A Public Limited Company (Société anonyme) with share capital of 816,073 euros
Registered office: 9 rue d'Enghien
75010 Paris, France
431 268 028 in the Paris Trade and Companies Register

2017 HALF-YEAR FINANCIAL REPORT

Contents

2017 HALF-YEAR ACTIVITY REPORT

1. COMPANY'S ACTIVITY AND EARNINGS

First half 2017 and Recent Highlights

- Sales declined 26% as previously reported, reflecting transition to pay-per-use model; clinical sales in Americas region grew 12% year on year.
- Gross margin stable at 68%
- €9.6 million in available cash as of June 30, 2017
- Significant events post-H1 include important positive clinical results from large randomized controlled trial in China on gastric cancer screening; U.S. FDA 510(k) clearance for use of Cellvizio during robotic-assisted surgery and strategic partner for urology Cook Medical's commercial launch of Cellvizio.

First Half 2017 Financial Results

(in € thousands) – IFRS	*1H 2017 (June 30, 2017)*	*1H 2016 (June 30, 2016)*	*Change %*
Operating Revenue			
Sales	*3,285*	*4,466*	*(26%)*
Other Income	*469*	*476*	*(2%)*
Total Revenue	***3,753***	***4,941***	***(24%)***
Operating Expenses			
Cost of Sales	*(1,040)*	*(1,437)*	*(28%)*
Gross Margin (%)	*68%*	*68%*	
Research & Development	*(2,196)*	*(2,189)*	*0%*
Sales & Marketing	*(4,211)*	*(4,386)*	*(4%)*
Administrative Expenses	*(1,664)*	*(2,035)*	*(18%)*
Share-Based Payments	*(183)*	*128*	*(243%)*
Total Operating Expenses	***(9,294)***	***(9,919)***	***(6%)***
Operating Profit (Loss)	***(5,540)***	***(4,977)***	***(11%)***
Net Profit (Loss)	***(5,787)***	***(4,919)***	***(18%)***

First Half 2017 Revenue

As previously reported, the Company's sales declined 26% in the first half of 2017. Systems sales declined 34% in the first half of 2017, during which the Company sold 14 Cellvizio systems and secured contracts for 8 new systems under consignment in the U.S., compared to 26 systems sold and 6 consignment systems shipped in the first half of 2016. Consumables sales declined 25% in the first half of 2017, including 14% volume growth in consumable probes in the U.S., offset by a 53% decline in volume in other markets. Services revenues declined 6% in the first half of 2017.

Clinical sales

Clinical sales in the Americas region increased 12% in the first half of 2017, driven by continuing positive momentum in the U.S., partially offset by the impact of the Company's transition to a consignment model in this market and by a slow rate of sales rep recruitment. Clinical sales decreased 59% in the Asia-Pacific region and 44% in the EMEA as the company continued to focus its resources on the growth of its core clinical business in the U.S.

Pre-clinical sales

Pre-clinical sales declined 25% in the first half of 2017, with growth in the EMEA region offset by declines in the Americas and Asia-Pacific regions, reflecting the inherent lumpiness in this business and the Company's focus on its clinical business.

First Half 2017 Consolidated Results

Gross margin in the first half of 2017 was 68%, identical to the one registered over the first half of 2016 as a percentage of sales.

Sales and marketing expenses in the first half of 2017, including spending on clinical affairs, were €4,211 thousand compared to €4,386 thousand in the same period in the prior year. This trend directly derives from lower sales compared to previous year while the Company maintained its investment in sales and marketing resources to support its pay-per-use business model in the U.S.

Research and development (R&D) expenses in the first half of 2017 were €2,196 thousand, essentially flat compared with €2,189 thousand in the same period in the prior year. Including the research tax credit, net R&D expenses amount €1,748 thousand in the first half of 2017. With an exciting product roadmap that places Cellvizio at the crossroad of significant trends in medicine and surgery, continuous investment in the future of our unique technology platform should generate clear value for the company.

General and administrative expenses in the first half of 2017 were €1,664 thousand, a 18% decrease compared with €2,035 thousand in the same period in the prior year illustrating efforts to streamline the organization and reduce external charges.

Total operating expenses including cost of sales in the first half of 2017 were €9,294 thousand compared with €9,919 in the same period in the prior year. Operating loss in the first half of 2017 was €5,540 thousand, compared to €4,977 thousand in the same period in the prior year.

Net loss in the first half of 2017 was €5,787 thousand, compared to €4,919 thousand in the same period in the prior year.

At June 30, 2017, the Company had €9.6 million in available cash.

The Company's cash burn (total cash flows excluding cash flows from financing activities) in the first half of 2017 was €5,689 thousand, compared to €4,616 thousand in the same period in the prior year. The increase reflects lower sales and the transition to a pay-per-use business model in the U.S., which initially requires more capital compared to a capital sale business model.

Mauna Kea Technologies had 81 employees at June 30, 2017, compared to 76 employees at December 31, 2016 and 83 employees at June 30, 2016.

