically.

Deputy Chief Executive Officers may be removed from office at any time by the Board of Directors, upon the recommendation of the Chief Executive Officer or of the Chairman of the Board of Directors responsible for the Company's executive management. Removal from office of a Deputy Chief Executive Officer may give rise to damages and interest, if there is no just cause for the removal.

If the Chief Executive Officer is prevented from carrying out his duties or his term of office ends due, in particular, to his death, resignation or removal from office, the Deputy Chief Executive Officer(s), unless decided otherwise by the Board, remain in office and retain their powers until a new Chief Executive Officer has been appointed.

If a Deputy Chief Executive Officer is a director, his term of office as Deputy Chief Executive Officer may not exceed his term of office as a director.

19.5 – Delegation of powers

The Board may appoint representatives, whether or not directors, to carry out permanent or temporary duties, delegate powers to them and set their compensation at an amount that it judges appropriate.

2.1.4. Specialized committees

There are three specialized committees. To the Company's knowledge, there is nothing that is likely to generate a conflict of interests between the duties of the members of the specialized committees vis-à-vis the Company and their private interests.

- Management Committee

The Management Committee brings together the Group's various operational divisions. It is responsible for implementing the strategy and general policies, managing all projects, assessing progress and taking any necessary corrective action. It meets each quarter and its members are as follows:

- Denys SOURNAC, Chairman and Chief Executive Officer
- Didier BONDIL, VP Operations
- Nadège BOURDOIS, VP Human Resources and Legal
- Isabelle BROCA, Quality Director
- Rodolphe DAGNAUD, Vice President MEDICREA International
- Fabrice KILFIGER, Chief Financial Officer
- Thomas MOSNIER, Chief Scientific Officer
- Pierre-Laurent RAVIS, Chief Information Officer
- David RYAN, VP Product Development and Marketing

- Ad Hoc Committee

Under the supervision of the Board of Directors, this committee determines and recommends the amounts of and procedures governing the services rendered to MEDICREA INTERNATIONAL by ORCHARD INTERNATIONAL, of which Denys SOURNAC and Jean-Philippe CAFFIERO are shareholders, and ensures that they are on arms' length terms. It is chaired by Christophe BONNET, assisted by François-Régis ORY and Jean-Joseph MORENO, both of whom are members of the Board of Directors.

Other committees reporting directly to the Board of Directors may be set up as and when required by the Group's expansion and increasing size.

- Strategy Committee

Set up in September 2010, this committee determines the Company's strategy and general policy in accordance and compliance with the decisions taken and major policies adopted by the Board of Directors and decides on the resources and means needed to achieve the defined objectives. Its members are as follows:

- Denys SOURNAC, Chairman and Chief Executive Officer
- Nadège BOURDOIS, VP Human Resources and Legal
- Fabrice KILFIGER, Chief Financial Officer
- David RYAN, VP Product Development and Marketing

The Committee meets as often as is deemed necessary, determined by the Company's expansion and changes in its activity.

2.2. Compensation and benefits of senior executives and directors

Article 20 below of the Bylaws, updated on April 2, 2015 and in force on the date this document was drafted, deal with this matter:

Article 20: Compensation of the directors, Chairman, Chief Executive Officer, Deputy Chief Executive Officers and representatives of the Board of Directors

1 – The Shareholders' Meeting may allocate to the directors by way of directors' fees an annual fixed sum, which is recognized as an operating expense and is maintained at that level until decided otherwise. The Board of Directors is free to allocate this compensation among its members.

2 – The compensation of the Chairman and that of the Chief Executive Officer and the Deputy Chief Executive Officers is set by the Board of Directors.

3 – The Board of Directors may also allocate, for tasks entrusted to directors, exceptional compensation that will be submitted for approval to the Ordinary Shareholders' Meeting.

The directors may not receive any compensation from the Company, permanent or not, other than that previously provided for, unless they have an employment contract with the Company, the terms of which are authorized by law.

Agreements

MEDICREA INTERNATIONAL has two executive corporate officers:

- Denys SOURNAC, Chairman and Chief Executive Officer of MEDICREA INTERNATIONAL;
- Jean-Philippe CAFFIERO, Deputy Chief Executive Officer of MEDICREA INTERNATIONAL.

Mr. SOURNAC is not an employee of MEDICREA INTERNATIONAL and is not compensated by the Company for his duties. The management holding company ORCHARD INTERNATIONAL, of which Mr. SOURNAC is Chairman, receives fees for the executive management duties of MEDICREA INTERNATIONAL provided by Mr. SOURNAC. These fees are paid via a service agreement between ORCHARD INTERNATIONAL AND MEDICREA INTERNATIONAL.

In this regard, Mr. SOURNAC receives a fixed fee and may claim a variable fee depending on the achievement of certain targets, determined as to their principle and amount by the Board of Directors at its meeting on June 17, 2010, on the basis of the work carried out by the Ad Hoc Committee. The variable fee was until 2014 capped at €140,000 and corresponded to 10% of the operating income generated by the Group. The Ad Hoc Committee has submitted new proposals to the Board of Directors concerning the calculation of Mr. SOURNAC's variable fee: they had not yet been approved as of the date on which this Registration Document was drafted.

Mr. CAFFIERO is not compensated for his duties as Deputy CEO. Mr CAFFIERO's export sales management services are invoiced by ORCHARD INTERNATINAL, of which he is the Chief Executive Officer, to MEDICREA INTERNATIONAL, under the terms of the service agreement between the two companies. Mr. CAFFIERO does not receive a variable fee.

The service agreement between ORCHARD INTERNATIONAL and MEDICREA INTERNATIONAL was implemented with effect from October 1, 2010 and has been amended three times. Details of this agreement and its amendments are provided in the Statutory Auditors' Special Report on the Regulated Agreements included in Section 4.5. of this Registration Document.

The compensation paid to Mr. SOURNAC and Mr. CAFFIERO is borne by ORCHARD INTERNATIONAL which rebills it to MEDICREA INTERNATIONAL under the terms of duly authorized and approved regulated agreements.

Compensation of executive corporate officers

The following tables have been prepared in accordance with appendix 2 of AMF position-recommendation no. 2014-14 (tables 1 to 7).

The fees detailed below (excluding directors' fees) are received by ORCHARD INTERNATIONAL of which Mr. SOURNAC is the Chairman and Mr. CAFFIERO the Chief Executive Officer.

Summary of Denys SOURNAC's compensation

(€)	2014	2013	2012
Compensation for the fiscal year	298 000	436 000	295 429
Multi-year variable compensation allocated during the year	-	-	-
Value of options allocated during the year	-	-	-
Value of free shares allocated	-	-	-
TOTAL	**298 000**	**436 000**	**295 429**

Breakdown of Denys SOURNAC's compensation

(€)	2014		2013		2012	
	Amount due	**Amount paid**	**Amount due**	**Amount paid**	**Amount due**	**Amount paid**
Fixed compensation	292 000	292 000	292 000	292 000	292 000	292 000
Annual variable compensation	-	100 000	140 000	-	-	-
Multi-year variable compensation	-	-	-	-	-	-
Director's fees	6 000	4 000	4 000	3 429	3 429	3 429
Benefits in kind	-	-	-	-	-	-
TOTAL	**298 000**	**396 000**	**436 000**	**295 429**	**295 429**	**295 429**

Excluding the directors' fees, all the amounts relating to Mr. SOURNAC's compensation are rebilled by ORCHARD INTERNATIONAL to MEDICREA INTERNATIONAL.

Summary of Jean-Philippe CAFFIERO's compensation

(€)	2014	2013	2012
Compensation for the fiscal year	157 458	195 314	174 741
Multi-year variable compensation allocated during the year	-	-	-
Value of options allocated during the year	-	-	-
Value of free shares allocated	-	-	-
TOTAL	**157 458**	**195 314**	**174 741**

Breakdown of Jean-Philippe CAFFIERO's compensation

(€)	2014		2013		2012	
	Amount due	**Amount paid**	**Amount due**	**Amount paid**	**Amount due**	**Amount paid**
Fixed compensation	151 458	151 458	191 314	191 314	171 312	171 312
Annual variable compensation	-	100 000	140 000	-	-	-
Multi-year variable compensation	-	-	-	-	-	-
Director's fees	6 000	4 000	4 000	3 429	3 429	3 429
Benefits in kind	-	-	-	-	-	-
TOTAL	**157 458**	**155 458**	**195 314**	**194 743**	**174 741**	**174 741**

Excluding the directors' fees, all the amounts relating to Mr. CAFFIERO's compensation are rebilled by ORCHARD INTERNATIONAL to MEDICREA INTERNATIONAL.

Breakdown of executive corporate officers' future compensation

	EMPLOYMENT CONTRACT		SUPPLEMENTARY PENSION SCHEME		COMPENSATION OR BENEFITS DUE OR LIKELY TO BE DUE AS A RESULT OF TERMINATIONS OR CHANGES OF OFFICE		COMPENSATION RELATING TO A NON-COMPETITION CLAUSE	
	Yes	**No**	**Yes**	**No**	**Yes**	**No**	**Yes**	**Non**
Denys SOURNAC		X		X		X		X
Jean-Philippe CAFFIERO		X		X		X		X

Share subscription or purchase options awarded during the fiscal year to each executive corporate officer by the issuer and by any Group company

Nil

Share subscription or purchase options exercised during the fiscal year by each executive corporate officer

Nil

Shares awarded free of charge to each executive corporate officer

Nil

Shares awarded free of charge that have become available during the fiscal year for each executive corporate officer

Nil

ORCHARD INTERNATIONAL does not have any commitment to pay deferred compensation to Mr. SOURNAC or Mr. CAFFIERO, which would be liable to be rebilled to MEDICREA INTERNATIONAL if such compensation were to become payable.

Reference should also be made to pages 226 and 227 of this Registration Document showing tables 8 to 10 of AMF recommendation no. 2014-14 on compensation.

Compensation of non-executive corporate officers

Directors' fees were paid to non-executive corporate officers, as shown in the following table:

(€)	AMOUNT PAID DURING THE FISCAL YEAR		
	2014	**2013**	**2012**
Patrick BERTRAND	4 000	3 429	3 429
Christophe BONNET	4 000	3 429	3 429
Jean Joseph MORENO	4 000	3 429	3 429
François Régis	4 000	3 429	3 429
Marc RECTON	4 000	3 429	3 429
TOTAL	**20 000**	**17 145**	**17 145**

Amounts paid in 2014, in respect of the year ended December 31, 2013
Amounts paid in 2013, in respect of the year ended December 31, 2012
Amounts paid in 2012, in respect of the year ended December 31, 2011

A total amount of €48,000 was allocated in respect of directors' fees for the year ended December 31, 2014 (for all directors including the Chairman and Deputy Chief Executive Officer).

The non-executive corporate officers did not receive any other compensation during the last two fiscal years.

2.3. Corporate governance

In view of its size and shareholder structure, the MEDICREA Group has elected to base its governance procedures on the MIDDLENEXT governance code. This code, which is aimed at small and midcap companies, was published in December 2009 and is available in full at www.middlenext.com, defines a list of recommendations and points to be monitored to ensure reasonable governance of companies of this size.

By basing its procedures on this code, the Group hopes to assess the relevance of its governance and also to ensure that the information disclosed is sufficient and correctly demonstrates its desire for transparency.

The Group's aim is to comply with all of the MIDDLENEXT recommendations. However, certain recommendations have not yet been applied in their entirety. In order to comply with the "apply or explain" principle of Article L.225-37 of the French Commercial Code, explanations about the non-application of certain recommendations and information about the actions taken to remedy the situation where relevant are provided in the following paragraphs.

A summary of the application of the recommendations of the MIDDLENEXT code is provided in the following table:

	RECOMMANDATION	
Executive power	**Applied**	**Not-applied**
R1 Corporate officers and employment contracts	X	
R2 Definition and transparency of the compensation of executive corporate officers	X	
R3 Golden handshakes	X	
R4 Supplementary retirement schemes	X	
R5 Stock options and bonus shares	X	

	RECOMMANDATION	
Supervisory power	**Applied**	**Not-Applied**
R6 Introduction of Board Internal Regulations	X*	
R7 Director ethics	X	
R8 Composition of the Board – Independent directors	X	
R9 Choice of directors	X	
R10 Directors' terms of office	X	
R11 Board member information	X	
R12 Creation of committees	X	
R13 Board and committee meetings	X	
R14 Directors' compensation	X	
R15 Introduction of Board evaluation	X*	

** These recommendations are partially applied*

Comments and explanations on the application or not of the recommendations of the MIDDLENEXT code:

R1 Corporate officers and employment contracts
The Group's two executive corporate officers do not also have an employment contract with the Group.

R2 Definition and transparency of the compensation of corporate officers
The Ad Hoc Committee, under the supervision of the Board of Directors, ensures compliance with these rules. The criteria used to determine the compensation paid to the executive directors comply with the MIDDLENEXT recommendations. The annual information provided to shareholders on the compensation received by the executive directors is drawn up in accordance with the applicable regulations.

R3 Golden handshakes
There are no contractual provisions to pay golden handshakes to executive corporate directors who leave the Group.

R4 Supplementary retirement schemes
Il n'y a pas de régime supplémentaire en place au bénéfice des dirigeants mandataires sociaux.

R5 Stock options and bonus shares
Stock options and bonus shares have never been allocated to the executive corporate officers.

R6 Introduction of Board Internal Regulations
Board Internal Regulations have been in existence since 2006 and comprise four of the five headings referred to in the MIDDLENEXT code: role of the Board, independence criteria, directors' duties and the working of the Board. MEDICREA intends to add rules for determining directors' compensation to the Internal Regulations by means of an update in 2015.

The Board's Internal Regulations can be consulted in their entirety at the Company's registered office: 14 Porte du Grand Lyon, 01700 Neyron, France.

R7 Director ethics
The ethical rules with which the directors undertake to comply (notably confidentiality, independence and diligence) are clearly explained in the Board Internal Regulations. The directors have access to privileged information and have been provided with the rules to which they are subject in this regard.

R8 Composition of the Board – Independent directors
The Board of Directors is currently composed of six independent directors out of a total of eight members. They are deemed to be independent according to the four criteria defined by the MIDDLENEXT code.

R9 Choice of directors
The re-appointment of five directors and the appointment of a new director at the Shareholders' Meeting of June 25, 2014 was the subject of six separate resolutions: one for each appointment. An information sheet on each candidate was available at the Company's registered office prior to the Shareholders' Meeting. It summarized the career path of each candidate.

R10 Directors' term of office
The term of office is six years, which corresponds to the maximum set by law.

R11 Board member information
The procedures for providing shareholders with information are set out in Article 7 of the Internal Regulations. It is also specified in Article 11 of these Internal Regulations that it is the directors' responsibility to "request all the additional information they deem useful. "

R12 Creation of committees
The Board of Directors deemed it necessary to set up three specialized committees: the Ad Hoc Committee, the Strategy Committee and the Management Committee. The composition and terms of reference of each of these committees are detailed in Section 2.1.4 of this Registration Document. The Board of Directors may set up additional specific committees, if necessary, including an Audit Committee as specified in Articles 5 and 6 of its Internal Regulations.

R13 Board and committee meetings
Article 7 of the Internal Regulations established a framework for Board meetings. The number of meetings of the Board of Directors must be a minimum of four per year and minutes must be drawn up in respect of each meeting.

R14 Directors' compensation
The fifth resolution of the minutes of the Ordinary and Extraordinary Shareholders' Meeting of June 25, 2014 specifies the total amount of directors' fees for the fiscal year 2014. The amounts paid are summarized in Section 2.2 of this Registration Document. Each year, the Board of Directors decides on the allocation of the total annual directors' fee budget. Until now, directors' fees have always been divided equally between the directors.

R15 Introduction of Board evaluation
It is stated in Article 7 of the Internal Regulations: "The Board of Directors reviews its operation once a year". This evaluation is currently carried out informally but MEDICREA intends to formalize this review as from 2015.

2.4. Chairman's report on corporate governance and Statutory Auditors' report on the Chairman's report

The Company is not obliged to drawn up a report on its internal control pursuant to Article L225-37 of the French Commercial Code.

3 CORPORATE, ENVIRONMENTAL AND SOCIAL INFORMATION

MEDICREA includes corporate, social and environmental issues that it has identified into its overall strategy as far as is possible. Given the sector and geographic regions in which the Group is developing, the preparation of certain assessments is considered more important than others in relation to Corporate Social Responsibility (CSR).

As part of the consideration of CSR issues and the expectations of the various parties involved in the development of its activity, MEDICREA has identified policies, principles and practices in order to interact with them as follows:

- With regard to employees, who are the Group's most significant resource: a Human Resources management policy intended to optimize working conditions, promote diversity and encourage skills development;

- With regard to suppliers and subcontractors: application of standards and procedures with the same requirements as those in force within the Group;

- With regard to customers and patients: the most stringent quality policy for the manufacture of products;

- With regard to local communities: maximum utilization of regional resources.

3.1. Methodology note

Scope

The information presented in this chapter relates to the entire MEDICREA Group, that is to say the parent company and its four subsidiaries to date. Should this not be the case, the scope concerned is expressly stipulated.

Period

The period used for the calculation of indicators corresponds to the 2014 calendar year, unless otherwise stated.

Non-applicable indicators

Given the Group's activities and size, the following indicators are not considered to be relevant and are therefore not applicable:

- The amount of provisions and guarantees in relation to environmental risks;
- Land usage;
- Adapting to the consequences of climate change;
- Measures to preserve biodiversity.

3.2. Corporate information

Workforce

At December 31, 2014, the Group's total workforce was 128 people, 80 of whom were men (62.5%) and 48 women (37.5%). At December 31, 2013, the workforce was 110 people, meaning an increase of 16%.

GROUP TOTAL	2014	
Male	80	63%
Female	48	38%
TOTAL	**128**	

GROUP TOTAL	2013	
Male	64	58%
Female	46	42%
TOTAL	**110**	

GROUP TOTAL	2012	
Male	58	60%
Female	39	40%
TOTAL	**97**	

70% of employees are based in France, with the remaining 30% located in the United Kingdom or the United States:

GROUP TOTAL		2014	2013	2012
France		90	74	70
of which	MEDICREA INTERNATIONAL	48	38	35
	MEDICREA TECHNOLOGIES	30	27	26
	MEDICREA EUROPE FRANCOPHONE	12	9	9
United States		33	29	21
UK		5	7	6
TOTAL		**128**	**110**	**97**

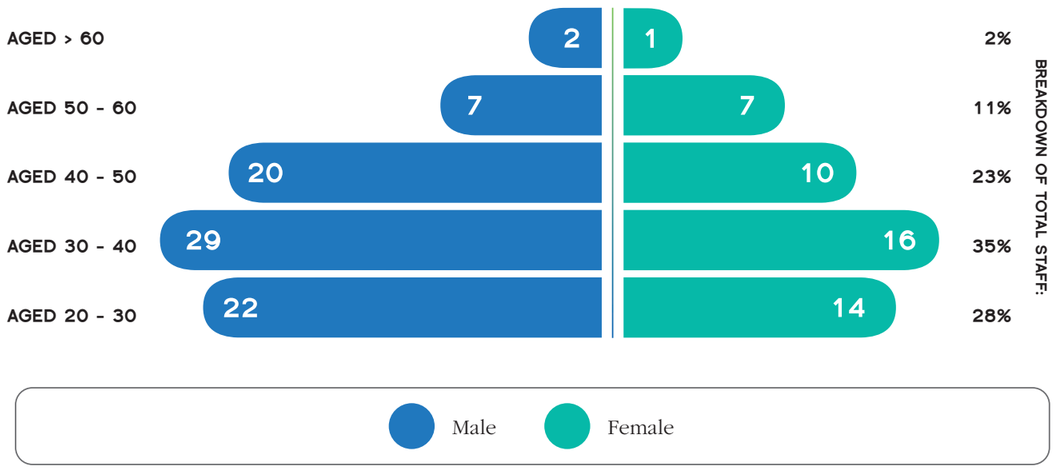
Of the 128 people who made up the workforce at the end of the 2014 fiscal year:

- 3 were employed on work-study contracts;
- 6 were employed on fixed term contracts;
- 119, or 93%, were employed on permanent contracts.

To handle a temporary increase in workload, MEDICREA may bring in interim staff as was the case during 2014 when the Group took used seven temporary workers, four of whom ultimately joined the workforce at December 31, 2014 – two on fixed-term contracts and two on permanent contracts. Another of these temporary workers joined the payroll in February 2015.

33 people were hired in 2014, primarily within the French companies through the creation of 14 positions, and empty roles being filled following employee departures. 15 people left the Group for various reasons: 8 resignations, 3 contractual terminations, 3 dismissals/ redundancies and 1 retirement.

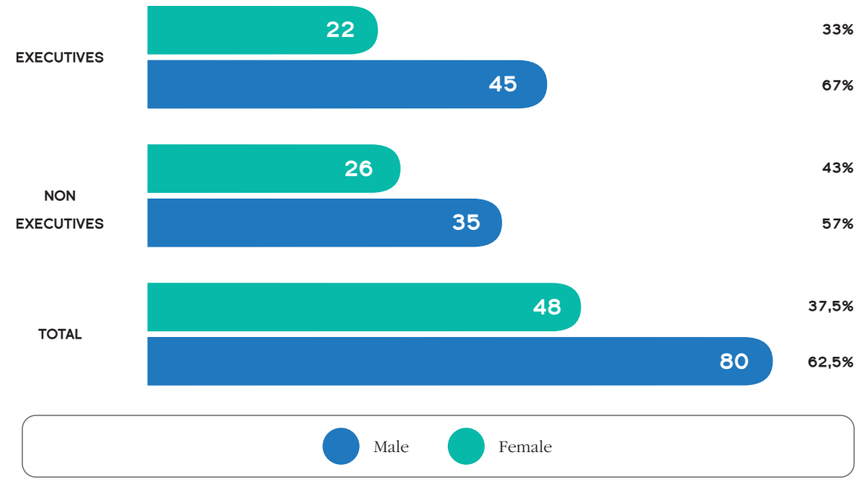
The average age of the workforce is 38 and 63% of staff are under the age of 40, with no significant gender disparity. The breakdown of staff by age range is as follows:



The breakdown of staff by department is as follows:

GROUP TOTAL	2014	2013	2012	2014/2013		2013/2012	
Production	27	25	22	+2	8%	+3	14%
Research & development	15	13	11	+2	15%	+2	18%
Sales & marketing	60	51	45	+9	18%	+6	13%
General & administrative	26	21	19	+5	24%	+2	11%
TOTAL	**128**	**110**	**97**	**+18**	**16%**	**+13**	**13%**

Out of the 128 people who make up the workforce, 52% are managerial staff. The gender breakdown by category is as follows:



At December 31, 2014, the average length of service across all the French companies was 5 years 7 months. Given that of the 90 salaried individuals in France, 26 joined the Group (including 20 on permanent contracts) during 2014, the workforce is stable and loyal. In the United States, taking into account a much more flexible and reactive labor market, the average length of service is significantly lower with a higher rate of workforce renewal. The management team however is stable.

Employees constitute an essential resource for the Group, with payroll expenses representing one of the highest cost items. The strengthening of teams over the course of 2014 explains the increasing proportion of such expenditure. It includes salaries, bonuses and incentives as well as social security charges and contributions to welfare schemes and has increased as follows (before allocation of the Research Tax Credit relating to payroll expenses for research and development departments):

GROUP TOTAL	2014	2013	2012
Payroll expenses (€ millions)	10,4	8,9	8,7
as % of sales	43,0%	38,9%	42,1%
as % of operating expenses	42,6%	41,7%	41;0%

Organization of working time

Within the French subsidiaries:

- Non-executive managerial staff perform their roles based on an annual flat rate of days worked (214 days added to which is Solidarity Day);
- Non-managerial employees perform their roles based on a monthly schedule of 169 hours or 151.67 hours depending on the position. MEDICREA INTERNATIONAL and MEDICREA EUROPE FRANCOPHONE employees working on the basis of a 169 hour contract are therefore paid at a rate of 17.33 additional hours per month. MEDICREA TECHNOLOGIES employees work 177.53 hours, of which 17.33 hours are paid as overtime and 8 hours are collected under compensatory time;
- In addition, three people work part time.

In the UK, working time is counted in the number of hours (35 or 37.5 hours per week depending on the position held).

In the US, employees' working time is defined in terms of the number of days or the number of hours depending on the position concerned.

Absenteeism

2014 was marked by more sick leave than in previous years as a result of three cases of long-term leave (two months or longer) due to non-work related accidents. Short-term leave remained moderate although national epidemics had an impact within the Group.

Employee development

The Group has implemented a Humans Resources management policy with the aim of recruiting and keeping the best profiles.

As such, the remuneration policy aims to recognize skills and encourage and reward the performance of everyone. Remuneration is comprised or a fixed portion and, for certain employees, a variable portion paid in return for the achievement of targets set at the start of the year.

Individual annual appraisals take place each year (between December and January), arranged by departmental managers. During this appraisal, the employee and their line manager review the year just ended and assess in particular the achievement of targets, and together set the targets for the coming year as part of the overall strategy of which each departmental manager is aware. During this appraisal, both the employee's workload and their organization of their work/life balance are reviewed.

Since 2015, professional appraisals, made compulsory by the reform of ongoing vocational training have been set out formally and separately from annual appraisals. They nevertheless take place at the same time. There is a specific item on the training followed and new requirements. This may sometimes be addressed during interim individual appraisals, notably for new employees (six month review) and people expressing problems in reaching their targets, to consider measures to put into place in order to achieve them.

A significant budget is allocated to training (far higher than the annual legal requirement). As an example, the budget for 2014 was in the region of €65,000. Training needs are identified during the individual annual appraisals, and additional requirements can be submitted to the Human Resources department during the course of the year. Allocation takes place according to the needs and priorities for the smooth operation of a department and of the Company in general. On average, 70% of the training program approved at the start of the year is carried out, since certain courses are sometimes cancelled by the organizations and others are replaced by more relevant courses during the year.

MEDICREA seeks to promote, where possible and when it contributes to the smooth operation of the Company, the development and mobility of its employees, both in geographic and operational terms. In this way, transfers from the US, UK or production subsidiaries toward the parent company, but also from the parent company toward the American subsidiary, have taken place in recent years. Changes in position have also been offered to employees with, for example, transfers from the Research and Development Department to the Quality Department, from the Clinical Affairs Department to the newly created UNiD® cell or changes in responsibility within the same department.

Fighting discrimination

The Group's workforce includes employees of every age and makes no distinction in relation to gender. By way of illustration, three people over the age of 50 as well as two under the age of 25 were recruited within the French companies. MEDICREA contributes to the training of young people at different levels: by inviting high school students into the different departments for a few days as part of their job shadowing formally set out in an intern agreement, by enabling students to join the corporate world through paid internships for specific one-off assignments lasting between four and six months, by offering Volunteer for International Experience (V.I.E.) contracts or by using work based learning contracts the duration of which varies between one and two years. These temporary contracts are converted into fixed term or permanent contracts as soon as the company's requirements dictate.

Labor relations

MEDICREA INTERNATIONAL and MEDICREA EUROPE FRANCOPHONE are governed by the collective agreement covering companies operating on a commission basis, brokers and companies involved in intra-community and import/export trade, while MEDICREA TECHNOLOGIES is governed by the agreement covering the Charente Maritime metal industry.

None of the Group's French companies has a works council, since they have not passed the legal threshold. Employee relations are therefore based on Employee Representatives and the related employee representative bodies. Only the companies MEDICREA TECHNOLOGIES and MEDICREA INTERNATIONAL have Employee Representative Bodies at a rate of one representative for the entire MEDICREA TECHNOLOGIES workforce, and two representatives, one for MEDICREA INTERNATIONAL's managerial association and one for its non-managerial workers' association. Meetings take place on a monthly basis, resulting in minutes which are displayed within the entities concerned.

Gender equality

MEDICREA makes no distinction on the grounds of gender when recruiting staff. Salaries are offered in accordance with the position, profile and the experience of candidates. The same applies to salary increases which are dependent on individual performance.

Employment and integration of disabled workers

Despite its desire to integrate disabled workers into its operations and its infrastructures being adapted to facilitate access for disabled persons (access, elevators and reserved parking spots), MEDICREA does not fully meet its legal obligation since only one disabled person is currently employed by the Company. Nevertheless, the Group also regularly uses work centers and sheltered employment services whenever possible in order to work with disabled workers as much as possible.

Safety

Given their configuration, the La Rochelle factory premises enable very high levels of safety to be ensured, particularly concerning the production facilities, the risks related to work related accidents to be reduced, and the operating conditions of the site to be optimized. A comprehensive risk management assessment has been prepared and is updated annually for all French organizations.

Since August 2010, inventory management of finished products has been overseen from large premises at the head office in Neyron, dedicated to logistics operations. The activity repairing motors for MEDICREA TECHNOLOGIES's surgical devices is also based at the Neyron site.

By virtue of its medical device design and manufacturing operations, the Group is also subject to Public Health Code regulations.

Regrettably, there have been a small number of work related and/or commuting accidents in recent years (approximately three), although they were not serious and had no impact on the health of the employees concerned or required their workstations to be adjusted.

In 2012, an illness of work related origin was reported (related to certain movements and working positions), with the workstation of the person concerned being adjusted.

Noise pollution and other forms of pollution related to the Company's business

During 2014, an occupational risk prevention consultant, appointed by the occupational health service at the Company's request, carried out a noise level assessment within the production factory. The study found that at no workstation had the maximum exposure value been exceeded (taking into account the reduction offered by the hearing protectors provided). The occupational health services also held a noise awareness day for all the factory staff.

In addition, an air sample was taken after anodizing deposits were found on the walls of the premises, the study of which found low exposure to hydrofluoric, phosphoric and nitric acids. Nevertheless, the Company performed a fairing of the suction above the stripping bath to eliminate this risk.

MEDICREA complies with the fundamental provisions of the International Labor Organization, which include:

- Respecting the freedom of association and the right to collective bargaining;
- Elimination of discrimination in relation to employment

and occupation;
- Elimination of forced or compulsory labor;
- Abolition of child labor.

The Group has no employees in at risk countries where the International Labor Organization conventions may not be respected.

3.3. Environmental information

By virtue of its activity and size, MEDICREA believes it has very little impact on the environment. The Group does however endeavor to adopt behavior which contributes to sustainable development by implementing measures adapted to its structure.

Environmental risks

Environmental risks are virtually non-existent, except for the activity managing and monitoring the rotating instrument sets within the sales subsidiaries, which expose the individuals handling medical devices to products that may be contaminated by biological pathogens and are sources of infection risks. Working procedures that limit employee exposure are in place and waste disposal channels for healthcare activities involving risk of infection and similar are respected. Safety procedures regarding the handling and disposal of these products comply with the legislative and regulatory provisions in force in the countries concerned.

The La Rochelle site, governed by the legal entity MEDICREA TECHNOLOGIES and dedicated to the manufacture of medical devices, is ISO 13485 and ISO 9001 certified. Since 2010, ISO 13485 and ISO 9001 certifications as well as CE marking have been extended to include MEDICREA INTERNATIONAL. The Group has introduced a program of overseeing processes and of quality control inspections, specifically a set of operating procedures, and processes and specifications designed to ensure compliance with best practices in relation to the development and manufacture of products, and of monitoring the environmental impact.

Moreover, the legislative and regulatory provisions defined by ANSM, the European Commission, the FDA and the equivalent regulatory authorities in the other countries, provide a very strict framework for activities involving the design and manufacture of medical devices. They set the essential safety requirements and define the assessment and compliance procedures that are integrated into the quality management system. These very strict rules have implications at every level of the Group and help to strengthen the measures taken to keep the industrial assets in optimum condition for use and in compliance with the applicable standards.

Environmental standards

MEDICREA initiated an ISO 14000 certification process for its production facility in La Rochelle. The ISO 14000 family deals with environmental management and provides practical tools enabling the environmental impact of the company's activity to be identified and controlled.

