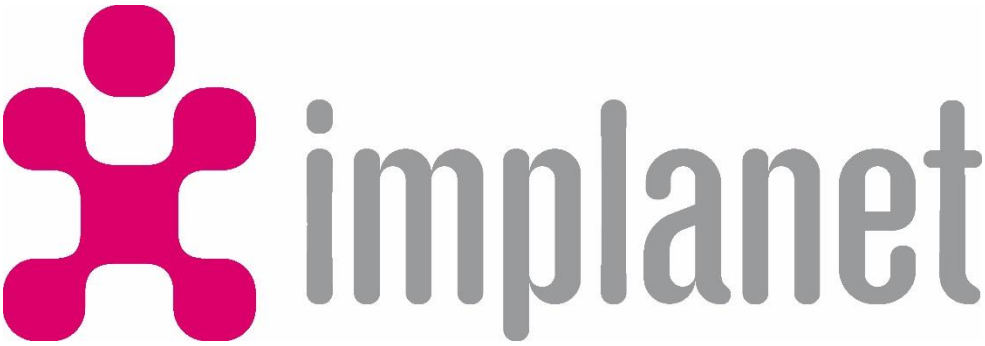


HALF-YEAR FINANCIAL REPORT

AT JUNE 30, 2014

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1. DECLARATION BY 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 AMF General Regulations)

"I certify that, to the best of my knowledge, the summary consolidated 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 financial statements and a description of the main risks and uncertainties affecting the Company in the remaining six months of the year."

Ludovic Lastennet, IMPLANET Chief Executive Officer.

2. BUSINESS REPORT AT JUNE 30, 2014

2.1 Significant events in the first half of 2014

- The Company transferred its US subsidiary from New York to Boston in January 2014.
- Ludovic Lastennet, CEO of the Company, will be part time in Martillac and on Boston to supervise the launch of operations in the United States.
- The US subsidiary recruited 4 employees, in charge of:
  - East coast sales area manager
  - West coast sales area manager
  - US Marketing and communication manager
  - Sales admin, operations and logistics manager
- 1st FDA audit done beginning of February 2014.
- Appointment of Brian T. Ennis as a new Director, bringing over 30 years of successful experience in the development and growth of medical technology companies.
- Several sales distribution agreements signed in the United States with 14 agencies, reaching more than 50% of pediatric scoliosis market share in North America.
- Progressive slowdown of the "Hip" activity during the first months of 2014, to be discontinued in May, the Company focusing on proprietary products commercialization.

2.2 Activities and results

2.2.1 Revenue

In the first half of 2014

In the first half of 2014, Implanet recorded revenue of €4,001 thousand (+21%), thanks to the buoyant sales dynamic of its Spine (JAZZ) and Knee ranges. Export revenue totaled €1,603 thousand over the first half and accounted for 40% of sales.

JAZZ is receiving a positive response in every region in which it is presented, resulting in 2.3x half-year revenue growth multiple, to €879 thousand. Over the first six months of the year alone, Implanet sold a total of 2,174 units (+127%), thus exceeding the total number of JAZZ implants sold in full year 2013 (1,953 units). During the first half, more than 300 surgeries were carried out using our JAZZ technology

Revenue from the Group's Knee activities recorded significant growth of +20%, totaling €2,357 thousand. This validates both the product development strategy and the distribution model changes adopted by management for this segment. In 2013, the Company altered the product mix, gradually withdrawing from Hip surgery and focusing on Knee surgery. The launch of a new ligament rebalancing system as well as the encouraging first developments of a revision implant system, will serve to strengthen the Company's position in the Knee-surgery segment.

In the second quarter of 2014

Over the second quarter, the quarter in which Implanet typically records its lowest revenue, the Company reported revenue of €1,954 thousand (+40%), driven by the acceleration in JAZZ sales and by the solid performance in Knees. Export revenue totaled €798 thousand and accounted for 41% of total sales.

Over the quarter, revenue from the Company's Spine activity (JAZZ) grew by a 3.2x multiple, totaling €455 thousand. The upsurge in JAZZ sales has been confirmed, with sequential growth of +7% over the first quarter of 2014. In the second quarter, Implanet sold a total of 1,102 units.

Revenue from Knees continued to grow, reaching €1,112 thousand (+33%), whilst the Company's Hip activity saw sales decrease to €387 thousand (-9%), in accordance with its planned gradual withdrawal from this low value-added market. The Company sold Hip activity for €220k. The products sold were fully depreciated as of December 31st, 2013. Therefore, this sale did not incur significant costs due to the reversal of the depreciation on product booked for €1,517k.

2.2.2 Operating costs

Operating costs rose by €802k (+18%) in the first semester of 2014 compared to the first half of 2013. This increase could be explained as follows:

- +€262k in IFRS2 accounting restatements relating to share warrants granted to staff
- +€479k in spending associated with the development of the Implanet America subsidiary
- +€60k in operating costs mainly in Intellectual Property.

2.2.3 Net financial income

During the 1st semester of 2014, the Company proceeded to the bond loan reimbursement implemented with CAPITAL IV (UK) LTD in July 2013 for €5,000k.
The amortized capital over the period is amounting to €928k and the interest for €216k.
The remaining CAPITAL IV (UK) LTD bond debt is amounting to €3,881k as of June 30, 2014, in the interim financial statements prepared in accordance with IFRS standards.

2.3 Progress and outlook

In the second half of the year, the Company will:

- Pursue its commercial development strategy for JAZZ abroad, particularly in the United States.
- Continue its R&D effort in the knee and spine fields (JAZZ).
- See the first results from the clinical trials of JAZZ begun in 2013 in pilot hospitals in France.
- Work on the clinical trials of JAZZ launching internationally and particularly in the United States.

2.4 Post-balance sheet events

- Subscription to a Contingent Equity Line with Kepler Cheuvreux. Implanet may ask Kepler Cheuvreux to subscribe to new shares that may be issued in tranches over the coming 24 months, up to a maximum of 530,000 shares or 9.81% of the Company's current share capital. Kepler Cheuvreux has made a firm commitment to subscribe to these shares exclusively at Implanet's request

- Nomination of Mrs Paula Ness Speers to the Board of Directors, expert in healthcare strategy advising to entrepreneurial start-ups as well as to the largest public and global companies in the healthcare sector working with a range of clients from OEMs to materials and component manufacturers servicing the orthopedic and spine sector. She also leads many of the firm's cost-effectiveness studies and market access strategies for these and other clients in the healthcare sector, mainly in the United States.

2.5 Risk factors and related party transactions

The risk factors facing the Company are similar to those set out in Chapter 4 "Risk factors" of the registration document. There was no significant change in the first half of 2014.

Nor does the Company expect any change in these risks during the second half of 2014.

Related party transactions are disclosed in Chapter 21 of the interim financial statements.

3. SUMMARY INTERIM CONSOLIDATED FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH IFRS FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2014

Statement of financial position

Implanet Statement of financial position	Notes	6/30/2014 €	12/31/2013 €
ASSETS			
Intangible fixed assets	3	611,261	686,335
Property, plant and equipment	4	1,360,604	1,387,554
Other non-current financial assets	5	8,072,060	9,280,311
Total non-current assets		10,043,924	11,354,200
Inventories	6	4,226,498	4,116,925
Clients and related accounts	7.1	2,355,293	2,337,119
Other receivables	7.2	1,329,382	1,149,221
Current financial assets	5	-	2,001,091
Cash and cash equivalents	8	1,150,053	2,965,534
Total current assets		9,061,226	12,569,890
Total Assets		**19,105,151**	**23,924,090**
LIABILITIES			
Equity			
Share capital	10	8,099,283	8,099,283
Issue and acquisition premiums	10	12,407,737	12,332,242
Translation reserve	10	8,244	11,374
Other comprehensive income	10	(8,580)	1,181
Reserves - Group share	10	(6,303,029)	267,843
Profit/(loss) - Group share	10	(3,409,652)	(6,843,456)
Equity - Group share		**10,794,004**	**13,868,467**
Minority interests		-	-
Total equity		**10,794,004**	**13,868,467**
Non-current liabilities			
Amounts due to personnel	13	54,452	34,802
Non-current debt	12	2,197,322	3,211,750
Derivative liability instrument	12	89,120	78,838
Non-current liabilities		**2,340,895**	**3,325,391**
Current liabilities			
Current debt	12	2,323,843	2,703,256
Provisions	14	35,500	144,631
Trade and other accounts payable	15.1	2,988,091	3,216,886
Tax and social security liabilities	15.2	613,089	663,595
Other payables and miscellaneous debt	15.3	9,729	1,864
Current liabilities		**5,970,252**	**6,730,232**
Total Liabilities		**19,105,151**	**23,924,090**