2. PROGRESS AND PROSPECTS

Clinical results and conferences: the medical value of optical biopsy

Gastroenterology

March 2017

New peer-reviewed publication from the Singapore Gastric Cancer Consortium1 highlighting the excellent results utilizing Cellvizio in improving diagnostic yield in gastric cancer, including the need for two-thirds fewer biopsies to confirm the presence of disease. The publication includes a metaanalysis of studies utilizing CLE with Cellvizio in gastric diseases, demonstrating superior results compared to conventional imaging modalities also evaluated in the study, including chromoendoscopy and narrow band imaging;

Publication of a new study highlighting the strong performance of needle-based confocal laser endomicroscopy (nCLE) in the diagnosis of pancreatic cysts. The study outcomes1 were published online in the March 2017 edition of Gastrointestinal Endoscopy, the official peer-reviewed journal of the American Society for Gastrointestinal Endoscopy (ASGE), and includes nCLE images and video referenced in the study. Blinded trial shows 95% accuracy of Cellvizio for malignant pancreatic cysts and 98% for benign pancreatic cysts, both with near-perfect inter-observer agreement and intra-observer reliability;

May 2017

Confocal laser endomicroscopy (CLE) is being highlighted in 27 physician oral presentations and poster sessions during the Digestive Disease Week (DDW) 2017 conference, held May 6-9, 2017 at McCormick Place in Chicago, Illinois. DDW is the world's largest gathering of physicians, researchers and industry in the fields of gastroenterology, hepatology, endoscopy and gastrointestinal surgery;

July 2017

Publication of a new study in the World Journal of Gastroenterology, a peer-reviewed journal focused on the field of gastroenterology and hepatology. The study supports the application of endoscopic ultrasound (EUS) guided needle-based CLE (nCLE) as an imaging biomarker in the diagnosis of pancreatic cysts;

August 2017

Peer-reviewed publication of key multicentre randomized controlled trial demonstrating improved early stomach cancer detection with cellvizio. Diagnostic yield more than doubled with Cellvizio while number of necessary biopsies reduced by half and no change in procedure time. The new data establishes the superiority of biopsies guides by a combination of endoscopic imaging with Flexible spectral Imaging Colour Enhancement (FICE) and probe-based confocal laser endomicroscopy (pCLE) with Cellvizio, compared to standard FICE without pCLE for in vivo detection of pre-cancerous and cancerous gastric lesions;

Urology

June 2017

Publication of a new study supporting the use of Cellvizio in urology for the real-time histological characterization of upper tract urothelial carcinoma (UTUC) lesions.
The study concluded that based on these findings, Cellvizio may be used in the following scenarios:

- Real-time characterization of UTUC lesions to rule out/in endourological management
- Enhanced follow-up of UTUC patients previously man-aged conservatively
- Enhanced characterization of potential Carcinoma In Situ (CIS) lesions

Pneumonology

May 2017

Presentation of new data demonstrating the applicability of Cellvizio in assessing acute lung rejection (ALR) following transplant at the 2017 American Thoracic Society (ATS) International Conference. The 2017 ATS conference draws more than 15,000 investigators, educators, and clinicians focused on paediatric and adult pulmonary, critical care, and sleep medicine;

3. DEVELOPMENT AND PROSPECTS

The Company is mainly focusing its efforts first on the American market, where conditions have improved significantly and particularly the transition to a consignment sale model and second on strategic commercial partnerships such as the one signed in December 2015 with Cook Medical for applications in urology of the Cellvizio platform.

Furthermore, the implementation of our "Vision 2020" strategic plan, which is set to make Mauna Kea Technologies a leading player in the digital transformation of medicine and surgery, is now well underway. After successfully bringing microscopes into the patient's body, the Company is now on the verge of bringing in vivo the connected laboratory of the future, harnessing the full power of the latest artificial intelligence techniques now available in the Cloud and the advent of next-generation molecular markers.

4. EVENTS OCCURRING SINCE THE END OF THE HALF-YEAR PERIOD

August 2017: U.S. FDA 510 (k) clearance

U.S. FDA 510 (k) clearance for its CelioFlex™ UHD Confocal Miniprobes™ for use with Cellvizio in robotic-assisted surgery procedures allowed doctors to perform many types of complex procedures with greater precision, flexibility and control than is possible with conventional techniques. This is the 13th FDA clearance covering the Cellvizio system.

Peer-Reviewed Publication of Key Multicenter Randomized Controlled Trial Demonstrating Improved Early Stomach Cancer Detection with Cellvizio. This study which toke place in four clinical institutions in China enrolled 238 patients who were randomized in two groups (targeted biopsies or standard biopsies).

September 2017: Cook Urology to market private-labeled version of Cellvizio globally

Cook Medical's Urology division launches the global commercial of a private-labeled version of Cellvizio. The Cook commercial launch is expected to benefit from a June 2017 study published by the European Association of Urology evaluating the effectiveness of Cellvizio in the characterizing of upper tract urothelial carcinoma (UTUC) lesions and identifying Cellvizio as an effective tool for the real-time characterization upper urinary tract cancer. This commercial launch is also expected to benefit from the recently announced FDA 510(k) clearance of the CelioFlex™ UHD Confocal Miniprobes™ for use of Cellvizio in robotic-assisted surgery procedures

5. RISKS AND UNCERTAINTIES - TRANSACTIONS WITH RELATED PARTIES

The risks faced by the company are specified in Chapter 4 "Risk Factors" of the Company's 2016 Registration Document.

