



HALF-YEAR FINANCIAL REPORT AT JUNE 30, 2017

A French Limited Company with a share capital of 1,204,628.10 €
Registered office: Technopole Bordeaux Montesquieu – Allées François Magendie – 33650 Martillac,
France
Bordeaux B 493 845 341



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GENERAL COMMENTS

Definitions

In this half-year financial report and unless otherwise indicated:

- The “Company” or “Implanet” means Implanet SA, which has its registered office at Technopole Bordeaux Montesquieu, Allée François Magendie, 33650 Martillac, France, and is registered in the Bordeaux Trade and Companies Register under number 493 845 341;
- The “Group” refers to Implanet SA and its subsidiary, Implanet America Inc.;
- “Financial Report” indicates this half-year financial report at June 30, 2017;
- “2016 Document de Référence” means the 2016 Document de Référence filed with the French Financial Markets Authority on April 3, 2017, under the number D.17-0292.

About IMPLANET

Founded in 2007, IMPLANET is a medical technology company that manufactures high-range implants designed for orthopedic surgery. Its star product, the latest generation implant, JAZZ, is designed to improve the treatment of spinal disorders requiring spinal fusion. IMPLANET's proven orthopedic platform, based on perfect control of the traceability of its products, gives it a proven ability to develop this innovation.

Protected by four families of international patents, JAZZ has obtained 510(k) clearance from the Food and Drug Administration (FDA) in the United States, CE marking and Anvisa authorization in Brazil. IMPLANET employs 48 staff and recorded 2016 revenue of €7.8 million.

Based near Bordeaux, France, IMPLANET opened a subsidiary in Boston, United States in 2013.

IMPLANET is listed on the Euronext Growth market in Paris (formerly Alternext Paris) following the transfer of the listing from the Euronext regulated stock market in Paris (compartment C) in July 2017.

1. STATEMENT OF THE PERSON RESPONSIBLE FOR THE HALF-YEAR FINANCIAL REPORT

1.1 Person responsible for the half-year financial report

Ludovic Lastennet, Implanet Chief Executive Officer.

1.2 Statement of the person responsible

(Art. 222-3 - 4° of the French Financial Markets Authority General Regulation)

"I certify that, to the best of my knowledge, the condensed financial statements for the half-year have been prepared in accordance with applicable accounting standards and give a true and fair view of the assets, liabilities, financial position and results of the Company and all companies included in the scope of consolidation. The half-year management report provides an accurate account of the significant events during the first six months of the year and their impact on the half-year financial statements, major transactions with related parties and a description of the main risks and uncertainties affecting the Company in the remaining six months of the year."

Martillac, September 19, 2017.

Ludovic Lastennet, Implanet Chief Executive Officer.

2. MANAGEMENT REPORT AT JUNE 30, 2017

2.1. Significant events in the first half of 2017

January 2017:

- European Patent granted by the European Patent Office (EPO) for the universal tensioning system for the JAZZ® implant.
- FDA 510(k) and European (CE) regulatory marketing authorization obtained for the new Jazz Frame® implant.

March 2017:

- Patent granted for Jazz Lock® in France.
- Signature of an exclusive distribution partnership in Australia and New Zealand.

May 2017:

- A capital decrease of €14,092,039.65 by way of a reduction in the nominal value of the shares from €0.70 to €0.05.
- Renegotiation of the terms of the financing put in place in October 2015 with EUROPEAN SELECT GROWTH OPPORTUNITIES FUND (formerly known as the L1 EUROPEAN HEALTHCARE OPPORTUNITIES FUND) whose purpose, in particular, is to cancel the share subscription warrants (BSA) attached to the 340 OCA yet to be issued. The warrants (BSA) attached to any new tranche of convertible bonds (OCA) will immediately be sold to the Company at the global price of €0.01 with a view to their cancellation by the Company.
- Issue of an additional tranche of convertible bonds with warrants attached (OCABSA) for a nominal amount of €1,500,000.

June 2017:

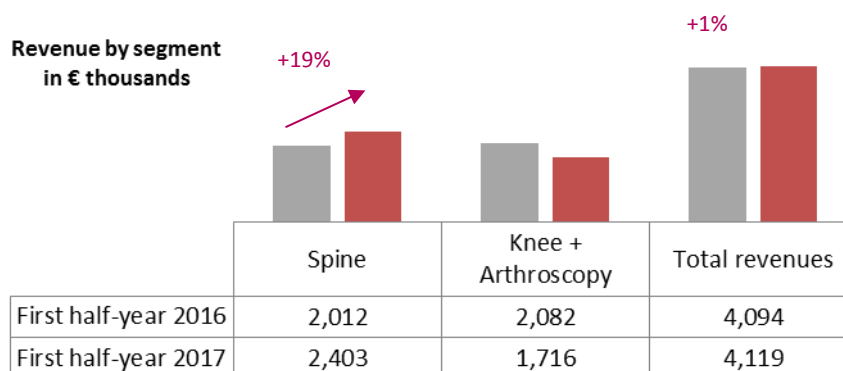
- US and European regulatory approvals obtained by achieving FDA 510(k) clearance and CE marking for the marketing of its new JAZZ™ braid.

The Company also carried out a capital increase of €301 thousand during the first half of 2017 following the conversion of 55 convertible bonds and the exercise of 105,012 warrants held by EUROPEAN SELECT GROWTH OPPORTUNITIES FUND (formerly known as L1 EUROPEAN HEALTHCARE OPPORTUNITIES FUND).

2.2. Activity, results and cash flow

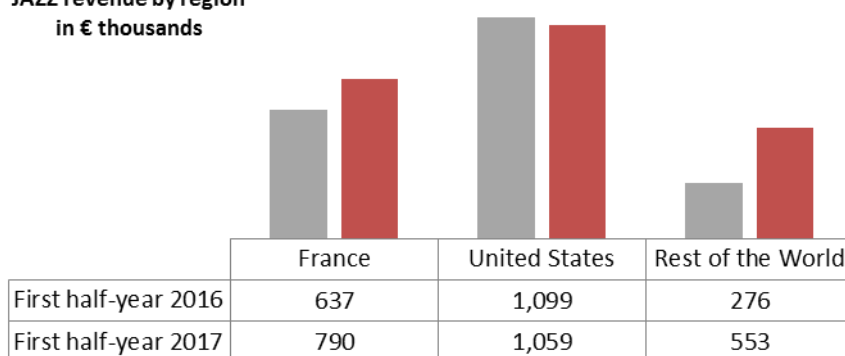
2.2.1 Revenue and gross margin

The first half of 2017 was notable for a continuing strong sales momentum for the JAZZ activity (+19%) that now represents 58% of total revenue (compared with 49% during the first half of 2016), offsetting the reduction in sales in the Knee/Arthroscopy range.



As anticipated, arthroscopy sales continued to decrease, as a result of the decision to gradually cease the distribution of these products, along with persistent difficulties with the Brazilian distributor. However, the Madison sales (total knee prosthesis developed by Implanet) were stable.

JAZZ revenue by region in € thousands



JAZZ sales in France increased by +24% to €790 thousand.



In the rest of the world, the increase of +101% to €553 thousand was driven by historical distributors as a whole (including Italy, the UK and Spain), the launch of JAZZ in Australia in the first quarter of 2017, and initial direct sales in Germany, the largest spinal fusion market in Europe.

In the USA, sales were stable at €1,059 thousand. Following the successful achievement of an initial phase, a more significant recruitment and training effort should help the Company resume growth in the upcoming quarters.

The solid trend in Spinal sales in the direct markets (United States and France) is based on the following fundamentals:

A) Adoption by surgeons

The Company is continuing to recruit surgeons and has identified, at June 30, 2017, 137 active users of the JAZZ technology, including 73 in the United States and 64 in France.

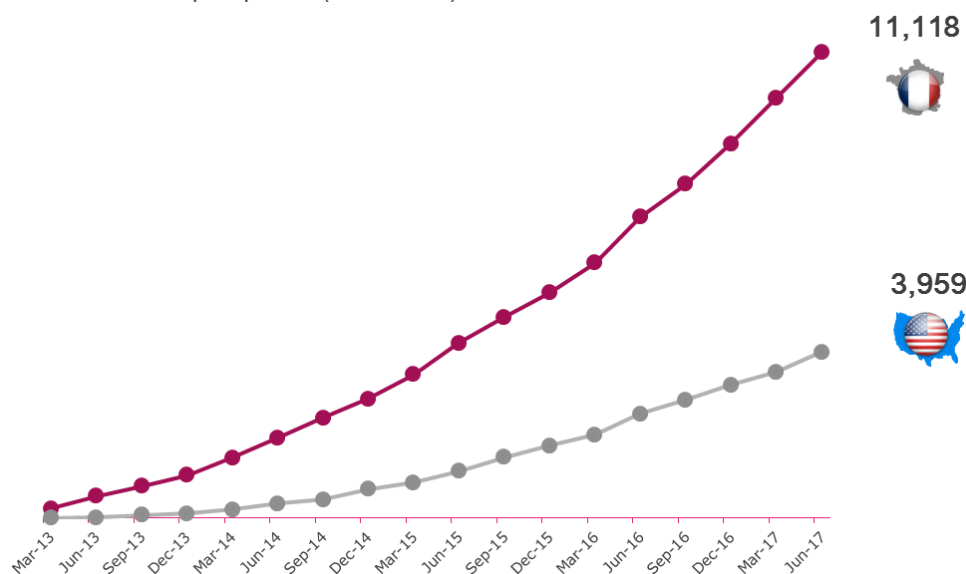
Number of active surgeons in <i>France and in the United States</i> ¹						
	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>H1 2016</u>	<u>2016</u>	<u>H1 2017</u>
	10	21	39	47	58	64
	6	17	43	64	69	73
Number of active surgeons	16	38	82	111	127	137

B) Penetration of the Adult surgery market

The Company has also continued its acceleration in the highest potential segment of adult osteo-degenerative surgery. These surgeries increased by +37% to €712 thousand representing 38% of usage (vs. 31% in the first half of 2016).