Waste management is a priority on this site - for every inflow an outflow is planned:

- Titanium shavings, resulting from the implant production activity, are collected and resold;
- Metal filings and the sand used in sandblasting activities are collected and recycled;
- Cutting oils and acids used for example during the anodizing stage are collected and recycled by subcontractors;
- Wastewater is not discharged into the usual channel. The site is equipped with a septic tank which is emptied on a regular basis;
- Wooden pallets are sold and boxes are thrown into specific recycling skips.
- Waste sorting is automatic;
- Recycling of paper used for administration activities is currently being implemented.

Energy consumption

Energy consumption by the La Rochelle production site has changed as follows:

LA ROCHELLE SITE		2014	2013	CHANGE
Water	m3	634	425	49%
Gas	kWh	180 523	235 136	-23%
Electricity	kWh	368 746	302 903	22%
Production (number of articles)		212 000	174 000	22%

Water and electricity consumption rose between 2013 and 2014 in line with the increase in the volumes produced. Gas consumption, used for heating, was controlled. MEDICREA is committed to optimizing its energy use; this was supported by the renewal of industrial resources with the purchase of more productive machines and the optimization of production.

In general, MEDICREA routinely suggests simple measures to its employees to support sustainable development:

- Streamlining business travel and choosing the most environmentally friendly modes of transport when possible;
- Optimizing printing with the introduction of a print management system requiring employees to revalidate jobs in order to print them, thereby limiting the number of jobs printed by mistake;
- Lights switching off automatically.

3.4. Social information

Responsible purchasing

The Group uses subcontractors that are primarily located in France and gives priority to service providers that are geographically close to its La Rochelle and Neyron sites. Issues related to the use of subcontractors based in emerging markets, or suppliers who could use them, such as decent working conditions or the risk of "cascading liability" do not therefore affect MEDICREA.

With no controlled environment installations to date, the Group uses subcontractors for the ultra-clean processing and gamma irradiation sterilization of sterile products. It also externally manufactures a large proportion of its instrument range.

The use of subcontracting fulfils two objectives. Firstly, making use of service providers ensures that production is secured: in the event of a problem affecting internal resources, the Group would be able to partially satisfy demand thanks to the external capacities. Secondly, subcontracting enables production to be adjusted to market demand by providing additional production capacities that can be mobilized quickly.

Subcontracting expenses have increased as follows:

GROUP TOTAL (€ MILLIONS)	2014	2013	2012	2014/2013	2013/2012
Components purchased and subcontracting	3,4	2,5	2,9	36%	-14%

The Group works with suppliers that employ responsible practices. A specific procedure for the management of these suppliers is freely available and details the provisions in place to assess, select, qualify and monitor their performance.

Suppliers are categorized according to the services provided:
- A: suppliers of products and services that fall within the development of implantable medical devices;
- B: suppliers of raw or ancillary materials, consumables, etc.;
- C: suppliers of other products and services.

Category A and B suppliers are subject to both regular assessments and reviews, and performance indicators regarding compliance with quality standards and lead times are set on a monthly basis and audits are conducted every two years.

Relationships with suppliers that are critical to the Group are covered by both purchase and quality agreements, which set the compliance requirements depending on the products concerned.

Business affairs and combatting corruption

The healthcare sector provides a very specific framework for relationships between manufacturers and healthcare professionals, in particular through the Sunshine Act and the Bertrand Law, in force in the United States and France respectively.

In the United States, the Physician Payments Sunshine Act, commonly referred to as the Sunshine Act, is a 2010 law aimed at improving transparency regarding financial links between healthcare professionals and manufacturers of medical products, and updating potential conflicts of interest that could harm patient safety. Payments of any kind made by manufacturers to healthcare professionals since 2012 may be accessed on the Centers for Medicare & Medicaid Services' OpenPaymentsData website. Healthcare professionals can check this information prior to publication and potentially challenge it.

In France, Article 2 of Law n°2011-2012 of December 29, 2011, known as the Bertrand Law, relating to improvements in the safety of drugs and healthcare products, whose implementing decree was published in the Journal Officiel on May 22, 2013, established a new publication system for two categories of links existing between the companies producing or marketing products for health related purposes and certain of their partners, such as healthcare professionals, students planning to become healthcare professionals, organizations representing them, etc. The links concerned are firstly the agreements concluded between the companies and the different parties targeted by this law, and secondly, the benefits worth €10 or more inclusive of VAT that these same parties have received from the manufacturers.

In order to meet these obligations, MEDICREA publishes the contact details of the healthcare professionals, as well as the benefit type and amount awarded to them, on its website www.medicrea.com in the section "The company / Transparency regarding Relationships of Interest".

Health and Safety of patients

MEDICREA operates in the healthcare sector, therefore ensuring patient safety throughout the entire product design and production processes is the top priority, and the Group's mindset can be summarized as follows:

"In the service of a genuine public health cause, that of spinal deformity, MEDICREA has, since its very beginning, adopted the most stringent and demanding quality approach. For MEDICREA, being a manufacturer of medical devices means playing an active role in changing the healthcare sector, which is shown by the constant advances in Research, from development to implanting, through to post-operative follow-up to ensure patient safety and improvement in quality of life. To support this transformation, MEDICREA's leadership has decided to insource the entire design, prototyping and manufacturing process for its implants and is committed to scrupulously complying with, and ensuring that all its employees and suppliers comply with, the current FDA "Quality System Regulation for Medical Devices", the European Directive (93/42/EEC) and ISO13485 standard. "

The Quality System and the procedures introduced by MEDICREA in order to respect the regulatory requirements for product compliance are detailed in Chapter 1.5.1. of this Registration Document.

3.5. Independent third party body's report

MEDICREA INTERNATIONAL shares are listed on Alternext, which is not a regulated market.

None of the Group's companies generates net sales or a balance sheet total in excess of €100 million, and none of the Group's companies has an average permanent workforce of more than 500 employees.

As a result, MEDICREA is not required to have any information that may be published in relation to its corporate and environmental responsibility verified by an independent third party body.

4 FINANCIAL STATEMENTS AT DECEMBER 31, 2014

MEDICREA (IM)PROVE

4.1. Consolidated financial statements for the year ended December 31, 2014

CONSOLIDATED FINANCIAL STATEMENTS AT DECEMBER 31, 2014

1. Consolidated balance sheet

(€)	NOTES	2014	2013	2012
Goodwill	6.1	2 633 541	2 419 861	2 419 861
Intangible assets	6.6	3 970 394	3 649 787	3 615 211
Property, plant and equipment	6.6	5 481 290	3 474 099	3 341 857
Non-current financial assets	6.6	418 701	349 312	348 665
Deferred tax assets	12.2	602 597	233 332	958 816
TOTAL NON-CURRENT ASSETS		**13 106 523**	**10 126 391**	**10 684 410**
Inventories	7	6 331 266	5 101 747	5 521 936
Trade receivables	8	4 381 333	3 383 573	3 009 156
Other current assets	8	2 302 642	1 446 718	1 450 277
Cash and cash equivalents	10.1.2	1 181 506	1 839 129	1 446 102
TOTAL CURRENT ASSETS		**14 196 747**	**11 771 167**	**11 427 471**
TOTAL ASSETS		**27 303 270**	**21 897 558**	**22 111 881**

(€)	NOTES	2014	2013	2012
Share capital	14	1 357 025	1 355 121	1 353 281
Contribution premium	14	34 353 357	34 302 066	34 302 066
Consolidated reserves	14	(22 065 987)	(23 047 124)	(21 696 044)
Group net income for the year	14	(1 022 923)	470 675	(1 151 067)
SHAREHOLDERS' EQUITY - GROUP SHARE		**12 621 472**	**13 080 738**	**12 808 236**
SHAREHOLDERS' EQUITY - MINORITY INTERESTS		**-**	**(140 607)**	**(63 182)**
TOTAL SHAREHOLDERS' EQUITY		**12 621 472**	**12 940 131**	**12 745 054**
Conditional advances	10.1.2	455 000	573 612	700 612
Non-current provisions	9	336 485	232 554	309 409
Deferred tax liabilities	12.2	715 371	218 373	150 557
Long-term financial debt	10.1.1	3 921 022	2 394 942	2 696 423
TOTAL NON-CURRENT LIABILITIES		**5 427 878**	**3 419 481**	**3 857 001**
Current provisions	9	11 126	99 193	202 244
Short-term financial debt	10.1.1	3 048 845	1 572 625	1 573 278
Other current financial liabilities		25 102	1 156	9 111
Trade payables	11	4 180 347	2 276 246	2 252 132
Other current liabilities	11	1 988 500	1 588 726	1 473 061
TOTAL CURRENT LIABILITIES		**9 253 920**	**5 537 946**	**5 509 826**
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		**27 303 270**	**21 897 558**	**22 111 881**

The accompanying notes form an integral part of the consolidated financial statements.

2. Consolidated income statement

(€)	NOTES	2014	2013	2012
Net sales	**4.1**	**24 204 255**	**22 856 222**	**20 679 816**
Cost of sales	4.2	(4 562 692)	(4 568 667)	(4 569 723)
Gross margin		**19 641 563**	**18 287 555**	**16 110 093**
Research & development costs		(1 379 692)	(1 266 785)	(1 326 393)
Sales & marketing expenses		(10 807 749)	(8 790 876)	(8 485 408)
Sales commissions		(2 591 696)	(2 374 176)	(2 307 572)
General & administrative expenses		(4 993 452)	(4 324 308)	(4 144 121)
Other operating income and expenses	4.5	(71 970)	(171)	(377 892)
Operating income before share-based payments		**(202 996)**	**1 531 239**	**(531 293)**
Share-based payments		(79 422)	(92 304)	(262 296)
Operating income after share-based payments		**(282 418)**	**1 438 935**	**(793 589)**
Cost of net financial debt	10.4	(188 182)	(171 213)	(171 113)
Other financial (expenses) / income	10.4	(229 576)	20 157	60 654
Tax (charge) / income	12.1	(349 713)	(894 627)	(303 675)
Consolidated net income/(loss)		**(1 049 889)**	**393 252**	**(1 207 723)**
Attributable to the Group		(1 022 923)	470 675	(1 151 067)
Attributable to minority interests		(26 966)	(77 423)	(56 656)
NET EARNINGS PER SHARE	**14.2**	**(0,12)**	**0,06**	**(0,14)**
DILUTED NET EARNINGS PER SHARE	**14.2**	**(0,12)**	**0,05**	**(0,13)**

Net earnings per share and diluted net earnings per share calculated based on the average number of shares outstanding over the year.

The accompanying notes form an integral part of the consolidated financial statements.

3. Consolidated cash flow statement

(€)	2014	2013	2012
CONSOLIDATED NET INCOME/(LOSS)	**(1 049 889)**	**393 252**	**(1 207 723)**
Property, plant and equipment depreciation and intangible asset amortization	2 504 610	2 372 683	2 386 728
Provisions for impairment	(200 547)	148 919	(55 695)
Proceeds from sale of non-current assets	449 654	314 575	136 911
Share-based payments	79 422	92 304	262 296
Change in deferred taxes	127 733	793 300	238 540
Corporate tax	(537 689)	(464 282)	(433 829)
Cost of net financial debt	188 182	171 213	171 113
SELF-FINANCING CAPACITY	**1 561 476**	**3 821 964**	**1 498 341**
Change in inventories and work in progress	(1 004 250)	(16 053)	(59 518)
Change in trade receivables	(1 006 618)	(278 000)	(599 280)
Change in trade payables and liabilities relating to non-current assets	1 904 101	24 114	(877 159)
Change in other receivables and payables	332 074	619 384	658 926
CASH FLOW FROM WORKING CAPITAL REQUIREMENT	**225 307**	**349 445**	**(877 031)**
Taxes paid / refunded	(250 535)	(51 212)	245 775
NET CASH FLOW FROM OPERATING ACTIVITIES	**1 536 248**	**4 120 197**	**867 085**
Acquisition of non-current assets	(5 061 716)	(2 917 726)	(2 250 020)
Disposal of non-current assets	120	32 583	60
Impact of changes in scope	(46 106)	-	-
Government grants received / (repaid)	(118 612)	(127 000)	(98 000)
Other movements	-	-	14 082
NET CASH FLOW FROM INVESTMENT ACTIVITIES	**(5 226 314)**	**(3 012 143)**	**(2 333 878)**
Share capital increase	154 474	1 840	1 570 605
Proceeds from new borrowings	4 053 041	967 785	1 652 000
Repayment of borrowings	(1 357 625)	(1 219 891)	(1 114 562)
Interest paid	(152 178)	(114 526)	(63 007)
Other movements	84 403	(87 498)	(167 611)
CASH FLOW FROM FINANCING ACTIVITIES	**2 782 115**	**(452 290)**	**1 877 425**
Translation effect on cash and cash equivalents	(58 642)	7 523	(65 391)
Other movements	98 547	(256 583)	(2 710)
CHANGE IN CASH AND CASH EQUIVALENTS	**(868 046)**	**406 704**	**342 531**
Beginning of year	1 501 422	1 094 718	752 187
End of year	633 376	1 501 422	1 094 718

(€)	2014	2013	2012
Positive cash balances - beginning of year	1 839 129	1 446 102	1 446 974
Positive cash balances - end of year	1 181 506	1 839 129	1 446 102
CHANGE IN POSITIVE CASH BALANCES	(657 623)	393 027	(872)
Negative cash balances - beginning of year	(337 707)	(351 384)	(694 787)
Negative cash balances - end of year	(548 130)	(337 707)	(351 384)
CHANGE IN NEGATIVE CASH BALANCES	(210 423)	13 677	343 403
CHANGE IN CASH AND CASH EQUIVALENTS	(868 046)	406 704	342 531

The accompanying notes form an integral part of the consolidated financial statements.

a. CHANGE IN CONSOLIDATED SHAREHOLDERS' EQUITY

(€)	NUMBER OF SHARES	SHARE CAPITAL	RESERVES	SHAREHOLDER'S EQUITY-GROUP SHARE	ATTRIBUTABLE TO MINORITY INTERESTS	CONSOLIDATED SHAREHOLDERS' EQUITY
SHAREHOLDERS' EQUITY - 12.31.2011	**8 251 324**	**1 320 212**	**11 193 454**	**12 513 666**	**(6 526)**	**12 507 140**
Share capital increase	206 681	33 069	1 224 155	1 257 224	-	1 257 224
2012 comprehensive income			(1 226 204)	(1 226 204)	(56 656)	(1 282 860)
Stock options and free shares			262 296	262 296	-	262 296
Other movements			1 254	1 254	-	1 254
SHAREHOLDERS' EQUITY - 12.31.2012	**8 458 005**	**1 353 281**	**11 454 955**	**12 808 236**	**(63 182)**	**12 745 054**
Share capital increase	11 500	1 840	(1 840)	-	-	-
2013 comprehensive income	-	-	180 206	180 206	(77 423)	102 783
Stock options and free shares	-	-	92 304	92 304	-	92 304
Other movements	-	-	(8)	(8)	(2)	(10)
SHAREHOLDERS' EQUITY - 12.31.2013	**8 469 505**	**1 355 121**	**11 725 617**	**13 080 738**	**(140 607)**	**12 940 131**
Share capital increase	11 900	1 904	49 403	51 307	-	51 307
2014 comprehensive income	-	-	(340 266)	(340 266)	(26 966)	(367 232)
Stock options and free shares	-	-	79 422	79 422	-	79 422
Other movements	-	-	(249 729)	(249 729)	167 573	(82 156)
SHAREHOLDERS' EQUITY - 12.31.2014	**8 481 405**	**1 357 025**	**11 264 447**	**12 621 472**	**-**	**12 621 472**

The accompanying notes form an integral part of the consolidated financial statements.

b. CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(€)	2014	2013	2012
Attributable to the Group	**(1 022 923)**	**470 675**	**(1 151 067)**
Translation adjustment	682 657	(290 469)	(75 137)
Total comprehensive income attributable to the Group	**(340 266)**	**180 206**	**(1 226 204)**
Attributable to minority interests	(26 966)	(77 423)	(56 656)
Total comprehensive income	**(367 232)**	**102 783**	**(1 282 860)**

The accompanying notes form an integral part of the consolidated financial statements.

c. EXPLANATORY NOTES

The notes form an integral part of the financial statements prepared in accordance with IFRS.

MEDICREA is listed on the Alternext market of EnterNext Paris, ISIN FR004178572, Ticker ALMED.

The consolidated financial statements for the 2014 fiscal year were approved by the Board of Directors of April 2, 2015.

They will be submitted for approval at the next Shareholders' Meeting.

NOTE 1: ACCOUNTING PRINCIPLES

1.1. Accounting framework

The consolidated financial statements of MEDICREA Group at December 31, 2014 have been prepared in accordance with the IFRS (International Financial Reporting Standards) in force within the European Union, pursuant to European Regulation n° 1606/2002 of July 19, 2002, and available at *http://ec.europa.eu/internal_market/accounting/ias/index_en.htm*.

These standards include:

- International Accounting Standards (IAS);
- International Financial Reporting Standards (IFRS);
- SIC (Standard Interpretation Committee) interpretations;
- IFRIC (International Financial Interpretation Committee) standards.

The annual financial statements have been prepared in accordance with the going concern principle, assessed in light of the Group's capacity to meet its cash flow requirements over the next 12 months linked to its operations, its investments and the repayment of its short-term financial liabilities, while generating positive self-financing capacity.

1.2. Standards, amendments and interpretations adopted by the European Union, the application of which is mandatory for reporting periods starting on or after January 1, 2014

The IASB has published the following standards on consolidation:

- IFRS 10 "Consolidated Financial Statements";
- IFRS 11 "Joint Arrangements";
- IFRS 12 "Disclosure of Interests in Other Entities";
- IAS 27 Revised: "Separate Financial Statements";
- IAS 28 Revised: "Investments in Associates and Joint Ventures";
- Amendments to IFRS 10, 11 and 12 – "Transition Guidance";
- Amendments to IFRS 10, IFRS 12 and IAS 27 – "Investment Entities";

The application of these standards, amendments and interpretations to the Group's consolidated financial statements has no material impact.

1.3. Other standards, amendments and interpretations

The IASB has also published the following amendments:

- Amendments to IAS 32 – "Financial Instruments: Presentation – Offsetting Financial Assets and Financial Liabilities";
- Amendment to IAS 36 – "Recoverable Amount Disclosures for Non-Financial Assets";
- Amendments to IAS 39 – "Novation of Derivatives and Continuation of Hedge Accounting".

These amendments do not have a material impact on the Group's consolidated financial statements.

1.4. Standards, amendments and interpretations adopted by the European Union, the application of which is mandatory for reporting periods starting on or after January 1, 2014 and not applied early by the Group

On June 14, 2014, the European Union adopted IFRIC 21 – "Levies". Application of this interpretation is mandatory for reporting periods beginning on or after June 17, 2014, i.e., as of January 1, 2015 for MEDICREA Group, whose reporting period coincides with the calendar year.

1.5. Standards, amendments and interpretations published by the IASB but not yet adopted by the European Union

The Group does not expect other standards, interpretations and amendments published by the IASB but not yet approved at European level to have a material impact on its financial statements of the next fiscal years.

NOTE 2: SCOPE OF CONSOLIDATION

2.1. Consolidation method

Consolidation is based on the statutory financial statements, prepared at December 31, 2014, of the various legal entities comprising the Group.

Subsidiaries controlled directly or indirectly by the Group are fully consolidated. Control of an entity exists when the Group:

- holds power over the entity;
- is exposed or has rights to variable returns from its involvement with the entity;
- has the ability to use its power to influence the amount of its returns.

All transactions between consolidated entities are eliminated, as are intra-group income and losses (capital gains on asset disposals, inventory margins, amortization and depreciation of assets produced and retained by the Group).

2.2. Changes in consolidation scope

The consolidation scope includes the following entities:

- MEDICREA INTERNATIONAL (Group parent company);
- MEDICREA TECHNOLOGIES;
- MEDICREA TECHNOLOGIES UK;
- MEDICREA USA;
- MEDICREA EUROPE FRANCOPHONE.

Control and interest percentages at December 31, 2014 are detailed in the table below:

	REGISTERED OFFICE	% CONTROL	% INTEREST
MEDICREA TECHNOLOGIES	La Rochelle, FR	100 %	100 %
MEDICREA TECHNOLOGIES UK	Swaffam Bulbeck,GB	100 %	100 %
MEDICREA USA	New-York, USA	100 %	100 %
MEDICREA EUROPE FRANCOPHONE	Neyron, FR	100 %	100 %

In June 2014, MEDICREA INTERNATIONAL increased its equity holding in MEDICREA EUROPE FRANCOPHONE to 100% (70% at December 31, 2013).

2.3. Foreign currency translation

2.3.1. Translation of financial statements expressed in foreign currencies

The presentation currency of the Group's consolidated financial statements is the Euro.

The financial statements of each consolidated Group company are prepared in its functional currency, which is the currency of the principal economic environment in which it operates and is generally the local currency. The financial statements of entities whose functional currency is not the Euro are translated into Euros as follows:

- for balance sheet items, at the year-end exchange rate;
- for income statement items, at the average exchange rate for the period;
- for cash flow statement items, at the average exchange rate for the period.

Exchange differences arising from the application of these rates are recorded under "Translation adjustment" in shareholders' equity.

At December 31, 2014, the change in the translation adjustment recognized in Shareholders' equity - Group share is analyzed by currency as follows:

(€)	12.31.2014	12.31.2013
US Dollar	603 700	(276 999)
Pound Sterling	78 957	(13 470)
TOTAL	**682 657**	**(290 469)**

2.3.2. Foreign currency transactions

Transactions carried out by an entity in a currency other than its functional currency are translated using the exchange rate prevailing at the transaction date. Monetary assets and liabilities denominated in a foreign currency are translated at the year-end exchange rate. Non-monetary assets and liabilities denominated in a foreign currency are recognized at the historical exchange rate prevailing at the transaction date.

Differences arising from the translation of foreign currency transactions are generally recognized under net financial income/(expense) in the income statement.

Foreign exchange gains and losses arising from the translation or elimination of intra-group transactions or receivables and liabilities denominated in currencies other than the entity's functional currency are recorded in the income statement unless they relate to long-term intra-group financing transactions which can be considered as transactions relating to equity. In the latter case, translation adjustments are recorded in shareholders' equity under "Translation adjustment".

2.4. Use of estimates by Management

As part of the preparation of the consolidated financial statements, the valuation of some assets and liabilities requires the use of judgments, assumptions and estimates. This primarily involves the valuation of intangible assets, determining the amount of provisions for current and non-current liabilities and provisions for inventory impairment, the valuation of benefits giving access to the company's share capital, stock options and free shares, and, if applicable, deferred tax assets.

Rapid changes in economic environments increase the difficulties of valuing and estimating certain assets and liabilities, as well as contingencies on business developments. The estimates made by management were made based on information available to it at December 31, 2014, after taking account of events subsequent to that period in accordance with IAS 10. These assumptions, estimates and judgments made on the basis of information or situations existing at the date of preparation of the financial statements, may prove different from subsequent actual events.

When new events or situations indicate that the book value of certain items of property, plant and equipment, and intangible assets (including patents and goodwill) may not be recoverable, this value is compared to the recoverable amount estimated based on the value in use if the net fair value cannot be estimated reliably. If the recoverable amount is less than the net book value of these assets, the latter is reduced to the recoverable value through the recognition of an impairment loss under operating expenses.

The value in use is calculated as the present value of estimated future cash flows expected from the use of assets or their eventual disposal.

At December 31, 2014, there was no change in estimates having a significant effect on the period.

NOTE 3: SEGMENT REPORTING

In accordance with the provisions of IFRS 8 "Operating Segments", the segment reporting presented below is based on the internal reports used by Executive Management to assess performance and allocate resources to the various segments. Executive Management is the chief operating decision maker for the purposes of IFRS 8.

MEDICREA Group generates most of its business in a single operating segment, that of spinal implants. Therefore, the Group presents only one level of segment reporting, namely by geographic region, which corresponds to the functional organization of the Group through its marketing entities.

The different geographic regions are:

- France;
- United States;
- United Kingdom;
- Rest of the world.

3.1. Breakdown of sales by geographic region

By geographic region, sales are analyzed as follows:

(€)	12.31.2014	12.31.2013	12.31.2012
France	3 862 765	3 937 978	4 028 000
United States	13 995 488	12 306 533	10 122 651
United Kingdom	1 163 251	1 378 951	1 295 337
Rest of the world	5 182 751	5 232 760	5 233 828
of which Europe	2 738 360	1 472 387	1 399 036
of which South America	1 412 172	2 063 393	2 397 891
of which Asia	892 179	1 192 950	990 401
of which Oceania	97 877	193 126	77 185
of which Middle East and Africa	42 163	310 904	369 315
TOTAL	**24 204 255**	**22 856 222**	**20 679 816**

3.2. 2014 income statement by geographic region

(€)	FRANCE	UNITED STATES	UNITED KINGDOM	REST OF THE WORLD	TOTAL IFRS 12.31.2014
Net sales	**3 862 765**	**13 995 488**	**1 163 251**	**5 182 751**	**24 204 255**
Cost of sales	(918 722)	(1 061 114)	(163 468)	(2 419 388)	(4 562 692)
Gross margin	**2 944 043**	**12 934 374**	**999 783**	**2 763 363**	**19 641 563**
Research & development costs	(1 229 146)	(150 546)	-	-	(1 379 692)
Sales & marketing expenses	(3 568 746)	(5 464 175)	(784 336)	(990 492)	(10 807 749)
Sales commissions	68 684	(2 660 380)	-	-	(2 591 696)
General & administrative expenses	(3 523 604)	(1 216 521)	(217 858)	(35 469)	(4 993 452)
Other operating income and expenses	(71 970)	-	-	-	(71 970)
Operating income before share-based payments	**(5 380 739)**	**3 442 752**	**(2 411)**	**1 737 402**	**(202 996)**
Share-based payments	(5 334)	(74 088)	-	-	(79 422)
Operating income after share-based payments	**(5 386 073)**	**3 368 664**	**(2 411)**	**1 737 402**	**(282 418)**
Cost of net financial debt	(219 546)	23 452	6 913	999	(188 182)
Other financial (expenses) / income	186 943	21 026	(2 162)	(435 383)	(229 576)
Tax (charge) / income	(75 965)	(366 438)	1 526	91 164	(349 713)
Consolidated net (loss)/income	**(5 494 641)**	**3 046 704**	**3 866**	**1 394 182**	**(1 049 889)**
Attributable to the Group	**(5 467 675)**	**3 046 704**	**3 866**	**1 394 182**	**(1 022 923)**
Attributable to minority interests	**(26 966)**	**-**	**-**	**-**	**(26 966)**

3.3. 2013 income statement by geographic region

(€)	FRANCE	UNITED STATES	UNITED KINGDOM	REST OF THE WORLD	TOTAL IFRS 12.31.2013
Net sales	**3 937 978**	**12 306 533**	**1 378 951**	**5 232 760**	**22 856 222**
Cost of sales	(945 765)	(915 219)	(167 153)	(2 540 530)	(4 568 667)
Gross margin	**2 992 213**	**11 391 314**	**1 211 798**	**2 692 230**	**18 287 555**
Research & development costs	(1 164 524)	(102 261)	-	-	(1 266 785)
Sales & marketing expenses	(2 882 988)	(4 581 486)	(707 641)	(618 761)	(8 790 876)
Sales commissions	(6 849)	(2 344 077)	-	(23 250)	(2 374 176)
General & administrative expenses	(3 071 955)	(1 004 570)	(200 376)	(47 411)	(4 324 308)
Other operating income and expenses	(167)	-	-	-	(171)
Operating income before share-based payments	**(4 134 270)**	**3 358 920**	**303 781**	**2 002 808**	**1 531 239**
Share-based payments	(31 787)	(59 051)	(1 466)	-	(92 304)
Operating income after share-based payments	**(4 166 057)**	**3 299 869**	**302 315**	**2 002 808**	**1 438 935**
Cost of net financial debt	(184 361)	14 236	(1 088)	-	(171 213)
Other financial (expenses) / income	20 302	(145)	-	-	20 157
Tax (charge) / income	(148 636)	(689 613)	(56 378)	-	(894 627)
Consolidated net (loss)/income	**(4 478 752)**	**2 624 347**	**244 849**	**2 002 808**	**393 252**
Attributable to the Group	**(4 401 329)**	**2 624 347**	**244 849**	**2 002 808**	**470 675**
Attributable to minority interests	**(77 423)**	**-**	**-**	**-**	**(77 423)**

Expenses of the Research and Development, Marketing, Export Distribution, Finance, and General Administration departments incurred by Group head office are all presented under the “France and French-speaking Europe” segment, with no analytical reallocation to other geographic regions.

3.4. 2014 balance sheet by geographic region

SECTIONS	FRANCE	UNITED STATES	UNITED KINGDOM	REST OF THE WORLD	TOTAL IFRS 12.31.2014
Goodwill	2 633 541	-	-	-	2 633 541
Intangible assets	3 848 307	121 997	90	-	3 970 394
Property, plant and equipment	3 460 921	1 569 863	213 910	236 596	5 481 290
Non-current financial assets	297 905	120 796	-	-	418 701
Deferred tax liabilities	648 966	(221 821)	175 452	-	602 597
TOTAL NON-CURRENT ASSETS	**10 889 640**	**1 590 835**	**389 452**	**236 596**	**13 106 523**
Inventories	5 293 199	853 001	185 066	-	6 331 266
Trade receivables	1 084 857	2 347 757	238 655	710 064	4 381 333
Other current assets	2 091 166	182 163	29 313	-	2 302 642
Cash and cash equivalents	950 029	42 451	189 026	-	1 181 506
TOTAL CURRENT ASSETS	**9 419 251**	**3 425 372**	**642 060**	**710 064**	**14 196 747**
TOTAL ASSETS	**20 308 891**	**5 016 207**	**1 031 512**	**946 660**	**27 303 270**
Share capital	1 357 025	-	-	-	1 357 025
Contribution premium	34 353 357	-	-	-	34 353 357
Consolidated reserves	(23 337 437)	1 010 827	856 464	(595 841)	(22 065 987)
Group net income for the year	(5 467 675)	3 046 704	3 866	1 394 182	(1 022 923)
SHAREHOLDERS' EQUITY - GROUP SHARE	**6 905 270**	**4 057 531**	**860 330**	**798 341**	**12 621 472**
TOTAL SHAREHOLDERS' EQUITY	**6 905 270**	**4 057 531**	**860 330**	**798 341**	**12 621 472**
Conditional advances	455 000	-	-	-	455 000
Non-current provisions	347 611	-	-	-	347 611
Deferred tax liabilities	715 371	-	-	-	715 371
Long-term financial debt	3 921 022	-	-	-	3 921 022
TOTAL NON-CURRENT LIABILITIES	**5 439 004**	**-**	**-**	**-**	**5 439 004**
Other current financial liabilities	3 048 845	-	-	-	3 048 845
Short-term financial debt	25 102	-	-	-	25 102
Trade payables	3 140 081	805 980	89 908	144 378	4 180 347
Other current liabilities	1 750 589	152 696	81 274	3 941	1 988 500
TOTAL CURRENT LIABILITIES	**7 964 617**	**958 676**	**171 182**	**148 319**	**9 242 794**
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	**20 308 891**	**5 016 207**	**1 031 512**	**946 660**	**27 303 270**

3.5. 2013 balance sheet by geographic region

SECTIONS	FRANCE	UNITED STATES	UNITED KINGDOM	REST OF THE WORLD	TOTAL IFRS 12.31.2013
Goodwill	2 419 861	-	-	-	2 419 861
Intangible assets	3 607 473	41 479	835	-	3 649 787
Property, plant and equipment	2 056 735	907 575	240 612	269 177	3 474 099
Non-current financial assets	270 526	78 786	-	-	349 312
Deferred tax liabilities	(71 971)	124 847	180 456	-	233 332
TOTAL NON-CURRENT ASSETS	**8 282 624**	**1 152 687**	**421 903**	**269 177**	**10 126 391**
Inventories	4 237 448	644 736	219 563	-	5 101 747
Trade receivables	761 082	1 437 870	210 499	974 122	3 383 573
Other current assets	1 291 759	138 710	16 249	-	1 446 718
Other current financial assets	-	-	-	-	-
Cash and cash equivalents	1 264 734	278 121	296 274	-	1 839 129
TOTAL CURRENT ASSETS	**7 555 023**	**2 499 437**	**742 585**	**974 122**	**11 771 167**
TOTAL ASSETS	**15 837 647**	**3 652 124**	**1 164 488**	**1 243 299**	**21 897 558**
Share capital	1 355 121	-	-	-	1 355 121
Contribution premium	34 302 066	-	-	-	34 302 066
Consolidated reserves	(23 224 663)	350 037	698 747	(871 245)	(23 047 124)
Group net income for the year	(4 401 329)	2 624 347	244 849	2 002 808	470 675
SHAREHOLDERS' EQUITY - GROUP SHARE	**8 031 195**	**2 974 384**	**943 596**	**1 131 563**	**13 080 738**
SHAREHOLDERS' EQUITY - MINORITY INTERESTS	**(140 607)**	**-**	**-**	**-**	**(140 607)**
TOTAL SHAREHOLDERS' EQUITY	**7 890 588**	**2 974 384**	**943 596**	**1 131 563**	**12 940 131**
Conditional advances	573 612	-	-	-	573 612
Non-current provisions	232 554	-	-	-	232 554
Deferred tax liabilities	218 373	-	-	-	218 373
Long-term financial debt	2 394 942	-	-	-	2 394 942
TOTAL NON-CURRENT LIABILITIES	**3 419 481**	**-**	**-**	**-**	**3 419 481**
Current provisions	99 193	-	-	-	99 193
Short-term financial debt	1 572 625	-	-	-	1 572 625
Other current financial liabilities	1 156	-	-	-	1 156
Trade payables	1 666 684	438 276	92 048	79 238	2 276 246
Other current liabilities	1 187 920	239 464	128 844	32 498	1 588 726
TOTAL CURRENT LIABILITIES	**4 527 578**	**677 740**	**220 892**	**111 736**	**5 537 946**
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	**15 837 647**	**3 652 124**	**1 164 488**	**1 243 299**	**21 897 558**

NOTE 4: OPERATIONAL DATA

4.1. Revenue

In accordance with IAS 18, revenue is recognized net of any trade discounts, volume rebates, credit notes and settlement discounts. Revenue is recognized when:

- it is probable that future economic benefits will flow to the Group;
- the amount of revenue can be measured reliably;
- at the transaction date, it is probable that the amount of the sale will be recovered.