Income Statement

Implanet Income Statement	Notes	6/30/2014 6 months €	6/30/2013 6 months €
Revenue	16	4,001,070	3,314,999
Cost of sales	17.1	(2,459,935)	(2,117,848)
Gross margin		**1,541,135**	**1,197,151**
Research and Development expenses			
Research and Development expenses	17.3	(731,983)	(600,133)
Share-based payments	17.3	(27,758)	(912)
Subsidy	17.3	188,905	128,044
Cost of regulatory affairs and quality assurance			
Cost of regulatory affairs and quality assurance	17.4	(448,328)	(397,981)
Share-based payments	17.4	(15,360)	(1,061)
Subsidy	17.4	74,833	25,874
Sales and Marketing expenses			
Sales and Marketing expenses	17.2	(1,541,860)	(1,141,678)
Share-based payments	17.2	(154,375)	(1,840)
Operating costs			
Operating costs	17.5	(497,038)	(533,742)
Share-based payments	17.5	(14,578)	(1,070)
General and administrative expenses			
General and administrative expenses	17.6	(1,427,818)	(1,323,473)
Share-based payments	17.6	(60,514)	(5,934)
Other income		504	-
Operating income		**(3,114,235)**	**(2,656,756)**
Financial expenses	19	(310,222)	(41,502)
Financial income	19	56,171	-
Change in the fair value of the derivative	19	(10,282)	-
Foreign exchange gains and losses	19	(31,083)	(294)
Income before taxes		**(3,409,652)**	**(2,698,552)**
Tax expense		-	-
Total net income		**(3,409,652)**	**(2,698,552)**
Group share		*(3,409,652)*	*(2,698,552)*
Minority interests		-	-
Weighted average number of shares in circulation		5,399,522	29,556,037
Basic earnings per share (€/share)	21	**(0.63)**	**(0.09)**
Diluted earnings per share (€/share)	21	**(0.63)**	**(0.09)**

Statement of Consolidated Comprehensive Income

Implanet - IFRS Statement of Consolidated Comprehensive Income	6/30/2014 6 months €	6/30/2013 6 months €
Net income for the period	(3,409,652)	(2,698,552)
Actuarial differences	(9,761)	12,053
Items non-recyclable in profit or loss	**(9,761)**	**12,053**
Consolidation translation differences	(3,129)	-
Tax effects related to these items		
Items recyclable in profit or loss	**(3,129)**	**-**
Other comprehensive income (net of taxes)	**(12,890)**	12,053
Total Comprehensive income	**(3,422,542)**	**(2,686,499)**
Group share	*(3,422,542)*	*(2,686,499)*
Minority interests	-	-

Changes in shareholders' equity

IMPLANET Changes in consolidated shareholders' equity	Share capital *Number of shares*	Share capital	Additional paid-in capital	Reserves and net income	Translation differences	Actuarial differences	Shareholders' Equity Group share	Interest Minority interests	Equity
		€	€	€	€	€	€	€	€
At December 31, 2012	*29,556,037*	**29,556,037**	**4,738,744**	**(29,605,130)**	**-**	**(10,239)**	**4,679,412**	**-**	**4,679,412**
Net income/(loss)				(2,698,552)			(2,698,552)		(2,698,552)
Other comprehensive income						12,053	12,053		12,053
Comprehensive income		-	-	(2,698,552)	-	12,053	(2,686,499)	-	(2,686,499)
Dividends							-		-
Issue of shares							-		-
Share subscription warrants (BSA)			3,146				3,146		3,146
Share-based payments				10,817			10,817		10,817
Costs of the fund raising project			(103,793)				(103,793)		(103,793)
Other							-		-
At June 30, 2013	*29,556,037*	**29,556,037**	**4,638,097**	**(32,292,864)**	**-**	**1,814**	**1,903,083**	**-**	**1,903,083**
Au 31 décembre 2013	*5,399,522*	**8,099,283**	**12,489,826**	**(6,733,196)**	**11,374**	**1,181**	**13,868,468**	**-**	**13,868,468**
Net income/(loss)				(3,409,652)			(3,409,652)		(3,409,652)
Other comprehensive income					(3,129)	(9,761)	(12,890)		(12,890)
Comprehensive income		-	-	(3,409,652)	(3,129)	(9,761)	(3,422,542)	-	(3,422,542)
Dividends							-		-
Issue of shares							-		-
Share subscription warrants (BSA)							-		-
Change in treasury shares				75,495			75,495		75,495
Share-based payments				272,584			272,584		272,584
At June 30, 2014	*5,399,522*	**8,099,283**	**12,489,826**	**(9,794,770)**	**8,244**	**(8,580)**	**10,794,004**	**-**	**10,794,004**

Cash flow statement

Inplanet - IFRS Consolidated cash flow statement	Notes	6/30/2014 6 months €	6/30/2013 6 months €
Cash flow generated from operations			
Net income from continuing operations		(3,409,652)	(2,698,552)
Net income from discontinued operations			-
Total net income		(3,409,652)	(2,698,552)
(-) Elimination of depreciation on intangible fixed assets	3	(117,034)	(148,329)
(-) Elimination of depreciation on property, plant and equipment	4	(490,052)	(675,432)
(-) Allocations to provisions	13	(9,576)	(153,377)
(-) Reversals of provisions	14	109,131	176,800
(-) Expense related to share-based payments	11	(272,584)	(10,817)
(-) Gross financial interest paid		(225,029)	(43,817)
(-) Change in the fair value of the derivative		(10,282)	-
(-) Capital gains or losses on disposals of fixed assets		(12,936)	(44,049)
Other		(82,045)	(11,163)
Free cash flow before cost of net financial indebtedness and taxes		(2,299,246)	(1,788,368)
(-) Change in the working capital requirement (net of impairment of trade receivables and inventories)		645,273	1,259,102
Cash flow generated from operations		(2,944,519)	(3,047,469)
Cash flow generated from capital investment			
Acquisition of intangible fixed assets	3	(41,959)	(59,559)
Capitalization of development expenses	3	-	-
Acquisition of property, plant and equipment	4	(476,041)	(223,289)
Demobilization of term accounts classified as other current and non-current financial assets		3,303,013	
Subscription of term accounts classified as other non-current financial assets		-	-
Disposals of fixed assets		-	-
Financial interest received		48,065	
Cash flow related to investment operations		2,833,078	(282,848)
Cash flow related to financing operations			
Warrants subscriptions	10	-	3,146
Costs of capital increase		-	(103,793)
Repayment of the Kreos bonds	12	(927,964)	
Gross financial interest paid		(225,028)	(43,817)
Issue of bank loans	12	-	3,411,458
Repayment of loans and conditional advances	12	(265,000)	(292,012)
Repayment of finance leases	12	(218,947)	(298,308)
Other financing flows (factoring)	12	(85,663)	22,385
Cash flow related to financing operations		(1,722,604)	2,699,059
Impact of variations in exchange rates		(3,129)	-
Increase (Reduction) in cash		(1,837,170)	(631,259)
Cash and cash equivalents at the start of the year (including overdraft facilities)		2,965,534	(154,492)
Cash and cash equivalents at the year end (including bank credit facilities)		1,128,364	(785,751)
Increase (Reduction) in cash		(1,837,170)	(631,259)

		06/30/2014 6 months	06/30/2013 6 months
Cash and cash equivalents	8	1,150,053	151,729
Current bank borrowings	12	(21,689)	(937,480)
Cash and cash equivalents at the year end (including bank credit facilities)		1,128,364	(785,751)

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

Detail of changes in WCR	06/30/2014 6 months	06/30/2013 6 months
Other non-current assets	65,929	16
Inventories (net of inventory impairment)	109,574	276,322
Trade receivables and related accounts (net of impairment of trade receivables)	18,174	122,631
Other receivables	180,161	220,782
Other current financial assets	0	-
Trade and other accounts payable	228,795	525,606
Tax and social security liabilities	50,505	113,745
Other payables and miscellaneous debt	(7,865)	
Total variations	**645,273**	**1,259,102**

Notes to the summary interim financial statements

(Unless indicated otherwise, the amounts shown in these notes are in euros.)

Note 1: Information relating to the Company and its business

The information below constitutes the Notes to the summary interim consolidated IFRS financial statements at June 30, 2014.

The summary interim consolidated financial statements of IMPLANET were approved by the Board of Directors on September 12, 2014 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 ("Gold Standard") implants and surgical instruments by introducing innovative technological solutions.

IMPLANET's range covers arthroscopy, knee and spinal 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 has been listed on the Euronext market Compartiment C in Paris since November 25, 2013.

Registered office:
Technopole Bordeaux Montesquieu – Allées François Magendie – 33650 Martillac

Trade and Company 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 2014

- Implanet has continued the process of withdrawal from the hip prostheses market by completing the disposal of all the products in the "hips" range for an amount of €220 thousand. The products sold had been fully depreciated at December 31, 2013. The sale thereby completed did not generate any cost over the period due to the reversal of the €1.5 million provision recognized previously for these products. Cf. Note 17.