In total, over the first half of 2017, Implanet sold 2,189 JAZZ units in France, 786 in the United States and 1,666 in the rest of the world, for a total of 4,641 units, representing around 900 surgeries.

#Jazz units sold per quarter (cumulative)

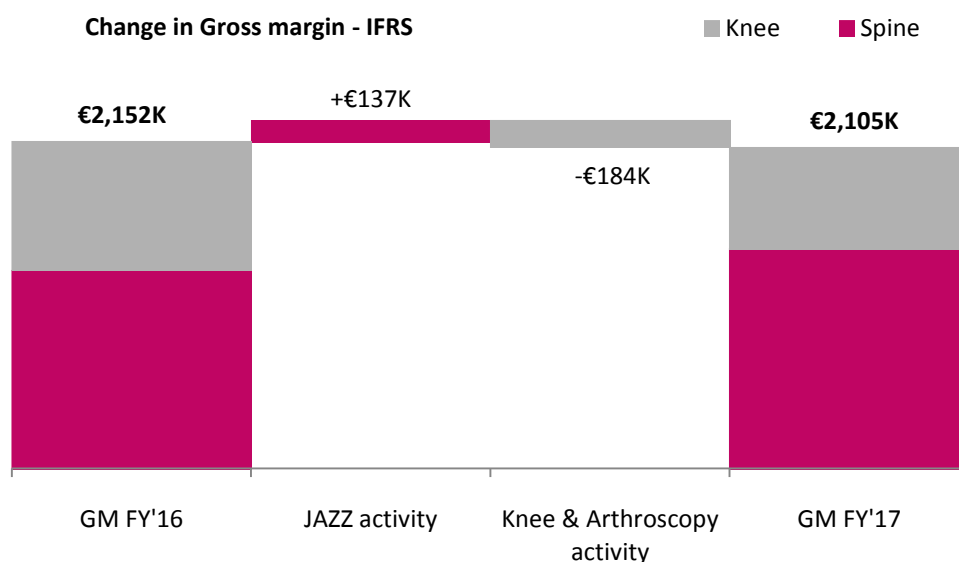


¹ Number of active surgeons in the treatment of spinal disorders with activity over the previous rolling 12 months

The gross margin was relatively stable over the period reaching €2,105 thousand at the conclusion of the first half of 2017 compared with €2,152 thousand over the first half of 2016.

This change in margin is mainly based on:

- the overall growth of the JAZZ activity;
- offset by the reduction in arthroscopy sales.



2.2.2 Recurring operating expenses

The Company has continued its efforts to limit its recurring operating expenses.

Over the first half of 2017, these overhead costs decreased by -9%, i.e. -€518 thousand compared with the first half of 2016.

Research and development costs, net of the Research Tax Credit, for an amount of €524 thousand in the first half-year, were stable compared with the first half of 2016.

Regulatory and quality costs, net of the Research Tax Credit, for an amount of €368 thousand in the first half of 2017, decreased by €142 thousand compared to the first half of 2016. This decrease was mainly due to a reduction in research expenses and consultancy fees and the capitalization of fees for certain projects including the new JAZZ braid.

Marketing and sales expenses, for a total amount of €2,570 thousand in the first half of 2017, were relatively stable compared with the first half of 2016 (€2,606 thousand).

Operating costs, for an amount of €396 thousand in the first half of 2017, decreased by €130 thousand compared with the first half of 2016, mainly due to a stock adjustment.

General and administrative expenses, for an amount of €1,331 thousand in the first half of 2017, decreased by €203 thousand compared with the first half of 2016, mainly due to good control of expenses (consultancy fees, travel expenses) and a gain on lapsed trade payables.

2.2.3 Non-recurring operating expenses

Non-recurring operating expenses were €456 thousand at June 30, 2017.

They are related to a provision for a commercial dispute that has been recognized following the Company being ordered in first instance (May 2017) to pay termination compensation to a distributor.

Although the Company has appealed and is contesting this decision, it has decided to make a provision for the amount of the judgment, representing the best estimate of the risk incurred to date.

2.2.4 Financial income (loss)

Financial income (loss) amounted to –€151 thousand at June 30, 2017 compared to –€246 thousand at June 30, 2016, i.e. an improvement of €95 thousand. This change was mainly due to a decrease in the Company's cost of financing (amortized cost net of the change in derivative liabilities) of €72 thousand compared with the first half of 2016.

2.2.5 Group cash flow

The table below presents selected items from the consolidated cash flow statement presented in section 3 of this Financial Report:

(€'000 - Selected items from the half-year condensed consolidated financial statements in accordance with IFRS)	June 30, 2017 6 months	June 30, 2016 6 months
Cash flows from operating activities	(2,520)	(3,200)
<i>Of which free cash flow</i>	<i>(2,439)</i>	<i>(3,078)</i>
<i>Of which change in working capital requirement (-)</i>	<i>80</i>	<i>123</i>
Cash flows from investing activities	(371)	3,771
<i>Of which acquisitions of fixed assets and capitalization of development expenses</i>	<i>(372)</i>	<i>(348)</i>
<i>Of which financial investments</i>	<i>1</i>	<i>4,119</i>
Cash flows from financing activities	588	276
<i>Of which transactions on equity & OCABSA issue</i>	<i>1,535</i>	<i>275</i>
<i>Of which loans & factoring</i>	<i>(947)</i>	<i>1</i>
Changes in exchange rates	(57)	51
Change in cash	(2,360)	898

Cash consumption, integrating operational cash flows, fixed asset acquisitions and financing flows by loans and factoring, was €3.8 million over the first half of 2017 compared with €3.5 million over the same period in 2016. This change was essentially due to the reduced use of factoring, partially offset by an improvement in free cash flow.

2.3. Progress and outlook

In the second half of 2017, the Company will:

- Continue its commercial development strategy for the JAZZ platform, particularly in the United States:
 - Continue to penetrate the United States market with a more significant partner recruitment and training effort;
 - Increase sales efforts in Europe, and particularly Germany, the leading European market for Spinal surgery;
 - Continue to gain market share in the United States and France for the treatment of degenerative disorders;
 - Make an active contribution at global conferences held by internationally renowned scientific organizations.
- Continue research and development efforts for an ever wider offering of the JAZZ technological platform to treat 100% of spinal disorders.
- Initiate major new clinical studies to demonstrate the superiority of JAZZ for the treatment of severe deformities and its effectiveness in osteo-degenerative disorders:
 - Roll-out the "International Sub-Laminar Study Group";
 - Launch a prospective, multicenter clinical study to document the outcomes of JAZZ technology in adult degenerative and corrective adult spinal deformity indications.

2.4. Post-balance sheet events

July 2017:

- Transfer of listing from the Euronext regulated market in Paris (compartment C) to the Euronext Growth (Alternext Paris) continuous multilateral trading facility. This admission was carried out in the form of an admission to trading of existing shares without any new shares being issued.

September 2017:

- Publication of a White Paper and presentation in the SRS (Scoliosis Research Society) congress of independent radiological results of the Jazz ban (significant axial derotation of the spine and optimal sagittal alignment compared with the traditional "All Screw" technique.
- FDA clearance granted to market in the United States of America the new Jazz™ Passer system, devoted to posterior fixation in spine surgery, compatible with all Jazz™ platform implants.
- Signature for a new loan agreement of €210 thousand for the purpose of "financing surgical ancillaries". This loan is with a duration period of 3 years and is secured by a pledge of a term deposit for €200 thousand.

The Company also carried out a capital increase of €82 thousand since June 30, 2017 following the conversion of 95 convertible bonds by EUROPEAN SELECT GROWTH OPPORTUNITIES FUND (formerly known as L1 EUROPEAN HEALTHCARE OPPORTUNITIES FUND)

2.5. Risk factors and related party transactions

2.5.1. Risk factors

The risk factors facing the Company are similar to those set out in Chapter 4 "Risk factors" of the 2016 Document de Référence. There was no significant change in the first half of 2017.

The Company does not expect any changes in these risks during the second half of 2017.

2.5.2. Related party transactions

Related party transactions are similar to those set out in Chapter 19 "Transactions with related parties" of the 2016 Document de Référence.

No new material agreements were made with any directors or members of the Board of Directors in the first half of 2017 other than those mentioned in the 2016 Document de Référence.