Sales comprise the value excluding tax of goods and services sold by consolidated entities as part of their ordinary activities, after elimination of intra-group sales.

Sales are recognized on the date the significant risks and rewards of ownership are transferred, which most frequently takes place when the products are shipped. In certain specific cases, when the Group delivers directly to certain healthcare institutions, implants and instruments are held on consignment. They are not invoiced on delivery and remain recognized as Group assets. Only implants that have been placed and/or broken or lost instruments are subsequently invoiced.

Regular inventories of assets held on consignment are made, either directly on site, or after the assets are returned and reviewed at the Group's distribution centers, and any necessary accounting adjustments are recognized in the financial statements.

Gains and losses resulting from the unwinding of exchange rate hedges relating to commercial transactions are presented as other operating income and expenses.

4.2. Amortization, depreciation and impairment charges

Amortization and depreciation charges included in the income statement relate to the following assets:

AMORTIZATION AND DEPRECIATION	12.31.2014	12.31.2013	12.31.2012
Industrial and commercial property rights	290 467	277 271	260 682
Other intangible assets	925 277	869 608	751 706
Buildings	1 722	361	22
Plant, machinery and tools	1 012 884	1 082 829	1 206 877
Other property, plant and equipment	274 260	142 614	167 441
TOTAL	**2 504 610**	**2 372 683**	**2 386 728**

IMPAIRMENT	12.31.2014	12.31.2013	12.31.2012
Plant, machinery and tools	-	(11 000)	11 000
Inventories	(225 269)	436 242	(170 544)
Trade receivables	8 858	(96 417)	2 322
TOTAL	**(216 411)**	**328 825**	**(157 222)**

Amortization and depreciation charges are analyzed as follows:

(€)	12.31.2014	12.31.2013	12.31.2012
Cost of sales	225 973	191 306	188 934
Research & development and patent costs	1 213 760	1 137 965	986 258
Sales & marketing expenses	817 511	784 199	929 503
General & administrative expenses	247 366	259 213	293 033
TOTAL	**2 504 610**	**2 372 683**	**2 397 728**

4.3. Royalties

Royalties paid to certain designer surgeons are calculated and paid quarterly, based on the sales of each product concerned generated by the Group. These royalties are recognized as operating expenses.

Royalties received on patents owned by the Group and used in other medical applications are recognized as operating expenses.

4.4. Other operating income and expenses

Other operating income and expenses include items of revenue which, due to their nature, amount or frequency, cannot be considered as being part of ordinary activities or income from recurring operations.

This item primarily comprises provision charges and reversals recognized as part of salary disputes and related lawyer's fees, capital gains and losses on non-current asset disposals, and gains and losses from the unwinding of exchange rate hedges relating to commercial transactions.

4.5. Operating income

The key performance indicator used by the Group is operating income before share-based payments. It includes income from ordinary activities and other operating income and expenses, which comprise unusual, non-recurring and material items, and exchange gains and losses on commercial transactions.

NOTE 5: EMPLOYEE COSTS AND BENEFITS

5.1. Workforce

The workforce can be analyzed by category and geographic region as follows:

	12.31.2014	12.31.2013	12.31.2012
Executives	67	58	42
Supervisors - Employees	61	51	55
TOTAL	**128**	**109**	**97**
of which France	90	74	70
of which United Kingdom	5	7	6
of which United States	33	28	21

5.2. Pension plans and post-employment benefits

Defined contribution plans (legal and supplementary pension plans) are characterized by payments to organizations that free the employer from any subsequent obligation, with the organization being responsible for paying the amounts due to staff. Given their nature, defined contribution plans do not give rise to the recognition of provisions as the contributions are recognized as expenses when they are due.

Pursuant to IAS 19 revised, within the context of defined benefit plans, post-employment benefits and other long-term benefits are measured in accordance with the projected unit credit method based on parameters specific to each employee (age, occupational category), and assumptions specific to the company (collective agreement, staff turnover rate, future salary forecasts, life table). Before IAS 19 R came into force, the Group had opted for the immediate recognition of actuarial gains and losses in the income statement. Accordingly, the opening balances of shareholders' equity at January 1, 2013 and January 1, 2014 have not been restated due to the lack of impact of IAS 19 R on the financial statements.

Actuarial gains and losses are generated when differences are noted between actual data and previous forecasts, or following a change in actuarial assumptions. In the case of post-employment benefits, actuarial gains and losses generated are recognized in the statement of comprehensive income net of deferred tax.

Past service costs resulting from the adoption of a new plan or a change to an existing defined benefit plan are immediately recognized in the income statement. The expense includes:

- the cost of services rendered during the fiscal year, past service costs and the potential effects of any plan curtailment or liquidation recognized in operating income;
- the charge net of interest on obligations and plan assets recognized in net financial income/(expense).

The Group does not finance its commitments through payments to external funds.

The servicing of retirement benefits as provided for by the collective agreements applicable to MEDICREA INTERNATIONAL, MEDICREA EUROPE FRANCOPHONE, and MEDICREA TECHNOLOGIES (Import/Export and Charente Maritime Ironworks, respectively) is the subject of a provision recognized in non-current liabilities. The corresponding commitment is measured annually based on the specific features of these entities and external factors, which are summarized as follows:

- retirement age: age at which an employee has acquired sufficient entitlements to obtain a full pension;
- social security rates: adjusted based on the employee and company status. On average, rates are 45% for executives and 44% for non-executives;
- rate of salary increase: 2%;
- departure mode: at the employee's initiative;
- life table: INSEE TD/TV 2009-2011 by gender ;
- annual mobility: based on category (executive and non-executive) and age, with a turnover rate of 0 after 50 years old;
- discount rate: 1.90%, based on the long-term yields of private sector euro-denominated AA-rated bonds at the date of the valuation, in accordance with CNC recommendation.

The provision for acquired rights was €347,611 at December 31, 2014, compared with €232,554 at December 31, 2013. Movements are analyzed as follows:

(€)	12.31.2014
Actuarial liability at 12.31.2013	232 554
Service cost in operating income	40 325
Net financial expense	7 558
Charge for the year in respect of defined benefit plans	47 883
Actuarial gains and losses	67 174
Actuarial liability at 12.31.2014	**347 611**

The members of the Board of Directors and senior executives do not benefit from a supplementary pension plan.

Regarding foreign subsidiaries, a detailed review of retirement commitment obligations is carried out based on the rules applicable to each country and provisions are recognized if necessary.

5.3. Seniority awards

No provision is established for commitments related to seniority awards, since collective agreements do not provide for any specific provision in that regard.

5.4. Share-based payments

Stock options and free shares are allocated to employees of Group entities.

Stock option and free share plans are deemed to be equity-settled plans according to the classification specified by IFRS 2. At the allocation date, the Group estimates the fair value of plan instruments whose payment is based on shares. The fair value of the shares is determined based on the Black & Scholes model, which meets IFRS 2 criteria.

The fair value is recognized in employee costs over the vesting period and offset by a specific reserve account. The amount recognized takes account of the number of beneficiaries, the vesting probability adjusted for departure assumptions, the price of the underlying instrument, the maturity profile of the options, the dividend yield, the volatility of the MEDICREA share, and the risk-free rate. The expense is recognized over the entire vesting period. For stock options, one third of the fair value is recognized in the year options are allocated, one third the following year and the balance two years later. For free shares, the fair value of instruments allocated to the beneficiaries is recognized over two years, except for American employees for whom it is recognized over a four-year period.

The volatility used was determined based on historical observation of the MEDICREA share and was compared with a sample of securities of comparable companies. The risk-free rate corresponds to the 6-year zero coupon Eurozone rate at the allocation date. Cancelled securities were taken into account to ensure only outstanding securities were valued.

At the end of the vesting period, the amount of cumulative benefits recognized is retained in reserves, irrespective of whether options have been exercised or not.

5.4.1. Description of existing plans

The Shareholders' Meetings of March 10, 2006, June 25, 2009, June 14, 2012, and June 25, 2014 delegated to the Board of Directors the power to allocate share subscription or purchase options and to allocate free shares. The Board of Directors' meetings of June 5, 2008, June 25, 2009, December 17, 2009, June 17, 2010, June 16, 2011, December 17, 2013, and March 27, 2014 allocated share subscription options and/or free shares.

Subscription options

The main features of current option plans are as follows:

ALLOCATION DATE (Date of Board of Directors' meeting)	06.05.08	06.25.09	12.17.09	06.17.10	06.16.11	12.17.13	03.27.14
Number of options allocated	25 215	99 200	15 000	112 800	95 500	10 000	30 000
Subscription price	€6	€6.16 / €6.56*	€6.32	€6.14 / €6.28*	€9.10 / €11.44*	€8.77	€9.10
Vesting period	0-2 years (1)	1-3 years (2)	0-2 years(2)	1-3 years (3)	1-3 years (4)	1-3 years (5)	1-3 years (6)
Options term	10 years	7 years	7 years	7 years	7 years	7 years	7 years

- *The exercise price is different for American employees since the final vesting dates are effective 20 trading days after the date of the Board of Directors' meeting deciding on the allocation.*
- *(1) Options fully exercisable since June 5, 2010*
- *(2) Options fully exercisable since July 23, 2012*
- *(3) Options fully exercisable since July 15, 2013*
- *(4) Options fully exercisable since July 16, 2014*
- *(5) One third of options will be exercisable from January 17, 2015, one third from January 17, 2016 and one third from January 17, 2017.*
- *(6) One third of options will be exercisable from April 28, 2015, one third from April 28, 2016 and one third from April 28, 2017.*

Exercise of the options is subject to the employee being employed by the Group at the exercise date. Out of a total of 387,715 options allocated, and due to the departure of employees since the first plans were put in place, 132,356 options had lapsed at December 31, 2014. Furthermore, 15,147 options were exercised in the course of the 2014 fiscal year. Accordingly, the number of options exercisable at December 31, 2014 was 240,212.

Free shares

113,284 shares have been allocated since 2008. These shares are vested on the beneficiary at the end of a two-year period for French employees and a four-year period for American employees. Taking account of employee departure in the fiscal years 2008 to 2014, the number of free shares allocated to employees is 94,284, after cancelation of 19,000 shares.

5.4.2. Change in the number of outstanding securities

Transactions in share-based payment instruments in the 2014 fiscal year are summarized as follows:

	SUBSCRIPTION OPTIONS			FREE SHARES		
	Number of options	**Average residual contractual life**	**Average exercise price (€)**	**Number of shares**	**Average residual contractual life**	
					France	**United States**
Balance at 12.31.13	**228 359**	**3,53**	**6,89**	**11 800**	**0,46**	**0,46**
- allocated	30 000	5,24	9,10	-	-	-
- cancelled	3 000	0,26	6,64	-	-	-
- lapsed	-	-	-	-	-	-
- exercised (2)	15 147	2,32	6,11	(1) 11 800	0,46	0,46
Balance at 12.31.14	**240 212**	**2,89**	**7,21**	**-**	**-**	**-**

- *(1) corresponds to free shares granted to American and British employees in 2010*
- *(2) 15,147 stock options have been exercised at December 31, 2014. Recognition of the corresponding share capital increase is pending.*

For the 2013 fiscal year, these transactions can be summarized as follows:

	SUBSCRIPTION OPTIONS			FREE SHARES		
	Number of options	**Average residual contractual life**	**Average exercise price (€)**	**Number of shares**	**Average residual contractual life**	
					France	**United States**
Balance at 12.31.12	**304 482**	**4,47**	**6,90**	**32 300**	**0,84**	**1,07**
- allocated	10 000	6,96	8,77	-	-	-
- cancelled	86 133	4,20	7,17	9 000	-	1,02
- lapsed	-	-	-	-	-	-
- exercised (1)	-	-	-	11 500	0,84	1,07
Balance at 12.31.13	**228 359**	**3,53**	**6,89**	**11 800**	**0,46**	**0,46**

- *(1) corresponds to free shares allocated to American and British employees in 2009 (8,000) and French employees in 2011 (3,500).*

5.4.3. Reflection of allocated instruments in the financial statements

The accounting impacts of allocated instruments are as follows:

ALLOCATION DATE	TYPE	NUMBER OF OUTSTANDING SECURITIES	EXERCISE PRICE	SHARE PRICE ON THE ALLOCATION DATE (€)	DIVIDEND YIELD	EXPECTED VOLATILITY	RISK-FREE RATE	FAIR VALUE (€)	2014 ACCOUNTING CHARGE (€K)	TOTAL PLAN COST (€K)
06.05.2008	Option	9 759	6.00	5,73	0%	40%	4,44%	2,74	-	27
06.05.2008	Free	17 163	share	5,73	0%	-	-	5,73	-	99
06.25.2009	Option	55 700	6.16	6,55	0%	40%	2,89%	2,83	-	158
06.25.2009	Option	12 500	6.56	6,55	0%	40%	2,89%	2,27	-	28
06.25.2009	Free	35 700	share	6,55	0%	-	-	6,55	-	234
12.17.2009	Option	14 000	6.32	5,96	0%	40%	2,54%	2,31	-	32
12.17.2009	Free	2 000	share	5,96	0%	-	-	5,96	-	12
06.17.2010	Option	52 500	6.14	6,22	0%	40%	1,83%	2,47	-	130
06.17.2010	Option	23 400	6.28	6,22	0%	40%	1,83%	2,38	-	56
06.17.2010	Free	35 920	share	6,22	0%	-	-	6,22	7	223
06.16.2011	Option	27 500	9.10	9,40	0%	33%	2,37%	3,06	5	84
06.16.2011	Option	20 000	11.44	9,40	0%	33%	2,37%	4,78	8	95
06.16.2011	Free	3 500	share	9,40	0%	-	-	9,40	-	33
12.17.2013	Option	10 000	8.77	8,88	0%	36%	2,69%	3,05	18	30
03.27.2014	Option	30 000	9.10	9,15	0%	35%	2,33%	3,02	41	91
TOTAL		**349 642**							**79**	**1 332**

This table does not take account of the 15,147 stock options exercised in 2014.

5.5. French Individual Training Right (ITR) now Personal Training Account (PTA)

Only training expenses effectively incurred in respect of the individual training right, as decided jointly by the employee and the Group, are recognized as expenses in the fiscal year. A provision charge is only recognized in the following two instances:

- persistent disagreement over two successive fiscal years between the employee and the Group, if the employee has requested individual training leave from Fongécif;
- resignation or dismissal of the employee, if the latter requests their individual training right before the end of their notice period.

The number of individual training right (ITR) hours acquired by the employees of French Group entities and for which no usage request has been made was 6,246 at December 31, 2014. The Group does not have sufficient statistical history (very few training hours have been used within the framework of the ITR) and as a result is unable to accurately evaluate the future use of this right by employees. As the Group has the option of integrating the entire cost of this training right into its overall training program, no provision was recognized in the 2014 fiscal year.

It should be noted that as of January 1, 2015, the ITR was replaced by the Personal Training Account (PTA), which will no longer be metered by the Group but by the Caisse des Dépôts et Consignation. The Group's contribution in respect of the PTA (0.2% of French companies' payroll costs) will continue to be paid to Organismes Paritaires Collecteurs Agréés (OPCAs), which will in turn finance the future training programs carried out under this framework.

5.6. US Employee Stock Purchase Plan (ESPP)

A stock purchase plan reserved for MEDICREA USA's American employees has been in place since January 1, 2015. It provides these employees with the opportunity to purchase shares in the parent company MEDICREA INTERNATIONAL, within the strict tax and legal framework specified by US regulations, the main characteristics of which are as follows:

- Employees who have been with the Company for at least two years can make monthly transfers to a nominative account;
- The sums accumulated give them the right at the end of each year to purchase MEDICREA INTERNATIONAL shares at a price equal to 85% of the share price;
- These shares must be retained for 12 months before they are sold or transferred.

In order to set up this plan at January 1, 2015, subscriptions were opened in December 2014. 8 employees of the MEDICREA USA subsidiary participated in the 2015 plan.

5.7. Senior executives and corporate officers' compensation

MEDICREA INTERNATIONAL has two executive corporate officers. They are Denys SOURNAC, Chairman and Chief Executive Officer of MEDICREA INTERNATIONAL, and Jean-Philippe CAFFIERO, Deputy Chief Executive Officer of MEDICREA INTERNATIONAL.

Mr. SOURNAC is not an employee of MEDICREA INTERNATIONAL and is not compensated by the Company for his duties. The management holding company ORCHARD INTERNATIONAL, of which Mr. SOURNAC is Chairman, receives fees for the executive management duties of MEDICREA INTERNATIONAL provided by Mr. SOURNAC. These fees are paid via a service agreement between ORCHARD INTERNATIONAL AND MEDICREA INTERNATIONAL. The value of services invoiced by ORCHARD to MEDICREA INTERNATIONAL for the 2014 fiscal year for work carried out by Mr. SOURNAC was €292,000 exclusive of tax (unchanged from 2013).

Mr. SOURNAC did not receive any direct or indirect remuneration from the Company other than those mentioned above, excluding Directors' fees of €4,000 in 2014 (€3,429 in 2013).

Mr. CAFFIERO is not compensated for his duties as Deputy CEO. Mr. CAFFIERO's export sales management services are invoiced by ORCHARD INTERNATIONAL of which he is the Managing Director, to MEDICREA INTERNATIONAL, via the service agreement concluded between the two entities.

In 2014, ORCHARD INTERNATIONAL invoiced a total of €151,458 exclusive of tax (€191,314 exclusive of tax in 2013) to MEDICREA INTERNATIONAL for the sales management duties carried out by Mr. CAFFIERO. It should be noted that since January 1, 2015, at Mr. CAFFIERO's request to reduce his activities within the Group, the amount of services invoiced by ORCHARD INTERNATIONAL has been significantly revised downward.

Mr. CAFFIERO did not receive any direct or indirect remuneration other than those mentioned above, excluding Directors' fees of €4,000 in 2014 (€3,429 in 2013).

5.8. Employee costs analysis

Employee costs are analyzed as follows (excluding temporary staff costs), after taking account of the French competitiveness and employment credit (€99,594 for the fiscal year 2014);

(€)	12.31.2014	12.31.2013	12.31.2012
Cost of sales	1 477 098	1 271 472	1 181 357
Research & development costs (1)	178 238	145 059	128 506
Sales & marketing expenses	5 586 637	4 737 090	4 641 740
General & administrative expenses	2 034 897	1 637 579	1 605 451
TOTAL	**9 276 870**	**7 791 200**	**7 557 054**

(1): corresponds to non-capitalized employee costs

NOTE 6: INTANGIBLE ASSETS AND PROPERTY, PLANT AND EQUIPMENT

6.1. Goodwill

As part of a business combination, payments made by the Group in anticipation of future economic benefits from assets that are not capable of being individually identified and separately recognized are recorded as goodwill under assets in the balance sheet.

Goodwill primarily relates to MEDICREA TECHNOLOGIES, based in La Rochelle, France, acquired in 2002 following an LBO. The increase in goodwill compared with December 31, 2013 is linked to the 30% equity investment in MEDICREA EUROPE FRANCOPHONE, MEDICREA INTERNATIONAL now being the sole shareholder of this entity.

Pursuant to IAS 36, such goodwill is no longer amortized but subject to impairment tests at least at each fiscal year end, by comparing total assets with their market value as represented by their market capitalization.

6.2. Non-current assets impairment tests

Impairment testing of property, plant and equipment, and intangible assets is performed when there is any indication of impairment and at least annually for intangible assets with an indefinite life, primarily goodwill. Pursuant to IAS 36, when the net book value of assets with an indefinite life becomes greater than the higher of their value in use or market value, impairment is recorded for the difference. The value in use is based on discounted future cash flows that will be generated by these assets. The market value of the asset is determined by reference to recent similar transactions or to assessments by independent appraisers in the context of a disposal.

For these tests, the assets are broken down by cash generating units (CGUs) that correspond to consistent groups of cash-generating assets. With regard to the Group's organizational structure and the cash flows between the various entities, a single CGU has been identified.

6.3. Intangible assets

Intangible assets include research and development costs, patents and trademarks, and software. Research and development costs are recorded in balance sheet asset when they meet all of the criteria of IAS 38. Capitalized costs are based on precise analytical monitoring, resulting in a breakdown of costs incurred by type and by project. These costs are maintained as assets as long as the Company retains substantially all the risks and rewards of ownership of the assets. Research and development costs are amortized on a straight-line basis over their expected useful lives, which correspond to the duration of expected future economic benefits. This period is usually 5 years.

Pursuant to IAS 23, borrowing costs allocated to the financing of research and development costs and recognized in intangible assets are considered as an element of the cost of these assets and are therefore capitalized.

Patents, licenses and trademarks are amortized over 5 to 10 years, depending on their useful lives.

Software is amortized over periods ranging from one to three years.

6.4. Property, plant and equipment

In accordance with IAS 16, the cost of an item of property, plant and equipment comprises:

- the purchase price, including import duties and non-refundable purchase taxes;
- any costs directly attributable to commissioning the asset in the manner intended;
- trade discounts and rebates deducted from the calculation of the purchase price.

Property, plant and equipment is broken down if their components have different useful lives or if they provide benefits to the Group at a different pace that requires the use of different amortization rates and methods.

The depreciation periods applied by the Group are as follows:

- land is not depreciated;
- fixtures and land improvements are depreciated over 15 years;
- industrial equipment is depreciated over its estimated useful life, ranging from 3 to 10 years;
- machinery and tools are depreciated over their estimated useful lives, ranging from 2 to 3 years;
- technical facilities and fittings are depreciated over their estimated useful lives, ranging from 5 to 10 years.
- other categories of property, plant and equipment, such as office equipment, computer hardware, and furniture are depreciated over their useful lives, ranging from 3 to 10 years.

Assets acquired through lease financing, which transfer to the Group substantially all risks and rewards incident to ownership of the assets, are recorded in a manner identical to a credit purchase for the original values of the contract, thus resulting in the recognition of a depreciable asset and a financial liability. The classification of leases is assessed in the light of IAS 17. The assets concerned comprise various industrial equipment used in the manufacture of implants and ancillary parts.

Lease-financed assets (mainly computer hardware and office equipment), which are used for their entire useful lives and whose lease covers the entire price of the financed assets are also recognized in a manner identical to a credit purchase, in accordance with IAS 17.

Ancillary parts included in sets made available to client health institutions until their replacement for cause of breakage, loss or obsolescence, are depreciated over a period of three years. Demonstration equipment is generally depreciated over 5 years.

6.5. Non-current assets, and amortization and depreciation charges of the last three years

Non-current assets (excluding goodwill) are analyzed as follows:

NON-CURRENT ASSETS – €	12.31.2014	12.31.2013	12.31.2012
Research & development costs	6 414 152	5 350 501	4 348 519
Patents and similar rights	3 463 728	3 318 865	3 158 822
Computer licenses and software	526 130	193 211	181 317
Brands	25 133	25 133	25 133
Intangible assets	**10 429 143**	**8 887 710**	**7 713 791**
Land	-	-	-
Buildings	22 855	4 046	1 050
Plant & equipment	3 935 289	2 571 341	2 554 967
Demonstration equipment	684 146	638 653	548 659
Instrument sets	4 559 887	3 487 997	3 426 878
Computer hardware and office equipment	1 002 030	730 322	677 299
Other non-current assets	1 246 422	1 129 174	1 109 694
Property, plant and equipment	**11 450 629**	**8 561 533**	**8 318 547**
Guarantees and deposits	260 344	195 762	195 115
Pledges	158 357	153 550	153 550
Non-current financial assets	**418 701**	**349 312**	**348 665**
TOTAL GROSS VALUES	**22 298 473**	**17 798 555**	**16 381 003**
Amortization, depreciation and provisions – €	12.31.2014	12.31.2013	12.31.2012
Intangible asset amortization	6 458 749	5 237 923	4 098 580
Property, plant and equipment depreciation	5 969 339	5 087 434	4 965 690
Property, plant and equipment impairment	-	-	11 000
TOTAL AMORTIZATION, DEPRECIATION AND PROVISIONS	**12 428 088**	**10 325 357**	**9 075 270**
TOTAL NET VALUES	**9 870 385**	**7 473 198**	**7 305 733**

Over a 3-year period, changes in non-current assets (excluding goodwill) were as follows:

NET NON-CURRENT ASSETS – €	12.31.2014	12.31.2013	12.31.2012
At January 1	**7 473 198**	**7 305 733**	**7 610 276**
Investments during the period	5 190 354	2 808 796	3 158 822
Disposals during the period	(453 364)	(1 391 243)	181 317
Amortization, depreciation and provision charges	**(2 339 803)**	**(1 250 088)**	**(1 832 061)**
At December 31	**9 870 385**	**7 473 198**	**7 305 733**

6.6. Change in non-current assets, and depreciation and amortization during 2014

The change in non-current assets, excluding goodwill, is analyzed as follows:

(€) GROSS VALUES	01.01.2014	TRANSLATION ADJUSTMENT	ACQUISITIONS	DISPOSALS	12.31.2014
Research & development costs	5 350 501	-	1 068 897	5 246	6 414 152
Patents and similar rights	3 318 865	-	144 863	-	3 463 728
Computer licenses and software	193 211	5 340	327 579	-	526 130
Brands	25 133	-	-	-	25 133
Intangible assets	**8 887 710**	**5 340**	**1 541 339**	**5 246**	**10 429 143**
Buildings	4 046	-	18 809	-	22 855
Plant & equipment	2 571 341	1 175	1 362 773	-	3 935 289
Demonstration equipment	638 653	41 155	226 873	222 535	684 146
Instrument sets	3 487 997	252 455	1 493 321	673 886	4 559 887
Computer hardware and office equipment	730 322	10 203	262 731	1 226	1 002 030
Other non-current assets	1 129 174	23 644	93 604	-	1 246 422
Property, plant and equipment	**8 561 533**	**328 632**	**3 458 111**	**897 647**	**11 450 629**
Guarantees and deposits	195 762	10 710	57 460	3 588	260 344
Pledges	153 550	-	4 807	-	158 357
Non-current financial assets	**349 312**	**10 710**	**62 267**	**3 588**	**418 701**
TOTAL GROSS VALUES	**17 798 555**	**344 682**	**5 061 717**	**906 481**	**22 298 473**

(€) AMORTIZATION AND DEPRECIATION	01.01.2014	TRANSLATION ADJUSTMENT	CHARGES	REVERSALS	12.31.2014
Research & development costs	3 016 478	-	904 406	206	3 920 678
Patents and similar rights	2 025 960	-	290 467	-	2 316 427
Computer licenses and software	173 749	5 288	18 902	-	197 939
Brands	21 736	-	1 969	-	23 705
Intangible assets	**5 237 923**	**5 288**	**1 215 744**	**206**	**6 458 749**
Buildings	383	-	1 722	-	2 105
Plant & equipment	1 616 399	1 058	204 534	-	1 821 991
Demonstration equipment	395 185	2 177	135 335	132 607	400 090
Instrument sets	1 956 035	16 433	673 015	319 162	2 326 321
Computer hardware and office equipment	432 514	9 334	162 715	1 142	603 421
Other non-current assets	686 918	16 948	111 545	-	815 411
Property, plant and equipment	**5 087 434**	**45 950**	**1 288 866**	**452 911**	**5 969 339**
TOTAL AMORTIZATION AND DEPRECIATION	**10 325 357**	**51 238**	**2 504 610**	**453 117**	**12 428 088**

(€) NET VALUES	01.01.2014	TRANSLATION ADJUSTMENT	INCREASES	DECREASES	12.31.2014
Intangible assets	**3 649 787**	**52**	**325 595**	**5 040**	**3 970 394**
Property, plant and equipment	**3 474 099**	**282 682**	**2 169 245**	**444 736**	**5 481 290**
Non-current financial assets	**349 312**	**10 710**	**62 267**	**3 588**	**418 701**
TOTAL NET VALUES	**7 473 198**	**293 444**	**2 557 107**	**453 364**	**9 870 385**

The main changes in non-current assets are as follows:

1 / Research and development activity is structurally important and is a key differentiating factor for the Group. The main costs incurred in 2014 include:

- The development of the thoraco-lumbar range, with, in particular, the development of vertebrae anchoring systems by flexible ligaments (LIGAPASS®) and systems for the treatment of occipital-cervical pathologies (PASSOCT®);
- Implementation of a complete solution (UNiD ™) including a software application and a real-time assistance cell that make it possible to provide patients with patient-specific implants.
- The development of a stand-alone anterior thoracic cage, IMPIX ALIF SA®, for the treatment of degenerative lumbar pathologies, and a transparent radio corpectomy implant, CARYATID®, stemming from the additive manufacturing technology.

R&D costs capitalized for the fiscal year 2014 amounted to €1,068,897 compared with €1,016,630 in 2013. The total amount of R&D costs expensed for the year, after allocation of the research Tax Credit and capitalization of costs, amounted to €1,379,692 (€1,266,785 in 2013) including €904,406 in amortization relating to capitalized research costs (€841,467 in 2013).

2 / 2014 patent costs capitalized amounted to €144,863, compared with €160,043 in respect of the previous year. They mainly relate to the PASS LP® thoraco-lumbar fixation system and its extensions, as well as the non-fusion prostheses in the GRANVIA® range.

3 / The increase in computer licenses and software is linked to the setting up of a new information system, which should be operational early in 2015.

4 / The Group continues the renewal of its machines including the acquisition in 2014 of a new generation 3D printing machine and the installation of a rapid prototyping cell, which will be commissioned in the first quarter of 2015 and for which prepayments were paid in 2014.

5 / Demonstration equipment is subjected to an exhaustive inventory each year. It includes all products, with their own serigraphy and not saleable in their current condition, used by the sales force to train clients to manipulate implants and instruments. This equipment is regularly updated based on movements in / out of new / old products.

6 / To carry out the surgical procedures, the Group offers its clients sets comprising instruments and implants. This equipment is stored at healthcare facilities or is available on loan. The instruments are recorded under property, plant and equipment and amortized over a period of 3 years. As a result of an increase in business activity, the Group increased and renewed the number of assets used by its customers, particularly in the US where instruments of the PASS LP® range were redesigned and replaced in 2014. Fully-amortized instruments are taken off the books on a regular basis.