Relationships with related parties are covered in Note 21 to the 2017 half-yearly financial statements.

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CONSOLIDATED FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH IFRS, AS OF JUNE 30, 2017

STATEMENT OF FINANCIAL POSITION

(Amounts in thousands of euros)

	Note	06/30/17	12/31/16
ASSETS			
Non-current assets			
Intangible assets	3	2,310	2,565
Property, plant, and equipment	4	1,685	898
Non-current financial assets		148	162
Total of non-current assets		4,143	3,625
Current assets			
Inventories & Work in progress	5	1,808	2,331
Trade receivables	6	2,144	2,116
Other current assets	6	1,937	2,756
Current financial assets		61	94
Cash and cash equivalents	7	9,596	9,053
Total of current asets		15,547	16,349
TOTAL OF ASSETS		19,689	19,974

	Note	06/30/17	12/31/16
EQUITY AND LIABILITIES			
Equity			
Issued capital	8	840	800
Share premium	8	75,082	72,382
Reserves		(62,004)	(52,394)
Foreign currency translation on reserve		36	113
Profit / (loss)		(5,787)	(9,744)
Total of equity		8,168	11,157
Non-current liabilities			
Long-term loans and borrowings	9	6,665	2,640
Non-current provisions	10	312	261
Total of non-current liabilities		6,978	2,900
Current liabilities			
Short-term loans and borrowings	9	153	404
Trade payables		2,276	3,131
Other current liabilities	11	2,116	2,382
Total of current liabilities		4,544	5,917
TOTAL OF EQUITY AND LIABILITIES		19,689	19,974

COMPREHENSIVE INCOME STATEMENT

(Amounts in thousands of euros)

	Note	06/30/17	06/30/16
Operating Revenue			
Sales	12	3,285	4,466
Other income	12	469	476
Total of revenue		3,753	4,941
Operating Expenses			
Cost of sales		(1,040)	(1,437)
Gross margin		68%	68%
Research & Development	15	(2,196)	(2,189)
Sales & Marketing	15	(4,211)	(4,386)
Admnistrative expenses	15	(1,664)	(2,035)
Share-based payments	8	(183)	128
Total of expenses		(9,294)	(9,919)
Current operating profit		(5,540)	(4,977)
Financial revenue	16	111	136
Financial expenses	16	(359)	(79)
Profit before tax		(5,787)	(4,919)
Income tax expense	17		
Profit / (loss)		(5,787)	(4,919)
Other comprehensive income			
Items that will not be reclassified to profit or loss			
Actuarial differences on defined benefit plans	10	(11)	(28)
Total of items that will not be reclassified to profit or loss		(11)	(28)
Items that will be reclassified subsequently to profit or loss			
Exchange differences on translation of foreign operations		(76)	(32)
Total of items that will be reclassified subsequently to profit or loss		(76)	(32)
Other comprehensive income for the year, net of tax		(87)	(60)
Comprehensive income		(5,874)	(4,979)
Weighted average number of shares outstanding (in thousands)		20,474	16,137
Basic earnings per share (EUR/share)	19	(0.28)	(0.31)
Weighted average number of potential shares (in thousands)		22,324	17,719

STATEMENT OF CHANGES IN EQUITY
(Amounts in thousands of euros)

		Issued capital	Share premium	Treasury shares	Reserves	Foreign currency translation on reserve	Profit / (loss)	Total of equity
Equity as of	12/31/15	647	66,050	(117)	(39,953)	106	(12,643)	14,091
Allocation of the profit / (loss)					(12,643)		12,643	
Capital transactions		153	6,332		(20)			6,466
Share-based payment transactions					285			285
Treasury shares transactions				45	(11)			34
Comprehensive income as of	12/31/16				18	8	(9,744)	(9,718)
Equity as of	12/31/16	800	72,382	(72)	(52,322)	113	(9,744)	11,157
Allocation of the profit / (loss)					(9,744)		9,744	
Capital transactions		40	2,700					2,740
Share-based payment transactions					183			183
Treasury shares transactions				(27)	(11)			(37)
Comprehensive income as of	06/30/17				(11)	(76)	(5,787)	(5,874)
Equity as of	**06/30/17**	**840**	**75,082**	**(98)**	**(61,906)**	**36**	**(5,787)**	**8,168**

CASH-FLOW STATEMENT

(Amounts in thousands of euros)