- The Board of Directors' Meeting on January 8, 2014 awarded:
  - 60,622 founders' warrants (BSPCE) to replace 330,935 existing BSPCEs;
  - 247,364 founders' warrants (BSPCEs);
  - 27,398 share subscription warrants.

Following the implementation of this plan, the expense recognized in the 1st semester of 2014 in respect of share-based payments in accordance amounted to €272k compared to €10k in the first semester of 2013. Cf. Note 11.

1.3 Subsequent events

Opening of an optional equity line of credit with Kepler Cheuvreux on July 9, 2014. Implanet has the option to ask Kepler Cheuvreux to subscribe for new shares that may be issued in tranches during the next 24 months, within the overall limit of 530,000 shares or 9.81% of the Company's current share capital. Kepler Cheuvreux has made a firm commitment to subscribe to these shares exclusively at Implanet's request

For each tranche, the issuance price will depend on the average prevailing share price discounted by no more than 6%. This discount will enable Kepler Cheuvreux, who is a financial intermediary and has no intention of remaining a shareholder in the Company, to underwrite the subscription regardless of market volatility.

Note 2: Accounting principles, rules and methods

The financial statements are presented in euros unless indicated otherwise.

2.1 Principle for preparation of the financial statements

Declaration of compliance

IMPLANET has prepared its consolidated financial statements in accordance with the standards and interpretations published by the International Accounting Standards Board (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/internal_market/accounting/ias_fr.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 summary interim consolidated financial statements of IMPLANET at June 30, 2014 have been prepared in compliance with IAS 34 "Interim Financial Reporting", as adopted by the European Union.

Since they are summary 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, 2013.

The going concern

The going concern assumption was used by the Board of Directors, in view of the financial capacity of the Company with regard to its financial needs for the next 12 months.

This analysis is based on the cash and cash equivalents as of june 30th, 2014, which amounted to €1,150k and realizable investments to €7,204k and the Company's ability to use the optional equity line of credit with Kepler Cheuvreux.

The loss-making situation of the Company during the periods presented arises from its stage of development and its commercial rollout costs (research and development, sales and marketing costs).

Principle for the preparation of the financial statements

The consolidated financial statements of the Company have been prepared in accordance with the historical cost principle, with the exception of certain categories of assets and liabilities in accordance with the provisions set out in the IFRS.

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, 2013, with the exception of the application of the following new standards, amendments to standards and interpretations adopted by the European Union, for which application is mandatory for the Group with effect from January 1, 2014:

Standards, amendments to standards and interpretations applicable with effect from the fiscal year commencing on January 1, 2014

The Company has applied the following new standards, amendments to standards and interpretations with effect from the start of the 2014 fiscal year:

- IFRS 10 – Consolidated financial statements
- IFRS 11 – Joint Agreements
- IFRS 12 – Disclosure of interests in other entities
- IAS 28 Revised (2011) – Investments in associates and joint ventures
- Amendments to IAS 32 – Financial instruments: Presentation – offsetting financial assets and financial liabilities
- Amendments to IFRS 10, IFRS 11 and IFRS 12 – transition arrangements
- Amendments to IAS 27 – Consolidated financial statements
- Amendments to IAS 36 - Impairment of assets: recoverable amount disclosures for non-financial assets
- Amendments to IAS 39 – Financial instruments: recognition and measurement - novation of derivatives and continuation of hedge accounting

These new texts published by the IASB have not had any significant impact on the Company's financial statements.

Standards and interpretations adopted by the EU but not mandatory for 2014 interim financial statements

- IFRS9 – Financial instruments – Amendments to IFRS 9 postponed
- IFRIC 21 - Levies
- Amendments to IAS 19: Defined benefit plans: employee contributions
- Amendments to IFRS 11 – joint arrangements
- IFRS 15 - Revenue from Contracts with Customers
- Amendments to IAS 36 and IAS 38 - Impairment of assets: recoverable amount disclosures for non-financial assets
- Improvements to IFRS (2010(2012) Cycle and 2011(2013) Cycle)

The Company is currently in the process of the assessing the impacts resulting from the first application of these new texts. It does not anticipate any significant impact on its financial statements.

2.2 Use of judgments and estimates

In order to prepare the financial statements in accordance with IFRS, estimates, judgments and assumptions were made by the Company's management; these may have had an effect on the amounts presented under assets and liabilities, the contingent liabilities at the date of preparation of the financial statements and the amounts presented in respect of income and expenditure for the fiscal year.

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.

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, 2013, namely:

- Award of share subscription or founders' warrants to the employees, executives and external service providers (see note 11),
- Determination of the fair value of the derivative liability (see note 12),
- Recognition of development expenses in assets (see note 3),
- Impairment of inventories (see note 6),
- Impairment of trade receivables (see note 7.1),
- Recognition of revenues,
- provision for liabilities and expenses (see note 14).

2.3 Change of accounting method

With the exception of the new texts identified above, Implanet has not made any changes to its accounting methods in respect of the first semester 2014.

2.4 Consolidation scope and methods

The subsidiaries are all the entities for which the Company has the power to direct the financial and operating policies, a power generally accompanied by the holding of more than one half of the voting rights. The subsidiaries are fully consolidated with effect from the date on which the Company acquires control of them. They are de-consolidated with effect from the date on which control ceases to be exercised.

Intra-group transactions and balances are eliminated. The financial statements for the subsidiary are prepared for the same reference period as those of the parent company, on the basis of similar accounting methods.

On the date of publication of the interim consolidated financial statements, the Company only had one wholly-owned subsidiary, IMPLANET AMERICA INC., which it created at the end of February 2013.

2.5 Liquidity contract

Following its listing on the NYSE Euronext Paris stock market, 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. The part of the contract that is invested in the Company's treasury shares by this service provider is recognized as a deduction from the Company's consolidated shareholders' equity at June 30, 2014, for their acquisition cost.

Income from the disposal of these treasury shares is also recognized directly in shareholders' equity.

The cash reserve related to the liquidity contract is presented under "Other non-current financial assets".

Note 3: Intangible fixed assets

GROSS VALUE OF INTANGIBLE FIXED ASSETS (Amounts in euros)	Goodwill	Patents	Software (lease-financing)	Software	Development expenses	In progress	Total
Statement of financial position at December 31, 2013	**0**	**0**	**49,643**	**270,766**	**823,797**	**6,250**	**1,150,456**
Capitalization of development expenses	0	0	0	0	0	0	0
Acquisition	0	0	0	15,780	0	26,179	41,959
Disposal	0	0	0	0	0	0	0
Foreign exchange impact			0	0	0	0	0
Transfer	0	0	0	0	0	0	0
Statement of financial position at June 30, 2014	**0**	**0**	**49,643**	**286,546**	**823,797**	**32,429**	**1,192,415**
DEPRECIATION AND AMORTIZATION							
Statement of financial position at December 31, 2013	**0**	**0**	**48,297**	**157,512**	**258,311**	**0**	**464,120**
Increase	0	0	891	33,763	82,380	0	117,034
Decrease	0	0	0	0	0	0	0
Statement of financial position at June 30, 2014	**0**	**0**	**49,189**	**191,275**	**340,691**	**0**	**581,154**
NET CARRYING AMOUNT							
At December 31, 2013	**0**	**0**	**1,346**	**113,254**	**565,486**	**6,250**	**686,336**
At June 30, 2014	**0**	**0**	**454**	**95,271**	**483,106**	**32,429**	**611,260**

The projects for which the development costs were capitalized during previous fiscal years are the "JAZZ" projects. There has not been any indication of loss of value in application of IAS 36.