7 / Computer hardware and office equipment acquisitions mainly include purchases of servers and other hardware as part of the rollout of the new information system.

8 / Other property, plant and equipment mainly includes fixtures and fittings at different sites, as well as transport equipment.

6.7. Leases

6.7.1. Finance leases

Property, plant and equipment acquired under finance leases concern technical facilities, equipment and tools and computer hardware. Their net value totaled €1,723,750 at December 31, 2014 compared with €842,220 at December 31, 2013 and were analyzed as follows:

(€)	12.31.2014	12.31.2013	12.31.2012
Technical facilities and equipment	2 683 357	1 759 097	1 492 237
Computer hardware	388 535	244 294	285 784
TOTAL GROSS VALUES	**3 071 892**	**2 003 391**	**1 778 021**
Depreciation - technical facilities	1 104 494	965 705	850 253
Depreciation - computer hardware	243 648	195 466	223 023
TOTAL AMORTIZATION AND DEPRECIATION	**1 348 142**	**1 161 171**	**1 073 276**
TOTAL NET VALUES	**1 723 750**	**842 220**	**704 745**

The increase recognized in 2014 was primarily due to the acquisition of a 3D printing machine using additive manufacturing technology, which made it possible to produce patient-specific implants made of porous material, taking into account the particular anatomy of each patient's spine obtained after 3D reconstruction of pre-operative scans.

Financial debt corresponding to assets financed by these contracts totaled €1,420,084 at December 31, 2014 compared with €589,536 at December 31, 2013.

Commitments are analyzed as follows:

(€)	12.31.2014	12.31.2013	12.31.2012
Original value	3 071 892	2 003 391	1 778 021
Depreciation	(1 348 142)	(1 161 171)	(1 073 276)
Of which depreciation charges for the year	(186 971)	(180 310)	(180 096)
Net value	**1 723 750**	**842 220**	**704 745**
Lease payments			
Total payments from previous years (1)	1 552 860	1 281 706	1 143 337
Lease payments for the year (1)	262 660	271 154	237 367
TOTAL	**1 815 520**	**1 552 860**	**1 380 704**
Future minimum lease payments			
Within 1 year	386 662	209 449	224 768
1 to 5 years	922 873	412 822	331 932
More than 5 years	221 842	-	-
TOTAL	**1 531 377**	**622 271**	**556 700**
Residual values	**15 806**	**6 760**	**6 429**

(1) Total payments from previous years and lease payments for the year only include lease payments made in relation to leases still in force at year-end.

6.7.2. Operating leases

Operating leases mainly include rent payable in respect of buildings used for operational purposes and are analyzed as follows:

ENTITIES	ANNUAL RENT
MEDICREA INTERNATIONAL – Lyon	€228,800
MEDICREA TECHNOLOGIES – La Rochelle	€142,300
MEDICREA TECHNOLOGIES UK – Cambridge	£10,500
MEDICREA USA – New York	$355,100

Future minimum operating lease payments are summarized as follows, exclusive of finance leases recognized in property, plant and equipment:

(€)	12.31.2014	WITHIN 1 YEAR	1 TO 5 YEARS	MORE THAN 5 YEARS
Real estate and equipment rental	1 148 700	841 519	307 181	-

6.8. Non-current financial assets

These mainly comprise guarantees and deposits, and are not discounted due to the lack of known maturity and their immaterial value. If applicable, impairment is recognized when their book value exceeds their recoverable value.

NOTE 7: INVENTORIES AND WORK IN PROGRESS

Raw material inventories are measured at their weighted average cost, including sourcing costs. Finished and semi-finished goods inventories are valued at cost, excluding selling costs. Impairment is recognized when the probable realizable value of inventories is lower than book value.

Gross and net inventories are analyzed as follows:

(€)	12.31.2014	12.31.2013	12.31.2012
Raw materials	281 250	261 417	258 346
Work-in-process	440 106	400 363	383 385
Semi-finished goods	625 615	319 106	312 118
Finished goods	6 677 120	6 038 955	6 049 939
Gross values	**8 024 091**	**7 019 841**	**7 003 788**
Provisions for impairment	(1 692 825)	(1 918 094)	(1 481 852)
Net values	**6 331 266**	**5 101 747**	**5 521 936**

The gross value of inventories increased by 14% compared with 2013 as a result of the expansion of the range and a high volume of new products in the pre-commercial evaluation phase, which have not yet been the subject of a full-scale launch on the market.

Provisions for impairment by category of inventories are as follows:

(€)	12.31.2014	12.31.2013	12.31.2012
Raw materials	16 964	17 162	21 069
Work-in-process	9 834	63 294	-
Semi-finished goods	23 547	50 368	45 436
Finished goods	1 642 480	1 787 270	1 415 347
Provisions for impairment	1 692 825	1 918 094	1 481 852

The reduction in the impairment charge is linked to the destruction of obsolete and out-of-date products in 2014, which were fully written down and for which the corresponding provisions were transferred to the income statement.

NOTE 8: TRADE RECEIVABLES AND OTHER CURRENT ASSETS

Trade receivables and other current assets are recorded at their nominal value. A provision for impairment is established where the recoverable value of the receivables, based on the probability of collection, is lower than the book value. The recoverable value is assessed on a receivable-by-receivable basis according to this risk.

The Group factors some of its receivables based on its cash flow requirements. Factored invoices are maintained in trade receivables.

Trade receivables and other current assets are analyzed as follows:

(€)	12.31.2014	12.31.2013	12.31.2012
Trade receivables - gross value	4 392 691	3 386 073	3 108 073
Provision for doubtful debts	(11 358)	(2 500)	(98 917)
Trade receivables	**4 381 333**	**3 383 573**	**3 009 156**
Social security receivables	25 970	21 614	16 373
Tax receivables	1 354 602	913 737	878 560
Other receivables	485 635	210 387	122 044
Prepaid expenses	436 435	300 980	417 966
Other current assets	**2 302 642**	**1 446 718**	**1 434 943**
TOTAL RECEIVABLES – GROSS VALUES	**6 695 333**	**4 832 791**	**4 543 016**
TOTAL RECEIVABLES – NET VALUES	**6 683 975**	**4 830 291**	**4 444 099**

The average collection period was 56 days at December 31, 2014, compared with 49 days at the end of the previous fiscal year, due to less favorable payment terms with healthcare institutions, particularly in the US and in France.

Trade receivables deemed highly unlikely to be collected are the subject of a provision for impairment.

Tax receivables primarily include the research tax credit, the employment competitiveness tax credit and VAT to be claimed back.

Other receivables increased as a result of prepayments made to suppliers and include a $400,000 advance paid as part of a cooperation contract with a US IT company.

NOTE 9: PROVISIONS AND CONTINGENT LIABILITIES

A provision is recognized when there is an actual obligation, legal or constructive, towards a third party resulting from a past event and existing irrespective of future actions, which will result in a probable cash outflow for the Group, the amount of which can be reliably measured.

Provisions are broken down between current and non-current liabilities according to due dates. When the liability settlement date exceeds one year, the amount of the provision is subject to a discount calculation, the effects of which are only recognized in net financial income/(expense) if the impact is material.

Current and non-current provisions include provisions for liabilities and are broken down as follows:

(€)	12.31.2014	12.31.2013	12.31.2012
Provisions for pensions and other employee benefits	347 611	232 554	194 409
Provisions for litigation	-	93 700	168 770
Provisions for corporate tax	-	-	133 474
Provisions for charges	-	5 493	15 000
TOTAL	**347 611**	**331 747**	**511 653**

Provisions for litigation recognized at December 31, 2013 related to a labor court case with a former employee. They were fully reversed in the third quarter of 2014 following the signing of a settlement.

The change in provisions for liabilities can be analyzed as follows:

(€)	12.31.2014	12.31.2013	12.31.2012
At January 1, 2014	**331 747**	**511 653**	**410 126**
Provision charges	115 057	45 559	212 527
Provision reversals – used	(99 193)	(182 020)	(103 986)
Provision reversals – unused	-	(43 445)	(7 014)
At December 31, 2014	**347 611**	**331 747**	**511 653**

The maturity dates of current and non-current provisions are analyzed as follows:

(€)	12.31.2014	within 1 year	1 to 5 years	more than 5 years
Provisions for pensions and other employee benefits	347 611	11 126	56 818	279 667
Provisions for litigation	-	-	-	-
Provisions for charges	-	-	-	-
TOTAL	**347 611**	**11 126**	**56 818**	**279 667**

NOTE 10: FINANCING AND FINANCIAL INSTRUMENTS

10.1. Net financial debt

10.1.1. Financial debt

Financial debt is recognized at amortized cost, which corresponds to their nominal value, net of associated issue premiums and costs recorded incrementally in net financial income/(expense) up to maturity in accordance with the effective interest rate method.

Financial debt is analyzed as follows:

(€)	12.31.2014	12.31.2013	12.31.2012
Bond issue	545 000	545 000	545 000
Loans from credit institutions	4 335 608	2 470 740	2 791 129
Operating leases	1 327 899	540 109	454 607
Finance leases	92 185	49 427	66 646
Bank overdrafts	400 000	199 801	240 099
Factoring	148 130	137 906	111 285
Accrued bank interest	8 773	5 001	6 976
Accrued loan interest	15 048	15 293	19 229
Other financial debt	97 224	4 290	34 730
TOTAL	**6 969 867**	**3 967 567**	**4 269 701**

At December 31, 2014, all financial debt was taken out in Euros.

The change in the balance of borrowings from credit institutions is related to repayments made in 2014 within the framework of existing amortization schedules, and to the following new loans that were taken out:

- €350,000 at a fixed rate of 1.95% over a period of three years to finance the implementation of the new information system;
- €300,000 at a fixed rate of 4.53% over a period of 7 years, in order to strengthen the financial structure;
- €400,000 at a fixed rate of 3.11% over a period of 5 years, to finance investments in software and hardware used in the development of patient-specific implants;
- €463,000 at a fixed rate of 4.64% over a period of 2 years, to finance the costs of research and development in 2014 eligible for the research tax credit;
- €1.5 million at a fixed rate of 2.25% over a period of 4 years, to finance working capital requirements.

Borrowings from credit institutions are analyzed by type of interest rate as follows:

(€)	12.31.2014	12.31.2013	12.31.2012
Fixed rate borrowings	4 220 390	1 885 298	1 687 905
Variable rate borrowings	115 218	585 442	1 103 224
TOTAL	**4 335 608**	**2 470 740**	**2 791 129**

Since December 2014, interest on the variable rate debt, which will be fully repaid in June 2015, is no longer hedged.

Liabilities incurred in the form of leases increased following the acquisition of industrial equipment for €0.9 million and computer hardware for €0.1 million.

The average interest rate for 2014 stood at 4.24% compared with 5.21% for 2013. This rate takes account of the commissions paid to BPI under the guarantees granted in relation to medium-term bank financing.

The maturities of financial liabilities are broken down as follows:

(€)	12.31.2014	WITHIN 1 YEAR	1 TO 5 YEARS	MORE THAN 5 YEARS
Bond issue	545 000	545 000	-	-
Loans from credit institutions	4 335 608	1 484 277	2 746 331	105 000
Operating leases	1 327 899	310 885	802 223	214 791
Finance leases	92 185	39 508	52 677	-
Bank overdrafts	400 000	400 000	-	-
Factoring	148 130	148 130	-	-
Accrued bank interest	8 773	8 773	-	-
Accrued loan interest	15 048	15 048	-	-
Other financial debt	97 224	97 224	-	-
TOTAL	**6 969 867**	**3 048 845**	**3 601 231**	**319 791**

Securities granted in relation to certain Group assets to guarantee borrowings, as well as early repayment clauses and covenants are detailed in Note 15.1 "Off-balance sheet commitments".

10.1.2. Conditional advances

Conditional advances mainly result from innovation grants awarded by BPI in the form of repayable advances. Their change compared with the previous year resulted from ongoing repayment plans. No new grants were awarded during the 2014 fiscal year.

10.1.3. Cash and cash equivalents

Cash and cash equivalents include cash and money market investments that are immediately available and with an insignificant risk of changes in value over time. The latter consist primarily of money market funds (SICAV) held as collateral for financing obtained from other sources.

Impairment is recognized when the probable realizable value of these deposits is lower than the purchase cost. Unrealized or realized gains and losses are recognized in financial income/(expense). The fair value is determined by reference to the market price at the balance sheet date.

Net cash and cash equivalents changed as follows:

(€)	12.31.2014	12.31.2013	12.31.2012
Cash	1 181 506	1 834 938	1 387 223
Marketable securities	-	4 191	58 879
Cash and cash equivalents	**1 181 506**	**1 839 129**	**1 446 102**
Bank overdrafts	(400 000)	(199 801)	(240 099)
Factoring	(148 130)	(137 906)	(111 285)
Net cash and cash equivalents	**633 376**	**1 501 422**	**1 094 718**

10.1.4. Cash flow statement

The cash flow statement is prepared in accordance with IAS 7, starting from consolidated net income. Distinction is made between cash flow from operating activities and cash flow from investment and financing activities.

Group cash, the change in which is analyzed in the cash flow statement, is defined as the net balance of the following balance sheet items: cash and cash equivalents, bank overdrafts and credit bank balances.

The cash flow statement for the past two years is detailed on page 6 of the financial statements at December 31, 2014.

10.2. Fair value of financial instruments

Financial instruments comprise financial assets, financial liabilities and derivatives. Financial instruments are included in various balance sheet items. Pursuant to IAS 39, financial instruments are allocated to five categories that do not correspond to IFRS balance sheet items. The allocation determines the applicable accounting and valuation rules, which are described below:

- Investments held to maturity: no instrument of any material value currently meets this definition;

- Assets treated at fair value through profit or loss: this category concerns possible cash investments whose changes in fair value are recognized in income;

- Assets and liabilities recorded at amortized cost: this item includes mainly guarantees and deposits, staff loans, trade receivables, trade payables and financial debt. These assets and liabilities are recognized in the balance sheet originally at fair value, which is in practice close to the contractual nominal value. They are measured at amortized cost and adjusted, where applicable, for impairment;

- Assets available for sale: no instrument held meets that definition;

- Derivatives: the Group may use hedging instruments to limit its exposure to risk. These mainly include currency and interest rate hedging instruments such as forward currency transactions, currency options with premiums, and interest rate caps. Most hedges outstanding at December 31, 2014 were cash flow hedges.

The Group not having set up documentation to demonstrate the effectiveness of these hedges pursuant to IAS 39, the corresponding changes in fair value of these derivative instruments are recognized directly in other financial income and expenses and derivatives are presented in other current assets or other current liabilities.

10.2.1. Balance sheet disclosures

The following table presents a breakdown of assets and liabilities according to the categories outlined in IAS 39.

		AT 12.31.2014			AT 12.31.2013	
Sections	**Designation of financial instruments**	**Net book value**	**Of which measured at fair value (1)**	**Designation of financial instruments**	**Net book value**	**Of which measured at fair value (1)**
ASSETS (€)						
Trade receivables	C	4 381 333	4 381 333	C	**3 383 573**	**3 383 573**
Other current assets (2)	C	485 635	485 635	C	210 387	210 387
Cash and cash equivalents	A	1 181 506	1 181 506	A	1 839 129	1 839 129
LIABILITIES (€)						
Negative cash balances (3)	A	548 130	548 130	A	337 707	337 707
Current and non-current financial liabilities excluding negative cash balances	B	6 421 737	6 421 737	B	3 629 860	3 629 860
Financial instruments	A	25 102	25 102	A	1 156	1 156
Trade payables	C	4 180 347	4 180 347	C	2 276 246	2 276 246
Other current liabilities (4)	C	109 604	109 604	C	70 565	70 565

(1) the net book value of assets and liabilities measured at cost or amortized cost is close to their fair value
(2) excluding tax and social security receivables, and accruals
(3) including bank overdrafts and factoring
(4) excluding tax and social security payables, and accruals
A: assets and liabilities at fair value through profit and loss
B: assets and liabilities measured at amortized cost
C: assets and liabilities measured at cost

Fair value movements and impairment are only recognized through profit and loss. No amount was directly recorded in shareholders' equity.

10.2.2. Income statement disclosures

The following table presents the impacts of assets and liabilities on the income statements for the 2014 and 2013 fiscal years, as well as the breakdown of these impacts according to the categories outlined in IAS 39:

	DESIGNATION OF FINANCIAL INSTRUMENTS	AT 12.31.2014	AT 12.31.2013
Income / (charges) recognized in operating income		**(206 363)**	**27 015**
Of which:			
Net exchange gain/(loss) excluding financial instruments	B	(206 363)	27 015
Investment income		**617**	**522**
Of which:			
Proceeds from disposal of marketable securities and interest on certificates of deposit and term deposits	A	617	522
Finance costs		**(188 182)**	**(172 055)**
Of which:			
Interest charge	B	(188 182)	(172 055)
Other financial income		**226 988**	**127 109**
Of which:			
Interest income	B	116	840
Exchange gains	A	250 818	118 313
Changes in fair value of derivatives	A	(23 946)	7 956
Other financial expenses		(457 181)	(106 632)
Of which:			
Exchange losses	A	(457 181)	(91 298)
Loss on derivative instruments	A	-	(15 334)

10.3. Risk management

The Group's market risk management policy is characterized by:

- centralization of risks at MEDICREA INTERNATIONAL level;
- a hedging target;
- risk assessment based on detailed one-year forecasts;
- monitoring of variances between forecasts and actual results.

10.3.1. Risks related to changes in raw material prices

The manufacturing of implants requires the purchase of two materials, titanium and PEEK (PolyEther Ether Ketone). As suppliers of these raw materials are few in number, the Group is subject to changes in market price which are difficult to predict or control, and which could have a negative impact on financial performance. Purchases of these materials are not the subject of hedging contracts. They account for a small part of the cost price of products manufactured.

10.3.2. Credit risk

The Group monitors its customers' average payment period on a monthly basis. This ratio was 56 days at December 31, 2014. For international clients not paying in advance, the Group puts in place coverage mechanisms, such as:

- an application for guarantee from Coface. At the end of December 2014, the maximum amount of trade receivables that may be guaranteed by Coface was €1,006,000;
- letters of credits (no amount outstanding at December 31, 2014).

The Group is not exposed to a significant credit risk as shown in the table below:

(€)	12.31.2014	12.31.2013
Gross trade receivables	4 392 691	3 386 073
Outstanding for more than 6 months	**8 001**	**141 085**
% of trade receivables	0,18 %	4,17 %
Total provision for doubtful receivables	**11 358**	**2 500**
% of trade receivables	0,26 %	Non significatif
Bad debt losses	**70**	**92 584**

Receivables outstanding for more than 6 months at December 31, 2013 were all collected during the first quarter of 2014.

10.3.3. Liquidity risks

In previous fiscal years, the Group has faced temporary liquidity crises that have slowed its development.

The financial resources secured following fund raising transactions totaling approximately €30 million have significantly curbed this liquidity risk and have given the Group the means to implement its expansion, subsidiary creation and new product launch strategy.

However, the Group may need to raise additional funds or take out new borrowings should opportunities for new product development or targeted technology or business acquisitions arise, or if the working capital requirements necessary for its expansion into markets it seeks to penetrate turn out to be greater than anticipated.

A five-year, €1.125 million bank loan taken out in June 2010 and two four-year bank loans totaling €1.5 million taken out in November 2014 are subject to certain clauses, including:

- The ratio of consolidated net financial debt to consolidated shareholders' equity to be below 0.33 at December 31 of each year throughout the loan repayment period;
- A ban on dividends if the consolidated net financial debt to consolidated shareholders' equity ratio at year-end is higher than 0.2 after taking account of the projected dividend payment.

At December 31, 2014, the consolidated net financial debt to consolidated shareholders' equity ratio exceeded 0.33. This situation does not raise any particular issue for the €1.125 million, of which €0.1 million remained outstanding in the first half of 2015. Regarding the other two loans, the Group secured a waiver from the banking institution concerned, without any change to initial borrowing terms and at no additional cost.

The dividend covenant is not applicable since the Group has never paid any dividends.

10.3.4. Foreign exchange risks

Most of the Group's supplies are denominated in Euros. Sales to US and UK subsidiaries are made in local currencies, the products then being sold in these markets in the country's functional currency. As a result, the subsidiaries are not subject to any exchange rate risk on their purchases but MEDICREA INTERNATIONAL has an exchange risk on its foreigncurrency sales.

10.3.5. Interest rate risks

At December 31, 2014, the variable rate debt consisted of a medium-term loan of €1.125 million set up in June 2010, with €0.1 million outstanding to be fully repaid in the first half of 2015. Accrued interest on this loan is no longer subject to interest rate hedging.

10.3.6. Risk of changes in exchange rates and impact on key performance indicators

The Group generated 58% of its consolidated sales in dollars in 2014, through its subsidiary MEDICREA USA. This proportion should continue to increase over the coming years, with dollar-denominated sales that could potentially represent almost two-thirds of consolidated Group sales.

The US and UK subsidiaries are invoiced in their functional currency and foreign exchange hedges have been put in place to cover the risk of fluctuation in corresponding currencies (mainly dollars).

Intrinsically, the fluctuations of the dollar against the euro, upward and downward, are therefore likely to materially affect the Group's performance indicators, particularly in terms of sales growth.

A 15% appreciation of the dollar against the euro, applied to 2014 data, would automatically result in a €2.1 million increase in Group sales and an increase of approximately €1.1 million in operating income based on the results generated by the US subsidiary during the fiscal year 2014, as all its purchases and overheads are denominated in dollars.

Conversely, a 15% depreciation of the dollar against the euro, applied to 2014 data, would result in declines in both Group sales and Group operating income in the same proportions as those indicated above.

10.4. Cost of net financial debt and other financial income and expenses

The cost of net financial debt includes the cost of gross financial debt (interest on loans, interest on finance leases and operating leases, bank fees and premiums) less investment income and cash equivalents.

These items are analyzed as follows:

(€)	12.31.2014	12.31.2013	12.31.2012
Loan interest	106 140	82 208	87 465
Bond interest	38 150	38 150	17 829
Finance lease interest	23 510	21 663	21 075
BPI loan guarantee	15 206	15 450	26 139
Factoring interest	3 337	3 360	3 375
Overdraft interest	1 016	2 889	7 320
Other financial expenses / (income)	823	7 493	7 910
Cost of net financial debt	**188 182**	**171 213**	**171 113**
Foreign exchange gains / (losses)	(230 300)	19 624	59 131
Unrealized capital gains on marketable securities	724	533	1 523
Other financial income / (expenses)	**(229 576)**	**20 157**	**60 654**

NOTE 11: TRADE PAYABLES AND OTHER CURRENT LIABILITIES

Changes in trade payables and other current liabilities were as follows:

(€)	12.31.2014	12.31.2013	12.31.2012
Trade payables	**4 180 347**	**2 276 246**	**2 252 132**
Social security liabilities	1 567 927	1 139 663	1 088 437
Tax liabilities	310 969	378 498	330 340
Other current liabilities	109 604	70 565	54 284
Other current liabilities	**1 988 500**	**1 588 726**	**1 473 061**
TOTAL OPERATING LIABILITIES	**6 168 847**	**3 864 972**	**3 725 193**

At December 31, 2014, the maturity of all operating liabilities was less than one year.

The increase in trade payables is directly related to increased business in the second half of 2014.

The increase in social security liabilities is in line with the significant increase in the Group's workforce, as detailed in Note 5.1.

NOTE 12: CORPORATE TAX

Since January 1, 2003, MEDICREA INTERNATIONAL and MEDICREA TECHNOLOGIES have been part of the same tax consolidation group, with MEDICREA INTERNATIONAL acting as parent company and being solely liable for corporate tax for the overall net income achieved by the Group. MEDICREA EUROPE FRANCOPHONE, now wholly owned (70%-owned at December 31, 2013) will join the tax consolidation as of January 1, 2015. Savings resulting from the implementation of the tax consolidation agreement are retained by the parent company.

The corporate tax expense corresponds to current tax adjusted for deferred taxes. The latter result from adjustments made to parent company financial statements, as well as temporary differences between accounting income and taxable income, in accordance with IAS 12.

Deferred taxes are calculated according to the liability method in respect of temporary differences existing on the balance sheet date between the tax base and the accounting base of assets and liabilities, as well as for tax losses carried forward. Deferred tax assets and liabilities are calculated taking into account tax rates that have been enacted or substantively enacted and which will apply to the refund of temporary differences. Deferred tax assets are only taken into account if their recovery is probable due to taxable income expected to be generated in the near future.

Deferred tax assets and liabilities are recognized as non-current assets and liabilities.

Tax credits and tax credits unclaimed in previous years were recorded in operating income in accordance with IAS 20.

The Research Tax Credit was recognized as a €536,622 reduction of research and development costs (€462,149 in 2013).

12.1. Analysis of the corporate tax rate

The Group's corporate tax charge for the year to December 31, 2014 is analyzed as follows:

(€)	12.31.2014	12.31.2013	12.31.2012
Consolidated net (loss)/income	**(1 049 889)**	**393 252**	**(1 207 723)**
Corporate tax	(349 713)	(894 627)	(303 675)
Income before tax	**(700 176)**	**1 287 879**	**(904 048)**
Share-based payments	(79 422)	(92 304)	(263 603)
Taxable income	**(620 754)**	**1 380 183**	**(640 445)**
Adjustment to the research and employment competitiveness tax credit	(637 283)	(525 092)	(308 349)
Adjustment Federal State taxes (US)	(193 638)	(101 332)	(65 189)
Taxable income excluding adjustments	**(1 451 675)**	**753 759**	**(1 013 983)**
Theoretical tax income / (charge) @33.33%	**483 843**	**(251 228)**	**337 961**
Difference in tax rates of other countries	(18 971)	789	(5 147)
Tax on permanent differences	(129 098)	(77 608)	(44 577)
Uncapitalized tax losses carried forward	(452 035)	(543 722)	(462 741)
Use of uncapitalized tax losses carried forward	390 178	-	-
Correction of previous losses	112 975	19 621	(47 805)
Correction of corporate tax rates	(8 593)	-	-
Capping of deferred tax assets	(594 601)	40 205	(15 497)
Adjustment Federal State taxes (US)	(193 638)	(101 332)	(65 189)
Other	60 227	18 648	(680)
Recognized corporate tax income/ (charge	**(349 713)**	**(894 627)**	**(303 675)**

12.2. Analysis of deferred taxation

Deferred tax assets and liabilities are analyzed as follows:

(€)	12.31.2014	12.31.2013	12.31.2012
Tax losses carried forward	400 212	493 633	1 137 240
Consolidation restatements	202 385	(260 301)	(178 424)
Total deferred tax assets	**602 597**	**233 332**	**958 816**
Temporary tax differences	94 463	72 869	24 329
Consolidation restatements	620 908	145 504	126 228
Total deferred tax liabilities	**715 371**	**218 373**	**150 557**

The Group recognizes deferred tax assets on tax losses carried forward providing they can be recovered within 5 years at most.

Recoverability testing of tax losses carried forward, performed on a subsidiary-by-subsidiary basis, led to the non-recognition of tax losses generated by the French entities. Furthermore, for the same entities, deferred tax assets related to consolidation restatements cannot exceed deferred tax liabilities.

Deferred tax assets not recognized in the balance sheet totaled €8.4 million at December 31, 2014, including €6.2 million of unrecognized tax losses carried forward and €2.2 million related to consolidation restatements.

The Group has recognized the following tax losses:

(€)	12.31.2014	OF WHICH CAPITALIZED	CORRESPONDING DEFERRED TAX
MEDICREA INTERNATIONAL tax consolidation	17 167 189	-	-
MEDICREA UK	1 146 775	1 057 985	211 597
MEDICREA USA	538 899	538 899	188 615
MEDICREA EUROPE FRANCOPHONE	10 809	-	-
TOTAL AVAILABLE TAX LOSSES	**18 863 672**	**1 596 884**	**400 212**

Deferred tax asset movements on tax losses carried forward are analyzed as follows:

(€)	12.31.2014
Tax losses carried forward at January 1, 2014	**493 633**
Correction tax losses carried forward - MEDICREA USA	112 975
Use of tax losses carried forward - MEDICREA USA	(202 355)
Use of tax losses carried forward - MEDICREA TECHNOLOGIES UK	(4 041)
Tax losses carried forward at December 31, 2014	**400 212**

The increase in deferred tax assets is due to consolidation restatements related to employee benefits and intragroup margins, as well as capitalized deferred tax.

The increase in deferred tax liabilities is mainly due to differences in treatment related to finance leases.

In both instances, increases are impacted by the capping of deferred tax assets at the amount of deferred tax liabilities in relation to the scope of French entities.

12.3. Tax audit

MEDICREA TECHNOLOGIES was the subject of a tax audit covering the fiscal years 2012 and 2013, subsequently extended to the fiscal years 2006 to 2011. The proposed adjustment was received after the Board of Directors approved the financial statements. The Tax Authority is of the opinion that royalties recognized as expenses and paid to surgeons in consideration for the acquisition by the Company of inventor's rights following the signing of a contract for transfer of copyrights could not be treated as operating expenses within the meaning of Article 39-1 of the French General Tax Code and the French Conseil d'Etat case law, and consequently considered that the acquired inventor's rights should be recognized as intangible assets amortized over the payment period of royalties. In essence, this adjustment which identified royalty payments non-deductible from taxable income totaling €1,315,718 over the fiscal years 2006 to 2013 had no impact on the Company and the Group's financial position, since intangible asset amortization charges of an equivalent amount need to be recognized instead of operating royalties. Conversely, it will significantly change how such royalties are recognized in the financial statements from fiscal year 2015 onwards.

NOTE 13: IMPACT OF EXCHANGE DIFFERENCES ON GROUP SALES AND NET INCOME

Exchange differences had no impact on the comparability of the financial statements for the fiscal years 2014 and 2013. The average EUR / USD conversion rate was 1.335 in 2014 compared with 1.325 in 2013.

NOTE 14: SHAREHOLDERS' EQUITY AND EARNINGS PER SHARE

14.1. Shareholders' equity

14.1.1. Share capital

Following equity transactions carried out during the fiscal year, share capital at December 31, 2014 totaled €1,357,024.80 and comprised of 8,481,405 shares with par value of €0.16 each. The number of authorized shares outstanding is as follows:

(€)	12.31.2014	12.31.2013	12.31.2012
Number of authorized shares	8 481 305	8 467 505	8 458 005
Number of preference shares	100	-	-
Number of shares issued and fully paid up	8 481 305	8 467 505	8 458 005
Number of shares not paid up	-	-	-
Par value (€)	0,16	0,16	0,16
Number of shares outstanding at end of period	8 481 405	8 467 505	8 458 005
Number of shares with double voting rights	2 744 677	2 473 956	2 750 802
Number of treasury shares held by the Group	-	-	-
Number of treasury shares held by the parent company	2 722	-	-

Transactions in the share capital of MEDICREA INTERNATIONAL over the period January 1, 2014 to December 31, 2014 are summarized as follows:

- At January 1, 2014, the share capital was €1,354,800.80 represented by 8,467,505 shares.
- It should be noted that on December 17, 2013, following the issue of 2,000 new shares corresponding to the transfer of free shares granted by the Board of Directors in December 2009 to British employees, the share capital increased to €1,355,120.80, represented by 8,469,505 shares. The share capital increase was recognized in the financial statements for the year ended December 31, 2013, but the corresponding shares were only issued in January 2014. As a result, the share capital at December 31, 2013 was represented by 8,467,505 shares.
- On June 18, 2014, following the issue of 11,800 new shares corresponding to the transfer of free shares granted by the Board of Directors in June 2010 to British and American employees, the share capital increased to €1,357,008.80, represented by 8,481,305 shares.
- On December 17, 2014, following the issue of 100 preference shares with specific characteristics and rights, the share capital rose to €1,357,024.80 represented by 8,481,405 shares. It should be noted that the recognition of the capital increase resulting from this issue of preference shares had not been formalized at December 31, 2014.

14.1.2. Preference shares

At the Shareholders' Meeting of December 17, 2014, it was decided to issue 100 preference shares to MMCO, a simplified joint stock company (Société par Actions Simplifiée) with share capital of €1,000, with its registered office at 14 Porte du Grand Lyon, 01700 NEYRON.