	Note	06/30/17	06/30/16
Cash flows from operating activities			
Profit / (loss)		(5,787)	(4,919)
Elimination of amortisations, depreciations and provisions		580	459
Share-based payment transaction expense and revenue	8	183	(128)
Other items excluded from the auto-financing capacity		75	27
Revenue and expenses related to the discounting of repayable advances	12/16	35	24
Revenue and expenses related to the bond	12/16	30	
Financial interest	16	157	(11)
Other non-cash items		(147)	14
Capital gain or loss from asset sales	4	4	22
Auto-financing capacity		(4,946)	(4,539)
Change in WCR related to business activities		(163)	244
Inventories & Work in progress		(28)	339
Trade receivables		(81)	727
Other current assets		817	(621)
Trade payables		(843)	273
Other current liabilities		(28)	(473)
Net cash flows from operating activities (A)		(5,109)	(4,295)
Cash flows from investing activities			
Purchase of property, plant and equipment and intangible assets	3/4	(628)	(288)
Proceeds from sale of property, plant and equipment and intangible assets		1	
Change in loans and advances granted		46	(16)
Other cash flows from investing operations			(17)
Net cash flows from investing activities (B)		(581)	(321)
Cash flows from financing activities			
Proceeds from exercise of share options	8	2,740	
Proceeds from issue of shares	8		
Repurchases and resales of treasury shares		(37)	21
Net financial interests paid	16	(110)	11
Other cash flows from financing operations	9	3,662	(311)
Net cash flows from financing activities (C)		6,255	(279)
Net foreign exchange difference (D)		(22)	(7)
Change in cash (A) + (B) + (C) + (D)		544	(4,901)
Cash at the beginning of the period	7	9,053	10,620
Cash at the end of the period	7	9,596	5,719
Change in cash		544	(4,901)

Notes To The Financial Statements

Note 1: Accounting principles

1.1 Accounting principles applied by the Group

The financial statements are presented in thousands of euros.

The condensed consolidated financial statements of the first half-year 2017, approved by the Board of Directors meeting on September 19, 2017, have been prepared in accordance with the international financial reporting standard IAS 34 "Interim Financial Reporting".

The going concern assumption was applied by the Board of Directors, taking into account the cash available as of June 30, 2017, which amounted to €9,6 million and according to its expected cash flow. These elements should cover the Group's cash requirements until June 30, 2018. The Company intends also to implement the appropriate financing solutions to cover its cash requirements beyond that date.

Since they are condensed financial statements, the half-year consolidated financial statements do not include all the financial disclosures required in a full set of annual financial statements. They should therefore be read in conjunction with the Group's financial statements for the year ended December 31, 2016, subject to the specific characteristics for the preparation of interim financial statements, described below.

1.2 Main accounting policies

Aside from the specific characteristics for the preparation of interim financial statements set out in Note 1.3 "Basis of preparation of half-year financial statements", the significant accounting policies used are the same as those used for the preparation of the consolidated financial statements for the financial year ended December 31, 2016, with the exception of the following new standards, revised standards and interpretations adopted by the European Union and mandatory for financial years beginning on or after January 1, 2017:

1.2.1. New standards and interpretations for mandatory application

The new standards, amendments to existing standards and interpretations whose application is mandatory for the financial years beginning from January 1, 2017 have no material impact on the Group's financial statements and earnings. This pertains to the following standards:

- amendments to IAS 12 " Recognition of deferred tax on tax loss carry forwards ";
- annual improvements (2012-2016) to IFRS;
- amendments to IAS 7 "Presentation of financial statements – Disclosure initiative"

1.2.2. Standards and interpretations adopted by the European Union and subject to early application

The Group has opted for the early application of IFRS 15. The major impact expected in terms of revenue recognition methods relate to the method of valuing free guarantees.

The Group has not opted for the early application of the following standard: IFRS 9 "Financials instruments"

1.2.3. Standards and interpretations published by IASB but not yet adopted by the European Union

The Group has not opted for the early application of the standards and interpretations published by IASB but not yet adopted by the European Union as of June 30, 2017, in particular:

- amendments to IFRS 10 and IAS 28 "Sales and JV asset"
- amendments to IFRS 2 " Share-based payments"
- IFRIC 22 "Transactions in foreign currencies"
- IFRS 16 "Leasing"
- amendments to IAS 40 "Transfer of the property"
- IFRIC 23 "Uncertain tax treatments"
- IFRS 17 "Insurance contracts"

1.3 Basis of preparation of the interim financial statements

1.3.1 Income tax

The half-year's income tax expense is calculated for each country based on an estimated average effective rate calculated on an annual basis and applied to the country's half-yearly profit. Where applicable, this estimate takes into account the use of tax loss carry forwards and whether or not they have been recognized.

No income tax was recorded at June, 30 2017.

1.3.2 Impairment tests

The change in the business model results in lower sales, but the Company does not consider it to be an indication of impairment as of June 30, 2017, and in accordance with the provisions of IAS 36, the Group did not conduct impairment tests on property, plant and equipment and intangible assets.

1.3.3 Commitments related to lump-sum compensation paid upon retirement

The Company does not finance its pension plan provision. The discount rate comes from iBoxx Corporate AA10+ references adjusted for the term of the Company's plan estimated at 23 years. No retirements took place in the first half 2017.

Note 2: Company and scope

Founded in May 2000, Mauna Kea Technologies SA ("the Company") develops and markets medical devices, particularly optical instruments for medical imaging.

As part of its development in the United States, the Company created Mauna Kea Technologies Inc. on January 3, 2005

	06/30/17		12/31/16		Consolidation method
Companies	% of interests	% of control	% of interests	% of control	
Mauna Kea Technologies SA (1)	100%	100%	100%	100%	Full consolidation
Mauna Kea Technologies Inc	100%	100%	100%	100%	Full consolidation

(1) Parent company

No change in scope took place during the period.