Note 4: Property, plant and equipment

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

GROSS VALUE OF PROPERTY, PLANT AND EQUIPMENT (Amounts in euros)	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)	In progress	Total
Statement of financial position at December 31, 2013	**4,086,886**	**1,264,611**	**82,537**	**278,182**	**210,323**	**569,130**	**7,794**	**0**	**6,499,464**
Acquisition	442,102	0	6,566	0	27,353	0	0	0	476,021
Disposal	(1,058,659)	0	0	0	0	0	0	0	(1,058,659)
Transfer	0	0	0	0	0	0	0	0	0
Statement of financial position at June 30, 2014	**3,470,329**	**1,264,611**	**89,103**	**278,182**	**237,696**	**569,130**	**7,794**	**0**	**5,916,845**

DEPRECIATION AND AMORTIZATION									
Statement of financial position at December 31, 2013	**3,292,445**	**734,332**	**64,978**	**267,716**	**181,307**	**569,130**	**2,002**	**0**	**5,111,909**
Increase	311,380	159,538	4,980	0	13,381	0	773	0	490,052
Decrease	(1,027,413)	0	0	(18,311)	0	0	0	0	(1,045,724)
Statement of financial position at June 30, 2014	**2,576,412**	**893,870**	**69,958**	**249,405**	**194,691**	**569,130**	**2,774**	**0**	**4,556,241**

NET CARRYING AMOUNT									
At December 31, 2013	**794,441**	**530,279**	**17,559**	**10,466**	**29,016**	**0**	**5,792**	**0**	**1,387,554**
At June 30, 2014	**893,917**	**370,741**	**19,145**	**28,777**	**43,005**	**0**	**5,020**	**0**	**1,360,604**

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

Note 5: Other financial assets

OTHER FINANCIAL ASSETS (Amounts in euros)	06/30/2014	12/31/2013
Term accounts	300,790	301,316
Negotiable medium-term notes (MTN)	7,204,458	8,505,851
Deposit - Kreos loan	190,735	190,735
Liquidity contract	313,218	237,725
Guarantees	62,859	44,684
Total other non-current financial assets	**8,072,060**	**9,280,311**
Negotiable medium-term notes (MTN)	0	2,001,091
Total other current financial assets	**0**	**2,001,091**

Non-current financial assets comprise:

- two term deposits subscribed in 2013 for €150k and €150k respectively. Those two 36 months' duration term deposits are pledged to financial institutions;
- negotiable medium-term notes remunerated with progressive variable rates of interest based on the investment term (€4M expiring on December 18, 2017 and €3.2M expiring on December 10, 2016);
- a guarantee deposit in favor of Kreos for €191 thousand, as part of the implementation of the €5 million bond issue in 2013. See note 12.4;
- the cash reserve related to the liquidity contract;
- deposits for lease of premises in France and the United States.

Note 6: Inventories

INVENTORIES (Amounts in euros)	06/30/2014	12/31/2013
Inventories of raw materials	144,677	207,335
Inventories of goods for resale	3,659,981	5,008,440
Inventories of semi-finished products	18,448	0
Inventories of ancillary devices and instruments	1,170,189	1,210,827
Gross total inventories	**4,993,295**	**6,426,602**
Impairment of inventories of raw materials	0	0
Impairment of inventories of goods for resale	(766,797)	(2,057,579)
Impairment of stocks of ancillary devices and instruments	0	(252,098)
Total impairment of inventories	**(766,797)**	**(2,309,677)**
Net total inventories	**4,226,498**	**4,116,925**

Composition of the inventories

This inventory of raw materials essentially comprises polymer components, reels of wire (manufacture of the JAZZ braid), product manuals, RFID chips ("Radio-frequency identification") and packaging.
The inventory of goods for sale principally comprises the various categories of arthroscopy, hip (100% depreciated), spine and knee implants.

The inventory of ancillary devices and instruments comprises new equipment available for sale and not made available to healthcare facilities.

Provision for impairment of inventories

During the 2013 fiscal year, the Company decided to proceed with the progressive withdrawal from the less profitable activities. This decision resulted in an additional impairment charge on inventories at December 31, 2013, particularly relating to the products in the "hips" range. During the first half of 2014, the latter were the subject of divestment, leading to a €1.5 million reversal of the impairment charge on inventories of goods and ancillary devices.

Note 7: Trade receivables

7.1 Trade receivables

TRADE RECEIVABLES AND RELATED ACCOUNTS (Amounts in euros)	06/30/2014	12/31/2013
Trade receivables and related accounts	2,693,932	2,537,988
Impairment of trade receivables and related accounts	338,639	200,869
Net total of trade receivables and related accounts	**2,355,293**	**2,337,119**

The Company's products are sold to public and private hospitals and to distributors. The risk of default has been assessed as low.
The provision for impairment of customer receivables has been established on a case-by-case basis based on the estimated risk of non-recovery.

The age of the customer receivables breaks down as follows:

TRADE RECEIVABLES AND RELATED ACCOUNTS (Amounts in euros)	06/30/2014	12/31/2013
Not yet due	1,521,827	1,399,359
Due in less than 90 days	398,392	533,249
Due between 90 days and 6 months	83,885	230,181
Due between 6 and 12 months	391,412	118,765
Due more than 12 months	298,417	256,434
Gross total trade receivables and related accounts	**2,693,932**	**2,537,988**

7.2 Other receivables

OTHER RECEIVABLES (Amounts in euros)	06/30/2014	12/31/2013
Research tax credit (1)	566,115	302,377
Value added tax (2)	490,006	575,240
Employees and related accounts	17,803	9,175
Trade payable debit balances	50,788	64,480
Business competitiveness tax credit	35,176	19,906
Prepaid expenses (3)	168,410	172,043
Miscellaneous	1,084	6,000
Total other receivables	**1,329,383**	**1,149,221**

(1) Research tax credit ("CIR")

The Company benefits from the provisions of Articles 244 quarter B and 49 septies F of the French General Tax Code relating to research tax credits. The research tax credit is recognized as a deduction from the research expenses during the year to which the eligible research expenses are related or as a deduction from the fixed assets where capitalized development costs are concerned.
It is shown as a subsidy under the category "Research and Development expenses" and "Cost of regulatory affairs and quality assurance".

In the absence of any taxable income, the government receivable for the Research Tax Credit ("CIR") can be claimed in the year following its recognition:

- Estimated CIR at June 30, 2014: €263,738
- CIR 2013: €302,377, repayment expected in the second half of 2014.

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

(3) Prepaid expenses relate to current expenses mainly corresponding to rental and maintenance expenses.

Note 8: Marketable securities and cash

The cash and cash equivalents item is broken down as follows:

CASH AND CASH EQUIVALENTS (Amounts in euros)	06/30/2014	12/31/2013
Bank accounts	149,743	1,964,742
Term accounts	1,000,310	1,000,792
Total cash and cash equivalents	**1,150,053**	**2,965,534**

The term deposits for €1M have been subscribed in August 1st, 2013 and have a 64-day maturity, tacitly renewable.

Note 9: Financial assets and liabilities and effects on net income

The Company's assets and liabilities were valued as follows as of December 31, 2013 and June 30, 2014:

(Montants en euros)	06/30/2014		Value - statement of financial position in accordance with IAS 39			Non-financial instruments
Rubriques au bilan	Value - Statement of financial position	Fair Value	Fair value through the income statement	Loans and receivables	Liabilities at amortized cost	
Non-current financial assets	8,072,060	8,072,060	7,505,248	566,812		
Trade receivables and related accounts	2,355,293	2,355,293		2,355,293		
Other receivables	1,329,382	1,329,382		1,329,382		
Current financial assets	0	0				
Cash and cash equivalents	1,150,053	1,150,053	1,000,310	149,743		
Total assets	**12,906,788**	**12,906,788**	**8,505,558**	**4,401,230**	**0**	**0**
Current financial liabilities	2,323,843	2,323,843			2,323,843	
Non-current financial liabilities	2,197,322	2,197,322			2,197,322	
Trade and other accounts payable	2,988,091	2,988,091			2,988,091	
Derivatives-liabilities	89,120	89,120	89,120			
Other creditors and miscellaneous liabilities	9,729	9,729			9,729	
Total liabilities	**7,608,106**	**7,608,106**	**89,120**	**0**	**7,518,985**	**0**

(Montants en euros)	12/31/2013		Value - statement of financial position in accordance with IAS 39			Non-financial instruments
Rubriques au bilan	Value - Statement of financial position	Fair Value	Fair value through the income statement	Loans and receivables	Liabilities at amortized cost	
Non-current financial assets	9,280,311	9,280,311	8,807,167	473,144		
Trade receivables and related accounts	2,337,119	2,337,119		2,337,119		
Other receivables	1,149,221	1,149,221		1,149,221		
Current financial assets	2,001,091	2,001,091	2,001,091			
Cash and cash equivalents	2,965,534	2,965,534	1,000,792	1,964,742		
Total assets	**17,733,276**	**17,733,276**	**11,809,050**	**5,924,226**	**0**	**0**
Current financial liabilities	2,703,256	2,703,256			2,703,256	
Non-current financial liabilities	3,211,750	3,211,750			3,211,750	
Trade and other accounts payable	3,216,886	3,216,886			3,216,886	
Derivatives-liabilities	78,838	78,838	78,838			
Other creditors and miscellaneous liabilities	1,864	1,864			1,864	
Total liabilities	**9,212,595**	**9,212,595**	**78,838**	**0**	**9,133,757**	**0**

(Amounts in euros)	Impacts on the income statement at June 30, 2014		Impacts on the income statement at December 31, 2013	
	Interest	Changes in fair value	Interest	Changes in fair value
Assets				
Assets at fair value through the income statement		4,244		6,481
Cash and cash equivalents		310		792
Liabilities				
Derivatives-liabilities		10,282		-135,286
Liabilities valued at amortized cost: bond issues	292,320		374,706	
Liabilities valued at amortized cost: advances	6,174		20,355	

Note 10: Capital

Issued capital

The share capital is set at €8,099,283. It is divided into 5,399,522 ordinary shares which are fully subscribed and paid up with a par value of €1.50.