3. HALF-YEAR CONDENSED CONSOLIDATED FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH IFRS STANDARDS FOR THE SIX- MONTH PERIOD ENDED JUNE 30, 2017

Consolidated statement of financial position

IMPLANET	Notes	6/30/2017	12/31/2016
CONSOLIDATED STATEMENT OF FINANCIAL POSITION		€ thousands	€ thousands
ASSETS			
Intangible fixed assets	3.1	554	494
Property, plant and equipment	3.2	1,033	1,233
Other non-current financial assets	4	1,241	1,443
Total non-current assets		2,828	3,169
Inventories	5	3,737	3,555
Trade receivables and related accounts	6.1	2,846	2,507
Other receivables	6.2	951	968
Current financial assets	4	391	191
Cash and cash equivalents	7	3,761	6,067
Total current assets		11,685	13,288
TOTAL ASSETS		14,514	16,458
LIABILITIES			
Shareholders' equity			
Capital	8	1,123	14,914
Paid-in capital		14,990	387
Translation reserve		(455)	(398)
Other comprehensive income		(38)	(28)
Reserves - Group share		(5,150)	2,073
Net income/(loss) - Group share		(3,690)	(7,288)
Shareholders' equity - Group share		6,779	9,660
Minority interests		-	-
Total shareholders' equity		6,779	9,660
Non-current liabilities			
Employee benefit obligations	11	119	101
Non-current financial debts	10	892	866
Derivative instrument liability	10	(0)	-
Non-current liabilities		1,011	967
Liabilities related to assets held for sale			
Current financial liabilities	10	2,777	2,836
Derivative instrument liability	10	149	2
Provisions	12	576	55
Trade and other accounts payable		2,498	2,166
Tax and social security liabilities	13.1	708	751
Other payables and miscellaneous debt	13.2	17	22
Current liabilities		6,724	5,831
TOTAL LIABILITIES AND EQUITY		14,514	16,458

Consolidated income statement

IMPLANET	Notes	6/30/2017 6 months € thousands	6/30/2016 6 months € thousands
CONSOLIDATED INCOME STATEMENT			
Revenue	14	4,119	4,094
Cost of sales	15.1	(2,014)	(1,943)
Gross margin		2,105	2,152
Research and Development expenses			
Research and Development expenses	15.3	(604)	(649)
Share-based payments	15.3	(6)	(5)
Subsidy	15.3	87	122
Cost of regulatory affairs and quality assurance			
Cost of regulatory affairs and quality assurance	15.4	(377)	(511)
Share-based payments	15.4	(0)	(0)
Subsidy	15.4	9	2
Sales and marketing expenses			
Sales and marketing expenses	15.2	(2,536)	(2,568)
Share-based payments	15.2	(34)	(38)
Operating costs			
Operating costs	15.5	(392)	(524)
Share-based payments	15.5	(4)	(3)
General and administrative expenses			
General and administrative expenses	15.6	(1,316)	(1,524)
Share-based payments	15.6	(15)	(10)
Operating income before non-recurring items		(3,084)	(3,556)
Non-recurring operating income and expenses	16	(456)	-
Net operating income		(3,539)	(3,556)
Financial expenses	18	(243)	(324)
Financial income	18	1	23
Change in the fair value of the derivative instrument	18	95	122
Foreign exchange gains and losses	18	(4)	(66)
Net income before taxes		(3,690)	(3,802)
Tax expense	19	-	-
Total net income/(loss)		(3,690)	(3,802)
Group share		(3,690)	(3,802)
Minority interests		-	-
Weighted average number of shares in circulation		21,693,625	10,761,540
Basic earnings per share (€/share)	20	(0.17)	(0.35)
Diluted earnings per share (€/share)	20	(0.17)	(0.35)

* Refer to note "2.1 Principle for preparation of the financial statements - Change in the presentation of the financial statements" in the notes to the IFRS financial statements.

Statement of consolidated comprehensive income

IMPLANET	6/30/2017 6 months € thousands	6/30/2016 6 months € thousands
STATEMENT OF CONSOLIDATED COMPREHENSIVE INCOME		
Net income/(loss) for the period	(3,690)	(3,802)
Actuarial differences	(10)	0
Items non-recyclable in profit/(loss)	(10)	0
Translation differences	(57)	51
Items recyclable in profit/(loss)	(57)	51
Other comprehensive income (net of taxes)	(67)	51
Comprehensive income	(3,757)	(3,751)
<i>Group share</i>	<i>(3,757)</i>	<i>(3,751)</i>
<i>Minority interests</i>	<i>-</i>	<i>-</i>

Changes in shareholders' equity

IMPLANET	Capital	Capital	Additional	Reserves and	Translation	Actuarial	Shareholders'	Interest	Shareholders'
			paid-in capital	net income	differences	differences	equity -	Minority	equity
CHANGES IN CONSOLIDATED SHAREHOLDERS' EQUITY	Number of	€'000	€'000	€'000	€'000	€'000	Group share	interests	€'000
	shares						€'000	€'000	€'000
At December 31, 2015	10,591,599	15,887	15,056	(20,856)	(339)	(23)	9,726	-	9,726
Total net income/(loss)				(3,802)			(3,802)		(3,802)
Other comprehensive income					51	0	51		51
Comprehensive income		-	-	(3,802)	51	0	(3,751)	-	(3,751)
Conversion of bonds	355,952	365	165				530		530
Allocation of retained earnings on issue premiums			(15,074)	15,074			-		-
Capital decrease		(8,589)		8,589			-		-
Change in treasury shares				(45)			(45)		(45)
Share-based payments				56			56		56
Share issue costs			(115)				(115)		(115)
Issue of warrants attached to convertible bonds				56			56		56
At June 30, 2016	10,947,551	7,663	32	(928)	(287)	(23)	6,457	-	6,457
At December 31, 2016	21,305,061	14,914	387	(5,214)	(398)	(28)	9,660	-	9,660
Total net income/(loss)				(3,690)			(3,690)		(3,690)
Other comprehensive income					(57)	(10)	(67)		(67)
Comprehensive income		-	-	(3,690)	(57)	(10)	(3,757)	-	(3,757)
Conversion of bonds	772,028	39	511				550		550
Exercise of warrants	375,000	263	0				263		263
Capital decrease		(14,092)	14,092				-		-
Change in treasury shares				6			6		6
Share-based payments				59			59		59
Share issue costs			(0)				(0)		(0)
At June 30, 2017	22,452,089	1,123	14,990	(8,839)	(455)	(38)	6,779	-	6,779

Consolidated cash flow statement

IMPLANET	Notes	6/30/2017 6 months € thousands	6/30/2016 6 months € thousands
CONSOLIDATED STATEMENT OF CASH FLOWS			
CASH FLOWS GENERATED FROM OPERATIONS			
Total net income/(loss)		(3,690)	(3,802)
(-) Elimination of depreciation, amortization and impairment on intangible fixed assets	3.1	(90)	(111)
(-) Elimination of depreciation and amortization on property, plant and equipment	3.2	(404)	(376)
(-) Allocations to provisions	11, 12	(528)	(7)
(-) Expense related to share-based payments	9	(59)	(56)
(-) Gross financial interest paid		(68)	(109)
(-) Capitalized financial interest		(5)	6
(-) Change in the fair value of the derivative	10.3	95	122
(-) Capital gains or losses on disposals of fixed assets		(17)	14
(-) Other (accretion of advances, impact of amortized cost, etc.)		(175)	(208)
Free cash flow before cost of net financial indebtedness and taxes		(2,439)	(3,078)
(-) Change in the working capital requirement (net of impairment of trade receivables and inventories)		80	123
Cash flow generated from operations		(2,520)	(3,200)
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of intangible fixed assets	3.1	(5)	(1)
Capitalization of development expenses	3.1	(146)	(45)
Acquisition of property, plant and equipment	3.2	(221)	(317)
Redemption of term deposits classed as other current and non-current financial assets		-	5,300
Subscription of term deposits classed as other current and non-current financial assets		-	(1,200)
Disposals of fixed assets		-	15
Financial interests received		1	19
Cash flows from investing activities		(371)	3,771
CASH FLOWS FROM FINANCING ACTIVITIES			
Capital increase, net of conversion of bonds into shares	8	263	-
Expenses relating to capital increase		(138)	(54)
Share subscription warrants (BSA)	9	-	-
Repayment of Kreos bond	10.3	(516)	(460)
Issue of convertible bonds, net of expenses	10.3	1,410	329
Bank borrowings	10.4	200	-
Repayment of conditional advances	10.2	(45)	(40)
Repayment of finance leases	10.1	(158)	(153)
Repayment of bank loans	10.4	(89)	(82)
Gross financial interest paid		(68)	(109)
Other financing flows (factoring)	10	(271)	845
Cash flows related to financing activities		588	276
Impact of variations in exchange rates		(57)	51
Increase (reduction) in cash		(2,360)	898
Cash and cash equivalents at the start of the year (including overdraft facilities)	7	6,067	1,150
Cash and cash equivalents at the year end (including overdraft facilities)	7	3,708	2,048
Increase (reduction) in cash		(2,360)	898
Cash and cash equivalents (including overdraft facilities)			
	Notes	6/30/2017	6/30/2016
Cash and cash equivalents	7	3,761	2,049
Bank overdraft	10	(53)	(0)
Cash and cash equivalents (including overdraft facilities)		3,708	2,048

Detailed analysis of the changes in the working capital requirement (WCR)

Details of the change in the working capital requirement	6/30/2017 6 months	6/30/2016 6 months
Other non-current financial assets	(1)	(0)
Inventories (net of inventory impairment)	181	440
Trade receivables and related accounts (net of impairment of trade receivables)	338	719
Other receivables	(17)	341
Other current financial assets	-	-
Trade and other accounts payable	(470)	(1,228)
Tax and social security liabilities	43	(154)
Other payables and miscellaneous debt	6	4
Total variations	80	123

Notes to the half-year condensed consolidated financial statements

(Unless indicated otherwise, the amounts shown in these notes are in thousands of euros, with the exception of data related to shares. Some numbers may have been subject to rounding for the purposes of calculating the financial information contained in the half-year condensed consolidated financial statements. As a result, the totals in some tables may not correspond exactly to the sum of the preceding figures.)