These preference shares will be convertible into ordinary shares of MEDICREA INTERNATIONAL, as determined by reference to the volume-weighted average price of the MEDICREA INTERNATIONAL share between September 17, 2018 and December 17, 2018. The maximum number of ordinary shares that may be issued as a result of the conversion of all preference shares is 210,000, i.e. 2.5% of the Company's share capital at the date of the Shareholders' Meeting. These preference shares do not grant voting rights or entitlement to dividends. They are not listed on Alternext.

14.1.3. Treasury shares

The MEDICREA shares held by the Group are recognized at acquisition cost and deducted from consolidated shareholders' equity irrespective of the reason they are held.

When sold, the cost price of the shares is calculated in accordance with the first in, first out (FIFO) method, except for shares held within the framework of option plans, which are calculated on a plan-by-plan basis in accordance with the weighted average price method.

Transfer proceeds are recognized directly in equity net of tax.

During the 2014 fiscal year, the liquidity contract relating to the MEDICREA shares listed on Alternext and previously managed by ORCHARD INTERNATIONAL was transferred to MEDICREA INTERNATIONAL.

14.1.4. Change in shareholders' equity

The change in shareholders' equity for the past two years is detailed on page 7 of the financial statements at December 31, 2014. Translation adjustments related to the consolidation of foreign subsidiaries' financial statements in Euros are included in the «Reserves» column, since their values have no material impact on the financial statements at December 31, 2014.

14.1.5. Issue, buyback and redemption of debt and equity securities

Nil.

14.1.6. Dividends paid during the fiscal year

Nil.

14.2. Net earnings per share

Pursuant to IAS 33, earnings per share is calculated based on the weighted average number of shares outstanding over the fiscal year, after deducting treasury shares.

Diluted earnings per share is calculated based on net income (Group share) divided by the average number of shares comprising the share capital adjusted for the maximum impact of the conversion of dilutive instruments into ordinary shares, and taking account of changes in the number of shares, if any. This includes:

- share subscription options to be exercised at a future date;
- free share allocations;
- the number of treasury shares held at year-end;
- any other instrument giving deferred access to the Company's share capital.

Basic and diluted earnings per share changed as follows:

(€)	12.31.2014	12.31.2013	12.31.2012
Net income (Group share)	(1 022 923)	470 675	(1 151 067)
Average number of shares outstanding over the fiscal year	8 475 542	8 452 505	8 372 214
Average number of treasury shares over the fiscal year	(778)	-	-
Average number of shares taken into account before dilution	8 474 764	8 452 505	8 372 214
Net earnings per share	**(0,12)**	**0,06**	**(0,14)**

(€)	12.31.2014	12.31.2013	12.31.2012
Net income (Group share)	(1 022 923)	470 675	(1 151 067)
Average number of shares taken into account before dilution	8 474 764	8 452 505	8 372 214
Dilution effect of option plans	248 718	396 871	408 880
Average number of shares taken into account after dilution	8 723 482	8 849 376	8 781 094
Diluted earnings per share	**(0,12)**	**0,06**	**(0,14)**

At December 31, 2014, preference shares were not taken into consideration to determine the dilution effect since the conversion criteria were not met. Should preference shares be converted, the maximum number of ordinary shares liable to be issued is 210,000.

NOTE 15: OTHER INFORMATION

15.1. Off-balance sheet commitments

15.1.1. Commitments given in relation to medium-term borrowings

(€)	12.31.2014	12.31.2013	12.31.2012
Pledges of business goodwill (1)	7 572 500	4 025 000	4 554 000
Financial instrument collateral (2)	153 550	153 550	203 550
Joint and several guarantees (3)	300 000	700 000	560 000
Cash collateral (4)	37 500	22 500	22 500

(1) Pledges of business goodwill as security for Bank borrowings (principal + interest including a €1.3 million pledge, not yet released, relating to the December 2009 medium-term facility which has been fully repaid)
(2) Money-market funds (SICAV) as collateral for a rent payment bank guarantee
(3) Securities for cash advances
(4) Holdbacks retained by BPI as cash collateral for loans totaling €750,000

15.1.2. Commitments received in relation to the establishment of authorized overdrafts and short-term credit

(€)	12.31.2014	12.31.2013	12.31.2012
Assignment of trade receivables – Dailly	400 000	300 000	300 000
Miscellaneous guarantees and sureties	307 239	-	61 057
BPI counter guarantee (1)	1 492 156	1 423 865	1 566 317

(1) counter guarantees granted by BPI to MEDICREA INTERNATIONAL for the benefit of bank partners to arrange certain medium-term financing

The total amount of overdrafts authorized but unconfirmed at December 31, 2014 was €245,000.

15.1.3. Other commitments

During the 2014 fiscal year, the Group launched, in cooperation with a US IT firm, the joint development of specific software making it possible to design patient-specific spinal implants, subsequently intended to be manufactured and marketed on an exclusive basis by MEDICREA for an initial period of four years. Contractual terms provide for the payment by MEDICREA of royalties on products sales ordered via the software. The parties have agreed to the annual payment, by MEDICREA, of $400,000 in advances on royalties for the entire term of the contract. As such, royalties due by MEDICREA under the contract will be deducted, with no time limitation, from advances on royalties already received by the US partner.

Pursuant to IFRS, advances on royalties to be paid by MEDICREA constitute an asset, which will be spread in the income statement as services are provided and royalties paid. Amounts already paid totaling $400,000 were recognized in other receivables at December 31, 2014.

15.2. Senior executives' and corporate officers' interest in the Company's share capital

Changes in senior executives' and corporate officers' interest in the Company's share capital were as follows:

	AU 12.31.2014			AU 12.31.2013		
	Number of shares	**% share capital**	**% voting rights**	**Number of shares**	**% share capital**	**% voting rights**
Orchard International (1)	1 727 490	20,33	30,11	1 727 490	20,40	30,93
Jean-Philippe Caffiero	246 089	2,90	4,24	247 589	2,92	4,37
Denys Sournac	202 054	2,38	3,47	202 054	2,39	3,56
Other Directors						
François-Régis Ory (2)	108 652	1,28	0,97	96 333	1,14	0,88
Patrick Bertrand (2)	93 392	1,10	0,96	96 080	1,13	1,14
Pierre Burel (2)	91 707	1,08	1,48	-	-	-
Christophe Bonnet	52 128	0,61	0,91	52 128	0,62	0,93
Jean-Joseph Moreno	22 900	0,27	0,34	22 900	0,27	0,35
Marc Recton	18 752	0,22	0,28	12 500	0,15	0,23
TOTAL	**2 563 164**	**30,17 %**	**42,76 %**	**2 457 074**	**29,02 %**	**42,39 %**

(1): Shares held by the holding company, ORCHARD INTERNATIONAL. The following table provides details of ORCHARD INTERNATIONAL's shareholding structure as of December 31, 2014:

- *Société civile Denys Sournac Company* — *57,15 %*
- *Société civile PLG Invest (Jean-Philippe CAFFIERO)* — *37,67 %*
- *Améliane SAS* — *5,01 %*
- *Christelle Lyonnet* — *0,14 %*
- *Denys Sournac* — *0,03 %*

((2): Total of the shares which they hold directly and via a holding company

15.3. Related-party disclosures

As mentioned in section 5.7 above, ORCHARD INTERNATIONAL invoices MEDICREA INTERNATIONAL for various services, the amounts of which changed over the last three fiscal years as follows:

(€)	AMOUNT INVOICED,EXCL. VAT 2014	AMOUNT INVOICED,EXCL. VAT 2013	AMOUNT INVOICED,EXCL. VAT 2012
Management services	292 000	432 000	292 000
Rebilling of employee costs	151 500	151 498	151 498
Rebilling of seconded executive's salary	151 458	191 314	171 312
Rebilling of seconded executive's expenses	6 681	32 685	48 283
Share of expenses	11 000	11 000	11 000
Rent and rental costs	20 464	43 223	20 317
TOTAL	**633 103**	**861 720**	**694 410**

15.4. Statutory Auditors' fees

(€)	CABINET HENRI ROCHE				EY				ODICEO			
	Amount (excl. VAT)		%		Amount (excl. VAT)		%		Amount (excl. VAT)		%	
	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013
AUDIT												
Issuer	-	21 600			44 000	44 500			22 100	-		
Consolidated subsidiaries (1)	7 350	6 800			18 000	16 500			11 000	10 500		
Audit, certification,review of individual and consolidated financial statements:	**7 350**	**28 400**	**100%**	**100%**	**62 000**	**61 000**	**95%**	**100%**	**33 100**	**10 500**	**100%**	**100%**
Issuer	-	-			3 000	-			-	-		
Consolidated subsidiaries (1)	-	-			-	-			-	-		
Other assignments directly related	**-**	**-**	**0%**	**0%**	**3 000**	**-**	**5%**	**0%**	**-**	**-**	**0%**	**0%**
to the audit assignment	**7 350**	**28 400**	**100%**	**100%**	**65 000**	**61 000**	**100%**	**100%**	**33 100**	**10 500**	**100%**	**100%**
SUB-TOTAL AUDIT FEES												
OTHER SERVICES PROVIDED BY STATUTORY AUDITORSTO CONSOLIDATED SUBSIDIARIES	-	-	-	-	-	-	-	-	-	-	-	-
Legal, tax and corporate	-	-	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-	-	-
SUB-TOTAL OTHER SERVICES	**7 350**	**28 400**	**100%**	**100%**	**65 000**	**61 000**	**100%**	**100%**	**33 100**	**10 500**	**100%**	**100%**

(1) MEDICREA TECHNOLOGIES, MEDICREA EUROPE FRANCOPHONE and MEDICREA USA.

15.5. Post-balance sheet events

Nil.

4.2. Statutory Auditor's report on the consolidated financial statements

ODICEO

ERNST & YOUNG et Autres

MEDICREA INTERNATIONAL

Fiscal year ended December 31, 2014

Statutory Auditors' report
on the consolidated financial statements

ODICEO
115, boulevard Stalingrad
B.P. 52038
69616 Villeurbanne Cedex
S.A. au capital de € 275.000
French corporation (société anonyme)
with share capital of €275,000

Statutory Auditor
Member of Compagnie
régionale de Lyon

ERNST & YOUNG et Autres
Tour Oxygène
10-12, boulevard Marius Vivier Merle
69393 Lyon Cedex 03
Corporation with variable capital (S.A.S. à capital variable)

Statutory Auditor
Member of Compagnie
régionale de Versailles

Medicrea International
Fiscal year ended December 31, 2014

Statutory Auditors' report on the consolidated financial statements

To the Shareholders,

In compliance with the assignment entrusted to us by your Shareholders' Meeting, we hereby present our report for the year ended December 31, 2014 on:
- our audit of the accompanying Medicrea International consolidated financial statements;
- the justification of our assessments,
- the specific legal verification.

The consolidated financial statements have been prepared by the Board of Directors. Our role is to express an opinion on these financial statements based on our audit.

I. Opinion on the consolidated financial statements

We have conducted our audit in accordance with professional standards applicable in France; these standards require that we plan and perform the audit to obtain reasonable assurance as to whether the consolidated financial statements are free from material misstatement. An audit includes examining, on a test basis or other method of selection, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statements presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the consolidated financial statements for the fiscal year, in light of IFRS accounting guidelines as approved by the European Union, give a true and fair view of the assets and liabilities, financial position and net income of the entities included on consolidation.

II. Justification of assessments

Pursuant to the provisions of Article L. 823-9 of the French Commercial Code relative to the justification of our assessments, we bring to your attention the following matters:
Notes 6 and 12 to the consolidated financial statements describe the valuation, recognition and impairment rules applied to goodwill, intangible assets and deferred tax. As part of our assessment of the accounting principles adopted by your Group, we have verified the appropriateness of the above-specified accounting methods and information disclosed in the notes to the consolidated financial statements and we have assured ourselves of their correct application.

These assessments were made within the framework of our audit, which focuses on the consolidated financial statements as a whole, and accordingly contributed to the issuance of our opinion in the first part of this report.

III. Specific verification

We have also performed the specific verification required by law on information provided in the Group's management report, in accordance with professional standards applicable in France.

We have no comments to make concerning the fairness of the information and its consistency with the consolidated financial statements.

Villeurbanne and Lyon, April 29, 2015

The Statutory Auditors

ODICEO — Alain Fayen

ERNST & YOUNG et Autres — Lionel Denjean

4.3. Parent company financial statements for the year ended December 31, 2014

PARENT COMPANY FINANCIAL STATEMENTS AT DECEMBER 31, 2014

1. Balance sheet

(€)	NOTES	2014			2013	2012
		Gross	**Amort., depr. & prov.**	**Net**	**Net**	**Net**
Intangible assets	4.6	8 581 704	4 952 484	3 629 220	3 309 730	3 205 599
Property, plant and equipment	4.6	1 731 169	900 162	831 007	739 905	730 767
Non-current financial assets	4.6	22 087 870	1 650 000	20 437 870	18 291 943	18 287 733
NON-CURRENT ASSETS		**32 400 743**	**7 502 646**	**24 898 097**	**22 341 578**	**22 224 099**
Inventories	5	4 555 522	1 249 477	3 306 045	3 056 519	3 539 185
Trade receivables	6	4 205 860	3 719	4 202 141	1 607 651	1 281 077
Other receivables	6	3 220 729	1 500 000	1 720 729	1 697 616	1 669 500
Cash and cash equivalents	7.1.2	663 126	518	662 608	1 141 961	1 186 167
CURRENT ASSETS		**12 645 237**	**2 753 714**	**9 891 523**	**7 503 747**	**7 675 929**
TOTAL ASSETS		**45 045 980**	**10 256 360**	**34 789 620**	**29 845 325**	**29 900 028**
Share capital	11.1			1 357 025	1 355 121	1 353 281
Reserves	11.1			19 040 685	19 921 035	22 584 083
Net income for the year				241 888	(929 753)	(2 661 208)
SHAREHOLDERS' EQUITY				**20 639 598**	**20 346 403**	**21 276 156**
Conditional advances	12			455 000	573 612	685 612
OTHER EQUITY				**455 000**	**573 612**	**685 612**
Long-term financial debt	7.1.1			2 454 293	1 782 939	2 282 798
Group and associates	7.1.1			4 542 743	3 435 959	
NON-CURRENT LIABILITIES				**6 997 036**	**5 218 898**	**2 282 798**
Provisions for liabilities and charges				582	5 567	202 244
Short-term financial debt	7.1.1			1 960 843	1 096 333	2 457 907
Trade payables	8			3 684 060	1 981 644	2 143 385
Other liabilities	8			1 052 501	622 868	851 926
CURRENT LIABILITIES				**6 697 986**	**3 706 412**	**5 655 462**
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES				**34 789 620**	**29 845 325**	**29 900 028**

The accompanying notes form an integral part of the parent company financial statements.

2. Income statement

(€)	NOTES	2014	2013	2012
Net sales	2.1	14 335 814	10 630 773	10 124 736
Finished products and work in progress		6 762	(73 684)	732 698
Own work capitalized		1 100 007	1 094 201	966 726
Operating grants		1 000	26 000	-
Provision reversals and transfers of charges	2.2	319 078	189 171	460 866
Other revenue		35 165	27 685	25 514
OPERATING REVENUES		**15 797 826**	**11 894 146**	**12 310 540**
Purchases consumed, subcontracting and other supplies		6 766 964	4 809 914	6 045 015
Other external purchases and charges		4 124 379	3 599 642	3 563 647
Taxes and duties		192 003	151 479	139 396
Wages and salaries		2 329 736	1 843 088	1 765 931
Social security costs		970 525	772 830	839 092
Amortization and depreciation charges		1 363 343	1 297 480	1 111 481
Provision charges		4 746	416 397	641 900
Other expenses		403 900	162 180	39 359
OPERATING EXPENSES		**16 155 596**	**13 053 010**	**14 145 821**
OPERATING INCOME / (LOSS)		**(357 770)**	**(1 158 864)**	**(1 835 281)**
Financial income		3 651 341	208 587	135 404
Financial expenses		2 635 619	282 106	1 290 925
NET FINANCIAL INCOME/(EXPENSE)	**7.2**	**1 015 722**	**(73 519)**	**(1 155 521)**
INCOME BEFORE TAX		**657 952**	**(1 232 383)**	**(2 990 802)**
Exceptional income		52 432	55 075	331
Exceptional expenses		920 012	28 350	53 518
NET EXCEPTIONAL INCOME/(EXPENSE)	**2.4**	**(867 580)**	**26 725**	**(53 187)**
Corporate tax	9	(451 516)	(275 905)	(382 781)
NET INCOME/(LOSS)		**241 888**	**(929 753)**	**(2 661 208)**

The accompanying notes form an integral part of the parent company financial statements.

3. Cash flow statement

(€)	2014	2013	2012
NET INCOME/(LOSS)	**241 888**	**(929 753)**	**(2 661 208)**
Elimination of non-cash income and expenses:			
Property, plant and equipment depreciation and intangible asset amortization	1 363 343	1 297 480	1 111 486
Provision charges	(1 733 004)	207 114	1 263 885
Proceeds from sale of non-current assets	59 020	119 993	20 863
Waiver of receivables	920 000	-	-
SELF-FINANCING CAPACITY	**851 247**	**694 834**	**(264 974)**
Change in inventories and work in progress	(6 762)	73 684	(732 698)
Change in trade receivables	(2 598 209)	(321 383)	96 010
Change in trade payables and liabilities relating to non-current assets	1 702 416	(161 741)	(721 851)
Change in other receivables and payables	(117 854)	(344 807)	597 208
CASH FLOW FROM WORKING CAPITAL REQUIREMENT	**(1 020 409)**	**(754 247)**	**(761 331)**
CASH FLOW FROM OPERATING ACTIVITIES	**(169 162)**	**(59 413)**	**(1 026 305)**
Acquisition of non-current assets	(1 927 589)	(1 538 243)	(1 260 756)
Disposal of non-current assets	120	7 500	60
Conditional advances received (repaid)	(118 612)	(86 000)	(88 000)
Capitalization of current accounts in subsidiaries' equity	-	-	(1 403 703)
Other movements	3 588	(4 209)	12 260
CASH FLOW FROM INVESTMENT ACTIVITIES	**(2 042 493)**	**(1 620 952)**	**(2 740 139)**
Share capital increase	51 307	-	1 570 606
Proceeds from new borrowings	2 464 681	590 000	1 494 999
Repayment of borrowings	(1 021 746)	(868 796)	(799 972)
Increase / (decrease) in subsidiaries' current accounts	145 131	1 961 187	2 144 021
Other movements	92 929	(5 933)	(1 062)
CASH FLOW FROM FINANCING ACTIVITIES	**1 732 302**	**1 676 458**	**4 408 592**
CHANGE IN CASH AND CASH EQUIVALENTS	**(479 353)**	**(3 907)**	**642 148**
Cash and cash equivalents - beginning of year	**1 141 961**	**1 145 868**	**503 720**
Cash and cash equivalents - end of year	**662 608**	**1 141 961**	**1 145 868**

The accompanying notes form an integral part of the parent company financial statements.

4. Notes to the parents company financial statements at december 31, 2014

The notes form an integral part of the financial statements prepared in accordance with the legal and regulatory requirements applicable in France.

The parent company financial statements were approved by the Board of Directors on April 2, 2015.

NOTE 1: ACCOUNTING PRINCIPLES

1.1. Accounting standards

The annual financial statements of the parent company MEDICREA INTERNATIONAL have been prepared in accordance with applicable French accounting regulations. General accounting conventions have been applied, in accordance with the principle of prudence, pursuant to basic assumptions which are designed to provide a true and fair view of the company: going concern, consistency of accounting methods from one year to the next, independence of fiscal years. The going concern principle is assessed in light of the Company's capacity to meet its cash flow requirements over the next 12 months linked to its operations, its investments and the repayment of its financial liabilities, while generating positive self-financing capacity. Depending on the case, the basic method used for the valuation of items recognized in the balance sheet is the historical cost, the contribution cost or the revalued amount.

The accounting principles used in the preparation of the parent company financial statements for the year 2014 are identical to those applied in 2013.

The financial statements of MEDICREA INTERNATIONAL are presented in Euros.

1.2. Use of estimates by Management

As part of the preparation of the parent company financial statements, the valuation of some assets and liabilities requires the use of judgments, assumptions and estimates. These include the valuation of intangible and financial assets, and provisions for impairment of inventories, as well as determining the amount of provisions for liabilities and charges.

Rapid changes in economic environments increase the difficulties of valuing and estimating certain assets and liabilities, as well as contingencies on business developments. The estimates made by management were made based on information available to it at December 31, 2014, after taking account of events subsequent to that period and until the date the financial statements were approved by the Board of Directors. These assumptions, estimates and judgments made on the basis of information or situations existing at the date of preparation of the financial statements, may prove different from subsequent actual events.

When new events or situations indicate that the book value of certain items of property, plant and equipment, and intangible assets may not be recoverable, this value is compared to the recoverable amount estimated based on the value in use if the net fair value cannot be estimated reliably. If the recoverable amount is less than the net book value of these assets, the latter is reduced to the recoverable value through the recognition of an impairment loss under operating expenses.

The value in use is calculated as the present value of estimated future cash flows expected from the use of assets or their eventual disposal.

At December 31, 2014, there was no change in estimates having a significant effect on the period.

1.3. Foreign currency transactions

Transactions denominated in foreign currencies are recorded at their corresponding Euro value on the date of the transaction. At the end of the period, financial assets and monetary liabilities denominated in foreign currencies are translated at the closing rate. The resulting foreign exchange gains and losses are recorded as exchange gains and losses and presented under other financial income and expenses in the income statement.

NOTE 2: OPERATIONAL DATA

2.1. Net sales

Sales are recognized on the date the significant risks and rewards of ownership are transferred, which most frequently takes place when the products are shipped. In specific cases, the implants and instruments can be held on consignment at certain selected distributors. They are not invoiced on delivery and remain recognized as assets. Only implants that have been placed and/or broken or lost instruments are subsequently invoiced.

Regular inventories of medical devices held on consignment are made, either directly on site, or after the assets are returned to and reviewed by the Company, and any necessary accounting adjustments are recognized in the financial statements.

Sales are analyzed as follows:

(€)	12.31.2014			12.31.2013		
	France	**Exports**	**Total**	**France**	**Exports**	**Total**
Merchandise sales	3 053 133	10 831 059	13 884 192	2 175 902	8 176 312	10 352 214
Provision of services	273 637	177 985	451 622	205 865	72 694	278 559
Total sales	**-**	**11 009 044**	**14 335 814**	**2 381 767**	**8 249 006**	**10 630 773**

The change in sales between 2014 and 2013 is analyzed by customer as follows:

(€)	2014	2013	VAR.
MEDICREA USA	6 237 501	2 986 152	+ 109 %
MEDICREA EUROPE FRANCOPHONE	3 224 282	2 293 117	+ 41 %
MEDICREA TECHNOLOGIES UK	263 595	157 506	+ 67 %
MEDICREA TECHNOLOGIES	58 614	39 401	+ 49 %
Total intra-Group sales and rebillings	**9 783 992**	**5 476 176**	**+ 79 %**
Distributors	4 498 965	5 104 033	(12) %
Other	52 857	50 564	+ 5 %
Net sales	**14 335 814**	**10 630 773**	**+ 35 %**

Sales with the Company's commercial subsidiaries grew almost 80% compared with the previous year, in line with the business development of these entities in their respective markets, in particular in the US and France. These sales meet demand from customer hospitals and subsidiaries to replenish their inventories.

Sales with international distributors, which reflect the direct marketing business of MEDICREA INTERNATIONAL, declined by 12% compared with 2013. Importing challenges in the Brazilian market since 2013 persisted until the end of the first half of 2014. These have now been resolved, but for the second consecutive year the Company recorded a substantial decline in sales in one of its main markets. In Europe, sales growth in Belgium helped offset the steady erosion of the business seen over the past few years in the countries bordering the Mediterranean. In Asia, most sales were generated by the Company's historical distributors, primarily in China and Malaysia.

2.2. Provision reversals and transfers of charges

Provision reversals and transfers of charges are broken down as follows:

(€)	12.31.2014	12.31.2013
Inventory impairment	242 764	-
Provision for bad debts	-	5 192
Provision for liabilities and charges	5 493	158 520
Transfers of charges	70 821	25 459
Provision reversals and transfers of charges	**319 078**	**189 171**

In 2014, the Company destroyed products which were obsolete or unusable due to having passed their sell-by date. Provisions for impairment recorded in previous years for these products were reversed in income.

2.3. Royalties

Royalties received on patents owned by the Company and used in other medical applications are recognized as other operating income.

2.4. Distinction between exceptional income and income from recurring operations

Income from recurring operations is derived from activities in which the Company is involved in the course of its business and related activities that are either incidental to or are an extension of its ordinary business, including the disposal and write-off of instruments and equipment.

Exceptional items result from unusual events or transactions that are distinct from the ordinary business and which are not expected to recur frequently and regularly.

In 2014, the net exceptional expense related to a €920,000 partial waiver of receivables granted by the Company to its subsidiary MEDICREA EUROPE FRANCOPHONE..

NOTE 3: EMPLOYEE COSTS AND BENEFITS

3.1. Workforce

The workforce can be analyzed by category as follows:

(€)	12.31.2014	12.31.2013	12.31.2012
Executives	35	26	24
Supervisors - Employees	13	12	11
TOTAL	**48**	**38**	**35**
of which France	48	38	35

3.2. Pension plans and post-employment benefits

Defined contribution plans (legal and supplementary pension plans) are characterized by payments to organizations that free the employer from any subsequent obligation, with the organization being responsible for paying the amounts due to staff. Given their nature, defined contribution plans do not give rise to the recognition of provisions in the Company's financial statements as the contributions are recognized as expenses when they are due.

No payment is made to an insurance company or any provision established to service retirement benefits provided for by the collective agreement applicable to MEDICREA INTERNATIONAL (Import / Export). The corresponding commitment is however assessed annually based on the following features:

- retirement age: age at which an employee has acquired sufficient entitlements to obtain a full pension;
- social security rates: adjusted based on the employee and Company status. On average, rates are 45% for executives and 44% for non-executives;
- rate of salary increase: 2%;
- departure mode: at the employee's initiative;
- life table: INSEE TD/TV 2009-2011 by gender ;
- annual mobility: based on category (executive and non-executive) and age, with a turnover rate of 0 after 50 years old;
- discount rate: 1.90%, based on the long-term yields of private sector euro-denominated AA-rated bonds at the date of the valuation, in accordance with CNC recommendation.

The value of acquired rights was €165,114 at December 31, 2014, compared with €105,837 at December 31, 2013. Movements are analyzed as follows:

(€)	12.31.2014
Actuarial liability at 12.31.2013	105 837
Charge for the year in respect of defined benefit plans	25 812
under operating income	22 372
under net financial income / expense	3 440
Actuarial gains and losses	33 465
Actuarial liability at 12.31.2014	**165 114**

The members of the Board of Directors and senior executives do not benefit from a supplementary pension plan.

3.3. Seniority awards

No provision is established for seniority award commitments. Applicable collective agreements do not provide for any specific provisions in this regard.

3.4. Stock options and free shares

The Shareholders' Meetings of March 10, 2006, June 25, 2009, June 14, 2012, and June 25, 2014 delegated to the Board of Directors the power to allocate share subscription or purchase options and to allocate free shares. The Board of Directors' meetings of June 5, 2008, June 25, 2009, December 17, 2009, June 17, 2010, June 16, 2011, December 17, 2013, and March 27, 2014 allocated stock options and/or free shares.

Taking account of employee departures in the fiscal years 2008 to 2014, the numbers of free shares and stock options allocated to employees were 94,283 (all delivered) and 255,359 (of which 15,147 exercised) respectively at December 31, 2014.

In 2014, 11,800 free shares allocated to employees were delivered to the latter through the issue of new shares.

3.5. French Individual Training Right (ITR) now Personal Training Account (PTA)

Only training expenses effectively incurred in respect of the individual training right, as decided jointly by the employee and the Company, are recognized as expenses in the fiscal year. A provision charge is only recognized in the following two instances:

- persistent disagreement over two successive fiscal years between the employee and the Company, if the employee has requested individual training leave from Fongecif;
- resignation or dismissal of the employee, if the latter requests their individual training right before the end of their notice period.

The number of individual training right (ITR) hours accumulated by MEDICREA INTERNATIONAL was 2,945 at December 31, 2014. The Company does not have sufficient statistical history and as a result is unable to accurately evaluate the future use of this right by employees. As the Company has the option of integrating the entire cost of this training right into its overall training program, no provision was recognized in the 2014 fiscal year.

It should be noted that as of January 1, 2015, the ITR was replaced by the Personal Training Account (PTA), which will no longer be monitored by the Company but by the Caisse des Dépôts et Consignation. The Company's contribution in respect of the PTA (0.2% of payroll costs) will continue to be paid to Organismes Paritaires Collecteurs Agréés (OPCAs), which will in turn finance the future training programs carried out under this framework

3.6. French tax credit for competitiveness and employment

The tax credit for competitiveness and employment is recognized as a reduction of employee costs as the corresponding compensation costs are incurred. Its purpose is to improve the Company's competitiveness and assist it in its efforts related to investments, innovation, training, recruitment, environmental and energy transition, and replenishment of working capital.

A total of €45,039 was recognized in 2014 in relation to this tax credit, compared with €26,863 in 2013.

3.7. Senior executives and corporate officers' compensation

MEDICREA INTERNATIONAL has two executive corporate officers. They are Denys SOURNAC, Chairman and Chief Executive Officer of MEDICREA INTERNATIONAL, and Jean-Philippe CAFFIERO, Deputy Chief Executive Officer of MEDICREA INTERNATIONAL.

Mr. SOURNAC is not an employee of MEDICREA INTERNATIONAL and is not compensated by the Company for his duties. The management holding company ORCHARD INTERNATIONAL, of which Mr. SOURNAC is Chairman, receives fees for the executive management duties of MEDICREA INTERNATIONAL provided by Mr. SOURNAC. These fees are paid via a service agreement between ORCHARD INTERNATIONAL AND MEDICREA INTERNATIONAL. The value of services invoiced by ORCHARD to MEDICREA INTERNATIONAL for the 2014 fiscal year for work carried out by Mr. SOURNAC was €292,000 exclusive of tax (unchanged from 2013).

Mr. SOURNAC did not receive any direct or indirect remuneration from the Company other than those mentioned above, excluding Directors' fees of €4,000 in 2014 (€3,429 in 2013).

Mr. CAFFIERO is not compensated for his duties as Deputy CEO. Mr. CAFFIERO's export sales management services are invoiced by ORCHARD INTERNATIONAL of which he is the Managing Director, to MEDICREA INTERNATIONAL, via the service agreement concluded between the two entities.

In 2014, ORCHARD INTERNATIONAL invoiced a total of €151,458 exclusive of tax (€191,314 exclusive of tax in 2013) to MEDICREA INTERNATIONAL for the sales management duties carried out by Mr. CAFFIERO.

Mr. CAFFIERO did not receive any direct or indirect remuneration other than those mentioned above, excluding Directors' fees of €4,000 in 2014 (€3,429 in 2013).

NOTE 4: INTANGIBLE ASSETS AND PROPERTY, PLANT AND EQUIPMENT

4.1. Impairment testing of amortizable assets

When new events or situations indicate that the book value of certain items of property, plant and equipment, and intangible assets may not be recoverable, this value is compared to the recoverable amount estimated based on the value in use if the net fair value cannot be estimated reliably. If the recoverable amount is less than the net book value of these assets, the latter is reduced to the recoverable value through the recognition of an impairment loss under expenses.

4.2. Intangible assets

Intangible assets include research and development costs, patents and trademarks, and software. Research and development costs are amortized over five years when they meet all of the criteria required for their recognition as assets. Capitalized costs are based on precise analytical monitoring, resulting in a breakdown of costs incurred by type and by project. Patents, licenses and trademarks are amortized over 5 to 10 years, depending on their useful lives. Software is amortized over periods ranging from 1 to 3 years.