This number is stated exclusive of warrants (BSA) and founders' warrants (BCPE) granted to certain investors and individuals, whether employees of the Company or not, which have not yet been exercised.

No change was made to the share capital in the first half of 2014.

Distribution of dividends

The Company paid no dividends in the first half of 2014.

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.

In this respect, the Company signed a liquidity contract on November 20, 2013 with Banque Oddo et Cie.
On June 30, 2014, 13,776 treasury shares were recognized as a deduction from shareholders' equity. Gains or losses from trading in these shares are also recognized in shareholders' equity and €313,218 of cash were included in the other financial assets.

Note 11: Share subscription warrants and founders' warrants

Warrants (BSA)

The table below summarizes the data related to the option plans issued, as well as the assumptions used for the valuation in accordance with IFRS 2:

Award date	Type	Number of warrants allocated	Lapsed	Number of warrants	Number of subscribable shares (1)	Assumptions used - valuation in accordance with IFRS 2				
						Initial exercise price in €	Exercise period	Volatility	Risk-free rate	Total initial IFRS 2 valuation (Black&Scholes)
As of December 31, 2010										
AGM 09/26/2011	$BSA_{09/11}$	60,000	0	60,000	6,000	€1.00	10 years	37.90%	1.69%	**€17,413**
As of December 31, 2011		**60,000**	**0**	**60,000**	**6,000**					
AGM 06/29/2012	$BSA_{05/12}$	10,245	0	10,245	1,025	€1.00	10 years	37.17%	1.46%	**€2,867**
AGM 06/29/2012	BSA_{2012}	165,000	0	165,000	16,500	€1.50	10 years	37.17%	1.46%	**€16,984**
AGM 10/11/2012	$BSA_{09/2012}$	100,000	0	100,000	10,000	€1.50	10 years	37.17%	1.04%	**€9,564**
As of December 31, 2012		**335,245**	**0**	**335,245**	**33,525**					
AGM 01/22/2013	$BSA_{01/2013}$	25,000	0	25,000	2,500	€1.50	10 years	37.49%	1.08%	**€2,486**
As of December 31, 2013		**360,245**	**0**	**360,245**	**36,025**					
AGM 01/08/2014	$BSA_{01/2014}$	27,398	0	27,398	27,398	€6.68	10 years	34.05%	1.30%	**€53,318**
As of June 30, 2014		**387,643**	**0**	**387,643**	**63,423**					

(1) Following the reverse share-split agreed at the Extraordinary General Meeting of Shareholders on July 19, 2013, ten warrants previously issued at that date entitled the holder to subscribe for 1 new share.

The rights to exercise the warrants (BSA) issued between 2010 and 2013 are acquired immediately on the date of award by the General Shareholders' Meeting or the Board of Directors.
The right to exercise the warrants issued on January 8, 2014 are acquired by third parties:

- 1/3 on January 8, 2015;
- 1/3 on July 8, 2015;
- 1/3 on January 8, 2016.

Founders' warrant ("BSPCE" or "BCE")

The table below summarizes the data related to the option plans issued, as well as the assumptions used for the valuation in accordance with IFRS 2:

Award date	Type	Number of warrants allocated	Lapsed	Number of warrants	Number of subscribable shares (1)	Assumptions used - valuation in accordance with IFRS 2				
						Initial exercise price in €	Exercise period	Volatility	Risk-free rate	Total initial IFRS 2 valuation (Black&Scholes)
AGM 12/29/2007	**$BSPCE_{12/2007}$**	100,000	80,000	20,000	2,000	€1.50	10 years	43.02%	4.17%	**€34,387**
AGM 02/05/2009	**$BSPCE_{02/2009}$**	106,500	93,500	13,000	1,300	€1.50	10 years	38.11%	3.20%	**€37,389**
As of December 31, 2009		**206,500**	**173,500**	**33,000**	**3,300**					
AGM 04/22/2010	**$BSPCE_{03/2010}$**	167,500	137,500	30,000	3,000	€1.50	10 years	34.57%	2.54%	**€63,891**
As of December 31, 2010		**374,000**	**311,000**	**63,000**	**6,300**					
AGM 04/06/2011	**$BSPCE_{06/2011}$**	272,000	204,000	68,000	6,800	€1.50	10 years	37.90%	3.12%	**€117,310**
AGM 11/18/2011	**$BSPCE_{09/2011}$**	103,500	54,500	49,000	4,900	€1.50	10 years	37.90%	2.24%	**€45,462**
As of December 31, 2011		**749,500**	**569,500**	**180,000**	**18,000**					
AGM 06/29/2012	**$BSPCE_{05/2012}$**	21,793	6,435	15,358	1,536	€1.00	10 years	37.17%	1.46%	**€8,277**
As of December 31, 2012		**771,293**	**575,935**	**195,358**	**19,536**					
As of December 31, 2013		**771,293**	**575,935**	**195,358**	**19,536**					
AGM 01/08/2014	**$BSPCE_{01/2014-1}$**	39,706	0	39,706	39,706	€6.68	10 years	34.05%	1.30%	**€83,864**
AGM 01/08/2014	**$BSPCE_{01/2014-2}$**	19,638	0	19,638	19,638	€6.68	10 years	34.05%	1.30%	**€42,534**
AGM 01/08/2014	**$BSPCE_{01/2014-3}$**	1,278	0	1,278	1,278	€6.68	10 years	34.05%	1.30%	**€2,699**
AGM 01/08/2014	**$BSPCE_{01/2014-4}$**	247,364	0	247,364	247,364	€6.68	10 years	34.05%	1.30%	**€645,313**
As of June 30, 2014		**1,079,279**	**575,935**	**503,344**	**327,522**					

The BSPCE may be exercised by their holders with effect from the date of award by the Board of Directors, for up to 1/3 of the warrants awarded, per holder and per calendar year, except for the option plans dated January 8, 2014. For those BSPCE, the following exercise terms apply:

- for the entirety of the options attributed to the holder for the BCE $_{01/2014-1}$ option plan, there is a holding period of 12 months following the date of award by the Board of Directors;
- up to 1/2 of the options awarded to the holder at the end of the 12th and 18th months following the date of award by the Board of Directors may be exercised for the BCE $_{01/2014-2}$ option plan;
- up to 1/3 of the options awarded to the holder at the end of the 12th, 18th and 24th months following the date of award by the Board of Directors may be exercised for the BCE $_{01/2014-3}$ and BSPCE $_{01/2014-4}$ option plans.

IFRS expenses booked in respect of the first halves of 2013 and 2014

		As of June 20, 2013					As of June 20, 2014				
Type	**Grant date**	**Number of options in circulation**	**Probable cost of the plan to date**	**Cumulative expense at the start of the year**	**Expense as of June 30, 2013**	**Cumulative expense at 06/30/2013**	**Number of options in circulation**	**Probable cost of the plan to date**	**Cumulative expense at the start of the year**	**Expense as of June 30, 2014**	**Cumulative expense at 06/30/2014**
BSPCE s/12/2007	Board meeting of December 29, 2007	60,000	€ 34,387	€ 34,387	€ 0	€ 34,387	20,000	€ 34,387	€ 34,387	€ 0	€ 34,387
BSPCE s/02/2009	Board meeting of February 5, 2009	49,500	€ 37,389	€ 37,389	€ 0	€ 37,389	13,000	€ 37,389	€ 37,389	€ 0	€ 37,389
BSPCE s/03/2010	Board meeting of April 22, 2010	100,000	€ 63,891	€ 63,891	€ 0	€ 63,891	30,000	€ 63,891	€ 63,891	€ 0	€ 63,891
BSPCE s/06/2011	Board meeting of April 6, 2011	196,500	€ 117,310	€ 111,895	€ 4,999	€ 116,894	68,000	€ 117,310	€ 117,310	€ 0	€ 117,310
BSPCE s/09/2011	Board meeting of November 18, 2011	98,500	€ 45,462	€ 43,195	€ 2,267	€ 45,461	49,000	€ 45,462	€ 45,461	€ 0	€ 45,461
BSPCE05/2012	General Shareholders' Meeting of June 29, 2012	21,793	€ 8,277	€ 6,016	€ 1,066	€ 7,082	15,358	€ 8,277	€ 7,859	€ 418	€ 8,277
BSPCE01/2014-1	Board meeting of January 8, 2014						39,706	€ 83,864	€ 0	€ 36,934	€ 36,934
BSPCE01/2014-2	Board meeting of January 8, 2014						19,638	€ 42,534	€ 0	€ 15,441	€ 15,441
BSPCE01/2014-3	Board meeting of January 8, 2014						1,278	€ 2,699	€ 0	€ 841	€ 841
BSPCE01/2014-4	Board meeting of January 8, 2014						247,364	€ 645,313	€ 0	€ 201,037	€ 201,037
Total - BCE		**526,293**	**€ 306,715**	**€ 296,772**	**€ 8,332**	**€ 305,104**	**503,344**	**€ 1,081,125**	**€ 306,296**	**€ 254,672**	**€ 560,968**