Note 1: Information relating to the Company and its business

The information below constitutes the Notes to the half-year condensed consolidated IFRS financial statements at June 30, 2017.

The half-year condensed consolidated financial statements of Implanet were approved by the Board of Directors on September 19, 2017 and authorized for publication.

1.1. Information relating to the Company and its business

Created in December 2006, Implanet's business is the technical, clinical, marketing and commercial development of high-quality implants and surgical instruments by introducing innovative technological solutions.

Implanet's range covers spinal, arthroscopy and knee products.

The Company has decided to outsource the majority of the operations necessary for the manufacture of its products and works with a network of about 20 subcontractors, on the basis of very precise technical specifications.

Implanet is a listed company since November 25, 2013 and transferred its listing from the Euronext regulated market in Paris (compartment C) to the Euronext Growth (formerly Alternext Paris) continuous multilateral trading facility on July 11, 2017.

Address of the registered office:

Technopole Bordeaux Montesquieu – Allées François Magendie – 33650 Martillac, France

Registry number: RCS 493 845 341 - Bordeaux, France

The IMPLANET company and its subsidiary are hereafter referred to as the "Company" or the "Group".

1.2. Significant events in the first half of 2017

January 2017:

- European Patent granted by the European Patent Office (EPO) for the universal tensioning system for the JAZZ® implant.
- FDA 510(k) and European (CE) regulatory marketing authorization obtained for the new Jazz Frame® implant.

March 2017:

- Patent granted for Jazz Lock® in France.

- Signature of an exclusive distribution partnership in Australia and New Zealand.

May 2017:

- A capital decrease of €14,092,039.65 by way of a reduction in the nominal value of the shares from €0.70 to €0.05.
- Renegotiation of the terms of the financing put in place in October 2015 with EUROPEAN SELECT GROWTH OPPORTUNITIES FUND (formerly known as the L1 EUROPEAN HEALTHCARE OPPORTUNITIES FUND) whose purpose, in particular, is to cancel the share subscription warrants (BSA) attached to the 340 OCA yet to be issued. The warrants (BSA) attached to any new tranche of convertible bonds (OCA) will immediately be sold to the Company at the global price of €0.01 with a view to their cancellation by the Company.
- Issue of an additional tranche of convertible bonds with warrants attached (OCABSA) for a nominal amount of €1,500,000.

June 2017:

- US and European regulatory approvals obtained by achieving FDA 510(k) clearance and CE marking for the marketing of its new JAZZ™ braid.

The Company also carried out a capital increase of €301 thousand during the first half of 2017 following the conversion of 55 convertible bonds and the exercise of 105,012 warrants held by EUROPEAN SELECT GROWTH OPPORTUNITIES FUND (formerly known as L1 EUROPEAN HEALTHCARE OPPORTUNITIES FUND).

1.3. Subsequent events

July 2017:

- Transfer of listing from the Euronext regulated market in Paris (compartment C) to the Euronext Growth (formerly Alternext Paris) continuous multilateral trading facility This admission was carried out in the form of an admission to trading of existing shares without any new shares being issued.

September 2017:

- Publication of a White Paper and presentation in the SRS (Scoliosis Research Society) congress of independent radiological results of the Jazz ban (significant axial derotation of the spine and optimal sagittal alignment compared with the traditional “All Screw” technique.
- FDA clearance granted to market in the United States of America the new Jazz™ Passer system, devoted to posterior fixation in spine surgery, compatible with all Jazz™ platform implants.
- Signature for a new loan agreement of €210 thousand for the purpose of “financing surgical ancillaries”. Thi loan is with a duration period of 3 years and is secured by a pledge of a term deposit for €200 thousand.

The Company also carried out a capital increase of €82 thousand since June 30, 2017 following the conversion of 95 convertible bonds by EUROPEAN SELECT GROWTH OPPORTUNITIES FUND (formerly known as L1 EUROPEAN HEALTHCARE OPPORTUNITIES FUND)

Note 2: Accounting principles, rules and methods

2.1. Principle for preparation of the financial statements

Declaration of compliance

The Company has prepared its consolidated financial statements in accordance with the standards and interpretations published by the International Accounting Standards Boards (IASB) and adopted by the European Union as at the date of preparation of the financial statements, and this for all the periods presented.

This referential, available on the website of the European Commission (http://ec.europa.eu/finance/company-reporting/index_en.htm), incorporates the international accounting standards (IAS and IFRS), and the interpretations issued by the Standing Interpretations Committee (SIC) and the International Financial Interpretations Committee (IFRIC).

In accordance with the provisions of European Regulation No. 1606/2002 dated July 19, 2002, the half-year condensed consolidated financial statements of Implanet at June 30, 2017 have been prepared in compliance with IAS 34 "Interim Financial Reporting", as adopted by the European Union.

Since they are condensed financial statements, they do not include all the information required by the IFRS guidelines for the preparation of consolidated financial statements. These notes must therefore be supplemented by reading the consolidated financial statements of Implanet published in respect of the fiscal year ended December 31, 2016.

Change in the presentation of the financial statements

The consolidated income statement presented has been modified in comparison with that used for the fiscal year ending December 31, 2016.

The modifications involved creating a "recurring operating profit (loss)" subtotal and an "other non-recurring operating income and expenses" item. Their purpose is to improve the transparency of the Group's performance and of the consolidated income statement. Other operating income and expenses are defined in note 16.

In accordance with IAS 1, the Company has undertaken a reclassification of comparative information, noting that the Group has not identified any non-recurring operating income and expenses at June 30, 2016 as defined in note 16.

Going concern principle

The going concern principle was used by the Board of Directors in view, in particular, of the following factors:

- Available cash and cash equivalents of €3.8 million;
- Its cash investments available in the next twelve months for €1.2 million;
- The possible use of a financing line by issue of notes convertible into shares with share subscription warrants attached ("OCABSA") that could give rise to additional financing of €1.9 million, subject to:

- the direct and indirect investments by L1 EUROPEAN HEALTHCARE OPPORTUNITIES FUND in the Company's capital not exceeding 8.5% of the capital and voting rights given the potential number of shares resulting from the conversion of convertible bonds,
- both the closing price and volume-weighted average price over the five trading days preceding the issue request being at least €0.50.
- Signature for a loan agreement of €210 thousand in September 2017 (see note 1.3).

Moreover, the Company is also examining possible additional financing to fund new developments, which could involve a capital increase, particularly if the Company is no longer able to use the line of financing with EUROPEAN SELECT GROWTH OPPORTUNITIES FUND (formerly known as L1 EUROPEAN HEALTHCARE OPPORTUNITIES FUND).

Accounting methods

The accounting principles used are identical to those used for the preparation of the annual IFRS consolidated financial statements for the fiscal year ended December 31, 2016, it being noted that no new standards, amendments to standards and interpretations have been adopted and are mandatory with effect from fiscal years opened from January 1, 2017.

Standards, amendments to standards and interpretations not yet adopted by the Group

Standards, amendments to standards and interpretations adopted by the EU but not mandatory for 2017 interim financial statements

- IFRS 9 - Financial instruments
- IFRS 15 - Revenue from contracts with customers

Standards and interpretations published by the IASB and not yet adopted by the European Union at June, 30 2017

- IFRS 14 - Regulatory deferral accounts
- IFRS 16 - Leases
- IFRS 17 - Insurance policies
- Amendments to IFRS 10 and IAS 28 - Sales or contributions of assets between an investor and its associate or joint venture
- Amendments to IAS 12 - Recognition of deferred tax assets for unrealized losses
- Amendments to IAS 7 - Disclosure initiative: Transfer of financial assets
- Amendments to IFRS 2 - Classification and measurement of share-based payment transactions
- Amendments to IFRS 4 - Applying IFRS 9 with IFRS 4
- Amendments to IAS 40 - Transfers of investment property
- Clarifications to IFRS 15
- IFRIC 22 - Foreign currency transactions and advance consideration
- IFRIC 23 - Uncertainty over income tax treatments
- Improvements to IFRS (2014-2016 Cycle)

The Group is currently in the process of assessing the impacts resulting from the first application of these new texts and does not anticipate that they will have a significant impact on its financial statements, with the exception of IFRS 16.

Application of IFRS 16 will be mandatory from January 1, 2019 or with early application from January 1, 2018 along with IFRS 15. The Group does not intend to apply the standard in advance. IFRS 16 removes the distinction between operating leases and finance leases and stipulates that all lease contracts will be recognized in the lessee's balance sheet, as an asset (representing the right of use of the asset leased during the contract period) and a liability (in respect of the lease payment obligation). The standard will also affect the presentation of the income statement (net operating income and financial expenses) and the cash flow statement (flows from operating activities and flows from financing activities).