Note 3: Long-term intangible assets

The changes in intangible assets break down as follows:

INTANGIBLE ASSETS (Amounts in thousands of euros)	12/31/16	Increase	Decrease	Reclassification	06/30/17
Development costs	3,623				3,623
Patents, licenses and trademarks	1,559	24		78	1,661
Software packages	566	2			568
Patents, licenses and trademarks in progress	575	42		(78)	539
Total gross of intangible assets	6,324	68			6,391
Amort. / dép. of development costs	(2,688)	(224)			(2,912)
Amort. / dép. of patents, licenses and trademarks	(671)	(54)			(725)
Amort. / dép. of software packages	(400)	(45)			(444)
Total amort. / dép. of intangible assets	(3,759)	(323)			(4,081)
Total net of intangible assets	2,565	(255)			2,310

No development costs was capitalized at 30 June 2017 and during the previous year.

Note 4: Property, plant, and equipment

The changes in property, plant and equipment break down as follows:

PROPRETY, PLANT AND EQUIPMENT
(Amounts in thousands of euros)

	12/31/16	Increase	Decrease / Scrappring	Exchange differences	Reclass.	06/30/17
Industrial equipment	1,436	212	(21)	(18)	456	2,066
Fixture in buildings	51					51
Other tangible assets	1,348	348	(6)	(12)		1,679
Total gross of property, plant and equipment	2,835	561	(27)	(30)	456	3,796
Amort. / dép. of industrial equipment	(1,107)	(83)	17	13	(81)	(1,242)
Amort. / dép. of fixture in buildings	(44)	(3)				(47)
Dep other tang assets	(785)	(50)	4	9		(822)
Total amort. / dép. of property, plant and equipment	(1,937)	(136)	21	22	(81)	(2,111)
Total net of property, plant and equipment	898	425	(5)	(9)	375	1,685

In the first half-year, property, plant and equipment reclassifications primarily included systems placed under consignment or made available. All of the systems produced by the company are initially recognized in inventory and then reclassified as fixed assets if they are subjected to the consignment (in the United States) or made available (in France)

This reclassification has been made following the management analysis based on the final destination of the systems. They are amortized over their remaining life.

The increase in property, plant and equipment is mainly attributable to office fittings in Paris and work on the new Boston offices.

Note 5: Inventories and work in progress

The inventories and work in progress break down as follows:

INVENTORIES & WORK IN PROGRESS
(Amounts in thousands of euros)

	06/30/17	12/31/16
Inventories of raw materials	709	769
Inventories & work in progress of finished goods	1,213	1,668
Total gross of inventories & work in progress	1,922	2,437
Dep. of inventories of raw materials	(66)	(58)
Dep. of inventories & work in progress of finished goods	(48)	(48)
Total dep. of inventories & work in progress	(114)	(107)
Total net of inventories & work in progress	1,808	2,331

The first half-year recorded a €455 thousand reduction in inventory by gross value, mainly due to the reclassification from inventories to fixed assets of made available and in demonstration systems.

Note 6: Trade receivables and other current assets

6.1 Trade receivables

TRADE RECEIVABLES
(Amounts in thousands of euros)

	06/30/17	12/31/16
Trade receivables	3,155	3,127
Dep. of trade receivables	(1,011)	(1,011)
Total net of trade receivables	2,144	2,116

The trade receivables past due and not impaired amounted to €1,162 thousand as of June 30, 2017 compared with €961 thousand as of December 31, 2016.

6.2 Other current assets

Le poste autres actifs courants s'analyse comme suit :

OTHER CURRENT ASSETS
(Amounts in thousands of euros)

	06/30/17	12/31/16
Personnel and related accounts	13	10
Research Tax Credit	1,269	2,029
Other tax receivables	264	268
Other receivables	170	240
Prepaid expenses	221	209
Total gross of other current assets	1,937	2,756
Dep. of other current assets		
Total net of other current assets	1,937	2,756

The changes in the Research Tax Credit were as follows:

CHANGES IN THE RESEARCH TAX CREDIT RECEIVABLE
(Amounts in thousands of euros)

	12/31/16	Operating revenue	Payment received	Capitalised portion	06/30/17
Research Tax Credit	2,029	448	(1,208)		1,269

The estimated Research Tax Credit for the first half of 2017 was €448 thousand, compared with €462 thousand as of June 30, 2016. The 2015 Research Tax Credit was redeemed in January 2017.
The amount remaining in the balance sheet corresponds to the Research Tax Credit 2016 and the estimated amount for the first half of 2017.

Note 7: Cash and cash equivalents

Cash and cash equivalents are broken down as follows:

CASH AND CASH EQUIVALENTS
(Amounts in thousands of euros)

	06/30/17	12/31/16
Short-term bank deposits	9,596	9,053
Money market funds	0	0
Total of cash and cash equivalents	9,596	9,053

Note 8: Share capital

8.1 Issued capital

The share capital is set at the sum of eight hundred and forty thousand and two hundred seventy-three euros fifty-two cents (€840,273.52). It is divided into 21,006,838 ordinary shares, fully subscribed and paid up, each with a par value of €0.04.

This figure does not include stock warrants for business creator shares (BSPCEs) and stock options granted to certain investors and natural persons, who may or may not be employees of the Company.

During the first half of 2017, only the warrants subscribed via the equity financing line with Kepler (PACEO) were exercised. The Company did not record any other BSA, BSPCE and stock options exercises.