Type	**Grant date**	**Number of options in circulation**	**Probable cost of the plan to date**	**Cumulative expense at the start of the year**	**Expense as of June 30, 2013**	**Cumulative expense at 06/30/2013**	**Number of options in circulation**	**Probable cost of the plan to date**	**Cumulative expense at the start of the year**	**Expense as of June 30, 2014**	**Cumulative expense at 06/30/2014**
BSA 09/11	General Shareholders' Meeting of September 26, 2011	60,000	€ 17,413	€ 17,413	€ 0	€ 17,413	60,000	€ 17,413	€ 17,413		€ 17,413
BSA05/12	General Shareholders' Meeting of June 29, 2012	10,245	€ 2,867	€ 2,867	€ 0	€ 2,867	10,245	€ 2,867	€ 2,867		€ 2,867
BSA 2012	General Shareholders' Meeting of June 29, 2012	165,000	€ 16,984	€ 16,984	€ 0	€ 16,984	165,000	€ 16,984	€ 16,984		€ 16,984
BSA 09/2012	General Shareholders' Meeting of October 11, 2012	100,000	€ 9,564	€ 9,564	€ 0	€ 9,564	100,000	€ 9,564	€ 9,564		€ 9,564
BSA01/2013	General Shareholders' Meeting of January 22, 2013	25,000	€ 2,486	€ 0	€ 2,486	€ 2,486	25,000	€ 2,486	€ 2,486		€ 2,486
BSA01/2014	Board meeting of January 8, 2014						27,398	€ 53,318		€ 17,913	€ 17,913
Total - BSA		**360,245**	**€ 49,313**	**€ 46,827**	**€ 2,486**	**€ 49,313**	**387,643**	**€ 102,631**	**€ 49,313**	**€ 17,913**	**€ 67,226**

Total - BCE and BSA		**886,538**	**€ 356,028**	**€ 343,599**	**€ 10,818**	**€ 354,417**	**890,987**	**€ 1,183,757**	**€ 355,609**	**€ 272,585**	**€ 628,194**

Note 12: Loans and financial debts

CURRENT AND NON-CURRENT FINANCIAL LIABILITIES (amounts in euros)	6/30/2014	12/31/2013
Financial liabilities - finance leases	4,675	77,065
Repayable advances	189,203	219,842
Derivatives-liabilities	89,120	78,838
Bond	2,003,443	2,914,843
Loans from financial institutions		
Non-current financial liabilities	**2,286,441**	**3,290,588**
Financial liabilities - finance leases	169,199	315,757
Repayable advances	78,587	306,775
Bank overdrafts	21,689	0
Bond	1,877,846	1,818,539
Financial liabilities under the factoring contract	176,523	262,186
Current financial liabilities	**2,323,844**	**2,703,256**
Total financial liabilities	**4,610,286**	**5,993,845**

Breakdown of financial debts by maturity

The maturity of financial debts breaks down as follows for the periods presented:

CURRENT AND NON-CURRENT FINANCIAL LIABILITIES (amounts in euros)	06/30/2014			
	Gross amount	Part due in less than 1 year	From 1 to 5 years	More than 5 years
Financial liabilities - finance leases	173,873	169,199	4,675	
Repayable advances	267,791	78,587	189,203	
Bank overdrafts	21,689	21,689		
Bond	3,881,290	1,877,847	2,003,443	
Derivatives-liabilities	89,120		89,120	
Financial liabilities under the factoring contract	176,523	176,523		
Total financial liabilities	**4,610,286**	**2,323,845**	**2,286,441**	**0**
Current financial liabilities	*2,323,845*			
Non-current financial liabilities	*2,286,441*			

CURRENT AND NON-CURRENT FINANCIAL LIABILITIES (amounts in euros)	12/31/2013			
	Gross amount	Part due in less than 1 year	From 1 to 5 years	More than 5 years
Financial liabilities - finance leases	392,821	315,757	77,065	
Repayable advances	526,617	306,775	219,842	
Bank overdrafts	0			
Bond	4,733,383	1,818,539	2,914,843	
Derivatives-liabilities	78,838		78,838	
Financial liabilities under the factoring contract	262,186	262,186		
Total financial liabilities	**5,993,845**	**2,703,256**	**3,290,588**	**0**
Current financial liabilities	*2,703,256*			
Non-current financial liabilities	*3,290,588*			

12.1 Financials debts - Banks

The Company Implanet did not subscribe to bank loans during the first half of 2014.

Bank overdrafts

The Company has been granted since December 13, 2012 a bank overdraft facility for an amount up to €500,000, with an interest rate at EURIBOR 3 months + 2%, conditioned to a €150,000 term deposit pledged to the financial institution.

12.2 Financial debts – lease-financing

CHANGES IN FINANCIAL LIABILITIES - LEASE-FINANCING (Amount in euros)	Financial liabilities - lease-financing contracts	Current part	Non-current part	
			from 1 to 5 years	more than 5 years
At December 31, 2013	**392,821**	315,757	77,065	0
(+) Subscription	0			
(-) Redemption	(218,948)			
At June 30, 2014	**173,873**	169,199	4,675	0

12.3 Repayable advances

The table below sets out the changes in repayable advances:

CHANGES IN REPAYABLE ADVANCES (Amounts in euros)	Repayable advances		Total
	OSEO Knees	OSEO – Beep N Track	
At December 31, 2013	**278,574**	**248,043**	**526,617**
(+) Subscription			0
(-) Redemption	(15,000)	(250,000)	(265,000)
Subsidies			0
Financial expenses	4,217	1,957	6,174
(+/-) Other movements			0
At June 30, 2014	**267,791**	**0**	**267,791**

Breakdown of repayable advances by maturity

	OSEO Knees	OSEO – Beep N Track	Total
At June 30, 2014	**267,791**	**0**	**267,791**
Part à moins d'un an	78,587		78,587
Part d'un an à 5 ans	189,203		189,203
Part à plus de 5 ans			

The Company did not obtain any new repayable advances during the first half of 2014 or receive any additional payments in respect of existing advances.

12.3 Convertible Bonds

CHANGES IN BOND ISSUES (Amounts in euros)	Non-convertible KREOS bond issue	Total
At December 31, 2013	**4,733,383**	**4,733,383**
(+) Subscription		0
(-) BSA discount		0
(-) Redemption	(927,964)	(927,964)
(+) Capitalized interests		0
(+/-) Impact of amortized cost	75,871	75,871
(+/-) Conversion		0
At June 30, 2014	**3,881,290**	**3,881,290**

Issue of non-convertible bonds to KREOS for a total amount of €5 million.

On July 19, 2013, the Company concluded a "venture loan agreement" with KREOS CAPITAL IV (UK) LTD ("KREOS"), which took the place of a master agreement organizing the subscription by KREOS of a bond issue of €5 million, the issue of 65,000 Company warrants in favor of KREOS and the pledge of the Company's business goodwill in favor of KREOS.

These various transactions were completed as follows:

- the €5 million bond, by issuing 5 million (non-convertible) bonds with a par value of €1 each to KREOS was approved at the Company's Board of Directors' meeting of July 19, 2013 and wholly subscribed by KREOS on July 24, 2013;
- the free issue of 65,000 warrants (BSA) for shares in the Company to Kreos was resolved by the Extraordinary General Shareholders' Meeting of July 19, 2013. The warrants expire after 5 years from the IPO (I.e. November 25, 2018).
- the Company's business (i.e. fonds de commerce) and intellectual property was pledged on July 19, 2013.

The bond is repayable in fixed monthly installments between January 1, 2014 and June 1, 2016. The bond issue bears interest at the rate of 11.5%.

At the time the bond contract was arranged, the Company incurred €185k in costs. These fees were taken into account in determining the amortization of the loan, in accordance with the amortized cost method. After taking into account the issue costs and the discount related to the share subscription warrants (BSA), the effective rate of interest of the bond amounts to 17.82%.

The share subscription warrants (BSA) are recognized in derivative liabilities and are valued at fair value, with variations in this fair value recognized in profit or loss.
The fair value was determined using the Black & Scholes valuation model.