Therefore, real estate leasing contracts and operating leases will be subject to restatement in respect of the application of IFRS 16.

2.2. Change of accounting method

With the exception of the new texts identified above, the Company has not made any changes to its accounting methods during the first half of 2017.

2.3. Use of judgments and estimates

During the course of the preparation of these interim consolidated financial statements, the main judgments made by management as well as the principal assumptions used are the same as those applied during the preparation of the financial statements for the year ended December 31, 2016, namely:

- Grant of warrants or founders' warrants or stock options to the employees, executives and external service providers (refer to note 9),
- Determination of the fair value of derivative liabilities (refer to note 10),
- Recognition of development expenses in assets (refer to note 3.1),
- Impairment of inventories (refer to note 5),
- Impairment of trade receivables (refer to note 6.1),
- Recognition of revenue (refer to note 14),
- Provision for liabilities and expenses (refer to note 12).

These estimates are based on the going concern principle and were prepared based on the information available at the time of their preparation. They are continuously evaluated on the basis of past experience and other factors considered reasonable, which constitute the basis of the assessments of the carrying amount of the assets and liabilities. The estimates may be revised if the circumstances on which they were based change, or as a result of new information. The actual results may differ significantly from these estimates, depending on different assumptions or conditions.

2.4. Consolidation scope and methods

Subsidiaries

On the date of publication of the half-year consolidated financial statements, the Company only had one wholly-owned subsidiary, Implanet America Inc., which it created at the end of February 2013.

Implanet America Inc.	6/30/2017	12/31/2016
Percentage of control	100%	100%
Percentage of interest	100%	100%

Conversion of the financial statements of foreign subsidiaries

The exchange rates used for the periods presented are as follows:

USD – US Dollar	6/30/2017	12/31/2016	6/30/2016
Closing rate	1.1412	1.0541	1.1102
Average rate	1.0810	1.1116	1.1187

Note 3: Intangible fixed assets, property, plant and equipment
3.1. Intangible fixed assets

INTANGIBLE FIXED ASSETS (Amounts in €'000)	Software (lease- financing)	Software	Development expenses	Total
GROSS VALUES				
Statement of financial position at December 31, 2016	26	375	1,274	1,674
Capitalization of development expenses	-	-	146	146
Acquisition	-	5	-	5
Disposal	-	-	-	-
Foreign exchange impact	-	-	-	-
Transfer	-	-	-	-
Statement of financial position at June 30, 2017	26	379	1,420	1,825
DEPRECIATION AND AMORTIZATION				
Statement of financial position at December 31, 2016	26	374	780	1,180
Increase	-	3	88	90
Decrease	-	-	-	-
Foreign exchange impact	-	-	-	-
Statement of financial position at June 30, 2017	26	377	868	1,270
NET CARRYING AMOUNT				
At December 31, 2016	(0)	1	494	494
At June 30, 2017	-	3	552	554

Capitalized development costs relate mainly to the *Jazz™* (€824 thousand), *Jazz™ Lock* (€189 thousand) and *Madison Révision* (€178 thousand) projects.

Capitalized costs over the periods presented relate mainly to the *Jazz™ Band* (€56 thousand) and *Madison Evolution Instrumentation* (€55 thousand) projects.

There has not been any indication of loss of value in application of IAS 36.

3.2. Property, plant and equipment

PROPERTY, PLANT AND EQUIPMENT (Amounts in €'000)								Total
Equipment and tooling	Equipment and tooling (lease-financing)	Fixtures and fittings	Fixtures and fittings (lease-financing)	Office and IT equipment and furniture	Office and IT equipment and furniture (lease-financing)	Transport equipment (lease-financing)		
GROSS VALUES								
Statement of financial position at December 31, 2016	3,708	2,058	98	278	284	246	8	6,680
Acquisition	215	-	-	-	6	-	-	221
Disposal	(553)	(480)	-	(53)	-	-	-	(1,086)
Foreign exchange impact	-	-	-	-	(2)	-	-	(2)
Transfer	-	-	-	-	-	-	-	-
Statement of financial position at June 30, 2017	3,370	1,579	98	225	289	246	8	5,814
DEPRECIATION AND AMORTIZATION								
Statement of financial position at December 31, 2016	3,063	1,579	86	278	250	185	7	5,448
Increase	209	163	-	-	13	18	0	403
Decrease	(536)	(480)	-	(53)	-	-	-	(1,069)
Foreign exchange impact	-	-	-	-	(1)	-	-	(1)
Statement of financial position at June 30, 2017	2,737	1,262	86	225	261	203	7	4,781
NET CARRYING AMOUNT								
At December 31, 2016	644	480	12	-	35	61	1	1,233
At June 30, 2017	633	316	12	-	28	42	1	1,033

The technical installations, equipment and tooling principally comprise ancillary devices commissioned when they are delivered to healthcare facilities.

There has not been any indication of loss of value in application of IAS 36.

Note 4: Other financial assets

OTHER FINANCIAL ASSETS (Amounts in €'000)	6/30/2017	12/31/2016
Term deposits	850	1,050
Medium-term deposits	300	306
Liquidity contract	46	40
Guarantees	45	46
Total other non-current financial assets	1,241	1,443
Medium-term notes	200	-
Deposit - Kreos loan	191	191
Total other current financial assets	391	191

Non-current financial assets comprise:

- two term deposits with a total value of €850 thousand, of which:
 - One €150 thousand term deposit, renewed every six months and pledged in favor of HSBC as security for the lease-back agreements or bank loans in force with this bank,
 - One €700 thousand term deposit maturing in 2021 with early redemption possible;
- one negotiable medium-term note amounting to €300 thousand maturing in 2019, pledged as security for a lease-back agreement signed with Banque Courtois ending during the second half of 2017;
- the cash reserve related to the liquidity contract;
- guarantees in respect of the commercial leases for its French and US premises.

Current financial assets comprise:

- a €200 thousand term deposit maturing in 2018, pledged in favor of Banque Courtois as security for the €500 thousand loan taken out in 2015 and maturing in June 2018 (refer to note 10.4);
- a guarantee deposit in favor of Kreos for €191 thousand, put in place in 2013 as part of the implementation of the €5 million bond loan issue (refer to note 10.3.1) with redemption expected in 2017.

Note 5: Inventories

INVENTORIES (Amounts in €'000)	6/30/2017	12/31/2016
Inventories of raw materials	87	65
Inventories of goods for resale	3,555	3,480
Inventories of semi-finished products	11	9
Inventories of ancillary devices and instruments	752	531
Gross total inventories	4,404	4,085
Impairment of inventories of goods for resale	(607)	(469)
Impairment of stocks of ancillary devices and instruments	(61)	(61)
Total impairment of inventories	(668)	(530)
Net total inventories	3,737	3,555

Note 6: Receivables

6.1. Trade receivables

TRADE RECEIVABLES AND RELATED ACCOUNTS (Amounts in €'000)	6/30/2017	12/31/2016
Trade receivables and related accounts	3,283	2,927
Impairment of trade receivables and related accounts	(438)	(420)
Net total of trade receivables and related accounts	2,846	2,507

The age of the receivables breaks down as follows:

TRADE RECEIVABLES AND RELATED ACCOUNTS (Amounts in €'000)	6/30/2017	12/31/2016
Not yet due	1,514	1,548
Due for less than 90 days	966	821
Due for between 90 days and 6 months	275	22
Due for between 6 and 12 months	52	37
Due for more than 12 months	476	499
Gross total trade receivables and related accounts	3,283	2,927

6.2. Other receivables

OTHER RECEIVABLES (Amounts in €'000)	6/30/2017	12/31/2016
Research tax credit (1)	298	203
Value added tax (2)	294	478
Employees and related accounts	22	20
Trade payable debit balances	17	15
Business competitiveness tax credit (4)	23	42
Prepaid expenses (3)	277	198
Miscellaneous	19	12
Total other receivables	951	968

(1) Research tax credit (CIR)

- Estimated CIR at June 30, 2017: €96 thousand
- CIR 2016: €203 thousand, repayment expected in the second half of 2017

(2) VAT receivables relate mainly to deductible VAT and the refund of VAT claimed.

(3) Prepaid expenses relate to current expenses.

Note 7: Cash and cash equivalents

CASH AND CASH EQUIVALENTS (Amounts in €'000)	6/30/2017	12/31/2016
Bank accounts	3,761	5,767
Term deposits	-	300
Total cash and cash equivalents	3,761	6,067

Note 8: Capital

8.1 Issued capital

COMPOSITION OF THE SHARE CAPITAL	6/30/2017	12/31/2016
Capital (in €'000)	1,123	14,914
Number of shares	22,452,089	21,305,061
of which ordinary shares	22,452,089	21,305,061
Nominal value (in euros)	€ 0.05	€ 0.70

At June 30, 2017, the share capital amounted to €1,122,604.45. It is divided into 22,452,089 ordinary shares which are fully subscribed and paid up with a nominal value of €0.05.