8.2 Share purchase warrants and stock options

The Company issued share purchase warrants (BSA), warrants actions to its employees (" BSPCE " and others) as well as evolution of stock options from December 31, 2016 is represented below:

Type	Date of granting	Exercice price	Outstanding as of 12/31/16	Granted	Exercised	Cancelled	Outstanding as of 06/30/17	Potential number of shares
Options granted before January, 1 2017			3,510,536		1,005,000(*)	33,995	2,471,541	1,790,289
SO	03/21/2017			60,000			60,000	60,000
			3,510,536	60,000	1,005,000	33,995	2,531,541	1,850,289

* BSA exercised on the first half 2017 corresponding to the warrants subscribed via the financing line with Kepler (PACEO)

The payment for the options is settled in shares of stock. As of June 30, 2017, exercisable warrants entitle their holders to 1,113,789 shares.

DETAILS OF THE RESTATEMENT OF
SHARE-BASED PAYMENTS
(Amounts in thousands of euros)

	06/30/17	06/30/16
Share-based payments (capitalised portion)	0	0
Share-based payments (expense of the period)	183	-128
	183	-128

The amount recognized in share-based payments represents an expense in the first half of 2017, mainly related to the charge associated with the preference shares granted in July 2016, the stock price evolution and the stock volatility.

8.3 Treasury shares as of June 30, 2017

As of June 30, 2017, the Company held 37 167 Mauna Kea Technologies shares acquired at an average price of €2,64 representing an amount of €98,266 (€94,404 gross).

Note 9: Loans and financial debts

The changes in loans and financial debts break down as follows:

CHANGES IN LOANS AND BORROWINGS (Amounts in thousands of euros)	12/31/16	Receipt	Capitalized interest	Repayment	Others	06/30/17
Repayable advances OSEO	2,635				32	2,667
COFACE	404			(254)	3	153
Bond		3,900	47		30	3,977
Others	5	16				21
Total of loans and borrowings	3,044	3,916	47	(254)	65	6,818

A repayment of €254 thousand was made to COFACE in the first half of 2017 as part of the advance granted for canvassing in the United States.

In the first half-year, the €4,000 thousand (gross amount) debt increase was attributable to the first tranche of bond issue with IPF Partners. This loan is amortized as of August 2018 (18 months of deductible). The interest payable quarterly amounts to 8.5% of the outstanding capital. To this is added interest payable in fine. The approach adopted for valuing this debt in the financial statements at June 30, 2017 is the amortized cost. The implicit rate used takes into account the interest and costs directly associated with this loan.

Note 10: Non-current provisions

NON-CURRENT PROVISIONS (Amounts in thousands of euros)	12/31/16	Allowance	Unused reversals	Used reversals	Others	06/30/17
Pension plan provision	155	16	(4)		11	178
Provisions for personnel disputes	91					91
Provision for software update	15					15
Others provisions for expenses		29				29
Total of non-current provisions	261	44	(4)		11	312

No additional provision for social litigation is recorded.

Note 11: Other current liabilities

Other current liabilities break down as follows:

OTHER CURRENT LIABILITIES
(Amounts in thousands of euros)

	06/30/17	12/31/16
Tax payables	64	93
Staff and social security payables	1,331	1,559
Other payables	103	47
Deferred revenue	618	683
Total of other current liabilities	2,116	2,382

The tax liabilities mainly concern payroll taxes, sales tax and value added tax.

Payroll-related liabilities represent provisions for paid leave, provisions for bonuses and commissions and social security contributions.

Deferred income essentially comprises maintenance contracts on systems sold (maintenance periods of one to three years).

Note 12: Sales and operating revenue

Sales and operating revenue consist of the following:

SALES AND OPERATING REVENUE
(Amounts in thousands of euros)

	06/30/17	06/30/16
Sales	3,285	4,466
Research Tax Credit and other tax credits	469	476
Total of revenue	3,753	4,941

The Group's sales comprise sales of Cellvizio® products and accessories (probes, software, and other), together with services.

The competitiveness and employment tax credit is accounted under Research tax credit and other tax credits.

SALES BY TYPE
(Amounts in thousands of euros)

	06/30/17	06/30/16
Equipments	1,522	2,294
Consumables (probes)	1,098	1,464
Services	664	708
Total sales by type	3,285	4,466

Sales by geographical region as of June 30, 2017 can be broken down as follows:

SALES BY GEOGRAPHICAL AREA
(Amounts in thousands of euros)

	06/30/17	06/30/16
EMEA (Europe, Middle-east, Africa)	1,049	1,224
including France	*384*	*290*
America	1,558	1,760
including USA	*1,361*	*1,663*
Asia	678	1,482
including China	*156*	*670*
including Japan	*79*	*426*
Total sales by geographical area	3,285	4,466

For the purposes of geographical analysis, the management of the Group allocates the sales revenue according to the place of delivery, or, in the case of services, according to the location of the customer's registered office

As of June 30, 2017, none of the Group's customers' accounts amounted to more than 10% of sales revenue.