The main assumptions used at December 31, 2014, are as follows:

- Anticipated term: 3.5 years
- Volatility: 34.05%
- Risk-free rate: 0.28%

The derivative liability at June 30, 2014 amounts to €89k compared to €79k as of December 31, 2013. The change in fair value over the period is €10k.

Note 13: Commitments to employees

Commitments to employees comprise the provision for retirement benefits, valued on the basis of the provisions set out in the applicable collective agreement, namely the collective agreement for the metallurgy industry.

This commitment only concerns employees covered by French law. The main actuarial assumptions used for evaluation of the retirement benefits are the following:

ACTUARIAL ASSUMPTIONS	06/30/2014		12/31/2013		06/30/2013	
	Managers	Non-managers	Managers	Non-managers	Managers	Non-managers
Retirement age						
Collective agreements	Metallurgy Engineers and Managers	Metallurgy Gironde Landes	Metallurgy Engineers and Managers	Metallurgy Gironde Landes	Metallurgy Engineers and Managers	Metallurgy Gironde Landes
Discount rate (IBOXX Corporates AA)	2.40%		3.00%		3.02%	
Mortality table	INSEE 2012		INSEE 2012		INSEE 2012	
Rate of revaluation of salaries	2.00%		2%		2.00%	
Rate of turnover	Average (AG2R table)		Average (AG2R table)		Average (AG2R table)	
Rate of Social Security charges	50%	46%	48%	43%	49%	42%

The provision for retirement commitments has changed as follows:

AMOUNT DUE TO PERSONNEL (Amounts in euros)	Retirement benefits
At December 31, 2012	**37,477**
Past service costs	7,738
Financial costs	1,008
Actuarial differences	(12,053)
At June 30, 2013	**34,170**

At December 31, 2013	**34,802**
Past service costs	8,532
Financial costs	1,044
Actuarial differences	9,761
At June 30, 2014	**54,139**

Note 14: Provisions

PROVISIONS (Amounts in euros)	6/30/2014				
	Amount at start of year	Allocations	Reversals	Release of surplus provisions	Amount at year end
Provisions for legal disputes	109,131		109,131		0
Provisions for employment tribunal disputes	35,500				35,500
Total provisions for liabilities and expenses	**144,631**	**0**	**109,131**	**0**	**35,500**

Disputes and liabilities

The Company may become involved in legal, administrative or regulatory procedures in the normal course of its activity. The Company recognizes a provision when it is probable that such proceedings will result in charges for the Company.

Employment tribunal disputes

The amounts provisioned are estimated on a case-by-case basis based on the risks incurred to date by the Company, on the basis of claims, legal obligations and lawyers' opinions.

Tax audit

The Company was the subject of a tax audit covering fiscal years 2009, 2010 and 2011.
The Company received reassessment notifications in December 2012 (in respect of the 2009 fiscal year) and in January 2013 (in respect of the 2010 and 2011 fiscal years) amounting to charges and interest of €109 thousand, reduction of tax losses carried forward of €234 thousand, of which the Company disputed certain grounds put forward.
Following the receipt of the conclusions from the tax authority on May 27, 2013, the Company decided to recognize a provision for the amount of the reassessment notifications, namely €109 thousand at December 31, 2013.
Following the settlement in the first half of 2014 (payment of the tax adjustment), a tax expense of €109 thousand was recognized resulting in a reversal of provisions in the same amount at June 30, 2014.

Note 15: Trade payables and other current liabilities

15.1. Trade payables and related accounts

Trade payables and related accounts have not been discounted to present value as all amounts fell due in less than one year at the end of each fiscal year.

TRADE PAYABLES AND RELATED ACCOUNTS (Amounts in euros)	6/30/2014	12/31/2013
Trade payables	2,230,188	2,358,298
Invoices not yet received	757,903	858,588
Trade payables and related accounts	**2,988,091**	**3,216,886**

15.2 Tax and social security liabilities

Tax and social security liabilities are broken down as follows:

TAX AND SOCIAL SECURITY LIABILITIES (Amounts in euros)	6/30/2014	12/31/2013
Employees and related accounts	218,078	254,419
Social Security and other social bodies	357,277	371,099
Other taxes, duties and similar payments	37,734	38,076
Total tax and social security liabilities	**613,089**	**663,594**

15.3 Other current liabilities

Other current liabilities are broken down as follows:

OTHER CURRENT LIABILITIES (Amounts in euros)	6/30/2014	12/31/2013
Customers creditors	2,617	0
Directors' fees due to members of the Board of Directors	6,000	0
Miscellaneous	1,112	1,864
Total other current liabilities	**9,729**	**1,864**

Note 16: Revenues

The Company's revenues essentially comprise the sale of orthopedic implants.

The breakdown of revenue by type of product over the first halves of 2013 and 2014 is as follows:

REVENUES BY TYPE OF PRODUCT (Amounts in thousands of euros)	6/30/2014	6/30/2013
Jazz	879	380
Other spinal	0	0
Spinal	879	
Knee + Arthroscopy	2,357	1,959
Hip	765	976
Total revenue	**4,001**	**3,315**

The breakdown of revenue by region over the first halves of 2013 and 2014 is as follows:

REVENUE BY REGION (Amounts in euros)	6/30/2014	6/30/2013
France	2,399,196	2,112,228
Rest of the World	1,601,874	1,202,772
Total revenues	**4,001,070**	**3,314,999**

Note 17: Details of expenses and income by function

17.1 Cost of sales

COST OF SALES (Amount in EUR)	6/30/2014	6/30/2013
Purchases of raw materials and goods for resale	(3,581,857)	(1,561,719)
Amortization of ancillary devices	(395,061)	(556,129)
Reversals of inventory provisions	1,516,983	0
Cost of sales	**(2,459,935)**	**(2,117,848)**

The Company decided to gradually withdraw from sectors considered to be non-strategic and with low profitability profiles. Consequently, the Company decided to effect a gradual withdrawal from the hip prosthesis market during 2014. In the financial statements as at December 31, 2013, this decision is reflected in the impairment of all products in the "hip" range (impairment of €1.5 million on the stock of goods and ancillary devices, including additional impairment of €0.8 million in 2013).
In the first half of 2014, the Company divested the entire "hip" product range for €220 thousand. This amount is recognized in revenue in the income statement.
The cost of the products in the "hip" range, as well as the reversal of the corresponding provision, was entered under cost of sales leading to the recognition of a margin of 100% on this sale during the period.

17.2 Sales, Distribution & Marketing

SALES, DISTRIBUTION AND MARKETING (Amount in EUR)	6/30/2014	6/30/2013
Payroll expenses	(516,543)	(578,685)
Vehicle leases	(20,721)	(37,135)
Impairment of trade receivables	(137,770)	(7,468)
Sales commission	(345,147)	(305,867)
Travel, assignments and entertaining	(219,131)	(103,156)
Hardware, equipment and works	(7,595)	(12,915)
Materials and supplies not for stock	(47,645)	0
Advertising	(57,626)	(6,550)
Intermediary compensation Fees	(64,391)	35,176
Royalties	(80,938)	(44,297)
Transport	(2,364)	(62,350)
Miscellaneous	(40,195)	(18,130)
Depreciation and amortization of fixed assets	(1,793)	(301)
Share-based payments	(154,375)	(1,840)
Sales, Distribution and Marketing expenses	**(1,696,234)**	**(1,143,518)**
OSEO advances	0	0
Subsidies	**0**	**0**

17.3 Research and Development

RESEARCH AND DEVELOPMENT (Amount in EUR)	6/30/2014	6/30/2013
Payroll expenses	(403,275)	(349,417)
Studies and research	(78,730)	(28,329)
Vehicle leases	(30,885)	(28,252)
Travel, assignments and entertaining	(32,269)	(21,438)
Hardware, equipment and works	4,361	(14,815)
Intellectual property fees	(127,922)	(91,892)
Miscellaneous	(6,365)	(10,526)
Depreciation and amortization of fixed assets	(6,500)	(5,066)
Share-based payments	(27,758)	(912)
Capitalization of R&D expenses	0	0
Amortization of capitalized R&D expenses	(50,398)	(50,398)
Research and Development costs	**(759,742)**	**(601,045)**
Research tax credit	188,905	128,044
Subsidies	0	0
OSEO advances	0	0
Subsidies	**188,905**	**128,044**

Research and development expenses refer to orthopedic products, Madison (Knee prosthesis) and JAZZ.
IMPLANET develops new innovative applications for JAZZ, particularly for the treatment of other pathologies.