4.3. Property, plant and equipment

Property, plant and equipment are valued using the historical cost method. The cost of an item of property, plant and equipment comprises:

- the purchase price, including import duties and non-refundable purchase taxes;
- any costs directly attributable to commissioning the asset in the manner intended;
- trade discounts and rebates deducted from the calculation of the purchase price.

Property, plant and equipment is broken down if their components have different useful lives or if they provide benefits to the Company at a different pace that requires the use of different amortization rates and methods.

Property, plant and equipment primarily comprise demonstration equipment, sets of instruments on consignments with certain distributors, premises' fittings, computer hardware, and furniture.

The depreciation periods applied by the Company are as follows:

- demonstration equipment and sets of instruments on consignment are depreciated over their estimated useful lives, ranging from 3 to 5 years.
- technical facilities and fittings are depreciated over their estimated useful lives, ranging from 5 to 10 years.
- office equipment, computer hardware, and furniture are depreciated over their useful lives, ranging from 3 to 10 years.

4.4. Non-current financial assets and current accounts

- value in use determined based on the net asset value of the subsidiary and its profitability prospects;
- value by reference to recent transactions involving companies operating in the same industry;
- value by reference to the discounted future cash flows generated by the subsidiary.

However, impairment is only recognized when the subsidiary has reached a normal operational level following its launch phase in the case of a start-up, or following the integration phase in the case of an acquisition.

The scope of the subsidiaries and interest percentages are detailed in the table below:

	REGISTERED OFFICE	% CONTROL
MEDICREA TECHNOLOGIES	La Rochelle, FR	100 %
MEDICREA TECHNOLOGIES UK	Swaffam Bulbeck,GB	100 %
MEDICREA USA	New-York, USA	100 %
MEDICREA EUROPE FRANCOPHONE	Neyron, FR	100 %

In June 2014, MEDICREA INTERNATIONAL increased its equity holding in MEDICREA EUROPE FRANCOPHONE to 100% (70% at December 31, 2013).

Equity securities are broken down as follows:

	12.31.2014	12.31.2013
MEDICREA TECHNOLOGIES	11 946 000	11 946 000
MEDICREA TECHNOLOGIES UK	2 465 018	2 465 018
MEDICREA USA	7 395 058	7 395 058
MEDICREA EUROPE FRANCOPHONE	150 000	105 000
TOTAL GROSS VALUES	**21 956 076**	**21 911 076**
Impairment	(1 650 000)	(3 705 000)
TOTAL NET VALUES	**20 306 076**	**18 206 076**

At December 31, 2014, the discounting of future cash flows generated by the subsidiaries led to the reversal, through net financial income / (expense), of the entire provision for impairment of €3.6 million previously recognized in relation to MEDICREA TECHNOLOGIES securities, and to the recognition of an additional provision charge of €1.5 million in relation to the securities and current accounts of MEDICREA EUROPE FRANCOPHONE and MEDICREA TECHNOLOGIES UK.

4.5. Treasury shares

The MEDICREA shares held by the Company are recognized at acquisition cost irrespective of the reason they are held.

When sold, the cost price of the shares is calculated in accordance with the first in, first out (FIFO) method, except for shares held within the framework of option plans, which are calculated on a plan-by-plan basis in accordance with the weighted average price method. Capital gains and losses on disposals are recorded in net financial income / (expense).

During the 2014 fiscal year, the liquidity contract relating to the MEDICREA shares listed on Alternext and previously managed by ORCHARD INTERNATIONAL was transferred to MEDICREA INTERNATIONAL.

At December 31, 2014, treasury shares were analyzed as follows:

(€)	2014		2013	
	Number	**Amount**	**Number**	**Amount**
Liquidity contract	2 722	23 355	-	-
TOTAL NUMBER OF MEDICREA SHARES	**2 722**	**23 355**	**-**	**-**

4.6. Change in non-current assets, and depreciation and amortization during fiscal year 2014

The change in non-current assets is analyzed as follows:

(€) GROSS VALUES	01.01.2014	ACQUISITIONS	DISPOSALS	12.31.2014
Research & development costs	5 169 695	960 389	5 246	6 124 838
Patents and similar rights	1 902 030	144 864	-	2 046 894
Computer software and licenses	95 179	289 660	-	384 839
Brands	25 133	-	-	25 133
Intangible assets	**7 192 037**	**1 394 913**	**5 246**	**8 581 704**
Plant & equipment	9 763	125 202	-	134 965
Demonstration equipment	381 685	142 303	108 535	415 453
Equipment on consignment	317 752	54 731	125 453	247 030
Computer hardware and office equipment	485 788	75 846	1 226	560 408
Other non-current assets	333 234	40 079	-	373 313
Property, plant and equipment	**1 528 222**	**438 161**	**235 214**	**1 731 169**
Equity securities	21 911 076	45 000	-	21 956 076
Treasury shares (1)	-	23 355	-	23 355
Guarantees and deposits	85 867	26 160	3 588	108 439
Non-current financial assets	**21 996 943**	**94 515**	**3 588**	**22 087 870**
TOTAL GROSS VALUES	**30 717 202**	**1 927 589**	**244 048**	**32 400 743**

(€) AMORTIZATION, DEPRECIATION AND PROVISION CHARGES	01.01.2014	CHARGES	REVERSALS	12.31.2014
Research & development costs	2 925 556	866 538	206	3 791 888
Patents and similar rights	854 646	193 433	-	1 048 079
Computer software and licenses	80 368	8 443	-	88 811
Brands	21 737	1 969	-	23 706
Intangible assets	**3 882 307**	**1 070 383**	**206**	**4 952 484**
Plant & equipment	7 446	1 705	-	9 151
Demonstration equipment	228 026	91 768	108 535	211 259
Equipment on consignment	166 213	75 114	71 437	169 890
Computer hardware and office equipment	266 467	92 783	1 143	358 107
Other non-current assets	120 165	31 590	-	151 755
Property, plant and equipment	**788 317**	**292 960**	**181 115**	**900 162**
Equity securities	3 705 000	1 545 000	3 600 000	1 650 000
Non-current financial assets	**3 705 000**	**1 545 000**	**3 600 000**	**1 650 000**
TOTAL AMORTIZATION, DEPRECIATION AND IMPAIRMENT	**8 375 624**	**2 908 343**	**3 781 321**	**7 502 646**

(€) NET VALUES	01.01.2014	INCREASE	DECREASE	12.31.2014
Intangible assets	3 309 730	324 530	5 040	3 629 220
Property, plant and equipment	739 905	145 201	54 099	831 007
Non-current financial assets	18 291 943	(1 450 485)	(3 596 412)	20 437 870
TOTAL NET VALUES	**22 341 578**	**(980 754)**	**(3 537 273)**	**24 898 097**

(1) cash held via the liquidity contract is included in Cash and cash equivalents.

1 / Research and development activity is structurally important and is a key differentiating factor for the Company. The main costs incurred in 2014 include:

- The development of the thoraco-lumbar range, with, in particular, the development of vertebrae anchoring systems by flexible ligaments (LIGAPASS®) and systems for the treatment of occipital-cervical pathologies (PASSOCT®);
- Implementation of a complete solution (UNiD ™) including a software application and a real-time assistance cell that make it possible to provide patients with patient-specific implants.
- The development of a stand-alone anterior thoracic cage, IMPIX ALIF SA®, for the treatment of degenerative lumbar pathologies, and a transparent radio corpectomy implant, CARYATID®, stemming from the additive manufacturing technology.

2/ The increase in patent costs in 2014 mainly relates to the PASS LP® thoraco-lumbar fixation system and its extensions, as well as the non-fusion prostheses in the GRANVIA® range.

3/ The increase in computer licenses and software is linked to the setting up of a new information system, which should be operational early in 2015.

4/ Technical facilities acquired in 2014 include the first prepayments paid to machine manufacturers as part of the rollout of a rapid prototyping unit, which will be commissioned during the first quarter of 2015.

5 / Demonstration equipment is subjected to an exhaustive inventory each year. It includes all products, with their own serigraphy and not saleable in their current condition, used by the sales force to train clients to manipulate implants and instruments. This equipment is regularly updated based on movements in / out of new / old products.

6/ To carry out surgery, the Company provides certain of its suppliers, for specific contracts, with sets comprising instruments and implants, of which it remains the owner. This equipment is subsequently stored at healthcare facilities or is available on loan. The instruments are recorded under property, plant and equipment and amortized over a period of three years. Fully-amortized instruments are taken off the books on a regular basis.

7 / Computer hardware and office equipment acquisitions mainly include purchases of servers and other hardware as part of the rollout of the new information system.

8 / Other property, plant and equipment mainly includes fixtures and fittings, as well as transport equipment.

9 / Non-current financial assets include equity securities, treasury shares held as part of a liquidity contract and guarantees paid.

4.7. Leases

4.7.1. Finance leases

Lease-financed non-current assets are broken down as follows:

(€)	12.31.2014	12.31.2013
Technical facilities and equipment	947 405	23 145
Computer hardware	67 533	-
Total gross values	**1 014 938**	**23 145**
Technical facility and equipment depreciation	16 748	311
Computer hardware depreciation	14 197	-
TOTAL AMORTIZATION AND DEPRECIATION	**30 945**	**311**
TOTAL NET VALUES	**983 993**	**22 834**

Technical facilities and equipment acquired in 2014 via finance leases primarily include the acquisition of a 3D printing machine using additive manufacturing technology, which made it possible to produce patient-specific implants made of porous material, taking into account the particular anatomy of each patient's spine obtained after 3D reconstruction of pre-operative scans.

Lease-financed commitments are analyzed as follows:

(€)	12.31.2014	12.31.2013
Original value	1 014 938	23 145
Amortization and depreciation	(30 945)	(311)
Of which depreciation charges for the year	30 634	311
Net value	**983 993**	**22 834**
Lease payments (1)		
Total payments from previous years	1 085	-
Lease payments for the year	48 217	1 085
TOTAL	**49 302**	**1 085**
Future minimum lease payments		
Within 1 year	189 581	7 972
1 to 5 years	873 411	14 860
TOTAL	**1 062 992**	**22 832**
Residual values	**10 139**	**231**

(1) Total payments from previous years and lease payments for the year only include lease payments made in relation to leases still in force at year-end.

4.7.2. Operating leases

Certain items of equipment (mainly photocopiers and computer hardware) are lease-financed over periods of 3 to 5 years.

The Company's headquarters are leased under a nine year, traditional commercial lease, which can be terminated from the sixth year (June 2016), subject to annual rent of €201,347 exclusive of VAT,

Operating lease commitments can therefore be summarized as follows:

(€)	12.31.2014	WITHIN 1 YEAR	1 TO 5 YEARS	MORE THAN 5 YEARS
Real estate and equipment rental	510 304	341 719	168 585	-

NOTE 5: INVENTORIES AND WORK IN PROGRESS

Inventories mainly include finished products valued at purchase cost plus ancillary costs, excluding sales and marketing expenses. Impairment is recognized when the probable realizable value of inventories is lower than book value.

Gross and net inventories are analyzed as follows:

(€)	12.31.2014	12.31.2013
Inventories of finished goods – gross value	4 555 522	4 548 760
Impairment	(1 249 477)	(1 492 241)
Inventories – net value	**3 306 045**	**3 056 519**

MEDICREA INTERNATIONAL owns inventories intended for supply to marketing subsidiaries and to fulfill the needs of independent distributors. Inventories of finished goods are centrally managed, allowing the Company to optimize and anticipate the needs of its distribution subsidiaries at its own site.

In gross value terms, inventories were stable compared with the previous year. The reduction in the impairment charge is linked to the destruction of obsolete and out-of-date products in 2014, which were already fully written down and for which the corresponding provisions were transferred to the income statement (see paragraph 2.2).

NOTE 6: TRADE AND OTHER RECEIVABLES

Trade and other receivables are recorded at their nominal value. A provision for impairment is established where the recoverable value of the receivables, based on the probability of collection, is lower than the book value. The recoverable value is assessed on a receivable-by-receivable basis according to this risk.

The Company factors some of its receivables based on its cash flow requirements. The value of invoicing subject to factoring at year-end, which as a result no

longer appears in trade receivables at that date, is disclosed in off-balance sheet commitments.

Trade and other receivables are analyzed as follows: :

(€)	12.31.2014	12.31.2013
Trade receivables	4 205 860	1 607 651
Provision for doubtful debts	(3 719)	-
Net trade receivables	**4 202 141**	**1 607 651**
Social security receivables	8 100	1 850
Tax receivables	766 778	583 760
Intra-Group current accounts	1 772 497	1 730 844
Other receivables	110 589	75 974
Advances and prepayments to suppliers	373 037	78 495
Prepaid expenses	189 146	161 619
Asset translation adjustment	582	74
Other gross receivables	**3 220 729**	**2 632 616**
Impairment of intra-Group current accounts	(1 500 000)	(935 000)
Other net receivables	**1 720 729**	**1 697 616**
TOTAL GROSS RECEIVABLES	**7 426 589**	**4 240 267**
TOTAL NET RECEIVABLES	**5 922 870**	**3 305 267**

The change in trade receivables between 2014 and 2013 is analyzed as follows:

(€)	12.31.2014	12.31.2013
MEDICREA USA	2 309 719	-
MEDICREA EUROPE FRANCOPHONE	1 144 780	653 716
MEDICREA TECHNOLOGIES UK	37 376	6 705
MEDICREA TECHNOLOGIES	38 573	17 241
Intra-Group receivables	**3 530 448**	**677 662**
Non-Group receivables	675 412	929 989
TOTAL	**4 205 860**	**1 607 651**

The increase in Group receivables is in line with the significant increase in sales, as detailed in Note 2.1.

The average collection period for trade receivables was 48 days at December 31, 2014, compared with 76 days at the end of the previous fiscal year due to the settlement of importing issues in Brazil, which had temporarily extended payment terms considerably.

Trade receivables deemed highly unlikely to be collected are the subject of a provision for impairment for their full amount exclusive of VAT.

Tax receivables include the 2014 research tax credit of €451,516 and the competitiveness and employment tax credit of €45,039. Other tax receivables primarily include VAT to be recovered.

At December 31, 2014, intra-Group current accounts were broken down as follows:

(€)	12.31.2014	12.31.2013
MEDICREA EUROPE FRANCOPHONE current account	1 772 497	1 730 844
TOTAL INTRA-GROUP CURRENT ACCOUNTS (GROSS VALUE)	**1 772 497**	**1 730 844**
MEDICREA EUROPE FRANCOPHONE current account impairment	(1 500 000)	(935 000)
TOTAL INTRA-GROUP CURRENT ACCOUNTS (NET VALUE)	**272 497**	**795 844**

During the 2014 fiscal year, MEDICREA INTERNATIONAL waived a current account balance of €920,000 for the benefit of MEDICREA EUROPE FRANCOPHONE. The discounting of future cash flows generated by this subsidiary led to the recognition during the fiscal year of an additional provision of €565,000 for current account impairment.

Advances and prepayments to suppliers include the payment of a $400,000 advance as part of a cooperation contract with a US IT company (see section 13.1.5).

The maturity dates of receivables are broken down as follows:

(€)	12.31.2014	WITHIN 1 YEAR	1 TO 5 YEARS	MORE THAN 5 YEARS
Other non-current financial assets	108 439	7 761	85 637	15 041
Trade receivables	4 205 860	4 205 860	-	-
Social security receivables	8 100	8 100	-	-
Tax receivables	766 778	766 778	-	-
Intra-Group current accounts	1 772 497	1 772 497	-	-
Other receivables	110 589	110 589	-	-
Advances and prepayments to suppliers	373 037	373 037	-	-
Prepaid expenses	189 146	189 146	-	-
TOTAL	**7 534 446**	**7 433 768**	**85 637**	**15 041**

Accrued income included in various asset items are broken down as follows:

(€)	12.31.2014	12.31.2013
Trade receivables	323 281	34 843
Tax receivables	1 000	-
Other receivables	20 308	23 918
TOTAL	**344 589**	**58 761**

NOTE 7: FINANCING AND FINANCIAL INSTRUMENTS

7.1. Net financial debt

7.1.1. Financial debt

Financial debt is recognized at amortized cost, which corresponds to their nominal value, net of associated issue premiums and costs recorded incrementally in net financial income/(expense) up to maturity in accordance with the effective interest rate method.

Financial debt is analyzed as follows:

(€)	12.31.2014	12.31.2013
Bond issue	545 000	545 000
Loans from credit institutions	3 746 031	2 305 744
Accrued bank interest	5 426	2 951
Accrued loan interest	14 255	14 082
Other financial debt	104 424	11 495
Financial debt from credit institutions	**4 415 136**	**2 879 272**
Group and associates	4 542 743	3 435 959
TOTAL FINANCIAL DEBT	**8 957 879**	**6 315 231**

At December 31, 2014, all financial debt was taken out in Euros.

The change in the balance of borrowings from credit institutions is related to repayments made in 2014 within the framework of existing amortization schedules, and to the following new loans that were taken out:

- €350,000 at a fixed rate of 1.95% over a period of three years to finance the implementation of the new information system;
- €300,000 at a fixed rate of 4.53% over a period of 7 years, in order to strengthen the financial structure;
- €400,000 at a fixed rate of 3.11% over a period of 5 years, to finance investments in software and hardware used in the development of patient-specific implants;
- €395,000 at a fixed rate of 4.64% over a period of 2 years, to finance the costs of research and development in 2014 eligible for the research tax credit;
- €1,000,000 at a fixed rate of 2.25% over a period of 4 years, to finance working capital requirements.

Financial debt with Group entities are analyzed as follows:

(€)	12.31.2014	12.31.2013
MEDICREA TECHNOLOGIES current account	2 069 518	1 628 847
MEDICREA USA current account	2 171 467	1 643 066
MEDICREA TECHNOLOGIES UK current account	301 758	164 046
Group and associates	**4 542 743**	**3 435 959**
MEDICREA TECHNOLOGIES guarantee	3 412	3 412
MEDICREA EUROPE FRANCOPHONE guarantee	3 790	3 790
Other financial debt	**7 202**	**7 202**
TOTAL	**4 549 945**	**3 443 161**

Borrowings from credit institutions are analyzed by type of interest rate as follows:

(€)	12.31.2014	12.31.2013
Fixed rate borrowings	3 630 813	1 720 302
Variable rate borrowings	115 218	585 442
TOTAL	**3 746 031**	**2 305 744**

The average interest rate for 2014 stood at 4.43% compared with 5.64% for 2013. This change was due to the subscription in 2014 of borrowings bearing lower fixed rates than existing funding.

The maturity dates of financial liabilities are broken down as follows:

(€)	12.31.2014	WITHIN 1 YEAR	1 TO 5 YEARS	MORE THAN 5 YEARS
Bond issues	545 000	545 000	-	-
Loans from credit institutions	3 746 031	1 303 233	2 337 798	105 000
Accrued bank interest	5 426	5 426	-	-
Accrued loan interest	14 255	14 255	-	-
Group and associates	4 542 743	-	4 542 743	-
Other financial debt	104 424	92 929	11 495	-
TOTAL	**8 957 879**	**1 960 843**	**6 892 036**	**105 000**

7.1.2. Cash and cash equivalents

Cash and cash equivalents include cash and money market investments that are immediately available and with an insignificant risk of changes in value over time. The latter consist primarily of money market funds (SICAV) and cash held as collateral for financing obtained from other sources.

Impairment is recognized when the probable realizable value of these deposits is lower than the purchase cost. Unrealized or realized gains and losses are recognized in financial income/(expense). The fair value is determined by reference to the market price at the balance sheet date.

Net cash and cash equivalents changed as follows:

(€)	12.31.2014	12.31.2013
Cash	509 058	988 411
Marketable securities	153 550	153 550
Cash and cash equivalents	**662 608**	**1 141 961**
Bank overdrafts	-	-
Net cash and cash equivalents	**662 608**	**1 141 961**

Marketable securities mainly include money market funds (SICAV) as security for a bank guarantee given for payment of rent.

The cash flow statement for the period January 1 to December 31, 2014 highlights cash usage over the fiscal year.

7.1.3. Hedge instruments

Most of the Company's supplies are denominated in Euros. Sales to US and UK subsidiaries are made in local currencies, the products then being sold in these markets in the country's currency. As a result, subsidiaries are not exposed to an exchange rate risk on purchases but MEDICREA INTERNATIONAL is exposed to an exchange risk on part of its sales, which it hedges against as opportunities arise using forward sales transactions.

At December 31, 2014, USD/Euro forward sales commitments totaled $450,000 under a €1 million package put into place during the fourth quarter at a hedging rate of 1.3023 applicable until March 17, 2015.

7.2. Net financial income / (expense)

Net financial income / (expense) can be analyzed as follows:

(€)	12.31.2014	12.31.2013
Cost of net financial debt	(190 472)	(163 328)
of which interest on current accounts	(26 796)	1 478
Net exchange gain / (loss)	(280 469)	87 687
Capital gain / (loss) on disposal of marketable securities	(2 829)	2 196
Charges to provision for exchange losses	(508)	(74)
Charges to provisions for impairment of MEDICREA EUROPE FRANCOPHONE securities	(45 000)	-
Charges to provisions for impairment of MEDICREA TECHNOLOGIES UK securities	(1 500 000)	-
Reversal of provision for MEDICREA TECHNOLOGIES securities	3 600 000	-
Charges to provisions for impairment of the MEDICREA EUROPE FRANCOPHONE current account	(565 000)	-
Net financial income / (expense)	**1 015 722**	**(73 519)**

The €0.3 million exchange loss is mainly the result of the translation at December 31, 2014 of intra-Group receivables and current accounts denominated in foreign currencies.

The net financial income was positive in 2014 following the reversal of previously recognized provisions for impairment of subsidiaries' securities.

NOTE 8: TRADE PAYABLES AND OTHER CURRENT LIABILITIES

Trade payables and other liabilities are analyzed as follows:

(€)	12.31.2014	12.31.2013
Trade payables	3 684 060	1 981 644
Social security liabilities	625 901	431 718
Tax liabilities	142 703	122 024
Other liabilities	77 441	69 126
Translation adjustment liability	206 456	-
TOTAL OTHER LIABILITIES	**1 052 501**	**622 868**
TOTAL OPERATING LIABILITIES	**4 736 561**	**2 604 512**

The change in trade payables between 2014 and 2013 is analyzed as follows:

(€)	12.31.2014	12.31.2013
MEDICREA EUROPE FRANCOPHONE	5 074	943
MEDICREA TECHNOLOGIES	2 732 486	1 293 458
Intra-Group liabilities	**2 737 560**	**1 294 401**
Non-Group liabilities	946 500	687 243
TOTAL	**3 684 060**	**1 981 644**

The increase in trade payables was due to business with Group entities, which should be seen in conjunction with the sales growth of distribution subsidiaries outlined in Note 2.1.

The liability translation adjustment at December 31, 2014 mainly comprised the translation of Group receivables denominated in foreign currencies.

At December 31, 2014, the maturity of all operating liabilities was less than one year.

Accrued liabilities included in various liability items are broken down as follows:

(€)	12.31.2014	12.31.2013
Financial debt	19 681	17 033
Trade payables	680 825	371 128
Social security liabilities	386 037	273 759
Tax liabilities	125 791	115 118
Other liabilities	48 000	60 498
TOTAL	**1 260 334**	**837 536**

NOTE 9: CORPORATE TAX

Since January 1, 2003, MEDICREA INTERNATIONAL and MEDICREA TECHNOLOGIES have been part of the same tax consolidation group, with MEDICREA INTERNATIONAL acting as parent company and being solely liable for corporate tax for the overall net income achieved by the Group. MEDICREA EUROPE FRANCOPHONE, now wholly owned (70%-owned at December 31, 2013) will join the tax consolidation as of January 1, 2015.
Savings resulting from the implementation of the tax consolidation agreement are retained by the parent company.

The 2014 Research Tax Credit was €0.45 million, stable compared with the previous fiscal year (excluding the impact of the 2013 tax audit).

No corporate tax charge was recognized in 2014 due to existing tax losses carried forward. Temporarily non-deductible expenses totaled €234,110 for the year to December 31, 2014, compared with €23,696 for the year to December 31, 2013.

The MEDICREA INTERNATIONAL tax consolidation group had cumulative losses of €17,167,189 at December 31, 2014.

NOTE 10: IMPACT OF EXCHANGE DIFFERENCES ON SALES AND NET INCOME

Exchange differences had no impact on the comparability of the financial statements for the fiscal years 2014 and 2013. The average EUR / USD conversion rate was 1.335 in 2014 compared with 1.325 in 2013.

NOTE 11: SHAREHOLDERS' EQUITY

11.1. Shareholders' equity

11.1.1. Share capital

Following transactions carried out during the fiscal year, share capital at December 31, 2014 totaled €1,357,024.80 and comprised 8,481,405 shares with par value of €0.16 each. The number of authorized shares outstanding is as follows:

(€)	12.31.2014	12.31.2013	12.31.2012
Number of authorized shares	8 481 305	8 467 505	8 458 005
Number of preference shares	100	-	-
Number of shares issued and fully paid up	8 481 305	8 467 505	8 458 005
Number of shares not paid up	-	-	-
Par value (€)	0,16	0,16	0,16
Number of shares outstanding at end of period	8 481 405	8 467 505	8 458 005
Number of shares with double voting rights	2 744 677	2 473 956	2 750 802
Number of treasury shares held by the Group	-	-	-
Number of treasury shares held by the parent company	2 722	-	-

Transactions in the share capital of MEDICREA INTERNATIONAL over the period January 1, 2014 to December 31, 2014 are summarized as follows:

- At January 1, 2014, the share capital was €1,354,800.80 represented by 8,467,505 shares.

- It should be noted that on December 17, 2013, following the issue of 2,000 new shares corresponding to the transfer of free shares granted by the Board of Directors in December 2009 to British employees, the share capital increased to €1,355,120.80, represented by 8,469,505 shares. The share capital increase was recognized in the financial statements for the year ended December 31, 2013, but the corresponding shares were only issued in January 2014. As a result, the share capital at December 31, 2013 was represented by 8,467,505 shares.

- On June 18, 2014, following the issue of 11,800 new shares corresponding to the transfer of free shares granted by the Board of Directors in June 2010 to British and American employees, the share capital increased to €1,357,008.80, represented by 8,481,305 shares.

- On December 17, 2014, following the issue of 100 preference shares with specific characteristics and rights, the share capital rose to €1,357,024.80 represented by 8,481,405 shares. It should be noted that the recognition of the capital increase resulting from this issue of preference shares had not been formalized at December 31, 2014.

11.1.2. Preference shares

At the Shareholders' Meeting of December 17, 2014 it was decided to issue 100 preference shares to MMCO, a simplified joint stock company (Société par Actions Simplifiée) with share capital of €1,000, with its registered office at 14 Porte du Grand Lyon, 01700 NEYRON.

These preference shares will be convertible into ordinary shares of MEDICREA INTERNATIONAL, as determined by reference to the volume-weighted average price of the MEDICREA INTERNATIONAL share between September 17, 2018 and December 17, 2018. The maximum number of ordinary shares that may be issued as a result of the conversion of all preference shares is 210,000, i.e. 2.5% of the Company's share capital at the date of the Shareholders' Meeting. These preference shares do not grant voting rights or entitlement to dividends. They are not listed on Alternext.

11.1.3. Change in shareholders' equity

Changes in shareholders' equity during the year are analyzed as follows:

(€)	01.01.2014	INCREASE	DECREASE	12.31.2012
Share capital	1 355 121	1 904	-	1 357 025
Merger premium	2 738 619	-	-	2 738 619
Issue premium	33 976 098	154 474	-	34 130 572
Allocation of share capital increase-related costs	(2 412 651)	-	103 183	(2 515 834)
Legal reserve	19 360	-	-	19 360
Reserve for own shares	10 055	-	1 888	8 167
Statutory reserves	208 270	-	-	208 270
Other reserves	449 244	-	-	449 244
Retained losses	(15 067 960)	-	929 753	(15 997 713)
Net loss for fiscal year 2013	(929 753)	929 753	-	-
Net income for fiscal year 2014	-	241 888	-	241 888
Shareholders' equity	**20 346 403**	**1 328 019**	**1 034 824**	**20 639 598**

Changes in issue premiums are summarized as follows:

(€)	2014	2013
Balance at January 1	**31 563 447**	**31 563 447**
Share capital increase in cash	154 474	-
Sub-total	**31 717 921**	**31 563 447**
Allocation of share capital increase-related costs	103 183	-
Balance at December 31	**31 614 738**	**31 563 447**

Share capital increase-related costs are allocated to issue premium in accordance with the opinion of CNC's Emergency Committee of December 21, 2000.

11.1.4. Dividends paid during the fiscal year

Nil

11.1.5. Issue, buyback and redemption of debt and equity securities

Nil

NOTE 12: CONDITIONAL ADVANCES

Conditional advances mainly result from innovation grants awarded by BPI in the form of repayable advances. Their change compared with the previous year resulted from ongoing repayment plans. No new grants were awarded during the 2014 fiscal year.

NOTE 13: OTHER INFORMATION

13.1. Off-balance sheet commitments

13.1.2. Commitments given in relation to medium-term borrowings

(€)	12.31.2014	12.31.2013
Pledges of business goodwill (1)	7 572 500	4 025 000
Financial instrument collateral (2)	153 550	153 550
Joint and several guarantees (3)	300 000	700 000
Factored receivables - not due	148 130	137 906
Cash collateral (4)	37 500	22 500

(1) Pledges of business goodwill as security for Bank borrowings (principal + interest including a €1.3 million pledge, not yet released, relating to the December 2009 medium-term facility which has been fully repaid)

(2) Money-market funds (SICAV) as collateral for a rent payment bank guarantee

(3) Securities for a cash advance

(4) Holdbacks retained by BPI as cash collateral for loans of €450,000

A five-year, €1.125 million bank loan taken out in June 2010 and a four-year bank loan totaling €1 million taken out in November 2014 are subject to certain clauses, including:

- The ratio of consolidated net financial debt to consolidated shareholders' equity to be below 0.33 at December 31 of each year throughout the loan repayment period;
- A ban on dividends if the consolidated net financial debt to consolidated shareholders' equity ratio at year-end is higher than 0.2 after taking account of the projected dividend payment.

At December 31, 2014, the consolidated net financial debt to consolidated shareholders' equity ratio exceeded 0.33. This situation does not raise any particular issue for the €1.125 million, of which €0.1 million remained outstanding in the first half of 2015. Regarding the €1 million loan, the Company secured a waiver from the banking institution concerned, without any change to initial borrowing terms and at no additional cost.

The dividend covenant is not applicable since the Company has never paid any dividends.

13.1.3. Commitments received in relation to the establishment of authorized overdrafts and short-term credit

(€)	12.31.2014	12.31.2013
Miscellaneous guarantees and sureties	-	-
BPI counter guarantee (1)	1 415 356	1 387 865

(1) counter guarantees granted by BPI to MEDICREA INTERNATIONAL for the benefit of bank partners to arrange certain medium-term financing.

The total amount of overdrafts authorized but unconfirmed at December 31, 2014 was €245,000.

13.1.4. Commitments received in relation to the establishment of interest rate hedges

At December 31, 2014, the variable rate debt consisted mainly of a €1.125 million medium-term loan secured in June 2010.

The first four interest installments for the loan taken out in June 2010 were hedged by a cap with the payment of smoothed premiums having the following characteristics:

Guaranteed capped rate: 2.5%
Premiums paid over the period: €2,409

This hedge matured in December 2014.

13.1.5. Commitments received in relation to the establishment of exchange rate hedges

During the fiscal year 2014, dollar-denominated forward transactions established at the end of 2014 for the period September 2014 - March 2015 were unwound for an amount of $550,000.

13.1.6. Other commitments

During the 2013 fiscal year, MEDICREA INTERNATIONAL launched, in cooperation with a US IT firm, the joint development of specific software making it possible to design patient-specific spinal implants, subsequently intended to be manufactured and marketed on an exclusive basis by the Company and its subsidiaries for an initial period of four years. Contractual terms provide for the payment by MEDICREA INTERNATIONAL of royalties on products sales ordered via the software. The parties have agreed to the annual payment, by the Company, of $400,000 in advances on royalties for the entire term of the contract. As such, royalties due by MEDICREA under the contract will be deducted, with no time limitation, from advances on royalties already received by the US partner.