The General Shareholders' Meeting of May 22, 2017 agreed to carry out a capital decrease, not resulting from losses, in the amount of €14,092,039.65 by way of a reduction in the nominal value of the shares from €0.70 to €0.05. This reduction was allocated to the paid-in capital account.

During the first half of 2017, the Company also carried out a capital increase of €301,101.40 following:

- The exercise of 105,012 warrants held by EUROPEAN SELECT GROWTH OPPORTUNITIES FUND (formerly known as L1 EUROPEAN HEALTHCARE OPPORTUNITIES FUND) generating the issue of 375,000 shares with a nominal value of €0.70;
- The conversion of 55 bonds held by EUROPEAN SELECT GROWTH OPPORTUNITIES FUND (formerly known as L1 EUROPEAN HEALTHCARE OPPORTUNITIES FUND) generating the issue of 772,028 shares with a nominal value of €0.05.

8.2 Management of capital

The Company's policy consists of maintaining a solid capital base, in order to maintain the confidence of investors and creditors and to support the future development of the business.

Following its listing, the Company signed a liquidity contract on November 20, 2013 with Banque Oddo et Cie in order to limit the intra-day volatility of Implanet shares. For this purpose, the Company entrusted €400,000 to this institution in order that the latter can take long or short positions in the Company's shares.

At June 30, 2017, 134,950 treasury shares were recognized as a deduction from shareholders' equity.

8.3 Distribution of dividends

The Company did not distribute any dividends during the periods presented.

Note 9: Warrants and founders' warrants
Warrants ("BSA")
Change in outstanding options

Type	Award date	Number of options outstanding				6/30/2017	Maximum number of subscribable shares (1) (2) (3)
		12/31/2016	Awarded	Exercised	Void		
BSA _{09/11}	AGM of 09/26/2011	60,000				60,000	7,308
BSA _{05/12}	AGM of 06/29/2012	10,245				10,245	1,248
BSA ₂₀₁₂	AGM of 06/29/2012	40,000				40,000	4,872
BSA _{09/2012}	AGM of 10/11/2012	100,000				100,000	12,180
BSA _{01/2013}	AGM of 01/22/2013	25,000				25,000	3,045
BSA _{01/2014}	Board meeting of 01/08/2014	16,199				16,199	19,730
BSA _{07/2015}	Board meeting of 07/15/2015	44,699				44,699	46,934 *
BSA _{07/2016 T1}	Board meeting of 07/11/2016	56,000				56,000	58,800 *
BSA _{07/2016 T2}	Board meeting of 07/11/2016	30,000				30,000	31,500
Total		382,143	-	-	-	382,143	185,617

*note that some warrants are in the process of being vested

- (1) Following the reverse share split decided on by the Extraordinary General Shareholders' Meeting of July 19, 2013, ten warrants awarded prior to this date give the right to subscribe to one share.
- (2) Following the capital increase with preferential subscription rights in March 2015, the warrants were adjusted to parity at 1.16 (Board of Directors' decision of March 18, 2015).
- (3) Following the capital increase with preferential subscription rights in November 2016, the warrants were adjusted to parity at 1.05 (Board of Directors' decision of November 17, 2016).

Founders' warrants ("BSPCE")
Change in outstanding options

Type	Award date	Number of options outstanding				6/30/2017	Maximum number of subscribable shares (1) (2) (3)
		12/31/2016	Awarded	Exercised	Void		
BSPCE _{12/2007}	Board meeting of 12/29/2007	20,000				20,000	2,436
BSPCE _{02/2009}	Board meeting of 02/05/2009	13,000				13,000	1,583
BSPCE _{03/2010}	Board meeting of 04/22/2010	30,000				30,000	3,654
BSPCE _{06/2011}	Board meeting of 04/06/2011	68,000				68,000	8,283
BSPCE _{09/2011}	Board meeting of 11/18/2011	49,000				49,000	5,969
BSPCE _{03/2016}	Board meeting of 03/24/2016	369,000				369,000	387,450 *
BSPCE _{07/2016 T1}	Board meeting of 07/11/2016	209,488				209,488	219,962 *
BSPCE _{07/2016 T2}	Board meeting of 07/11/2016	50,000				50,000	52,500 *
Total		808,488	-	-	-	808,488	681,837

*note that some warrants are in the process of being vested

- (1) Following the reverse share split decided on by the Extraordinary General Shareholders' Meeting of July 19, 2013, ten warrants awarded prior to this date give the right to subscribe to one share.
- (2) Following the capital increase with preferential subscription rights in March 2015, the warrants were adjusted to parity at 1.16 (Board of Directors' decision of March 18, 2015).
- (3) Following the capital increase with preferential subscription rights in November 2016, the warrants were adjusted to parity at 1.05 (Board of Directors' decision of November 17, 2016).

Stock options

Change in outstanding options

Type	Award date	Number of options outstanding				12/31/2016	Maximum number of subscribable shares (1)
		12/31/2016	Awarded	Exercised	Void		
Stock option 07/2015	Board meeting of 07/15/2015	22,500			(10,000)	12,500	13,125 *
Stock option 03/2016	Board meeting of 03/24/2016	70,000				70,000	73,500 *
Total		92,500	-	-	(10,000)	82,500	86,625

*note that some warrants are in the process of being vested

- (1) Following the capital increase with preferential subscription rights in November 2016, the warrants were adjusted to parity at 1.05 (Board of Directors' decision of November 17, 2016).

IFRS expenses recognized during the first semester 2016 and the first semester 2017

Type (Amounts in €'000)	6/30/2016				6/30/2017			
	Probable cost of the plan to date	Cumulative expense at the start of the year	Expense for the period	Cumulative expense to date	Probable cost of the plan to date	Cumulative expense at the start of the year	Expense for the period	Cumulative expense to date
BSPCE 01/2014-3	1	1	0	1	1	1	-	1
BSPCE 01/2014-4	591	570	21	591	591	591	-	591
BSPCE 03/2016	133	-	20	20	133	57	28	85
BSPCE 07/2016 T1	-	-	-	-	68	37	15	52
BSPCE 07/2016 T2	-	-	-	-	18	5	5	10
BSA 01/2014	38	38	0	38	38	38	-	38
BSA 07/2015	22	6	7	13	22	15	3	18
BSA 07/2016 T1	-	-	-	-	12	3	4	7
BSA 07/2016 T2	-	-	-	-	5	5	-	5
Stock option 07/2015	19	5	5	9	14	13	(2)	11
Stock option 03/2016	25	-	4	4	25	11	5	16
Total			56				59	

Note 10: Financial liabilities

CURRENT AND NON-CURRENT FINANCIAL LIABILITIES (Amounts in €'000)	6/30/2017	12/31/2016
Financial debts - finance leases (1)	59	86
Reimbursable advances and interest-free loans	705	695
Loans from financial institutions (3)	128	85
Non-current financial debts	892	866
Financial debts - finance leases (1)	162	292
Reimbursable advances and interest-free loans	44	88
Bank overdrafts	53	-
Bond issue (2)	1,372	1,107
Derivatives liabilities, L1 Capital	149	2
Debt under the factoring contract	910	1,181
Loans from financial institutions (3)	236	168
Current financial liabilities	2,925	2,837
Total financial liabilities	3,817	3,704

(1) The debts relating to the finance leases are guaranteed by a pledge of a term deposit for €150K and a MTN for €300K.

(2) The KREOS bond loan is secured by a pledge of the Company's goodwill and intellectual property.

(3) The bank loans are guaranteed by a pledge of a term deposit account for €200 thousand and €150 thousand respectively.

Reconciliation redemption value/balance sheet value

RECONCILIATION REDEMPTION VALUE / BALANCE SHEET VALUE (amounts in €'000)	Redemption value 6/30/2017	Amortized cost	Fair value	Balance sheet value	
				6/30/2017	12/31/2016
Financial debts - lease-financing	221	-	-	221	378
Reimbursable advances and interest-free loans	845	(96)	-	749	783
Bank overdrafts	53	-	-	53	-
Bond	1,571	(199)	-	1,372	1,107
Derivatives liabilities	-	-	149	149	2
Debt under the factoring contract	910	-	-	910	1,181
Loans from financial institutions	364	-	-	364	254
Total financial liabilities	3,964	(295)	149	3,817	3,704

Breakdown of financial liabilities by maturity, in redemption value

FINANCIAL LIABILITIES BY MATURITY DATE IN REDEMPTION VALUE (amounts in €'000)	6/30/2017			
	Gross amount	Part due in less than one year	From 1 to 5 years	More than five years
Financial debts - lease-financing	221	162	59	-
Reimbursable advances and interest-free loans	845	45	480	320
Bank overdrafts	53	53	-	-
Bond	1,571	1,571	-	-
Debt under the factoring contract	910	910	-	-
Loans from financial institutions	364	236	128	-
Total financial liabilities	3,964	2,976	667	320
<i>Current financial liabilities</i>	<i>2,976</i>			
<i>Non-current financial debts</i>	<i>987</i>			

10.1. Financial liabilities - lease-financing

CHANGES IN FINANCIAL LIABILITIES - LEASE-FINANCING (Amounts in €'000)	Financial liabilities - Lease financing contracts	Current part	Non-current part	
			from 1 to 5 years	more than 5 years
At December 31, 2016	378	292	86	-
(+) Subscription	-			
(-) Redemption	(158)			
At June 30, 2017	221	162	59	-