Note 13: Financial instruments on balance sheet

FINANCIAL INSTRUMENTS ON BALANCE SHEET AND THEIR IMPACT ON THE PROFIT (OR LOSS)
(Amounts in thousands of euros)

As of June 30, 2017	Value on the balance sheet	Fair value through profit or loss	Fair value through equity	Loans and receivables	Debt at amortised cost
Assets					
Non-current financial assets	148			148	
Trade receivables	2,144			2,144	
Other current assets (2)	1,665			1,665	
Current financial assets (1)	61			61	
Cash	9,596	9,596			
Total of assets	13,614	9,596		4,018	
Liabilities					
Long-term loans and borrowings	6,665				6,665
Short-term loans and borrowings	153				153
Trade payables	2,276				2,276
Other current liabilities (2)	1,498				1,498
Total of liabilities	10,592				10,592

FINANCIAL INSTRUMENTS ON BALANCE SHEET AND THEIR IMPACT ON THE PROFIT (OR LOSS)

(Amounts in thousands of euros)

As of December 31, 2016	Value on the balance sheet	Fair value through profit or loss	Fair value through equity	Loans and receivables	Debt at amortised cost
Assets					
Non-current financial assets	162			162	
Trade receivables	2,116			2,116	
Other current assets (2)	2,407			2,407	
Current financial assets (1)	94	0	0	94	
Cash	9,053	9,053			
Total of assets	13,832	9 053		4,779	
Liabilities					
Long-term loans and borrowings	2,640				2,640
Short-term loans and borrowings	404				404
Trade payables	3,131				3,131
Other current liabilities (2)	1,699				1,699
Total of liabilities	7,874				7,874

(1) The assessment of the fair value of these financial assets on profit refers to an active market (Level 1 category according to IFRS 7).

(2) Advances paid and received that are not repaid in cash, and deferred income and prepaid expenses that are not defined as financial liabilities, are not included.

Note 14: Employee benefits expense

The Group employed 81 people as of June 30, 2017 compared with 83 as of June 30, 2016.

Employee benefits expense breaks down as follows:

EMPLOYEE BENEFITS EXPENSE
(Amounts in thousands of euros)

	06/30/17	06/30/16
Wages and salaries, social security costs	4,834	4,662
Net pension costs	12	4
Share-based payment transaction expenses	183	(128)
Total of employee benefits expense	5,028	4,538

Note 15: External expenses

15.1 Research & Development Department

RESEARCH & DEVELOPMENT
(Amounts in thousands of euros)

	06/30/17	06/30/16
Purchases consumed	10	29
Employee benefits expenses	1,309	1,268
External expenses	556	526
Net change in amortisation and depreciation	321	347
Other	0	18
Total of Research & Development	2,196	2,189

15.2 Sales & Marketing Department

SALES & MARKETING
(Amounts in thousands of euros)

	06/30/17	06/30/16
Purchases consumed	32	60
Employee benefits expenses	2,561	2,501
External expenses	1,434	1,693
Net change in amortisation and depreciation	184	105
Other	0	27
Total of Sales & Marketing	4,211	4,386

15.3 Administrative Expenses

ADMINISTRATIVE EXPENSES
(Amounts in thousands of euros)

	06/30/17	06/30/16
Purchases consumed	22	56
Employee benefits expenses	689	657
External expenses	786	1 128
Taxes	31	44
Net change in amortisation and depreciation	78	78
Other	58	70
Total of Administrative expenses	1,664	2,035

In the first half of 2017, the Company recorded a significant decrease of €371 thousand in administrative expenses. This decrease is related to the activity.

Note 16: Financial revenue and expenses

Financial income and expenses are broken down as follows:

FINANCIAL REVENUE AND EXPENSES (Amounts in thousands of euros)	06/30/17	06/30/16
Foreign exchange gains	86	126
Gains on cash equivalents	25	11
Other financial incomes	0	0
Total of financial revenue	111	136
Foreign exchange losses	(111)	(54)
Interest expenses	(183)	0
Other financial expenses	0	(1)
Discounting expenses	(65)	(24)
Total of financial expenses	(359)	(79)
Total of financial revenue and expenses	(247)	58

The €183 thousand increase in financial expenses in the first half of 2017 corresponds to the interest paid in connection with the IPF bond contracted in February 2017.

Note 17: Income tax expense

The Group did not capitalize its tax losses.

Note 18: Commitments

The Company had the following commitments as of June 30, 2017:

Obligations pursuant to ordinary rental agreements

- No new operating lease was signed during the period. Commitments under operating leases totaled €226 thousand for terms of less than one year as of June 30, 2017, compared with €352 thousand as of December 31, 2016. Commitments under operating leases totaled €891 thousand for terms of more than one year as of June 30, 2017, compared with €1,371 thousand as of December 31, 2016.

Commitments under other contracts

- Commitments to suppliers totaled €1,205 thousand for terms of less than one year as of June 30, 2017, compared with €1,760 thousand as of December 31, 2016, and €1,594 thousand for terms of one to five years as of June 30, 2017, compared with €1,248 thousand as of December 31, 2016. This decrease in commitments is due to the renegotiation of a supply contract in the beginning of the period.

- The Company is committed to contributing to the initiatives of the Foundation San T Dige for a total of €20 thousand, in tranches of €5 thousand per year from 2014 to 2017. As of June 30, 2017, the commitment to the Foundation amounted to €2.5 thousand for terms of less than one year and €2.5 thousand for terms of more than one year. This foundation has as its mission the development of research in the area of hepato-gastroenterology.