Amounts already paid totaling $400,000 were recognized in other receivables at December 31, 2014.

13.2. Senior executives' and corporate officers' interest in the Company's share capital

Changes in senior executives' and corporate officers' interest in the Company's share capital were as follows:

(€)	12.31.2014			12.31.2013		
	Number of shares	**% share capital**	**% voting rights**	**Number of shares**	**% share capital**	**% voting rights**
Orchard International (1)	1 727 490	20,33	30,11	1 727 490	20,40	30,93
Jean-Philippe Caffiero	246 089	2,90	4,24	247 589	2,92	4,37
Denys Sournac	202 054	2,38	3,47	202 054	2,39	3,56
Other Directors						
François-Régis Ory (2)	108 652	1,28	0,97	96 333	1,14	0,88
Patrick Bertrand (2)	93 392	1,10	0,96	96 080	1,13	1,14
Pierre Burel (2)	91 707	1,08	1,48	-	-	-
Christophe Bonnet	52 128	0,61	0,91	52 128	0,62	0,93
Jean-Joseph Moreno	22 900	0,27	0,34	22 900	0,27	0,35
Marc Recton	18 752	0,22	0,28	12 500	0,15	0,23
TOTAL	**2 563 164**	**30,17 %**	**42,76 %**	**2 457 074**	**29,02 %**	**42,39 %**

(1): Shares held by the holding company, ORCHARD INTERNATIONAL. The following table provides details of ORCHARD INTERNATIONAL's shareholding structure as of December 31, 2014:
- Société civile Denys Sournac Company 57,15 %
- Société civile PLG Invest (Jean-Philippe CAFFIERO) 37,67 %
- Améliane SAS 5,01 %
- Christelle Lyonnet 0,14 %
- Denys Sournac 0,03 %
(2): Total of the shares which they hold directly and via a holding company

13.3. Related-party disclosures

As mentioned in section 5.6 above, ORCHARD INTERNATIONAL invoices MEDICREA INTERNATIONAL for various services, the amounts of which changed over the last three fiscal years as follows:

(€)	AMOUNT INVOICED, EXCL. VAT 2014	AMOUNT INVOICED, EXCL. VAT 2013	AMOUNT INVOICED, EXCL. VAT 2012
Management services	292 000	432 000	292 000
Rebilling of employee costs	151 500	151 498	151 498
Rebilling of seconded executive's salary	151 458	191 314	171 312
Rebilling of seconded executive's expenses	6 681	32 685	48 283
Share of expenses	11 000	11 000	11 000
Rent and rental costs	20 464	43 223	20 317
TOTAL	**633 103**	**861 720**	**694 410**

13.4. Statutory Auditors' fees

(€)	EY				ODICEO			
	Amount (HT)		%		Amount (HT)		%	
	2014	2013	2014	2013	2014	2013	2014	2013
AUDIT								
Audit, certification, review of individual and consolidated financial statements	44 000	44 500	94%	100%	22 100	-	100%	-
Other assignments directly related to the audit assignment	3 000	-	6%	-	-	-	-	-
SUB-TOTAL AUDIT FEES	**47 000**	**44 500**	**100%**	**100%**	**22 100**	**-**	**100%**	**-**
OTHER SERVICES PROVIDED BY STATUTORY AUDITORS								
TO CONSOLIDATED SUBSIDIARIES	-	-	-	-	-	-	-	-
Legal, tax and corporate	-	-	-	-	-	-	-	-
Other	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
SUB-TOTAL OTHER SERVICES	**47 000**	**44 500**	**100%**	**100%**	**22 100**	**-**	**100%**	**-**

13.5. Post-balance sheet events

Nil.

13.6. Five-year financial summary

See the management report.

List of subsidiaries and equity investments

The amounts below are expressed in Euros.

ENTITIES	TOTAL SHARE-HOL-DERS' EQUITY	SHARE CAPITAL OWNERSHIP %	BOOK VALUE OF SHARES OWNED		LOANS AND ADVANCES GRANTED AND OUTSTANDING	GUARANTEES AND SURETIES GIVEN BY THE COMPANY	NET SALES FOR LAST FISCAL YEAR	NET INCOME FOR LAST FISCAL YEAR	DIVIDENDS PAID TO THE PARENT COMPANY
			Gross	Net					
French subsidiaries									
MEDICREA TECHNOLOGIES	4 326 475	100%	11 946 000	11 946 000	-	-	7 922 802	788 630	-
MEDICREA EUROPE FRAN-COPHONE	26 328	100%	150 000	-	1 772 497	300 000	3 873 123	491 415	-
International subsidiaries									
MEDICREA TECHNOLOGIES UK	1 181 989	100%	2 465 018	965 018	-	-	1 163 251	(22 924)	-
MEDICREA USA	8 708 063	100%	7 395 058	7 395 058	-	-	13 995 526	442 803	-

Non-tax deductible expenses and charges

Pursuant to Article 223-IV and 223-V of the French General Taxation Code, the total of expenses and costs that cannot be deducted from earnings as referred to in Article 39-4 of the General Taxation Code, as well as the tax incurred in relation to said expenses and costs, were €60,805 and €20,268 respectively for the 2014 fiscal year (€17,090 and €5,696 respectively in relation to the previous year). As a result of an error of omission, the amount of expenses for the 2013 fiscal year and the related tax had been underestimated by €35,938 and €11,979 respectively.

Breakdown of trade payables

Pursuant to the provisions of Articles L. 441-6-1 and D. 441-4 of the French Commercial Code, information on supplier payment terms is as follows:

(€)	2014	2013	2012
Trade payables - not due (1)	**2 201**	**1 048**	**935**
Of which: within 30 days	1 127	52	54
within 30 to 60 days	1 074	812	881
within more than 60 days	-	184	-
Trade payables - overdue (1)	**802**	**562**	**1 017**

(1) 85% of payables not due and 52% of payables overdue were intra-Group liabilities at December 31, 2014.

Five-year financial summary

(€)	2014	2013	2012	2011	2010
Share capital at year-end					
Share capital	1 357	1 355	1 353	1 320	1 278
Number of shares outstanding	8 481	8 468	8 458	8 251	7 990
Transactions and net income for the year					
Net sales	14 336	10 631	10 125	9 699	7 974
Income before tax, depreciation, amortization and provisions	(128)	299	(669)	(439)	(313)
Corporate tax	452	276	383	203	240
Employee profit sharing	-	-	-	-	-
Income after tax, depreciation, amortization and provisions	242	(930)	(2 661)	459	(1 455)
Dividends	-	-	-	-	-
Earnings per share (€)					
Income after tax, before depreciation, amortization and provisions	0,04	0,07	(0,31)	(0,03)	(0,01)
Income after tax, depreciation, amortization and provisions	0,03	(0,11)	(0,03)	0,06	(0,18)
Dividend per share	-	-	-	-	-
Workforce					
Average workforce size during the year	40	36	38	36	31
Total payroll for the year	2 330	1 811	1 808	1 615	1 638
Social security contributions for the year	971	802	783	751	739

4.4. Statutory Auditor's report on the parent company financial statements

ODICEO

ERNST & YOUNG et Autres

MEDICREA INTERNATIONAL

Fiscal year ended December 31, 2014

Statutory Auditors' report on the parent company financial statements

ODICEO
115, boulevard Stalingrad
B.P. 52038
69616 Villeurbanne Cedex
French corporation (société anonyme)
with share capital of €275,000

Statutory Auditor
Member of Compagnie
régionale de Lyon

ERNST & YOUNG et Autres
Tour Oxygène
10-12, boulevard Marius Vivier Merle
69393 Lyon Cedex 03
Corporation with variable capital (S.A.S. à capital variable)

Statutory Auditor
Member of Compagnie
régionale de Versailles

Medicrea International
Fiscal year ended December 31, 2014

Statutory Auditor's report on the parent company financial statements

To the Shareholders,

In compliance with the assignment entrusted to us by your Shareholders' Meetings, we hereby present our report for the year ended December 31, 2014, on:
- our audit of the accompanying Medicrea International parent company financial statements;
- the justification of our assessments;
- the specific verifications and information required by law.

The annual financial statements have been prepared by the Board of Directors. Our role is to express an opinion on these financial statements based on our audit.

I. Opinion on the annual financial statements

We have conducted our audit in accordance with professional standards applicable in France; these standards require that we plan and perform the audit to obtain reasonable assurance as to whether the parent company financial statements are free from material misstatement. An audit includes examining, on a test basis or other method of selection, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used, the significant estimates made by management, as well the overall presentation of the financial statements. We believe our audit provides a reasonable basis for our opinion.

In our opinion, in light of French accounting principles and methods, the annual financial statements provide a true and fair view of the financial performance for the fiscal year then ended and the financial position, assets and liabilities of the company at the end of the fiscal year.

II. Justification of assessments

Pursuant to the provisions of Article L. 823-9 of the French Commercial Code relative to the justification of our assessments, we bring to your attention the following matters:
Note 4.4 to the parent company financial statements outlines the valuation, recognition and impairment rules applied to equity securities. As part of our assessment of the accounting principles adopted by your Company, we have verified the appropriateness of the above-specified accounting methods and information disclosed in the notes to the parent company financial statements and we have assured ourselves of their correct application.

These assessments were made within the framework of our audit, which focuses on the parent company financial statements as a whole, and accordingly contributed to the issuance of our opinion in the first part of this report.

III. Specific verification and information

We have also performed the specific verification required by law in accordance with professional standards applicable in France.

We have no comments to make concerning the fairness and consistency with the annual financial statements of the information given in the Board of Directors' management report and in the documents sent to the shareholders concerning the financial position and the annual financial statements.

In accordance with the law, we have verified that the various information relating to the identity of shareholders and holders of voting rights was disclosed in the management report.

Villeurbanne and Lyon, April 29, 2015

The Statutory Auditors

ODICEO — Alain Fayen

ERNST & YOUNG et Autres — Lionel Denjean

4.5. Statutory Auditor's Special Report on regulated agreements

ODICEO

ERNST & YOUNG et Autres

MEDICREA INTERNATIONAL
Shareholders' Meeting to approve
the financial statements
for the year ended December 31, 2014

Statutory Auditors' special report
on regulated agreements

ODICEO
115, boulevard Stalingrad
B.P. 52038
69616 Villeurbanne Cedex
French corporation (société anonyme)
with share capital of €275,000

Statutory Auditor
Member of Compagnie
régionale de Lyon

ERNST & YOUNG et Autres
Tour Oxygène
10-12, boulevard Marius Vivier Merle
69393 Lyon Cedex 03
Corporation with variable capital
(S.A.S. à capital variable)

Statutory Auditor
Member of Compagnie
régionale de Versailles

Medicrea International
Shareholders' Meeting to approve the financial statements for the year ended December 31, 2014

Statutory Auditor's Special Report on regulated agreements

To the Shareholders,

As Statutory Auditors of your Company, we hereby present our report on regulated agreements.

Our role is to provide you, on the basis of the information given to us, with the characteristics and essential terms and conditions of the agreements and commitments brought to our attention or which we may have discovered during the course of our audit, without having to issue an opinion on whether or not these agreements or commitments are useful or warranted or having to determine whether any other such agreements exist. Pursuant to the provisions of Article R. 225-31 of the French Commercial Code, it is your role to assess the interest in concluding these agreements, with a view to approving them.

It is also our role, if applicable, to inform you of disclosures required by Article R. 225-31 of the French Commercial Code relative to the implementation during the year just ended of agreements approved by the Shareholders' Meeting in prior years.

We have performed the due diligence we deemed necessary in the light of the professional standards of Compagnie Nationale des Commissaires aux Comptes relative to this assignment, Such due diligence consisted in verifying that the information we were given was consistent with the information disclosed in their source documents.

Agreements submitted for approval at the Shareholders' Meeting

We hereby inform you that we have not been advised of any agreements authorized during the fiscal year just ended which require to be submitted for approval at the Shareholders' Meeting in accordance with the provisions of Article L. 225-38 of the French Commercial Code.

Agreements already approved at the Shareholders' Meeting

In application of Article R. 225-30 of the French Commercial Code, we were advised that the following agreements and covenants, which had already been approved by the Shareholders' Meeting during previous fiscal years, continued to apply during the fiscal year just ended.

1. With Sum Lab

Person concerned

Mr. Denys Sournac, Chairman and CEO of your Company and Manager of Sum Lab.

Nature, purpose, and terms and conditions

Your Board of Directors' meeting of December 17, 2013 authorized the sub-letting by your Company, as of January 1, 2014, of part of the premises leased from Vétoquinol on a Euro-for-Euro basis.

2. With Orchard International

Persons concerned

Mr. Denys Sournac, Chairman and CEO of your Company and Manager of Orchard International via its holding company Denys Sournac Company.

Mr. Jean-Philippe Caffiero, Deputy CEO of your Company and Manager of Orchard International.

a) Nature, purpose, and terms and conditions

It should be noted that on September 30, 2010 your Board of Directors had – to replace the original agreement and its amendments, following in particular the transfer of managerial staff and executives to Orchard International – authorized the signing, between Orchard International (the service provider) and your company, of an agreement for the provision of management services and effective October 1, 2010, and its amendment (n° 1), for an annual consideration excluding VAT of €606,000 from December 1, 2010, in addition to variable fees of 10% of operating income within the limit of €140,000 excluding VAT.

On June 14, 2012, your Board of Directors had authorized your company to sign with Orchard International an amendment (n° 2) to the aforementioned agreement for the provision of management services, with the annual fixed compensation being increased to €646,000 from July 1, 2012.

Services invoiced for the year are expensed and totaled €612,639. They are broken down as follows:

NATURE OF REBILLINGS	AMOUNT
Executive services	€292.000
Payroll expenses	€151.500
Compensation of seconded executive's salary	€151.458
Rebilling of seconded executive's expenses	€6.681
Share of expenses (2%)	€11.000

b) Nature, purpose, and terms and conditions

On September 13, 2012, your Board of Directors authorized your company to sign with Orchard International an amendment (n° 3) to the agreement for the provision of management services (see above), related to the rebilling to your company by Orchard International, on a Euro-for-Euro basis, of rent incurred by the latter under the sub-letting agreement concluded with your company. Rebillings for the year were expensed and totaled €20,464.

Villeurbanne and Lyon, April 29, 2015

The Statutory Auditors

ODICEO

Alain Fayen

ERNST & YOUNG et Autres

Lionel Denjean

4.6. Pro forma reporting

Nil

5 INFORMATION ABOUT THE COMPANY AND ITS SHARE CAPITAL

MEDICREA (IM)PROVE

5.1. Share capital

Share capital

On December 31, 2014, the share capital of MEDICREA INTERNATIONAL SA amounted to €1,357,025, divided into 8,481,405 shares with a par value of €0.16 each. The share capital consists of 8,481,305 authorized, issued and fully paid shares, and 100 P preference shares with special rights and attributes.

At the end of the last three fiscal years, the number of shares and the total share capital were as follows:

	NUMBER OF SHARES	SHARE CAPITAL
At 12/31/2014	8 481 405	€1 357 025
At 12/31/2013	8 467 505	€1 354 801
At 12/31/2012	8 458 005	€1 353 281

The change during the 2014 fiscal year follows on from:

- the creation of 2,000 shares following the granting of free shares to British employees in December 2013;
- the issue of 11,800 free shares to British and American beneficiaries;
- the issue of 100 P preference shares.

It should be noted that 15,147 stock options were exercised in 2014, but their recognition and listing formalities were not completed by December 31, 2014.

The number of shares and amount of share capital have changed as follows during the last three fiscal years:

DATE	NATURE OF TRANSACTION	NUMBER OF SHARES ISSUED	PER VALUE	SHARE CAPITAL INCREASE	ISSUE PRENIUM	TOTAL NUMBER OF SHARES POST-TRANSACTION	SHARE CAPITAL POST-TRANSACTION
Position at 12/31/2011			€0.16			8 190 591	€1 310 495
03/29/2012	Excercise of share warrants	147 261	€0.16	€23 562		8 337 852	€1 334 056
06/14/2012	Excercise of share warrants	19 833	€0.16	€3 173		8 357 685	€1 337 230
06/18/2012	Issue of free shares	24 120	€0.16	€3 859		8 381 805	€1 341 089
08/09/2012	Share capital increase	76 200	€0.16	€12 192	€749 808	8 458 005	€1 353 281
06/17/2013	Issue of free shares	3 500	€0.16	€560		8 461 505	€1 353 841
06/25/2013	Issue of free shares	6 000	€0.16	€960		8 467 505	€1 354 801
12/18/2013 *(shares created in January 2014)*	Issue of free shares	2 000	€0.16	€320		8 469 505	€1 355 121
06/18/2014	Issue of free shares	11 800	€0.16	€1 888		8 481 305	€1 357 009
12/01/2014	Issue of preference shares	100	€0.16	€16		8 481 405	€1 357 025
Not recognized at 31/12/2014	Exercise of stock options	15 147	€0.16	€2 424		8 496 552	€1 359 448

Treasury shares

Nil

Shares with double voting rights

At December 31, 2014, the Company's share capital comprised 2,744,677 shares with double voting rights. The allocation conditions of these shares are explained in Chapter 5.3, paragraph 'Rights, privileges and restrictions applicable to each existing class of shares'.

Shares not representing capital

Nil

Preference shares

On December 17, 2014 and under the terms Article L. 225-132 of the French Commercial Code, the Company's Shareholders' Meeting approved the issue of 100 preference shares to MMCO, a simplified joint stock company, equally owned by five senior executives of MEDICREA Group who are not corporate officers.

Following a 4-year period, i.e. on December 18, 2018, the preference shares allocated to MMCO will automatically be converted into new MEDICREA INTERNATIONAL ordinary shares, a number of shares all the more important if the listed market price of MEDICREA INTERNATIONAL shares is high and which will be determined by the volume-weighted average share price between September 17, 2018 and December 17, 2018.

The table below shows the number of MEDICREA INTERNATIONAL ordinary shares issued for 1 and 100 preference shares and the value of advantages granted to MMCO, based on different assumptions of market price at maturity:

SHARE PRICE AT MATURITY	NUMBER OF ORDINARY SHARES ISSUED FOR 1 PREFERENCE SHARE	NUMBER OF SHARES NUMBER OF ORDINARY SHARES ISSUED FOR	VALUE OF THE ADVANTAGE GRANTED FOR 100 PREFERENCE SHARES
<€30	1	100	<€3 000
30	1 667	166 700	5 000 000
40	1 750	175 000	7 000 000
50	1 800	180 000	9 000 000
60	1 833	183 300	11 000 000
70	1 857	185 700	13 000 000
80	1 875	187 500	15 000 000
90	2 000	200 000	18 000 000
100	2 100	210 000	21 000 000
>€100	2 100	210 000	21 000 000

The maximum number of MEDICREA INTERNATIONAL ordinary shares that may be issued as a result of the conversion of all 100 preference shares is set at 210,000, i.e. 2.5% of the Company's share capital at December 17, 2014.

The evaluation of the number of ordinary shares that could result from the conversion of preference shares is random due to the inherent uncertainties of events, i.e. MEDICREA INTERNATIONAL's volume-weighted average share price between September 17, 2018 and December 17, 2018. The significance of this advantage should be qualified, since the conversion rate of 100 preference shares to ordinary shares could vary from 1 for 100 to 1 for 210,000. If MEDICREA INTERNATIONAL's share price is less than €30, the holder of a preference share will only recognize a minimum gain equal to the value of said share determined between September 17, 2018 and December 17, 2018, as described above. As an example, for a share priced at €20, the advantage granted to MMCO for 100 preference shares converted into MEDICREA INTERNATIONAL ordinary shares will therefore be €2,900. For information, on June 30, 2015 the closing share price of MEDICREA INTERNATIONAL shares was €7.35.

At December 17, 2014, MEDICREA INTERNATIONAL estimated the unit price of a preference share at €1,545. The issue of 100 preference shares thus resulted in an overall subscription value of €154,500 for MMCO, contributed equally by all of the executive shareholders, i.e. €30,900 per person. This amount was determined using valuation work carried out by Kepler Corporate Finance, taking into account the specific attributes of these shares, and in particular the fact they do not confer voting rights nor bear dividends. Moreover, they are not listed on Alternext (Euronext Paris).

MEDICREA INTERNATIONAL has also assigned Orfis Baker Tilly, independent experts, to appraise the issue price set for the preference shares by analyzing the Company's evaluation method, as well as the valuation assumptions adopted. In their final report, the evaluators made no observations questioning the value of €154,500 of preference shares associated with the shares issued to MMCO.

Additionally, the independent consultants Segeco, commissioned to evaluate the special rights arising from the creation of 100 preference shares without shareholders' preferential subscription rights for MMCO, made no specific comments in its report to MEDICREA INTERNATIONAL shareholders.

The details of the minutes of the December 17, 2014 Shareholders' Meeting that decided:

- to create preference shares known as P with the special rights and attributes outlined below;
- to cancel the preferential subscription right reserved for Shareholders by Article L. 225-132 of the French Commercial Code upon issue of P preference shares to MMCO, a simplified joint stock Company with a capital of €1,000 whose registered office is located at NEYRON (01700) 14, Porte du Grand Lyon, registered with the Trade and Companies Register of BOURG-EN-BRESSE under number 808 324 115, for all one hundred (100) P preference shares to be issued;
- to approve the specific advantage resulting therefrom, granted to MMCO.

is given below:

1. Special rights attached to P preference shares

(i) Conversion right of P preference shares to Company ordinary shares:

(a) Each P preference share will be convertible into a number of ordinary Company shares (hereafter 'NAO') determined by reference to the volume-weighted average price of ordinary Company shares between September 17, 2018 and December 17, 2018 inclusive (hereafter 'Cf') by using the formula below.

The NAO will be thus be calculated as follows:

If Cf < €30: NAO = 1
If 30 ≤ Cf < 40: NAO = 50,000 / Cf
If 40 ≤ Cf < 50: NAO = 70,000 / Cf
If 50 ≤ Cf < 60: NAO = 90,000 / Cf
If 60 ≤ Cf < 70: NAO = 110,000 / Cf
If 70 ≤ Cf < 80: NAO = 130,000 / Cf
If 80 ≤ Cf < 90: NAO = 150,000 / Cf
If 90 ≤ Cf < 100: NAO = 180,000 / Cf
If 100 ≤ Cf: NAO = 210.000 / Cf

The maximum number of ordinary Company shares that may result from the conversion of all P preference shares is therefore fixed at 210,000, i.e. 2.5% of the Company's share capital at the date of the Shareholders' Meeting.

(b) P preference shares will automatically be converted into ordinary Company shares four (4) years after issue.

(c) Upon occurrence of an event that could affect the share's liquidity (including, but not limited to, change of control, filing of a takeover bid or exchange offering relating to MEDICREA INTERNATIONAL stock, or a merger by absorption of the Company), the Shareholders' Meeting grants the Company's Board of Directors the right to authorize early conversion of P preference shares and, if necessary, to adjust the conversion formula shown below as follows:

NAO = FMV/Cfa

With:

FMV = Fair value of preference shares calculated by an independent expert and estimated based on a share price equal to Cfa and for a residual maturity on December 17, 2018.

Cfa = volume-weighted average price during the first day of trading after official announcement of the event.

(d) The conversion of P preference shares into ordinary shares is automatic and irrevocable.

(e) Ordinary shares to be issued or allocated because of P preference share conversion must be done so for an ordinary share unit price equal to their par value.

(f) Ordinary shares resulting from conversion of P preference shares will be subject to all legal, statutory, and conventional provisions and will be exercisable with effect from their conversion date; they will therefore immediately have dividend entitlement as of that date.

(g) If the NAO does not correspond to a whole number, the holder of converted P preference shares will receive a number of ordinary shares immediately below.

(h) Ordinary shares resulting from the conversion of P preference shares will be issued or allocated by the Company to each holder of P preference shares who requests conversion; the corresponding price will be paid proportionally by each shareholder by incorporation of the share premium they paid when subscribing to the P preference shares (Company shareholders having decided at a Meeting to allocate a portion of the premium for such a purpose).

(i) Pursuant to the provisions of Article L. 225–132, the decision regarding the conversion of P preference shares into ordinary shares entails waiving shareholders' preferential right to subscribe to shares resulting from the conversion.

(ii) Removal of voting rights:

P preference shares do not entitle their holder to voting rights in Company Ordinary Shareholders' Meetings.

Consequently, and pursuant to the provisions of Article L. 228–11 sub-paragraph 5 of the French Commercial Code, P preference shares are issued without voting rights; they are also deprived of their preferential right to subscribe to any capital increase in cash, subject to the approval of Company Ordinary Shareholders' Meetings.

(iii) Restriction of dividend entitlement:

P preference shares are not entitled to dividends.

2. Terms and conditions pertaining to P preference shares

- P preference shares issued by the Company are exempt from listing on Alternext (NYSE Euronext Paris);

- The class of P preference share held by a shareholder is subject to a specific mention in Company Shareholders' individual accounts;

- As the rights attached to P preference shares are attached to P preference shares and not to their holders, the rights benefit the successive holders of the aforesaid P preference shares.

- In the event of capital increase in cash or marketable securities conferring entitlement to shares by conversion, exchange or any other manner (particularly in the context of consolidation or division of the par value of Company shares), the new shares obtained as a result of holding P preference shares will themselves be P preference shares;

- In the event of capital increase by incorporation of reserves, profits or premiums, the shares allocated pursuant to the rights attached to P preference shares will themselves be P preference shares;

- In the event of capital increase with waiver of preferential subscription rights, the Meeting will specify the class of newly issued shares;

- Pursuant to the provisions of Article L. 228–16 of the French Commercial Code, in the event of a change to the capital, the Extraordinary Shareholders' Meeting will determine the effects those procedures will have on the rights of holders of preference shares;

- Any merger or demerger will be forbidden without prior agreement by the holders of P preference shares on the specific exchange parity which takes into account their special rights;

- The provisions of Articles L. 228–98 and L. 228–99–2 of the French Commercial Code benefit the holders of P preference shares as if they were holders of marketable securities giving access to the capital;

- The Company may not create new P preference shares without the agreement of holders of P preference shares who attend a Special Meeting, pursuant to Article L. 225-99 of the French Commercial Code;

- The Company may not buy back P preference shares without the agreement of holders of P preference shares who attend a Special Meeting, pursuant to Article L. 225-99 of the French Commercial Code;

- The special rights attached to P preference shares may only be changed if this change is decided by the Extraordinary Shareholders' Meeting after prior approval by a Special Meeting of holders of P preference shares, in accordance with the law and regulations.

Shares held as part of a liquidity contract

Pursuant to the provisions of Article L. 225–211 sub-paragraph 2 of the French Commercial Code, and as part of the approval given by the Mixed Shareholders' Meeting of June 25, 2014, the Company carried out the following transactions concerning its own shares during the fiscal year which ended on December 31, 2014:

- number of shares bought during the fiscal year:105,338
- number of shares sold during the fiscal year: 102,716
- average price of the purchases:€9.01
- average price of the sales:€9.00
- trading fees: Nil
- number of shares registered in the Company's name at December 31, 2014: 2,722
- value based on the purchase price:€23,643.3
- par value of shares: €0.16
- fraction of share capital represented: Negligible

These transactions were conducted by the brokers Gilbert Dupont, an investment services provider, as part of the liquidity contract drawn up in accordance with the Ethics Code of the AMF. This market-making contract has been entered into since July 1, 2014 between the brokers Gilbert Dupont and MEDICREA INTERNATIONAL. It was previously managed by ORCHARD INTERNATIONAL. Additional information about the contract is given in Chapter 1.1.4. of this Registration Document.

Unissued authorized capital

In order to comply with the provisions of Article 225–100 of the French Commercial Code, the information pertaining to currently valid delegations of authority and powers granted by the Shareholders' Meeting to the Board of Directors and relating to capital increases as well as the use made of these powers during the 2014 fiscal year, is as follows:

TYPE OF SHAREHOLDERS' MEETING DELEGATION	MEETING DATE	DELEGATION PERIOD	EXPIRY OF DELEGATION	CAP	IMPLEMENTATION
Issue of any marketable securities giving access to the Company's capital	June 20, 2013	See details below according to the delegations of authority granted	August 19, 2015	Overall ceiling of €400,000	Nil
- Delegation of authority in order to decide one or more capital increase with maintenance of preferential subscription rights	June 20, 2013	26 months	August 19, 2015	€400,000 nominal	Nil
- Delegation of authority in order to decide one or more capital increase with waiver of preferential subscription rights	June 20, 2013	26 months	August 19, 2015	€400,000 nominal	Nil
- Delegation of authority in order to decide one or more capital increase with waiver of preferential subscription rights by offering referred to in Section II of Article 411-2 of the French Monetary and Financial Code as amended by Order 2009-80 of January 22, 2009	June 20, 2013	26 months	August 19, 2015	€400,000 nominal	Nil
- Authorization in order to increase the number of securities to issue in the event of oversubscription	June 20, 2013	26 months	August 19, 2015	€400,000 nominal	Nil
Authorization in order to cancel shares purchased as part of buyback by the Company of its own shares according to the provisions of Article L. 225–209 of the French Commercial Code	June 25, 2014	24 months	June 24, 2016	10% of share capital	Nil
Authorization in order to allocate existing free shares or shares to be issued to employees and/or executive corporate officers of the Company and related companies; corresponding capital increase authorization in the event of allocation of shares to be issued	June 25, 2014	26 months	August 24, 2016	5% of shares comprising the share capital on the day of allocation. Joint ceiling with the authorization in order to allocate share subscription or purchase options (see below)	Nil
Authorization in order to allocate share subscription or purchase options to employees and executive corporate officers of the Company and related companies	June 25, 2014	26 months	August 24, 2016	5% of shares comprising the share capital on the day of allocation. Joint ceiling with the authorization in order to allocate free shares (see below)	Nil
Authorization in order to increase capital with waiver of preferential subscription rights in favor of members of a company savings plan via an employees' mutual fund belonging to the Company and companies in its Group within the meaning of Article L. 225-180	June 25, 2014	26 months	August 24, 2016	€40,000 nominal	Nil

Potential share capital

Record of share subscription or purchase option allocations

Table 8 of the AMF position-recommendation No. 2014-14

Dare of shareholder's meeting (granting the delegation)	03/10/2006	06/25/2009	06/25/2009	06/25/2009	06/25/2009	06/14/2009	06/14/2012
Date of board of director's meeting	06/05/2008	06/25/2009	12/17/2009	06/17/2010	06/16/2011	12/17/2013	08/27/2014
Total number of shares that can be subscribed or purchased	25 215	99 200	15 000	112 800	95 500	10 000	30 000
of which by the corporate officers	0	0	0	0	0	0	0
Start date for exercising the options	06/05/2008	06/25/2010 07/23/2010*	12/17/2009	06/17/2011 07/15/2011*	06/16/2012 07/15/2012*	01/17/2014*	04/28/2015*
Expiry date of options	06/04/2018	06/25/2016 07/23/2016*	12/17/2016	06/17/2017 07/15/2017*	06/16/2018 07/15/2018	02/17/2021*	04/28/2022*
Subscription or purchase price	€6	€6,16/€6,56*	€6,32	€6,14 /€6,28*	€9,10/ €11,44*	€8,77	€9,10
Terms and conditions of exercise	ONE THIRD EXERCISABLE EACH YEAR						
Terms and conditions of exercise for plans with several tranches	All options to be exercisable by 06/05/2010	All options to be exercisable by 07/23/2012	All options to be exercisable by 12/17/2011	All options to be exercisable by 07/15/2013	lAll options to be exercisable 07/15/2014	All options to be exercisable by 01/17/2017	All options to be exercisable by 04/28/2017
Number of shares subscribe at December 31,2014	4 167	7 480	2 000	1 500	-	-	-
Number of shares lapsed or canceled	15 456	31 000	1 000	36 900	48 000	-	-
Cumulative number of share subscription or purchase options outsanding at year-end	5 592	60 720	12 000	74 400	47 500	10 000	30 000

** Both the exercise price and the allocation dates differ for US employees; the latter is final 20 trading days after the date of the Board of Director's meeting decided the allocation.*

Share subscription or purchase options granted to the top ten employees who are not corporate officers, and options exercised by the latter

Table 9 of the AMF position-recommendation No. 2014-14

SHARE SUBSCRIPTION OR PURCHASE OPTIONS GRANTED TO THE TOP 10 EMPLOYEES WHO ARE NOT CORPORATE OFFICERS, AND OPTIONS EXERCISED BY THE LATTER	TOTAL NUMBER OF OPTIONS ALLOCATED/ SHARES SUBSCRIBED OR PURCHASED	WEIGHTED AVERAGE PRICE
Options granted during the fiscal year, by the issuer of any entity included in the allocation scope of the options, to the ten employees of the issuer or any issuer included in the said scope awarded the highest number of options (aggregate information)	30 000	€9,10
Options held on the issuer and entities previously mentioned, exercised during the fiscal year by the tne beneficiary employees of the issuer or one of these entities with the highest numbers of options purchased or subscribed (aggregate information)	15 147	€6,14

Record of free share allocations

Table 10 of the AMF position-recommendation No. 2014-14

Date of shareholder's meeting (granting the delegation)	03/10/2006	06/25/2009	06/25/2009	06/25/2009
Date of board of director's meeting	06/05/2008	06/25/2009	06/17/201	06/16/2011
Total number of free shares allocated	17 163	43 150	45 135	3 500
of which allocated to the corporate officiers	-	-	-	-
Vesting date of shares	06/05/2010	06/25/2011	06/17/2012	06/16/2013
Date retention period ends	06/05/2012	06/25/2013	06/17/2014	06/16/2015
Number of shares delivered at December 31,2014	17 163	37 700	35 920	3 500
Cumulative numer of shares lapsed or canceled	-	5 450	9 215	-
Free shares allocated and outstanding at year-end	-	-	-	-

At December 31, 2014:

- the number of share subscription or purchase options not exercised is 240,212. Exercise of these options would give rise to 240,212 new shares.
- 100 preference shares have been created. The applicability of conversion criteria would result in the creation of a maximum of 210,000 new shares.