10.2. Reimbursable advances

CHANGES IN REIMBURSABLE ADVANCES AND INTEREST-FREE LOANS (Amounts in €'000)	OSEO Knees	BPI - Interest-free innovation loan - JAZZ Braid	Total
At December 31, 2016	88	695	783
(+) Subscription	-	-	-
(-) Redemption	(45)	-	(45)
Subsidies	-	-	-
Financial expenses	2	9	11
At June 30, 2017	44	705	749

Breakdown of reimbursable advances by maturity, in redemption value

MATURITY OF REIMBURSABLE ADVANCES AND INTEREST-FREE LOANS, IN REDEMPTION VALUE (Amounts in €'000)	OSEO Knees	BPI - Interest-free innovation loan - JAZZ Braid	Total
At June 30, 2017	45	800	845
Part due in less than one year	45	-	45
Part due between 1 and 5 years	-	480	400
Part due in more than 5 years	-	320	400

10.3. Bonds

CHANGES IN BOND ISSUES (Amounts in €'000)	Non-convertible KREOS bond issue	Convertible bonds with warrants attached L1 Capital	Total
At December 31, 2016	1,100	6	1,107
(+) Subscription	-	1,485	1,485
(-) Derivative liability	-	(242)	(242)
(-) Redemption	(516)	-	(516)
(+/-) Impact of a amortized cost	21	67	89
(+/-) Bonds conversion	-	(550)	(550)
At June 30, 2017	606	766	1,372

Breakdown of bond loans by maturity, in redemption value

MATURITY OF BOND ISSUES, IN REDEMPTION VALUE (Amounts in €'000)	Non-convertible KREOS bond issue	Convertible bonds with warrants attached L1 Capital	Total
At June 30, 2017	611	960	1,571
Part due in less than one year	611	960	1,571
Part due between 1 and 5 years	-	-	-
Part due in more than 5 years	-	-	-

10.3.1. Issue of bond loan to KREOS for a total amount of €5,000 thousand

During the first half of 2017, the Company carried out the repayment of fixed monthly payments for a total of €565 thousand (including capital amortization of €516 thousand) in accordance with the schedule set out in the amendment to the *venture loan agreement* signed with KREOS CAPITAL IV (UK) LTD on April 16, 2015.

In accordance with IAS 39, the liability is assessed according to the amortized cost method.

The 2013 warrants (BSA) issued under this contract are recognized as derivative liabilities and measured at fair value, with changes in this fair value recognized in profit or loss.

BSA 2013 - Valuation assumptions	6/30/2017	12/31/2016
Number of BSA outstanding	65,000	65,000
Number of subscribable shares	79 170 (1) (2)	79,170 (1) (2)
Exercise price	€ 5.90	€ 5.90
Anticipated term	6 mois	1 year
Volatility	35.02%	38.31%
Risk-free rate	-0.68%	-0.82%
Value of derivative (in euros)	-	-

(1) Following the capital increase with preferential subscription rights in March 2015, the warrants were adjusted to parity at 1.16 (Board of Directors' decision of March 18, 2015).

(2) Following the capital increase with preferential subscription rights in November 2016, the warrants were adjusted to parity at 1.05 (Board of Directors' decision of November 17, 2016).

The 2015 warrants (BSA) issued under this contract were recognized at fair value (€11 thousand) in equity instruments at the issue date in accordance with IAS 32.

At June 30, 2017, 65,000 BSA 2013 and 18,473 BSA 2015 were in circulation.

10.3.2. Issue of notes convertible into shares with share subscription warrants attached ("OCABSA") in favor of EUROPEAN SELECT GROWTH OPPORTUNITIES FUND (formerly known as the L1 EUROPEAN HEALTHCARE OPPORTUNITIES FUND)

On October 12, 2015, the Company entered into an OCABSA contract with EUROPEAN SELECT GROWTH OPPORTUNITIES (formerly known as the L1 EUROPEAN HEALTHCARE OPPORTUNITIES FUND) enabling the Company to potentially raise €5 million at its discretion.

The convertible bonds (OCA) have the following characteristics:

- Nominal value: €10,000

- Subscription price: 99% of par value
- Maturity: 12 months
- Conversion terms: $N = V_n/P$ where:
 - N is the number of shares that can be subscribed;
 - V_n is the value of the bond receivable;
 - P corresponds to 92% of the lowest of the 10 average daily share prices weighted by the volumes of Company shares immediately preceding the date of the conversion request and as a minimum equal to the nominal share value.

The Board of Directors decided the issue:

- of a first tranche of 100 OCABSA for a total value of €1.0 million on October 12, 2015;
- of a second tranche of 35 OCABSA for a total value of €350 thousand on June 29, 2016.
- of a third tranche of 25 OCABSA with a total value of €250 thousand on July 29, 2016.
- of a fourth tranche of 150 OCABSA for a total value of €1.5 million on May 29, 2017.

In accordance with IAS 39, the liability is assessed according to the amortized cost method.

The conversion option is recognized in derivative liabilities at fair value, with variations in this fair value recognized in profit or loss.

Conversion option	Tranche 3		Tranche 4	
	6/30/2017	12/31/2016	6/30/2017	On issue (05/29/2017)
Number of bonds outstanding	-	1	96	150
Number of subscribable shares	N/A	14,285	1,411,764	2,083,333
Exercise price	N/A	€ 0.70	€ 0.68	€ 0.72
Anticipated term	N/A	1 month	6 mois	6 mois
Volatility	N/A	44.17%	36.52%	39.10%
Risk-free rate	N/A	-0.93%	-0.68%	-0.73%
Value of derivative (in €'000)	-	2	149	242
Change in fair value during the period	(2)		(94)	

The BSA_{T1}, BSA_{T2}, BSA_{T3} and BSA_{T4} issued under this contract are recognized at fair value in equity instruments at the issue date. It should be noted that, following the amendment signed on May 29, 2017, the warrants (BSA) attached to the new tranches issued (Tranche 4 and later) are immediately sold to the Company at the global price of €0.01 with a view to their cancellation.

Warrant (BSA)	Tranche 1	Tranche 2	Tranche 3
	On issue (10/12/2015)	On issue (06/29/2016)	On issue (07/29/2016)
Number of BSA	400,000	244,755	186,567
Exercise price	€ 2.50	€ 1.43	€ 1.34
Anticipated term	3 years	3 years	3 years
Volatility	33.33%	30.23%	30.04%
Risk-free rate	-0.20%	-0.64%	-0.65%
Value of equity instrument (in €'000)	168	56	48

At June 30, 2017, 96 Tranche 4 convertible notes and 726,310 BSA (294,988 BSA_{T1}, 244,755 BSA_{T2} and 186,567 BSA_{T3}) were outstanding.

10.4. Bank loans

CHANGE IN BANK LOANS (Amounts in €'000)	Bank loan 06/2015	Bank loan 04/2017	Total
At December 31, 2016	254	-	254
(+) Subscription	-	200	200
(-) Redemption	(84)	(5)	(89)
At June 30, 2017	170	195	364

On April 4, 2017, the Company took out a new loan agreement with HSBC for the purpose of “financing the operating cycle”. The main characteristics of this loan are as follows:

- Nominal value: €200,000
- Term: 3 years
- Interest rate: 1.00% per year
- Interest paid monthly in arrears

Breakdown of loans from bank loans by maturity, in redemption value

BANK LOANS BY MATURITY (Amounts in €'000)	Bank loan 06/2015	Bank loan 04/2017	Total
At June 30, 2017	170	195	364
Part due in less than one year	170	66	236
Part due between 1 and 5 years	-	128	128
Part due in more than 5 years	-	-	-

Note 11: Employee benefit obligations

The main actuarial assumptions used for evaluation of the retirement benefits are the following:

AMOUNTS DUE TO PERSONNEL (Amounts in €'000)	Retirement benefits
At December 31, 2016	101
Past service costs	7
Financial costs	1
Actuarial differences	10
At June 30, 2017	119

The provision for retirement commitments has changed as follows:

ACTUARIAL ASSUMPTIONS	6/30/2017		12/31/2016	
	Managers	Non managers	Managers	Non managers
Retirement age	Voluntary departure between ages 65 and 67			
Collective agreements	Metallurgy Engineers and Managers	Metallurgy Gironde Landes	Metallurgy Engineers and Managers	Metallurgy Gironde Landes
Discount rate (IBOXX Corporates AA)	1.67%		1.31%	
Mortality table	INSEE 2015		INSEE 2015	
Rate of revaluation of salaries	2.00%		2.00%	
Rate of turnover	Average (AG2R table)		Average (AG2R table)	
Rate of Social Security charges	51%	47%	52%	47%

Note 12: Provisions

PROVISIONS (Amounts in €'000)	6/30/2017				Amount at year end
	Amount at start of year	Allocations	Reversals	Release of surplus provisions	
Provisions for legal disputes	55	530	(5)	(5)	575
Total provisions for liabilities and expenses	55	530	(5)	(5)	575

The allocation for the period is related in the amount of €456 thousand to a commercial dispute (refer to note 16).