Note 19: Net earnings per share

Instruments that grant rights to the share capital on a deferred basis (BSAs, BSPCEs or stock options) are considered anti-dilutive because they cause an increase in earnings per share. Thus, diluted earnings per share are identical to basic earnings per share.

Note 20: Management of financial risk

There was no material change to the management of financial risk over the past half-year.

Note 21: Related party transactions

The related party transactions shown below were recognized as expenses during the periods presented:

RELATED PARTY TRANSACTIONS (Amounts in thousands of euros)	06/30/17	06/30/16
Wages and salaries - General direction	156	129
Wages and salaries - other related party		
Share-based payments	66	
Share-based payments other related party		
Fees		

Note 22: Subsequent events

August 2017: U.S. FDA 510 (k) clearance

U.S. FDA 510 (k) clearance for its CelioFlex™ UHD Confocal Miniprobes™ for use with Cellvizio in robotic-assisted surgery procedures allowed doctors to perform many types of complex procedures with greater precision, flexibility and control than is possible with conventional techniques. This is the 13th FDA clearance covering the Cellvizio system.

Peer-Reviewed Publication of Key Multicenter Randomized Controlled Trial Demonstrating Improved Early Stomach Cancer Detection with Cellvizio. This study which toke place in four clinical institutions in China enrolled 238 patients who were randomized in two groups (targeted biopsies or standard biopsies).

September 2017: Cook Urology to market private-labeled version of Cellvizio globally

Cook Medical's Urology division launches the global commercial of a private-labeled version of Cellvizio. The Cook commercial launch is expected to benefit from a June 2017 study published by the European Association of Urology evaluating the effectiveness of Cellvizio in the characterizing of upper tract urothelial carcinoma (UTUC) lesions and identifying Cellvizio as an effective tool for the real-time characterization upper urinary tract cancer. This commercial launch is also expected to benefit from the recently announced FDA 510(k) clearance of the CelioFlex™ UHD Confocal Miniprobes™ for use of Cellvizio in robotic-assisted surgery procedures.

COFIDEC ERNST & YOUNG et Autres

This is a free translation into English of the statutory auditors' review report on the half-yearly financial information issued in French and is provided solely for the convenience of English-speaking users. This report includes information relating to the specific verification of information given in the half-yearly management report. This report should be read in conjunction with, and construed in accordance with, French law and professional standards applicable in France.

Mauna Kea Technologies

Period from January 1 to June 30, 2017

STATUTORY AUDITORS' REVIEW REPORT ON THE HALF-YEARLY FINANCIAL INFORMATION

COFIDEC
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S.A.R.L. au capital de €32,800

Commissaire aux Comptes
Membre de la compagnie
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Commissaire aux Comptes
Membre de la compagnie
régionale de Versailles

Mauna Kea Technologies
Period from January 1 to June 30, 2017

Statutory auditors' review report on the half-yearly financial information

To the Shareholders,

In compliance with the assignment entrusted to us by your annual general meetings and in accordance with the requirements of article L.451-1-2 III of the French monetary and financial code ("*Code monétaire et financier*"), we hereby report to you on:

- the review of the accompanying condensed half-yearly consolidated financial statements of Mauna Kea Technologies, for the period from January 1 to June 30, 2017;

- the verification of the information presented in the half-yearly management report.

These condensed half-yearly consolidated financial statements are the responsibility of the board of directors. Our role is to express a conclusion on these financial statements based on our review.

1. Conclusion on the financial statements

We conducted our review in accordance with professional standards applicable in France. A review of half-yearly financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with professional standards applicable in France and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed half-yearly consolidated financial statements are not prepared, in all material respects, in accordance with IAS 34 – standard of the IFRSs, as adopted by the European Union applicable to interim financial information.

Without qualifying the opinion expressed above, we draw your attention to note 1 « Accounting principles » to the half-year consolidated financial statements related to conditions of the continuing operation principle of Mauna Kea Technologies.

2. Specific verification

We have also verified the information presented in the half-yearly management report in respect of the condensed half-yearly consolidated financial statements subject to our review.

We have no matters to report as to its fair presentation and its consistency with the condensed half-yearly consolidated financial statements.

Paris and Paris-La Défense, September, 26, 2017

The statutory auditors

French original signed by

COFIDEC

ERNST & YOUNG et Autres

Olivier Robinault

Cédric Garcia

ATTESTATION OF THE PERSON RESPONSIBLE FOR THE HALF-YEAR FINANCIAL REPORT

(Article 222-3-4 of the General Regulations of the AMF [*Autorité des Marchés Financiers*/French Financial Markets Authority])

I attest that, to my knowledge, the condensed consolidated financial statements for the last half-yearly period were prepared in accordance with the applicable accounting standards (IFRS standards as adopted by the European Union) and give a fair representation of the company's assets, financial position and results, and all companies including in the scope of consolidation, and that the half-yearly activity report presents an accurate picture of the significant events occurring during the first six months of the fiscal year, their impact on the financial statements and the principal transactions between related parties, along with a description of the principal risks and the principal uncertainties for the remaining six months of the year.

Alexandre Loiseau

Chief Executive Officer