17.4 Regulatory affairs and quality assurance

REGULATORY AND QUALITY (Amount in EUR)	6/30/2014	6/30/2013
Payroll expenses	(246,284)	(244,647)
Studies and research	(45,489)	(103,337)
Miscellaneous rentals	(5,651)	(5,754)
Materials and supplies not for stock	(54,682)	0
Intermediary compensation Fees	(29,630)	23,264
Miscellaneous	(28,561)	(31,076)
Capitalization of R&D expenses	0	0
Amortization of capitalized R&D expenses	(31,981)	(31,981)
Depreciation and amortization of fixed assets	(6,050)	(4,450)
Share-based payments	(15,360)	(1,061)
Regulatory and quality costs	**(463,688)**	**(399,042)**
Research tax credit	74,833	25,874
Subsidies	**74,833**	**25,874**

17.5 Operations

The cost of "operations" includes:

- management of procurement, logistics and inventories;
- lease and maintenance of the logistics building;
- sales administration.

OPERATING COSTS (Amount in EUR)	6/30/2014	6/30/2013
Payroll expenses	(265,936)	(229,815)
Hardware, equipment and works	(20,860)	(14,364)
Property leases	(64,020)	(67,473)
Vehicle leases	(4,979)	(11,161)
Materials and supplies not for stock	(16,636)	(16,421)
External personnel	(7,063)	(9,521)
Intermediary compensation Fees	(2,262)	(51,957)
Transport	(31,700)	(21,958)
Miscellaneous	(14,593)	(9,196)
Reversals of inventory provisions	26,452	(4,694)
Depreciation and amortization of fixed assets	(95,442)	(97,184)
Share-based payments	(14,578)	(1,070)
Operating costs	**(511,616)**	**(534,812)**

17.6 General and administrative expenses

GENERAL AND ADMINISTRATIVE EXPENSES (Amount in EUR)	6/30/2014	6/30/2013
Payroll expenses	(388,236)	(286,022)
Duties and taxes	(146,646)	(41,186)
Travel, assignments and entertaining	(94,413)	(57,284)
Hardware, equipment and works	(98,973)	(66,194)
Postal and telecommunication expenses	(38,697)	(31,726)
Property leases	(140,778)	(99,692)
Vehicle leases	(16,793)	(8,669)
Materials and supplies not for stock	(29,773)	(30,966)
Insurance policies	(116,073)	(140,685)
Intermediary compensation Fees	(362,925)	(394,903)
Board Fees	(6,000)	0
Banking services	(29,575)	(69,589)
Litigation provisions reversal	120,736	176,800
Miscellaneous	(39,616)	(64,779)
Litigation provisions	0	(144,630)
Depreciation and amortization of fixed assets	(40,055)	(63,949)
Share-based payments	(60,514)	(5,934)
General and administrative expenses	**(1,488,331)**	**(1,329,407)**

Note 18: Headcount

The table below shows the structure as well as the changes in headcount within the Company during the periods presented:

AVERAGE HEADCOUNT	06/30/2014 (6 months)	12/31/2013
Managers	25.3	20.3
Employees	15.7	12.8
Total average headcount	**41.0**	**33.1**

The Company had 41 employees in average as of June 30, 2014, compared to 33 employees as of December 31, 2013.

The breakdown of employees of the Company by region over the periods presented is as follows:

AVERAGE HEADCOUNT BY GEOGRAPHIC REGION	06/30/2014 (6 months)	12/31/2013
France	38.0	33.1
United States	3.0	0.0
Total average headcount	**41.0**	**33.1**

Note 19: Financial income and expenses, net

FINANCIAL INCOME AND EXPENSES (Amounts in euros)	6/30/2014	6/30/2013
Amortized cost of the loan	(292,320)	0
Changes in the fair value of the derivative liability	(10,282)	0
Other financial expenses	(17,903)	(41,502)
Financial income	56,171	0
Foreign exchange gains and (losses)	(31,083)	(294)
Total financial income and expenses	**(295,417)**	**(41,796)**

Other financial expenses essentially consist of interest on finance leases.

The financial income essentially comprises the interest arising on the term deposit accounts and on the medium-term notes.

Note 20: Corporate income tax

Using the same rules as those used at December 31, 2013, the Group did not recognize any deferred tax assets at June 30, 2014.

Note 21: Related parties

21.1 Transactions with related parties

IMPLANET Institute

IMPLANET Institute, a non-profit association sponsored by IMPLANET, has the role of assisting young surgeons in all areas of their practice (program to prepare surgeons for setting up a practice, training in surgical techniques, etc.).

IMPLANET Institute is an independent association whose actions are decided by its Scientific Committee. The members of the association include certain shareholders and employees of the Company.

The contributions of the Company IMPLANET to IMPLANET Institute over the over the first halves of 2013 and 2014 were:

- €0 in the first half of 2014;
- €5,000 in the first half of 2013.

21.2 Executive compensation (excluding awards of capital instruments)

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

Executive compensation breaks down as follows (in euros):

Compensation of Executive Directors (Amounts in euros)	6/30/2014	6/30/2013
Fixed compensation due	82,642	83,025
Variable compensation due	45,000	3,819
Benefits in kind	3,289	3,289
Attendance fees	0	0
Share-based payments	147,065	2,919
Advisers' fees	36,000	39,000
TOTAL	**313,996**	**132,052**

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

Note 22: Net earnings per share

Basic earnings per share are calculated by dividing the net income attributable to the Company's shareholders by the weighted average number of ordinary shares in circulation during the fiscal year. Instruments giving deferred access to capital (warrants (BSAs) and founders' warrants (BSPCEs)) are deemed anti-dilutive, since they lead to an increase in earnings per share. Accordingly, the diluted earnings per share are identical to the basic earnings per share.

BASIC EARNINGS PER SHARE (Amounts in euros)	6/30/2014	6/30/2013
Net income for the year	(3,409,652)	(2,698,552)
Weighted average number of shares in circulation	5,399,522	29,556,037
Basic earnings per share (€/share)	**(0.63)**	**(0.09)**
Diluted earnings per share (€/share)	**(0.63)**	**(0.09)**

Note 23: Off-balance sheet commitments

The principal changes in terms of off-balance sheet commitments between December 31, 2013 and June 30, 2014 are described below. Other off-balance sheet commitments in existence at December 31, 2014 have not changed significantly over the period.

Commitments in respect of operating leases

The Company has concluded contracts for the leasing of vehicles. Following analysis, they have been deemed operating leases with respect to the provisions of IAS 17.
The following table sets out the amount of the minimum payments and their breakdown:

	Less than one year	From 1 to 5 years	More than 5 years
Off-balance sheet commitments at 12/31/2013 (amount in euros)	99,568	92,918	0
Off-balance sheet commitments at 06/30/2014 (amount in euros)	92,419	47,895	0

4. LIMITED AUDITORS' REPORT ON THE SUMMARY INTERIM CONSOLIDATED FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH IFRS AS ADOPTED BY THE EU

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INKIPIO AUDIT
19, rue des Tuiliers
69003 Lyon
Simplified joint-stock company (SAS) with a capital of €300,000

Statutory Auditors
Member of the Lyon
regional company of auditors

ERNST & YOUNG Audit
1/2, place des Saisons
92400 Courbevoie - Paris-La Défense 1
Simplified joint-stock company (SAS) with variable capital

Statutory Auditors
Member of the Versailles
regional company of auditors

IMPLANET

Period from January 1 to June 30, 2014

Statutory auditors' report on the interim financial information

To the shareholders,

In compliance with the assignment entrusted to us by your General Meetings of Shareholders and in application of Article L. 451-1-2 III of the French Monetary and Financial Code, we have carried out:

- the limited examination of the summary interim consolidated financial statements of IMPLANET relating to the period from January 1 to June 30, 2014, as attached to the present report;
- the verification of the information provided in the interim activity report.

These summary interim consolidated financial statements have been prepared under the responsibility of the Board of Directors. It is our responsibility, on the basis of our limited examination, to express our conclusion on these financial statements.

1. Conclusion on the financial statements

We conducted our limited examination in accordance with the professional standards applicable in France. A limited examination essentially consists of holding discussions with the members of the management responsible for the accounting and financial aspects and carrying out analytical procedures. This work is less extensive than that required for an audit carried out in accordance with the professional standards applicable in France. Consequently, the assurance that the financial statements, taken as a whole, do not include any significant anomalies obtained as part of a limited examination is a limited assurance, lower than that obtained as a result of an audit.

On the basis of our limited examination, we did not detect any significant anomalies which would be such as to call into question the compliance of the summary interim consolidated financial statements with IAS 34 – the IFRS referential relating to interim financial information as adopted in the European Union.

2. Specific verification

We also carried out the verification of the information provided in the interim activity report commenting on the summary interim consolidated financial statements covered by our limited examination.

We do not have any observations to make concerning their accuracy and their consistency with the summary interim consolidated financial statements.

Lyon and Paris-La Défense, September 15, 2014

The Statutory Auditors

INKIPIO AUDIT	ERNST & YOUNG Audit
Clément Albrieux	Franck Sebag