Note 13: Current liabilities

13.1. Tax and social security liabilities

TAX AND SOCIAL SECURITY LIABILITIES (Amounts in €'000)	6/30/2017	12/31/2016
Employees and related accounts	340	345
Social Security and other social bodies	342	364
Other taxes, duties and similar payments	26	42
Total tax and social security liabilities	708	751

13.2. Other current liabilities

OTHER CURRENT LIABILITIES (Amounts in €'000)	6/30/2017	12/31/2016
Attendance fees due to members of the Board of Directors	17	20
Miscellaneous	-	2
Total other current liabilities	17	22

Note 14: Revenue

Revenue by region and type of products is as follows:

REVENUES BY REGION (Amounts in €'000)	6/30/2017	6/30/2016
France	2,124	2,104
United States	1,059	1,099
Brazil	214	525
Rest of the World	722	366
Total revenue	4,119	4,094

REVENUES BY TYPE OF PRODUCTS (Amounts in €'000)	6/30/2017	6/30/2016
Spinal	2,404	2,012
Knee + Arthroscopy	1,716	2,082
Total revenue	4,119	4,094

With regard to the concentration of credit risk, one French distributor represents more than 26% of consolidated revenue at June 30, 2017. Other distributors individually represent less than 10% of consolidated revenue.

Note 15: Operating expenses

15.1. Cost of sales

COST OF SALES (Amounts in €'000)	6/30/2017	6/30/2016
Purchases of raw materials and goods	(1,686)	(1,636)
Depreciation and amortization of ancillary devices	(328)	(307)
Cost of sales	(2,014)	(1,943)

15.2. Sales, distribution & marketing

SALES, DISTRIBUTION AND MARKETING (Amounts in €'000)	6/30/2017	6/30/2016
Materials and supplies not for stock	(53)	(46)
Vehicle leases	(24)	(31)
Miscellaneous rentals	(3)	(3)
Hardware, equipment and works	(2)	(3)
Insurance policies	(56)	(57)
Intermediary compensation Fees	(114)	(262)
Advertising	(92)	(63)
Transport	(3)	(2)
Travel, assignments and entertaining	(384)	(398)
Duties and taxes	(1)	(2)
Payroll expenses	(1,046)	(1,061)
Depreciation and amortization of fixed assets	(10)	(18)
Share-based payments	(34)	(38)
Royalties	(110)	(99)
Sales commission	(584)	(462)
Allocations/reversals of provisions for impairment of trade rece	(25)	(55)
Miscellaneous	(30)	(7)
Sales, distribution and marketing expenses	(2,570)	(2,606)

15.3. Research and development

RESEARCH AND DEVELOPMENT (Amounts in €'000)	6/30/2017	6/30/2016
Vehicle leases	(12)	(15)
Hardware, equipment and works	(6)	(13)
Studies and research	(75)	(36)
Intellectual property fees	(156)	(226)
Travel, assignments and entertaining	(11)	(13)
Duties and taxes	(1)	(3)
Payroll expenses	(355)	(312)
Capitalization of R&D expenses	73	34
Depreciation and amortization of capitalized R&D expense	(58)	(58)
Depreciation and amortization of fixed assets	(1)	(1)
Share-based payments	(6)	(5)
Miscellaneous	(1)	(4)
Research and Development expenses	(610)	(654)
Research tax credit	87	122
Subsidies	87	122
Research and development costs, net	(524)	(532)

15.4. Regulatory affairs and quality assurance

REGULATORY AFFAIRS AND QUALITY ASSURANCE (Amounts in €'000)	6/30/2017	6/30/2016
Materials and supplies not for stock	(25)	(33)
Miscellaneous rentals	(0)	(0)
Studies and research	(53)	(84)
Intermediary compensation Fees	(55)	(84)
Payroll expenses	(262)	(242)
Capitalization of R&D expenses	73	12
Depreciation and amortization of capitalized R&D expense	(29)	(34)
Depreciation and amortization of fixed assets	(11)	(10)
Share-based payments	(0)	(0)
Miscellaneous	(15)	(34)
Regulatory affairs and quality assurance costs	(377)	(511)
Research tax credit	9	2
Subsidies	9	2
Regulatory affairs and quality assurance costs, net	(368)	(510)

15.5. Operations

OPERATING COSTS (Amounts in €'000)	6/30/2017	6/30/2016
Materials and supplies not for stock	(5)	(5)
Real estate leases	(60)	(64)
Vehicle leases	(4)	(6)
Miscellaneous rentals	(3)	(3)
Hardware, equipment and works	(19)	(19)
Transport	(23)	(17)
Travel, assignments and entertaining	(2)	(1)
Payroll expenses	(277)	(260)
Depreciation and amortization of fixed assets	(36)	(39)
Share-based payments	(4)	(3)
Allocation/reversal of provision for impairment of inventories	(137)	(94)
Scrapping campaign	193	-
Miscellaneous	(19)	(15)
Operating costs	(396)	(526)

15.6. General and administrative expenses

GENERAL AND ADMINISTRATIVE EXPENSES (Amounts in €'000)	6/30/2017	6/30/2016
Materials and supplies not for stock	(48)	(35)
Real estate leases	(92)	(101)
Vehicle leases	(5)	(9)
Miscellaneous rentals	-	(9)
Hardware, equipment and works	(60)	(65)
Insurance policies	(102)	(114)
Intermediary compensation Fees	(451)	(474)
Advertising	(18)	(15)
Travel, assignments and entertaining	(59)	(99)
Postal and telecommunication expenses	(27)	(32)
Banking services	(14)	(54)
Duties and taxes	13	(22)
Payroll expenses	(477)	(461)
Attendance fees	(16)	(8)
Depreciation and amortization of fixed assets	(21)	(20)
Share-based payments	(15)	(10)
Gain on lapsed trade payable	59	-
Miscellaneous	4	(6)
General and administrative expenses	(1,331)	(1,534)

Note 16: Non-recurring operating income and expenses

Accounting principles

Other non-recurring income and expenses include significant items which, by reason of their nature and unusual character, may not be considered as inherent to the Group's recurring activity.

In particular, they may include:

- certain restructuring expenses;
- other operating income and expenses such as a provision relating to dispute with a very significant degree of materiality;
- a capital gain or loss on a disposal or a significant and unusual impairment of non-current assets.

In the context of the ending of the Hip activity in 2014, the Company transferred the distribution agreements to the buyer involving the modification of certain commercial arrangements.

One of the distributors alleges that this transaction represents the termination of the commercial agreement and is claiming compensation for damages.

In May 2017, the Company was ordered in the first instance to pay compensation of €498 thousand. In June 2017, the Company appealed this decision and intends to devote the means necessary to defend itself in these legal proceedings.

Although the Company is contesting these allegations, it cannot predict with certainty the outcome of this dispute, or give any guarantee in this respect, or predict the financial consequences for it of the legal proceedings initiated.

On June 30, 2017, the Company decided to make a provision of €498 thousand representing the amount of the judgment (allocation of €456 thousand in the period), representing a best estimate of the risk incurred to date.

Note 17: Headcount

The table below indicates the structure as well as the changes in headcount within the Group during the periods presented:

AVERAGE HEADCOUNT	6/30/2017 (6 months)	6/30/2016 (6 months)
Managers	30.3	31.4
Employees	18.6	18.1
Total average headcount	48.9	49.5

In addition, the breakdown of the headcount by geographic region is as follows:

AVERAGE HEADCOUNT BY GEOGRAPHIC REGION	6/30/2017 (6 months)	6/30/2016 (6 months)
France	41.6	41.4
United States	7.3	8.1
Total average headcount	48.9	49.5

Note 18: Financial income and expenses, net

FINANCIAL INCOME AND EXPENSES (Amounts in €'000)	6/30/2017	6/30/2016
Amortized cost of loans	(215)	(314)
Changes in the fair value of derivative liabilities	95	122
Other financial expenses	(28)	(10)
Financial income	1	23
Foreign exchange gains and (losses)	(4)	(66)
Total financial income and expenses	(150)	(246)

The foreign exchange losses and gains related to the receivables with Implanet America Inc. classified, as a long term investment, has been booked in Shareholder's equity.

Note 19: Income tax

Based on the same rules as applied at December 31, 2016, the Group did not recognize any deferred tax assets at June 30, 2017.

Note 20: Earnings per share

BASIC EARNINGS PER SHARE	6/30/2017	6/30/2016
Net income for the period (in €'000)	(3,690)	(3,802)
Weighted average number of shares in circulation	21,693,625	10,761,540
Basic earnings per share (€/share)	(0.17)	(0.35)
Diluted earnings per share (€/share)	(0.17)	(0.35)

Note 21: Related parties

As part of the ordinary management of the Company, it maintains arm's length relations with its subsidiary.

21.1. Executive compensation (excluding awards of capital instruments)

No post-employment benefits are granted to members of the Board of Directors.

The compensation of the executive officers breaks down as follows:

COMPENSATION OF CORPORATE OFFICERS (Amounts in €'000)	6/30/2017	6/30/2016
Fixed compensation due	244	235
Variable compensation due	46	34
Benefits in kind	14	7
Share-based payments	34	30
Advisers' fees	54	54
Attendance fees	17	8
TOTAL	408	367

The terms for the allocation of the variable part of compensation are based on performance criteria.

Note 22: Off-balance sheet commitments

Off-balance sheet commitments at December 31, 2016 have not changed significantly over the period.