The resulting dilution would be as follows:

		EXERCISE OF STOCK OPTIONS	CONVERSION OF PREFERENCE SHARES
Number of shares at December 31, 2014	8 481 405		
Unlisted preferences shares (not included in calculation)	100		
Unrecognized stock options	15 147		
Number of shares outstanding at December 31, 2014		240 212	210 000
Dilution		2,7%	2,4%
Accumulated dilution		2,7%	5,0%

The capital increase carried out in June 2015 by issue of 485,438 new shares led to a dilution of 5%.

Pledged assets

As part of a loan granted to ORCHARD INTERNATIONAL by Banque Neuflize OBC to subscribe to capital or bond transactions concerning MEDICREA INTERNATIONAL, part of MEDICREA INTERNATIONAL's capital has been pledged:

NAME OF REGISTERED SHAREHOLDER	BENEFICIARY	START DATE OF PLEDGE	EXPIRY DATE OF PLEDGE	CONDITION FOR FREEING SHARES	NUMBER OF SHARES PLEDGED BY THE ISSUER	% OF ISSUERS' CAPITAL PLEDGED
ORCHARD INTERNATIONAL	Banque Neuflize OBC	11/14/2011	07/31/2017	Full repayment of the principal, interest, fees, expenses and ancilary costs of the Guaranted Bond	230 000	2,7%

In addition, Jean-Philippe Caffiero pledged 39,779 shares on April 15, 2015. These shares represent less than 0.5% of MEDICREA INTERNATIONAL's share capital.

Information about the capital of any Group member that is the subject of an option or of a conditional or unconditional agreement to put it under option

Nil

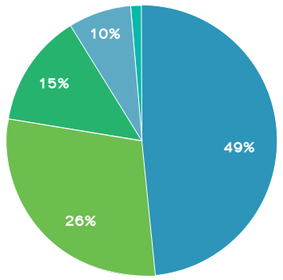
5.2. Majority shareholders

Recently MEDICREA twice made use of the procedure known as TPI (identifiable bearer securities) with EUROCLEAR: the first TPI was carried out in April 2014 and the second in March 2015.

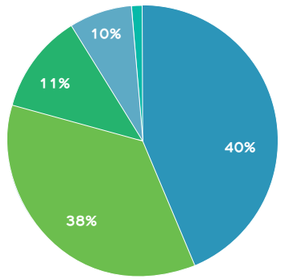
Share capital ownership and voting rights

Based on the most recent TPI, MEDICREA INTERNATIONAL's share capital and voting rights are distributed as follows:

Shareholding structure
8 496 452 shares



Breakdown of voting rights
11 241 129 voting rights



The table below summarizes developments in share ownership over the last three years, and shows details of shareholders owning more than 5% of the share capital and/or voting rights:

	AT 12.31.2014			AT 12.31.2013			AT 12.31.2012		
	Number of shares	**% share capital**	**% voting rights**	**Number of shares**	**% share capital**	**% voting rights**	**Number of shares**	**% share capital**	**% voting rights**
Fonders	**2 175 633**	**25,6%**	**37,8%**	**2 177 133**	**25,6%**	**38,9%**	**2 163 079**	**25,5%**	**7,8%**
Orchard International (1)	1 727 490	20,3%	30,1%	1 727 490	20,3%	30,9%	1 727 490	20,3%	30,2%
Denys SOURNAC	202 054	2,4%	3,5%	202 054	2,4%	3,6%	188 000	2,2%	3,4%
Jean-Philippe CAFFIERO	246 089	2,9%	4,2%	247 589	2,9%	4,4%	247 589	2,9%	4,3%
Investment funds	**4 291 848**	**50,5%**	**40,7%**	**3 914 469**	**46,1%**	**36,3%**	**4 456 545**	**52,5%**	**42,7%**
OTC Asset Management	533 030	6,3%	4,7%	533 030	6,3%	4,9%	533 030	6,3%	4,8%
IXO Private Equity	306 210	3,6%	5,1%	306 210	3,6%	2,8%	306 210	3,6%	2,7%
Other (2)	3 452 608	40,6%	30,8%	3 075 229	36,2%	28,6%	3 617 305	42,6%	35,2%
Business angels (2)	806 497	9,5%	10,3%	695 717	8,2%	9,3%	693 974	8,2%	9,1%
General public	1 088 485	12,8%	9,9%	1 493 938	17,6	13,8%	954 178	11,2%	8,6%
Employees	133 989	1,6%	1,3%	186 248	2,2%	1,8%	190 229	2,2%	1,8%
TOTAL	**8 496 452**	**100%**	**100%**	**8 467 505**	**100%**	**100%**	**8 458 005**	**100%**	**100%**

(1) Shares held by Denys SOURNAC and Jean-Philippe CAFFIERO via the holding company ORCHARD INTERNATIONAL.
(2) Neither shareholder included in this category holds more than 5% of the capital and/or voting rights as of December 31, 2014

MEDICREA INTERNATIONAL's majority shareholder is the company ORCHARD INTERNATIONAL, whose share capital breaks down as follows on December 31, 2014:

- Société civile DS Company 57,15%
- Société civile PLG Invest 37.67%
- L'AMELIANE 5.01%
- Christelle LYONNET 0.14%
- Denys SOURNAC 0.03%

In June 2015 the Company completed by way of private placement for qualified investors and a limited circle of investors, within the scope of Article L. 411–2 of the French Monetary and Financial Code as modified by Order 2009–80 of January 22, 2019, a capital increase by issuing 485,438 new shares priced at €7.30, i.e. a total amount of €3.5 million. Following this transaction, the number of new shares outstanding stood at 8,987,588, i.e. a dilution of 5%. The transaction, therefore, did not significantly change existing share ownership as of December 31, 2014. Several investors with a capital stake as of December 31, 2014, as well as Denys Sournac, founder and Chief Executive Officer of MEDICREA, participated in the transaction.

No declaration of threshold crossing has been recorded since December 31, 2014.

Double voting rights

At December 31, 2014, 2,744,677 shares with double voting rights in Shareholders' Meetings are held by the companies and individuals listed below, and changes over the course of the last three fiscal years were as follows:

	AT 12/31/2014	AT 12/31/2013	AT 12/31/2012
ORCHARD INTERNATIONAL	1 657 250	1 657 250	1 657 250
GALIA INVESTISSEMENTS	-	55 982	325 500
Ixo Private Equity	265 054	-	-
Jean-Philippe CAFFIERO	230 889	230 889	230 889
Denys SOURNAC	188 000	188 000	188 000
Other shareholders	403 484	341 835	349 163
TOTAL	2 744 677	2 473 956	2 750 805

Theoretical voting rights and exercisable voting rights

At December 31, 2014, there was no noteworthy discrepancy between the number of theoretical voting rights and the number of voting rights exercisable in Shareholders' Meetings.

Control of the issuer

The Company has chosen not to separate the roles of Chairman and Chief Executive Officer, both held by Mr Denys SOURNAC. However, measures have been taken to reduce the risk of improper control by the majority shareholder:

- the Board of Directors mainly consists of independent directors: they number 6 on an 8-member Board. This choice reflects a desire to provide another perspective on decisions made, as well as to regularly question Management about their strategic directions and project progress;
- the presence of a Deputy Chief Executive Officer also helps balance the control exercised by the Chief Executive Officer;
- finally, the ad hoc committee, which is responsible for defining and suggesting the amounts and conditions of the services provided by ORCHARD INTERNATIONAL - a company in which Denys SOURNAC and Jean-Philippe CAFFIERO both hold shares - is composed entirely of members independent of the Board of Directors.bres indépendants du Conseil d'Administration.

Threshold crossings

Pursuant to Article L. 233-13 of the French Commercial Code, and based on the information received pursuant to Articles L. 233-7 and L. 233-12 of said Code, the identity of shareholders directly or indirectly holding at the end of the fiscal year more than 5%, 10%, 15%, 20%, 25%, 33.33%, 50%, 66.66%, 90% and 95% of the authorized capital or voting rights at Shareholders' Meetings is hereby indicated.

	AT 12.31.2014		AT 12.31.2013		AT 12.31.2012	
	% share capital	% voting rights	% share capital	% voting rights	% share capital	% voting rights
More than 5%	OTC Asset Management Grandeur Peak Advisors Odyssée Venture	IXO Private Equity	Matignon Investissements OTC Asset Management Odyssée Venture		Matignon Investissements OTC Asset Management Odyssée Venture	Odyssée Venture Galia Gestion
More than 20%	Orchard International		Orchard International		Orchard International	
More than 25%		Orchard International		Orchard International		Orchard International

Moreover, the Bylaws provide that any natural person or legal entity, acting alone or jointly, who comes into possession, in whatever manner, within the meaning of Article L. 233–10 of the French Commercial Code, directly or indirectly through one or more legal entities that it controls within the meaning of Article 233–3 I and II of the French Commercial Code, of a number of shares representing a fraction equal to 2% of the capital or voting rights at Meetings, must inform the Company of the total number of shares and voting rights they possess by registered letter with acknowledgment of receipt sent to the registered office of the Company, or by any equivalent means for shareholders or holders of securities residing outside of France, within fifteen days of crossing one of these thresholds. This information is renewed every time each additional 2% fraction of the capital or voting rights is exceeded, without limitation.

Interest of executives and corporate officers

Details of the interests of the executives and corporate officers in the Company's share capital are given in Chapter 2.1.1.

Agreements likely to lead to a change of control

To the best of the Group's knowledge there are no agreements whose implementation, at a later date, could lead to a change in control.

Development of shareholdings since December 31, 2014

At the date of this document, the share capital is comprised of 8,987,588 shares.

Since January 1, 2015:

- the 15,147 exercised stock options unrecognized by December 31, 2014, were recognized at the Board of Directors meeting of April 2, 2015;
- 5,698 stock options have been exercised and recognized in 2015;
- 485,438 new shares have been issued when the capital was increased in June 2015 at a price of €7.30, with waiver of preferential subscription rights for qualified investors and a limited circle of investors within the meaning of Article L. 411–2 of the French Monetary and Financial Code as amended by Order 2009–80 of January 22, 2009.

5.3. Articles of Incorporation and Bylaws

Corporate purpose of the Company

The Company's corporate purpose in all countries is:

- the direct or indirect use and marketing of all patented inventions,
- the production and marketing, in all forms, in France or internationally, on its own account or on behalf of others, of implants, instruments, and equipment for human surgery,
- the provision of all services relating to the activities described above,
- the acquisition of interests and holdings by any means, contributions, subscriptions, purchase of shares, of equities, bonds and all ownership rights in all businesses, companies, economic interest groups, companies created or to be created as well as the creation of all corporate groups. The provision of administrative, sales, or accounting services, and more generally all services useful to businesses.

Broadly speaking, any financial, sales, industrial, movable or immovable property transactions, directly or indirectly in connection with one of the aforesaid purposes or to any similar or related activities, likely to facilitate the development of the Company's net assets.

Provisions in the Articles of Incorporation and Bylaws regarding members of administrative and management bodies

The provisions concerning the members of administrative and management bodies are explained in Chapters 2.1.2 and 2.1.3 of this Registration Document respectively.

Rights, privileges, and restrictions attached to each class of existing shares

Selon l'article 13 des statuts,

According to Article 13 of the Bylaws,

1- Each share confers a right to a proportionate share of the capital it represents in the profits, share capital and residual.

Moreover, it confers the right to vote and be represented in Shareholders' Meetings, to information on the Company's operation, and to receive corporate documents at the times and in the conditions set out in the Law and Bylaws.

Double voting rights, taking into consideration the proportion of capital they represent, are allocated to all the registered shares, fully paid up, registered under the name of the same shareholder for at least four (4) years, as well as – in the event of capital increase by incorporation of reserves, profits, or premiums – to registered shares allocated freely to a shareholder on the basis of shares already held for which they were entitled by this right.

2 - Shareholders are not liable for corporate losses in excess of the amount of their contributions.

The rights and obligations attached to the share remain attached thereto irrespective of the transferee.

Share ownership automatically entails acceptance of the Company's Bylaws and decisions of the Shareholders' Meeting.

3 - Shareholders who do not own the required number of shares whenever it will be necessary to hold a certain number of shares to exercise any right must make their own arrangements to form a grouping, and possibly purchase or sell the required number of shares.

The allocation of double voting rights was authorized by the Shareholders' Meeting of March 10, 2006.

Shares required to change shareholders' rights

There are no provisions to change shareholders' rights other than those prescribed by law.

Conditions under which Annual Shareholders' Meetings and the Extraordinary Shareholders' Meetings are convened

According to Articles 23 and 24 of the Bylaws:
Shareholders' Meetings are convened and deliberate pursuant to the conditions laid down by law. Shareholders' Meetings are convened either by the Board of Directors, or by the auditors, or by a legally appointed representative, pursuant to the conditions laid down by law. Furthermore, in the event of an emergency, the Works Council, if one exists, may petition the court for the appointment of a representative responsible for convening the Shareholders' Meeting.

Meetings are held at the registered office or at any other location indicated in the notice of the meeting. The notice of meeting is issued thirty-five days before the date of the meeting by publishing a notice in a legal gazette of the French administrative department where the registered office is located. Shareholders must also be notified to attend by ordinary mail or, upon request and at their own expense, by registered letter.

This notice may also be sent by electronic means implemented under the conditions of Article 120–1 of the Decree of March 23, 1967, to the address given by the shareholder.

If the Meeting has been unable to deliberate due to lack of the required quorum, the second Meeting – deferred if necessary – is convened with at least six days' notice in the same manner as the first meeting. The notices or letters of convocation of this second Meeting reproduce the date and agenda of the first. If the Meeting is adjourned by decision of the court, the judge may fix a different period.

The notices and letters of convocation must contain all the information required by law.

Provision of the Articles of Incorporation and Bylaws that could delay, defer or prevent a change of control

Nil

Conditions imposed by the Articles of Incorporation and Bylaws governing changes in the capital, where such conditions are more stringent than is required by law.

Nil

5.4. Information and record of the Company's legal life

Legal form, registered office, and legislation governing the issuer

Since a decision taken by the Extraordinary Shareholders' Meeting on March 29, 2002, MEDICREA INTERNATIONAL is a joint-stock company (société anonyme) governed by French law, with a Board of Directors subject to the provisions of Book II of the French Commercial Code and Decree No. 67-236 of March 23, 1967 regarding commercial companies; its registered office is located at:

14 Porte du Grand Lyon
01700 Neyron
Tel: +33 4 72 01 87 87
Fax: +33 4 72 01 87 88
www.medicrea.com

Company's date of incorporation and duration

The Company was incorporated under the form of a Limited Liability Company by private deed dated November 25, 1993; several copies of the deed were filed with the Registry of the Commercial Court of Lyon on December 2, 1993. The incorporation was duly published in a legal gazette.

The Company was incorporated for 99 years from the date of its registration in the Trade and Companies Register, i.e. on December 2, 1993, and will thus expire on December 1, 2092 unless it is dissolved earlier or extended.

Location and number of Company registration

The Company is registered on the Trade and Companies Register of Bourg-en-Bresse under number 393 175 807. Its company activity code (APE) is 4646Z.

Fiscal year

According to Article 31 of the Bylaws, each fiscal year lasts twelve months, commencing on January 1 and ending on December 31.

Significant events in the Company's development

Key events in the Group's development are referred to in paragraph 1.2.1.

5.5. Information on equity holdings

Subsidiaries and equity holdings are listed in Chapter 1.2.2. of this Registration Document.

The Company does not have any other equity holdings.

5.6. Regulated agreements

Regulated agreements are described in the Auditors' Special Report in Chapter 4.5 of this Registration Document.

Note 15.3 appended to the 2014 consolidated financial statements in Chapter 4.1 provides detailed figures for transactions with related parties.

5.7. Employees

At December 31, 2014, MEDICREA had 128 staff members. More detailed information concerning the workforce is given in Chapter 3.2 of this Registration Document.

At December 31, 2014, employees of the Company and related companies held a little over 1.3% of the Company's capital, including 0.8% via the company savings plan. Several schemes allow employees to purchase MEDICREA INTERNATIONAL shares.

Group savings plan

MEDICREA INTERNATIONAL has implemented a group savings plan (PEG) open to staff members having more than three months employment. The fund is managed by Crédit du Nord. There was no capital increase reserved for employees during the 2014 fiscal year, consequently the Company did not pay any employer's matching contributions.

Options granted to employees – allocation of free shares

Pursuant to Article L. 225–184 of the French Commercial Code it is stipulated that, on June 14, 2012, MEDICREA's Shareholders' Meeting authorized the Board of Directors for a period of 26 months to:

- grant options entitling either 1) subscription to new Company shares to be issued as part of a capital increase, or 2) purchase of shares acquired by the Company under legal conditions;
- allocate existing free shares or shares to be issued.

Pursuant to the provisions of Articles 225–184 and 225–197–4 of the French Commercial Code, the Shareholders' Meeting must be informed of option and free share allocation plans by special reports.

30,000 stock options were allocated in 2014 as part of this resolution.

The aforementioned authorization ceased to be valid on August 14, 2014, and was renewed by the Shareholders' Meeting on June 25, 2014 for 26 months. The Board of Directors did not make use of this new authorization during the 2014 fiscal year.

Taking account of employee departures between 2008-2014 and the exercising of options, free shares and stock options allocated to employees totaled 94,283 and 240,212 respectively at December 31, 2014.

US Employee Stock Purchase Plan

A stock purchase plan for employees has been set up since January 1, 2015. It is reserved for employees of the American subsidiary, MEDICREA USA, and allows them to purchase MEDICREA INTERNATIONAL parent company shares. This share purchase plan was implemented in compliance with United States law, and meets the "Employee stock purchase plan" criteria outlined in paragraph 423 of the US Internal Revenue Code.

The plan operates as summarized below:

Period

The plan is established for 12 months, automatically renewable every year unless otherwise decided. The plan's first period corresponds to the 2015 calendar year.

Eligibility

May subscribe to the plan employees of the American subsidiary MEDICREA USA who have worked in the Group for at least 24 months as of December 31 of the year preceding the start of the plan. Thus to participate in the program starting January 1, 2015, the employee must have been with the Company since December 31, 2012.

Operation

The employee confirms their participation in the plan by signing an agreement. Each month a specified amount will be deducted from their salary and transferred to a nominative account. The employee may make a one-off additional transfer of the amount of their choice between December 1 and 10 of the same year. During this period the employee may decide whether or not to exercise the share purchase option. In the event they do exercise the option, a broker will purchase shares on the stock market before December 31.

The purchase price offered to the employee is 85% of the lowest share price between January 1 and November 30 of that year.

The employee may not exercise the entirety of the stock purchase option if they would thereby hold 1% or more of share capital or Company voting rights, or if it enabled them to acquire more than USD 25,000 of stock or in excess of 100,000 shares over the course of the year.

The employee may not sell or transfer their shares within 24 months of January 1 of the year of share purchase. Thus, if the employee purchased MEDICREA INTERNATIONAL shares by exercising their purchase option in December 2015, they may not sell or transfer such shares before January 1, 2017. This rule does not apply if an employee leaves, or in the event of merger/acquisition of the American subsidiary or the parent company.
In order to set up this plan at January 1, 2015, subscriptions were opened on December 20, 2014. 8 employees of the MEDICREA USA subsidiary participated in the 2015 plan.

Preference shares

On December 17, 2014 and under the terms of Article L. 225-132 of the French Commercial Code, the Company's Shareholders' Meeting approved the issue of 100 preference shares to MMCO, a simplified joint-stock company, equally owned by five senior executives of MEDICREA Group who are not corporate officers.

6 ADDITIONAL INFORMATION

MEDICREA (IM)PROVE

6.1. Persons responsible

Person responsible for the Registration Document and the Annual Financial Report
Denys SOURNAC
Chairman and Chief Executive Officer
Téléphone: +33 4 72 01 87 87
dsournac@medicrea.com

Statement of person responsible

I certify that, after taking all reasonable measures to this effect and to the best of my knowledge, the information set out in this Registration Document is accurate and contains no omission which could impair its meaning.

I certify that, to my knowledge, the financial statements have been prepared in accordance with professional accounting standards applicable in France and give a fair view of the assets, financial position and performance of the Company and of all companies included in the consolidation scope, and that the enclosed Management Report, indexed in the cross-reference table filed in Section 6.5 of this document, gives a true view of the business situation, business performance and financial position of the Group and of all companies included in the consolidation, as well as a description of main risks and uncertainties encountered. The Statutory Auditors' report on the financial statements for the fiscal year ended December 31, 2014 contains no observations.

I have obtained an end-of-assignment letter from the Statutory Auditors stating that they have verified the information relating to the financial position and the financial statements presented in this Registration Document and that they have reviewed the entire Registration Document.

Denys SOURNAC
Chairman and Chief Executive Officer

Person responsible for financial information

Denys SOURNAC
Chairman and Chief Executive Officer
Tel: +33 4 72 01 87 87
dsournac@medicrea.com

Fabrice KILFIGER
Chief Financial Officer
Tel: +33 4 72 01 87 87
fkilfiger@medicrea.com

6.2. Statutory Auditors

Principal Statutory Auditors
Ernst & Young et Autres
Represented by Lionel DENJEAN
Tour Oxygène
10-12 boulevard Marius Vivier Merle
69393 Lyon Cedex 03
Member of the Compagnie régionale de Versailles

Date first appointed: Fiscal year ended December 31, 2007
Date of re-appointment: Shareholders' Meeting of June 20, 2013
Expiry date of appointment: Shareholders' Meeting for the 2018 fiscal year

ODICEO
115, boulevard de Stalingrad
Represented by Alain FAYEN
B.P. 52038
69616 Villeurbanne cedex
Member of the Compagnie régionale de Lyon

Date first appointed: Fiscal year endedDecember 31, 2014
Expiry date of appointment: Shareholders' Meeting for the 2019 fiscal year

Alternate Statutory Auditors
AUDITEX
129 rue Servient
69003 Lyon

Date first appointed: Fiscal year ended December 31, 2007
Date of re-appointment: Shareholders' Meeting of June 20, 2013
Expiry date of appointment: Shareholders' Meeting for the 2018 fiscal year

Jean-Pascal REY
12 Rue GerMayn
69006 Lyon

Date first appointed: Fiscal year ended December 31, 2014
Date of re-appointment: Shareholders' Meeting of June 25, 2014
Expiry date of appointment: Shareholders' Meeting for the 2019 fiscal year

Ernst & Young et Autres and Odicéo are Statutory Auditors of MEDICREA INTERNATIONAL SA. Odicéo is Statutory Auditor of MEDICREA TECHNOLOGIES SAS, a wholly-owned subsidiary of MEDICREA INTERNATIONAL. The firm Henri Roche, a member of the Compagnie Régionale de Lyon, with an address at 12 rue Germain 69006 Lyon, is Statutory Auditor of MEDICREA EUROPE FRANCOPHONE SAS, a wholly-owned subsidiary of MEDICREA INTERNATIONAL.

The firm Henri Roche was, with Ernst & Young et Autres, Joint Statutory Auditor of MEDICREA INTERNATIONAL SA for the fiscal years 2013 and 2012. The firm was also Statutory Auditor of MEDICREA TECHNOLOGIES SAS for the fiscal year 2012.

6.3. Third-party information, statements by experts and declarations of interests

Nil

6.4. Documents available to the public

During the validity period of this Registration Document, the following documents (or copies thereof) may be consulted at the Company's registered office, 14 Porte du Grand Lyon 01700 Neyron, France, or emailed free of charge upon request:

- The Company's Articles of Incorporation and Bylaws;
- Any reports, letters and other documents, historical financial information, valuations and statements made by experts at the Company's request;
- Historical financial information of the Company and its subsidiaries for each of the two years preceding the publication of this Registration Document.

Regulated information as defined by the AMF's General Regulations is available on the Company's website (www.medicrea.com) as well as on the AMF (www.amf-france.org) and Euronext (www.euronext.com) websites.

6.5. Cross-reference tables

6.5.1. Registration Document cross-reference table

The cross-reference table below identifies the main sections required under Regulation n° 809/2004 enacted pursuant to the Prospectus Directive and with reference to the pages of this Registration Document.

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6.5.3. Cross-reference table with the management report required by the French Commercial Code

In order to facilitate the reading of the management report as required by the French Commercial Code, the following table below identifies in this Registration Document the significant information required under Articles L.225-100 and subsequent, L.232-1 and R.225-102 and subsequent of the French Commercial Code.

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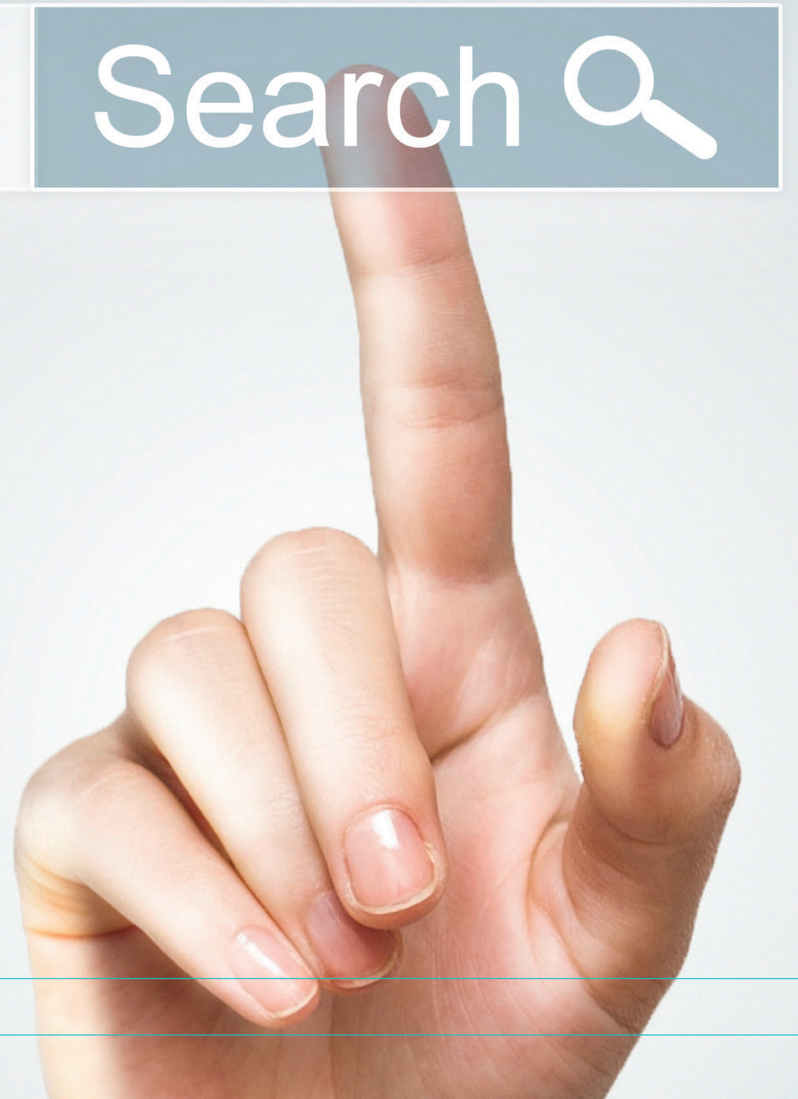
GLOSSARY



6.6. Glossary

510(k): Authorization granted by the FDA to market a medical device in the United States.

ANSM: Agence Nationale de Sécurité du Médicament et des Produits de Santé – National Agency for the Safety of Medicines and Healthcare Products in France.

ALIF: Anterior Lumbar Interbody Fusion, lumbar interbody fusion cage for anterior approach.r.

Derotation: Procedure to correct a spinal rotation (found in scoliosis) by rotating corrector rods.

Net financial debt or debts: Financial debt and conditional advances less cash and cash equivalents.

DLIF / OLIF: Direct Lateral / Oblique Lumbar Interbody Fusion, lumbar interbody fusion cage for lateral approach / oblique approach.

EBIT: Earnings Before Interest and Taxes. Operating income before share-based payments

EBITDA: Earnings Before Interest, Taxes, Depreciation, and Amortization. Operating income before share-based payments, interest, taxes, depreciation, and amortization.

FDA: Food and Drug Administration, US food and drug agency.

GMED (LNE): Medical industry certification body, attached to the French Department of Commerce. G-MED refers to the Organization for the Assessment of Medical Devices and LNE refers to the National Metrology and Test Laboratory.

IFRS: International Financial Reporting Standards, international accounting guidelines.

Invasive: Refers to a procedure requiring an incision or the introduction of an instrument into the body.

LBO : Leveraged Buy Out, a legal and financial mechanism enabling the acquisition of a company with a limited equity contribution and a significant level of borrowing.

Lordosis: Anteriorly convex natural curvature of the cervical and lumbar regions of the spine.

LPPR: List of Reimbursable Products and Services.

CE Marking: CE marking was created under European legislation. It indicates a product's compliance with the EU requirements applicable to the manufacturer of the product. It must be affixed before a product can be marketed in Europe.

Minimally invasive: Surgical technique involving small incisions and the use of imaging, which limits surgical trauma and tissue damage.

Monoaxial: Used to describe an anchoring implant (screw, hook or sacral plate) the part of which that is connected to the rod is fixed prior to the entire device being locked (as opposed to Polyaxial).

WHO: World Health Organization.

Osteosynthesis: All the processes enabling fractures or mechanical problems to be treated using screws, staples, screwed plates, nails, pins, etc.

PEEK: Polyether ether ketone, polymer.

PEKK: Polyether ketone ketone, polymer.

PLIF. Posterior Lumbar Interbody Fusion, lumbar interbody fusion cage for posterior approach.

Polyaxial: As opposed to Monoaxial, describes an anchoring implant (screw, hook or sacral plate) the part of which that is connected to the rod is mobile prior to the device being locked.

Spine: Vertebral or spinal column.

CSR: Corporate Social Responsibility.

Sagittal: In profile.

Scoliosis: Three-dimensional deviation of the spine.

Idiopathic scoliosis: Scoliosis with no specific cause whose hereditary nature suggests it is probably genetic in origin. This deformity develops during adolescent growth.

Spondylolisthesis: Forward displacement of one section of the spine most often affecting the lumbosacral junction.

ST2R: Technique involving Simultaneous Translation on 2 Rods.

TLIF: Trans Lumbar Interbody Fusion, lumbar interbody fusion cage for transforaminal approach.

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